

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

STATE EDUCATION OFFICE*

**REPORT OF INSPECTION
JULY 2007**



**CHARLES J. WILLOUGHBY
INSPECTOR GENERAL**

*** As of June 12, 2007, the State Education Office was renamed the Office of the State Superintendent of Education.**

GOVERNMENT OF THE DISTRICT OF COLUMBIA

Office of the Inspector General

Inspector General



July 2, 2007

Ms. Deborah A. Gist
State Superintendent of Education
Office of the State Superintendent of Education
441 4th Street, N.W. – Suite 350 North
Washington, D.C. 20001

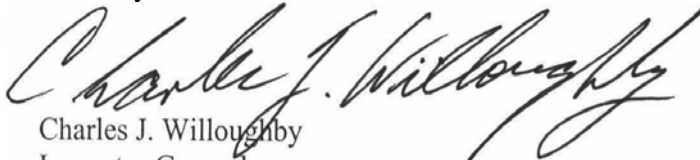
Dear Ms. Gist:

Enclosed is our final *Report of Inspection of the State Education Office* (SEO). Comments from SEO on the inspection team's 18 findings and 37 recommendations are included in the report. Comments submitted by the Office of Finance and Resource Management in response to several of the report's findings are also included.

In addition, we have enclosed *Compliance Forms* on which to record and report to this Office any actions you take concerning each recommendation. These forms will assist you in tracking the completion of action(s) taken by your staff, and will assist this Office in its inspection follow-up activities. We track agency responses to all conditions cited and compliance with recommendations made in our reports of inspection. We request that you and your staff establish response dates on the forms and advise us of those dates so we can enter them on our copies of the *Compliance Forms*. We know that in some instances, things beyond your control such as budget decisions impact on trying to set specific deadlines. We request, however, that you assign *target dates* based on whatever knowledge and experience you have about a particular issue. Please ensure that the *Compliance Forms* are returned to this Office by the response date, and that reports of "Agency Action Taken" reflect actual completion, in whole or in part, of a recommended action rather than "planned" action.

We appreciate the cooperation shown by you and your employees during the inspection and look forward to your continued cooperation during the upcoming follow-up period. If you have questions or require assistance in the course of complying with our recommendations, please contact me or Edward Farley, Deputy Assistant Inspector General for Inspections and Evaluations at (202) 727-2540.

Sincerely,


Charles J. Willoughby
Inspector General

CJW/ld

Enclosure

cc: See **Distribution List**

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The Inspections and Evaluations (I&E) Division of the Office of the Inspector General is dedicated to providing District of Columbia (D.C.) government decision makers with objective, thorough, and timely evaluations and recommendations that will assist them in achieving efficiency, effectiveness, and economy in operations and programs. I&E goals are to help ensure compliance with applicable laws, regulations, and policies; to identify accountability, recognize excellence, and promote continuous improvement in the delivery of services to D.C. residents and others who have a vested interest in the success of the city.

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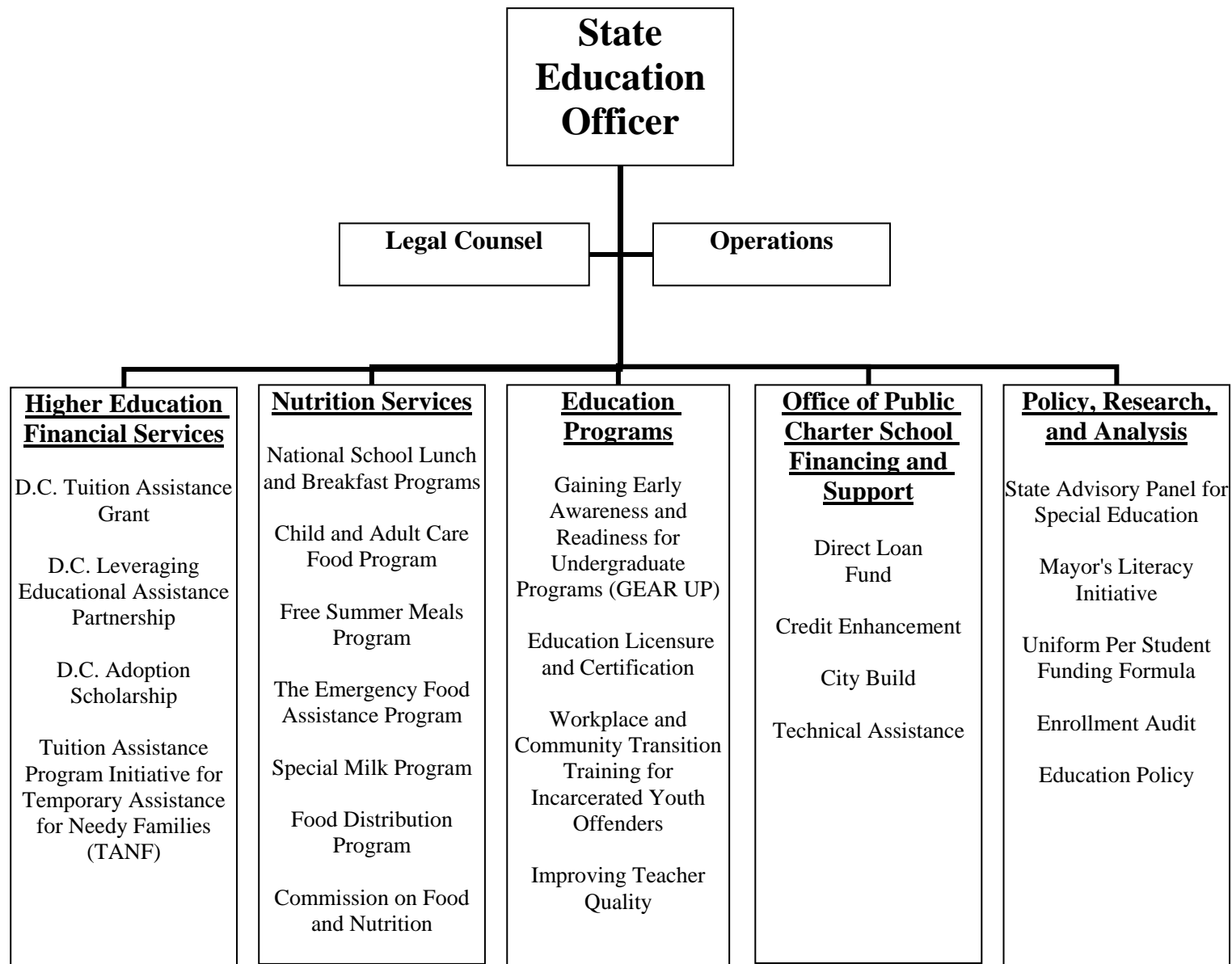
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ORGANIZATION CHART

ORGANIZATION CHART



Source: <http://www.seo.dc.gov/seo/cwp/view,a,1221,q,534761.asp> (Last visited May 2007)

ACRONYMS

ACRONYMS

AM	Agency Management Unit
CACFP	Child and Adult Care Food Program
CSOSA	Court Services and Offender Supervision Agency
DCAS	District of Columbia Adoption Scholarship
DCHR	District of Columbia Department of Human Resources
DCLEAP	District of Columbia Leveraging Educational Assistance Partnership
DCPS	District of Columbia Public Schools
DCTAG	District of Columbia Tuition Assistance Grant Program
ED	U.S. Department of Education
DPR	District of Columbia Department of Parks and Recreation
ELC	Education Licensure Commission
EOM	Executive Office of the Mayor
EP	Education Programs
FAFSA	Free Application for Federal Student Aid
FSA	Federal Student Aid
FSMP	Free Summer Meals Program
GAO	U.S. Government Accountability Office
GEAR UP	Gaining Early Awareness and Readiness for Undergraduate Programs
GED	General Equivalency Diploma
HBCUs	Historically Black Colleges and Universities
HEFS	Higher Education Financial Services
HVAC	Heating, Ventilation, and Air Conditioning
I&E	Inspections and Evaluations

ACRONYMS

IFB	Invitation for Bid
ITQ	Improving Teacher Quality
NS	Nutrition Services
NSLP	National School Lunch Program
OCFO	Office of the Chief Financial Officer
OFOS	Office of Financial Operations and Systems
OFRM	Office of Finance and Resource Management
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OPCSFS	Office of Public Charter School Financing and Support
PRA	Policy, Research, and Analysis
RCCC	Roanoke-Chowan Community College
RCI	Rivers Correctional Institution
SEO	State Education Office
USDA	U.S. Department of Agriculture
VA	U.S. Department of Veterans Affairs
WCTTIYO	Workplace and Community Transition Training for Incarcerated Youth Offenders

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background and Perspective

The Inspections and Evaluations (I&E) Division of the District of Columbia Office of the Inspector General (OIG) conducted an inspection of the District of Columbia (District) State Education Office (SEO) during 2005-2006. The SEO's mission is "to enhance educational services and opportunities that meet the life-long learning needs of all District residents ... [through] research, programs, and effective policy that ensure the equitable distribution and availability of administrative, financial, and nutrition resources."¹

The team found the majority of SEO managers and employees to be dedicated professionals committed to continuously improving program operations. The SEO is working to streamline program application processes, improve program monitoring, and increase tuition availability and nutrition program participation. All managers and staff members were cooperative and responsive throughout the inspection.

Scope and Methodology

OIG inspections comply with standards established by the President's Council on Integrity and Efficiency, and pay particular attention to the quality of internal control.²

The inspection focused on the management and operations of key areas, including compliance with federal and local legislative requirements as well as program rules, nutrition services, education programs, tuition financial services, record keeping, and policy, research, and analysis services. The team reviewed best practices recommended by the National Forum on Education Statistics.³

The team conducted interviews, toured work areas and facilities, reviewed numerous files and documents, issued an anonymous and confidential employee survey, and observed demonstrations of key work processes. This inspection report contains 18 findings and 37 recommendations. The SEO reviewed the draft of this report prior to publication, and its comments follow each OIG recommendation. Agency responses are published verbatim. The OIG does not correct an agency's grammatical or spelling errors, but does format an agency's responses in order to maintain readability of OIG reports. Such changes are limited to font size and type, with the following exception: if an agency bolds or underlines text within its response, the OIG preserves these elements of format.

¹ <http://www.seo.dc.gov/seo/cwp/view,a,1121,q,534719.asp>.

² "Internal control" is synonymous with "management control" and is defined by the Government Accountability Office as comprising "the plans, methods, and procedures used to meet missions, goals, and objectives and, in doing so, supports performance-based management. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud." STANDARDS FOR INTERNAL CONTROL IN THE FEDERAL GOVERNMENT, Introduction at 4 (Nov. 1999).

³ The National Forum on Education Statistics proposes principles of good practice to assist state and local education agencies in producing and maintaining comparable and uniform data on education. The published *Forum Guide to Protecting the Privacy of Student Information: State and Local Education Agencies* provides a model for agencies seeking to improve how they protect student information. See <http://nces.ed.gov>.

EXECUTIVE SUMMARY

Compliance and Follow-Up

The OIG inspection process includes follow-up with inspected agencies on findings and recommendations. Compliance forms with findings and recommendations will be sent to the SEO along with this report of inspection. The OIG/I&E Division will coordinate with the SEO on verifying compliance with recommendations in this report over an established time period. In some instances, follow-up inspection activities and additional reports may be required.

FINDINGS AND RECOMMENDATIONS

Key Findings

The SEO and the Office of Finance and Resource Management (OFRM) do not provide adequate financial oversight of federally funded subgrants. (Page 19) The SEO receives federal funds from various grants and provides funding to other organizations as subgrants. The SEO is responsible for the administration of subgrants for Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), Workplace and Community Transition Training for Incarcerated Youth Offenders (WCTTIYO), and Improving Teacher Quality (ITQ). However, the SEO cannot adequately account for fund expenditures made by many subgrantees. The OFRM provides comprehensive financial services for the SEO that include processing subgrant payments and ensuring that grants are monitored. The SEO and the OFRM do not have written policies and procedures for monitoring the activities of subgrantees, and the SEO does not follow federal regulations to ensure that subgrantees are using funds only for authorized purposes. **Recommendations:** (a) That the State Education Officer not certify future payments to subgrantees until documentation is provided as to how previous subgrants have been spent. (b) That the State Education Officer ensure that employees who monitor grants are knowledgeable about the requirements, are trained in grants management, and have adequate oversight from agency management. (c) That the SEO and the OFRM create and implement written policies and procedures to ensure compliance with federal requirements for monitoring subrecipients. (d) That the State Education Officer ensure that GEAR UP, WCTTIYO, and ITQ subgrants are audited.

The SEO failed to document matching contributions and claimed ineligible expenses as matching contributions for the GEAR UP program. (Page 23) GEAR UP is a federally funded program to prepare youth from low-income areas for college. Federal regulations state that at least half the costs of a GEAR UP program are to be paid with non-federal funds. This can include in-kind contributions such as services provided to GEAR UP students. The SEO does not have adequate documentation for the majority of the matching contributions it has claimed for GEAR UP. In addition, the SEO has claimed more indirect costs⁴ as matching contributions than are allowable under federal regulations. The OFRM is responsible for ensuring oversight of SEO grants. However, the lack of written policies and procedures that

⁴ According to the webpage for the Office of the Chief Financial Officer of the Department of Education (ED), “Indirect costs represent the expenses of doing business that are not readily identified with a particular grant, contract, project function or activity, but are necessary for the general operation of the organization and the conduct of activities it performs.” <http://www.ed.gov/about/offices/list/ocfo/intro.html>. Electricity and accounting expenses are examples of indirect costs. *Id.*

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describe the two agencies' roles has contributed to confusion over requirements for documenting matching contributions. **Recommendations:** (a) That the SEO and the OFRM develop and implement written policies and procedures outlining the responsibilities of each agency for ensuring compliance with federal regulations on matching contributions. (b) That the State Education Officer ensure that employees who manage grants have knowledge of relevant regulations, are trained in grants management, and have adequate oversight from agency management. (c) That the State Education Officer ensure that GEAR UP matching contributions are audited to determine compliance with matching regulations.

SEO term appointment employees who perform permanent services have not been converted to career service status as required. (Page 26) The team found that a large number of the SEO's employees are term employees. Some employees' status is not in compliance with the City Administrator's directive that instructs agencies under the Mayor's authority to convert term and temporary employees to permanent status, as appropriate, pursuant to the August 4, 2004, Compensation Agreement between the Government of the District of Columbia and Compensation Units 1 and 2 (Agreement). **Recommendation:** That the State Education Officer work with the EOM to ensure that the SEO is in compliance with the Agreement.

An ineligible SEO employee received tuition assistance from the District of Columbia Tuition Assistance Grant Program (DCTAG). (Page 28) An SEO manager approved the application of an ineligible SEO employee for tuition assistance, which enabled the employee to participate in the DCTAG program. **Recommendations:** (a) That the State Education Officer ensure that all managers and employees are aware of their responsibility to process tuition applications in strict conformance with the requirements of the College Access Improvement Act of 2002. (b) That the State Education Officer consider devising an independent review process for applications from SEO employees, family members, and acquaintances to avoid any appearance of conflict of interest or favoritism.

Agency Management

The SEO Does Not Use Imprest Fund Reimbursement Vouchers (Form 436). (Page 32) The Office of Financial Operations and Systems (OFOS) established imprest funds (petty cash) for small purchases, employee reimbursements, and office supplies. According to Mayor's Memorandum 82-29, "Imprest Fund Procedures," dated May 28, 1982, cashiers must use Form 436 to replenish the imprest fund. However, instead of using Form 436, the SEO uses an in-house spreadsheet to capture agency disbursement information to support a request for replenishment of the imprest fund. During an interview, the imprest fund cashier indicated that she was not knowledgeable about Form 436. Consequently, SEO's imprest fund is not managed according to the procedures stated in Mayor's Memorandum 82-29. **Recommendations:** (a) That the imprest fund cashiers immediately begin using required Form 436, as stated in Mayor's Memorandum 82-29. (b) That the SEO cashier and alternate cashier become knowledgeable of all imprest fund procedures.

The SEO improperly allocates purchase card payments among its programs. (Page 33) Payments for items that individual SEO programs have charged to the agency purchase card are frequently grouped together. The total is then divided evenly among the programs, including

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federally funded programs, regardless of the individual amounts spent on each program. Neither the OFRM, which makes payments on behalf of the SEO, nor the SEO reconciles program purchases and payments. When the SEO misallocates purchase card payments to federally funded programs, it is charging unallowable expenses to federal grants, contrary to criteria in OMB Circular A-87. **Recommendations:** (a) That the State Education Officer reconcile each program's purchases with payments for the SEO purchase card. (b) That the State Education Officer develop and implement written policies and procedures to ensure that program purchases are regularly reconciled with payments for the SEO purchase card.

Nutrition Services

Nutrition Services (NS) does not provide adequate oversight of contracts between organizations and food vendors. (Page 37) According to U.S. Department of Agriculture (USDA) regulations, the SEO is responsible for reviewing and overseeing contracts between food service management companies and organizations participating in programs such as the National School Lunch Program (NSLP). NS does not follow these regulations, and numerous problems were found in the five largest food service management contracts.

Recommendations: (a) That the State Education Officer ensure that school and summer meal program staff receive training on USDA regulations regarding reviewing contracts and bids between institutions and food service management companies. (b) That the State Education Officer ensure the development of written policies and procedures regarding oversight of contracts and bids between institutions and food service management companies.

NS does not meet SEO goals for participation in the Free Summer Meals Program (FSMP) and the Child and Adult Care Food Program (CACFP). (Page 47) In fiscal year (FY) 2005, the FSMP served 66.25% of District children eligible for free and reduced-price school meals, compared to its goal of 80%. For the CACFP, 47.74% of licensed childcare centers and family daycare homes participated in the program, which was below the SEO's goal of 60%. Nutrition advocates and NS staff indicated that the programs are not meeting their goals due to staffing shortages and resource constraints, which limit the amount of community outreach that the SEO can coordinate to increase participation. In addition, the complexity of the CACFP application process discourages daycare providers from completing applications. Planning to simplify the application process through a web-based application system is ongoing.

Recommendations: (a) That the State Education Officer ensure that the FSMP and the CACFP have adequate staff and resources to conduct effective community outreach. (b) That the State Education Officer ensure that a timeline is established to complete NS's online application system.

The NS file room is disorganized and presents a fire hazard. (Page 50) The team observed that boxes and papers were stacked on filing cabinets and the floor of the NS file room, which presents a fire hazard according to 12H DCMR § F-110.1.1. NS plans to scan its files to a computerized data storage system to eliminate the need for some paper files. The lack of staff has delayed scanning files and reorganizing the file room. **Recommendations:** (a) That the State Education Officer ensure that NS expeditiously scan files and reorganize the file room to ensure better use of existing space. (b) That the State Education Officer ensure that a fire

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inspection of the NS file room is conducted and that any fire code violations are expeditiously corrected.

Higher Education Financial Services

The SEO does not maintain an organized filing system and secure file room for the Higher Education Financial Services (HEFS) unit. (Page 54) The team observed that the file room used to store HEFS tuition application files was disorganized. Files were in mail crates that were haphazardly stacked on the floor and on top of file cabinets in the room. The team was unable to retrieve specific file folders because HEFS documents were not filed in an orderly manner. In addition, the Education Programs (EP) unit stores postsecondary schools' request-for-license applications in the HEFS file room. HEFS's tuition applications contain social security numbers and proprietary information. Without written policies and procedures that regulate entry into the HEFS file room, this sensitive information is at risk of being compromised. **Recommendations:** (a) That the State Education Officer designate a records manager for all SEO units to safeguard customer applications and to maintain order in file rooms and file areas. (b) That the State Education Officer develop and enforce written policies and procedures regarding the security, retention, and disposal of HEFS hardcopy and computer files.

Education Programs

The SEO does not ensure that incarcerated participants in the Workplace and Community Transition Training for Incarcerated Youth Offenders (WCTTIYO) program receive all required services. (Page 58) The SEO administers the District's WCTTIYO program, which serves 18- to 25-year-old offenders from the District who are incarcerated in North Carolina in the Rivers Correctional Institution. The goal of the WCTTIYO program is to prepare offenders for stable employment after their release through education, job training, and related services. Roanoke-Chowan Community College (RCCC) has a subgrant agreement with the SEO to provide vocational classes, life skills courses, and academic assessments, as well as developmental courses. However, RCCC only provides vocational courses.

Recommendations: (a) That the State Education Officer ensure that RCCC has provided and documented all agreed-upon services before additional payments are made to the college. (b) That the State Education Officer ensure that the agency work with RCCC to create timelines for providing information to the SEO regarding services participants have received. (c) That the State Education Officer ensure that employees who manage grants have knowledge of the program requirements, are trained in grants management, and have adequate oversight from agency management.

The GEAR UP program has discrepancies in financial reporting between internal documents and Annual Performance Reports submitted to the U.S. Department of Education (ED). (Page 62) GEAR UP internal documents on expenditures of federal funds and matching contributions are inconsistent with the data that the SEO reported in Annual Performance Reports to ED. OFRM and SEO staff indicated that the two agencies did not work together to verify financial information in GEAR UP reports. Further, the agencies do not have written policies and procedures explaining how the agencies should coordinate verification of financial information for grant reports. **Recommendations:** (a) That the State Education Officer and the

EXECUTIVE SUMMARY

OFRM develop and implement written policies and procedures outlining the responsibilities of each agency to ensure the accuracy of financial information reported to the federal government. (b) That the State Education Officer ensure that employees who manage grants have knowledge of the grants' requirements, are trained in grants management, and have adequate oversight from agency management. (c) That the State Education Officer ensure that GEAR UP finances are audited by the Office of the Chief Financial Officer (OCFO) or an auditing firm.

The SEO does not have complete or accurate data on GEAR UP program measures. (Page 65) The SEO submitted incomplete data to ED on progress toward achieving program objectives, as required by program measures, such as, increasing parental involvement by 50% and increasing enrollment in advanced English, math, and science courses by 45%. The SEO also reported inaccurate information to ED on the number of hours of services provided to GEAR UP students. A SEO manager stated that the GEAR UP program has difficulties obtaining report card and other student data from the District of Columbia Public Schools (DCPS). **Recommendations:** (a) That the State Education Officer work with DCPS to develop and implement processes to allow GEAR UP to obtain individual student data. (b) That the State Education Officer develop and implement a written quality assurance process to ensure adequate data collection and to allow for sufficient review of grant reports prior to submission to grantors.

The GEAR UP staff does not have adequate access to students or to office space in some schools. (Page 68) DCPS and participating charter schools are responsible for providing office space in schools to GEAR UP program coordinators. Not all program coordinators have office space in a school, which GEAR UP staff indicated hinders the coordinators' ability to advise and tutor students. The ED website states that GEAR UP should provide services at the schools that students in the program attend.⁵ GEAR UP staff at the SEO did not adequately involve high school administrators in decisions about offering services and which schools should have GEAR UP office space, which caused significant delays in gaining assistance from DCPS. As a result, the GEAR UP program was unable to offer services at some schools. **Recommendation:** That the State Education Officer work with DCPS central staff and high school administrators to ensure that GEAR UP program coordinators can provide the full range of services in all GEAR UP high schools.

GEAR UP vacancies prevent some students from receiving services and strain staff members. (Page 71) GEAR UP has 10 program coordinator positions, 2 of which have been vacant for over 6 months. Program coordinators provide tutoring and mentoring to GEAR UP students and are responsible for planning other activities such as college visits and career workshops. Due to the lack of adequate staffing, some GEAR UP students have not received the services that program coordinators provide. GEAR UP also has a vacant field coordinator position that would provide support and oversight to program coordinators. **Recommendation:** That the State Education Officer re-evaluate GEAR UP's current organizational structure to determine the best use of staff and attempt to promptly fill vacancies.

⁵ <http://www.ed.gov/programs/gearup/index.html> (last visited September 6, 2006).

EXECUTIVE SUMMARY

The Education Licensure Commission (ELC) does not provide quarterly reports on its activities to the Mayor or City Council and does not advise them on the District's postsecondary educational needs as required. (Page 73) The ELC is part of the Education Programs unit of the SEO. D.C. Code § 38-1307 (2001) requires the ELC to advise the Mayor and City Council on the postsecondary educational needs of the District and to file quarterly reports on its activities with the Mayor and City Council. The ELC does not provide these reports or advice to the Mayor or City Council. **Recommendation:** That the State Education Officer develop written policies and procedures to ensure that the ELC provides advice on postsecondary educational needs and quarterly reports to the Mayor and City Council as required.

The ELC does not act as the state approving agency for postsecondary institutions to participate in veterans' education benefit programs. (Page 74) According to D.C. Code § 38-1301(6) (2001), the ELC should be the state approving agency in the District for postsecondary schools desiring to participate in veterans' education benefit programs. State approving agencies determine whether postsecondary schools are legitimate and consequently eligible to receive tuition payments from the U.S. Department of Veterans Affairs (VA) on behalf of veterans. Currently, the ELC is not following this regulation, and the VA is administering the functions of a state-approving agency for the District. **Recommendations:** (a) That the State Education Officer ensure that the ELC has the capacity to act as a state approving agency for veterans' educational benefits. (b) That the State Education Officer coordinate with the VA to enter into and fulfill an agreement for the SEO to carry out the functions of a state approving agency.

Although the District's laws governing the licensure of college programs are not currently applicable to online postsecondary institutions, the ELC approved licenses for two online postsecondary degree-granting educational institutions. (Page 75) According to written information from the SEO, District law requires the ELC to license educational programs having a continuous physical presence in the District, which consist of a building that is owned or leased by the institution in which instruction occurs.⁶ Further, "the laws governing the licensure of agents are currently not applicable to postsecondary degree-granting educational institutions."⁷

According to SEO documentation, the ELC approved licenses for two online, degree-granting, out-of-state institutions that did not meet criteria for either an agent's license or a regular license because both operate online and offer instruction that results in credit toward a college degree. **Recommendations:** (a) That the ELC clarify why it approved the applications for the two institutions in question when the District laws and regulations are not currently applicable to online postsecondary degree-granting institutions. (b) That the ELC stop approving the licensing of online postsecondary institutions until the District has promulgated appropriate legislative and/or regulatory criteria.

⁶ See Letter from SEO representative to online institution of 12/15/05, and internal SEO Memorandum of 1/17/06. (Appendix 3)

⁷ Letter from SEO to online institution of 3/27/06. (Appendix 3)

INTRODUCTION

INTRODUCTION

Background

The Inspections and Evaluations (I&E) Division of the District of Columbia Office of the Inspector General (OIG) began an inspection of the District of Columbia (District) State Education Office (SEO) in December 2005. The SEO's mission is "to enhance educational services and opportunities that meet the life-long learning needs of all District residents ... [through] research, programs, and effective policy, that ensure the equitable distribution and availability of administrative, financial, and nutrition resources."⁸ The SEO has approximately 68 full-time employees, and its fiscal year (FY) 2006 operating budget was approximately \$84 million.

The SEO was established as an office under the Executive Office of the Mayor (EOM) on October 21, 2000, via the State Education Office Establishment Act of 2000 (D.C. Law 13-176), enacted by the City Council in July 2000. Because the SEO is under the EOM, the EOM provides operational support to the SEO for personnel, contracting, and procurement matters. The Act mandated that the SEO perform four functions:

- oversee federally-funded child nutrition programs in the District;
- verify fall enrollment counts for public and public charter schools in the District;
- formulate and publish rules for documentation and verification of District residency for public and public charter school students in the District; and
- make recommendations to the Mayor and Council for periodic revisions to the Uniform Per Student Funding Formula.⁹

In addition, the SEO Establishment Act of 2000 required that the agency submit a report to the Mayor and the City Council regarding recommendations for additional responsibilities that the SEO could manage. The SEO conducted research and analysis on the feasibility of adding 10 additional functions. A SEO report to the Mayor and City Council detailed the advantages and disadvantages of assuming these tasks. According to the report, *Establishing a State Education Office in the District of Columbia, A Study, Recommendations and Transition Plans for Assuming Additional Responsibilities*, the SEO studied the following 10 areas:

- Acquire and administer federal grants
- Issue rules that govern acceptable credit to be granted for studies at independent, private, public and public charter schools
- Issue rules regarding enforcement of school attendance requirements for all schools, including independent, private, public and public charter schools
- Conduct the census of D.C. resident minors 3 years of age or older
- Establish the criteria, administer the examination, and grant the credential for the high school General Equivalency Development (test)
- Issue work permits for minors

⁸ <http://www.seo.dc.gov/seo/cwp/view,a,1121,q,534719.asp>.

⁹ State Education Office Establishment Act of 2000 § 3, D.C. Code § 38-2602 (Supp. 2005).

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- Establish standardized requirements for annual reporting of statistical information from public and public charter schools
- Conduct fact-finding, research, and investigative activities on behalf of the Mayor, the Council, and other public officials
- Establish teacher certification requirements for all eligible District schools including public, public charter, private, and District of Columbia public institutions for postsecondary education [and]
- Establish licensing procedures and standards for instructional staff for all eligible District schools including public, public charter, private, and District of Columbia public institutions for postsecondary education¹⁰

Of the 10 responsibilities listed above, the SEO has assumed 3: (1) it administers some federal grants for tuition payments, child nutrition, and educational programs; (2) it conducts fact-finding research on education policy; and (3) it licenses post secondary education institutions. The City Council and the Mayor must determine whether the SEO will assume more of these additional functions.¹¹

The team found that the majority of SEO managers and employees are dedicated professionals committed to continuously improving program operations. Most employees praised the State Education Officer and noted improvements in agency operations. The SEO is working to streamline the tuition application process, improve all program monitoring, and increase tuition and child nutrition program participation through school and community outreach. SEO management and employees were cooperative and responsive throughout the inspection.

Scope and Methodology

OIG inspections comply with standards established by the President's Council on Integrity and Efficiency, and pay particular attention to the quality of internal control.

This inspection focused on the management and operations of key areas, including compliance with federal and local legislative requirements as well as program rules, nutrition services, education programs, tuition financial services, record keeping, policy, research, and analysis services. The team reviewed best practices recommended by the National Forum on Education Statistics.

The team conducted interviews; toured work areas and facilities; reviewed numerous files and documents; issued an anonymous and confidential employee survey; and observed demonstrations of key work processes. This inspection report contains 18 findings and 37 recommendations. The SEO reviewed the draft of this report prior to publication, and its comments follow each OIG recommendation.

¹⁰ <http://www.seo.dc.gov/seo/cwp/view,a,1222,q,535132.asp>.

¹¹ *Id.*

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NOTE: The OIG does not correct an agency's grammatical or spelling errors, but does format an agency's responses in order to maintain readability of OIG reports. Such formatting is limited to font size, type, and color, with the following exception: if an agency bolds or underlines text within its response, the OIG preserves these elements of format.

Compliance and Follow-Up

The OIG inspection process includes follow-up with inspected agencies on findings and recommendations. Compliance forms with findings and recommendations will be sent to the SEO along with this report of inspection. The OIG/I&E Division will coordinate with the SEO on verifying compliance with recommendations in this report over an established time period. In some instances, follow-up inspection activities and additional reports may be required.

EMPLOYEE SURVEY

EMPLOYEE SURVEY

Overview of Employee Survey Results

The team administered an anonymous and confidential written survey to all SEO employees in December 2005 in order to obtain their opinions and determine their attitudes regarding selected issues. The survey form can be found at Appendix 2. The response rate for the survey was 77.8%.¹²

Survey questions were grouped into the categories listed in the table on the following page. For example, questions about the SEO's mission, organizational structure, and the size and location of the SEO facility were in the Organization category. The survey items were presented as statements, such as "I am familiar with the SEO's mission." Employees selected from the following answer choices: Strongly Agree, Agree, Disagree, Strongly Disagree, and Do Not Know. Agree and Strongly Agree were deemed favorable answers, while Disagree and Strongly Disagree were deemed unfavorable answers, except for questions asking employees if they had been discriminated against or sexually harassed. For those questions, Disagree and Strongly Disagree were favorable answers, indicating that employees had not been discriminated against or sexually harassed. When an employee selected more than one answer for a question or wrote in a response instead of selecting one of the five answer choices, the response was categorized as Other. Questions that employees skipped were classified as No Response.

¹² The inspection team distributed 63 surveys and 49 surveys were returned.

EMPLOYEE SURVEY

CATEGORY	FAVORABLE	UNFAVORABLE	DO NOT KNOW	OTHER ANSWER	NO RESPONSE
Organization ¹³	78.1%	20.9%	1.0%	0.0%	0.0%
Management Ability, Effectiveness, and Style	79.1%	14.3%	5.9%	0.3%	0.5%
Work Environment/Job Satisfaction	53.3%	34.0%	11.6%	0.9%	0.2%
Equal Employment Opportunity, Sexual Harassment, and Employee Protection ¹⁴	68.6%	7.3%	20.8%	0.0%	3.3%
Policies and Procedures	70.1%	17.7%	12.2%	0.0%	0.0%
Duties and Responsibilities	75.5%	21.4%	1.0%	1.0%	1.0%
Managing Assignments	75.5%	19.4%	2.0%	1.0%	2.0%
Work Standards and Performance Evaluations	66.0%	12.2%	12.2%	0.0%	9.5%
Training	70.7%	23.1%	1.4%	0.0%	4.8%
Communication	33.2%	18.4%	44.4%	2.0%	2.0%

Areas of Potential Concern

Eight questions had high percentages of negative responses that might indicate areas requiring management's attention. For these questions, the majority of respondents indicated that they felt unfavorably toward a particular issue or did not know. The individual questions with negative responses, as well as the percentage of Unfavorable and Do Not Know responses, are listed below.

- The size of the SEO facility is satisfactory (Unfavorable 46.9%, Do Not Know 4.1%).

¹³ Percentages for some categories do not total 100.0 due to rounding.

¹⁴ The Equal Employment Opportunity, Sexual Harassment, and Employee Protection category included questions asking employees if they had been discriminated against at the SEO and if they had been sexually harassed at the SEO. Six percent of respondents stated that they had been discriminated against, 88% stated that they had not been discriminated against, 2% did not know, and 4% did not respond.

EMPLOYEE SURVEY

- The promotional process is fair and based on ability, knowledge, and skills (38.8% Unfavorable, 28.6% Do Not Know).
- There are realistic opportunities for advancement (40.8% Unfavorable, 22.4% Do Not Know).
- I am sufficiently paid for my job responsibilities (59.2% Unfavorable, 6.1% Do Not Know).
- SEO has a published EEO policy, a trained EEO counselor, and a trained EEO officer (6.1% Unfavorable, 49.0% Do Not Know).
- My manager regularly reviews my training plan with me (46.9% Unfavorable, 4.1% Do Not Know).
- SEO has an employee complaint system (16.3% Unfavorable, 65.3% Do Not Know).
- The employee complaint system works well and concerns are resolved in a timely manner (8.2% Unfavorable, 85.7% Do Not Know).

Open-Ended Questions

Employees also had the opportunity to respond to open-ended questions. The following are some of the open-ended survey questions and samples of employees' written responses:

I think the SEO Director is an effective manager. (Please explain your answer.)

- "Since the hire of the SEO Director, employees feel a sense of appreciation. The agency as a whole has been clarified to local agencies [and] the community about the work that the SEO is doing. The SEO Director works diligently to make certain that the agency is moving in the right direction."
- "[The State Education Officer] seems to want the agency to shine and to clearly define a strategy for success."

What are the top three things you would like to see improved at SEO?

- "Salary review/promotion, better environment-bigger cubicles/offices, flex time—four day [work] weeks—work at home policy in certain jobs—the technology exists to do this effectively."
- "Administrative support, improved relationship with OFRM, improved relationship with elected officials."

What is being done well at SEO?

- "New directors, new policy and procedures in process, new computers."
- "A true effort to develop capacity and situate the organization as a quality operation."

What is not being done well at SEO?

- "Some employees are overpaid while others aren't paid enough. This is not a SEO problem; this is a D.C. government problem. Another D.C. government problem is that there is too much bureaucratic paperwork. It is very inefficient."
- "Administrative support."

EMPLOYEE SURVEY

What is the most significant issue facing SEO in the year ahead?

- “Informing the public about the work the SEO is doing!!!”
- “Clearly defining a serious role around education in the District.”

Analysis of the Survey

Although the survey results should alert SEO management to some key areas of concern such as working conditions, promotions, advancement, and pay, the overall percentage of favorable responses in most cases was well over 50%.

**Findings and
Recommendations:**

KEY FINDINGS

KEY FINDINGS

1. The SEO and the Office of Finance and Resource Management (OFRM) do not provide adequate financial oversight of federally funded subgrants.

Office of Management and Budget (OMB) Circular A-133.400(d) states that entities that pass federal funds through to other entities must:

(3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

(4) Ensure that subrecipients expending \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.

Title 34 CFR § 80.20(a) describes standards for states receiving U.S. Department of Education (ED) funds and states in part:

Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to ... (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

Workplace and Community Transition Training for Incarcerated Youth Offenders (WCTTIYO), Improving Teacher Quality (ITQ), and Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) are each SEO programs in which subrecipients receive over \$500,000 in federal funds; however, SEO grant managers stated that they did not know if any of these subrecipients had undergone independent audits. These grants are administered by the EP unit.

GEAR UP could not provide reports from its 2005 Summer Institute partners to document how \$245,027 in subgrants was spent. Payments were given to four university partners to manage academic summer programs for GEAR UP students. Final reports were available for two of the university partners, but those reports did not include financial data. No other documentation was available to disclose how the university partners spent the subgrants. The GEAR UP employee responsible for overseeing the 2005 Summer Institute subgrants cited a lack of awareness of financial monitoring requirements as the explanation for the lack of supporting documents. Consequently, the SEO cannot ensure that GEAR UP subgrantees have used federal funds for the purposes authorized.

The SEO is working to obtain information on how Summer Institute partners spent the subgrants. The current GEAR UP program manager stated that the SEO is working with the finance offices at the universities to obtain financial information, but has not received it. This

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employee also stated that the SEO informed its university partners of subgrant regulations and of the need to submit financial information to ensure eligibility for future subgrants.

For FY 2004 and FY 2005,¹⁵ the SEO paid \$180,181 in federal WCTTIYO funds as a subgrant to Roanoke-Chowan Community College (RCCC). The documentation available for RCCC revealed funds spent in the amount of \$83,771 for inmates' tuition and course material for the summer and fall semesters of 2004 and the spring semester of 2005. Documentation was not available for the balance of \$96,410. A SEO employee stated that RCCC has not submitted documentation for all of the funds they have received despite the SEO's requests, although the SEO anticipates that the college will provide the documentation. The SEO has informed the college that it must provide documentation accounting for previous funds before it will be eligible to receive additional subgrants.

Interviews with SEO and OFRM staff indicated that insufficient oversight, unclear lines of responsibility, and a lack of written policies and procedures contributed to ineffective management of subgrants in the ITQ, GEAR UP, and WCTTIYO programs. The OFRM provides financial oversight to the SEO, provides technical assistance on grants management to the agency, and processes subgrant payments. SEO grant managers stated that SEO management and the OFRM should provide more oversight of grants management. Interviews with OFRM and SEO staff revealed that they do not have a shared understanding of their roles in the grants management process, which is directly related to the agencies' lack of written policies and procedures regarding their respective roles in monitoring subrecipients.

SEO management indicated that until February 2006, the SEO did not have a dedicated grant manager to ensure compliance with regulations and to provide guidance to employees who manage grants. Managing the WCTTIYO and ITQ grants is not the primary responsibility of the SEO employee who is currently responsible for their monitoring. High employee turnover in the grant monitoring positions in the EP unit has also contributed to inadequate monitoring of subrecipients. The team learned that the new grant managers were not trained or knowledgeable about requirements for monitoring subrecipients at the time of inspection.

Recommendations:

- a. That the State Education Officer not certify future payments to subgrantees until documentation is provided as to how previous subgrants have been spent.

Agree X Disagree _____

SEO's Response, as Received:

The SEO recognized the need to make improvements subgrantees payment requirements well before the onset of this review, and had procedures in place to ensure that payments to sub grantees were not authorized until documentation was provided as to how previous subgrant dollars have been spent well before the review was completed. The SEO

¹⁵ No expenditures had been reported for FY 2006 as of March 1, 2006.

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receives documentation of grant spending from the sub-grantee through the invoicing process. That information is subsequently provided to OFRM as part of the Request for Payment process. In the DC GEARUP program, sub grantees submit an invoice for payment to the program manger. Prior to forwarding the invoice to OFRM for payment, the program staff ensures that all deliverables identified in the (sub) grant agreement have been met. When that verification process has been completed, the invoice is submitted along with an **Invoice Approval Form** to the Operations department, which, in turn, forwards the invoice and supporting documentation to OFRM for review and payment. An exception procedure exists for grantees that require advance payments based on the nature of the grant and the needs of the grantee. In those cases, sub grantees are required to produce additional documentation that verifies how subgrants have been spent.

OIG Response: **The OIG stands by its finding as stated. The team found that GEAR UP and WCTTIYO subgrantees had received advance payments and that the SEO did not have documentation of how these funds were spent.**

- b. That the State Education Officer ensure that employees who monitor grants are knowledgeable about the requirements, are trained in grants management, and have adequate oversight from agency management.

Agree _____ Disagree _____ **X**

SEO's Response, as Received:

The SEO employees who monitor grants are exceedingly knowledgeable and well trained in grants management, and receive adequate oversight from experienced agency managers. The SEO Director of Operations, who provides general agency oversight of the SEO grants, has extensive public and private sector experience in the acquisition, management, oversight and auditing of federal and local grants, and supervises a program analyst dedicated to agency-wide grants management and oversight. This employee has successfully completed the OCFO/UDC procurement certification course in the acquisition and management of federal grants, and, within the last year alone, has completed 1) two DC Government Office of Grants Partnerships grants management training, 2) a grants management training offered by the Center for Nonprofit advancement and - along with the Program and Department Directors of the GEARUP program – 3) Grants Management Training sponsored by John Hopkins University. The current Director overseeing SEO Higher Education Financial Services federal programs is a former OCFO Director who had responsibility for the monitoring and oversight of city-wide federal grants programs.

The current Director overseeing Nutrition Services Federal Grant program has received national recognition for their work on that grant, placing DC the first in fifty states for the last three years. The current Director overseeing Education Programs (EP) which houses the GEARUP, WCTTIYO and TQ programs) also has an extensive grants-related background that includes participation in the team that authored, implemented and monitored a \$21M GEARUP grant. Annually, GEARUP staff and management attend the NCEEP/GEARUP conference geared towards the specific grants management requirements of GEARUP programs. The

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current EP WCTTIYO program manager has an extensive federal grants management background which includes recent grants management training from the Maryland Governor's Grants Office and The District of Columbia's Office of Partnerships and Grants Development's joint "Grants Made Easy Workshop."

OIG Response: The OIG stands by its recommendation as stated. Interviews indicated that employees monitoring GEAR UP, WCTTIYO, and ITQ subgrants were not knowledgeable about applicable requirements and did not receive adequate oversight.

- c. That the SEO and the OFRM create and implement written policies and procedures to ensure compliance with federal requirements for monitoring subrecipients.

Agree _____ Disagree _____ **X**

SEO's Response, as Received:

The SEO's written policies and procedures for its federal programs are drawn directly from the published policies and procedures of the respective Federal Program Management Offices (PMO). This guidance includes policies that ensure compliance with federal requirements for monitoring sub recipients. Moreover, the aggress that there is a need to have implement written policies and procedures which reflect those elements of the federal requirements which fall under the purview of the Office of the Chief Financial Officer, an independent agency of the DC Government. The SEO will formally request such procedures from the OCFO.

OFRM's Response, as Received:

First, in regard to the finding, OFRM's primary responsibility is to certify the availability of funding for sub-grants and to ensure that the sub-recipient receives the authorized payment as stated in the agency sub-grant agreement. Following-up with sub-recipients after they have received authorized payment, in order to ensure that the terms of the agreement have been met, has traditionally been a program responsibility.

*We have recommended to agencies that sub-grant payments be made only **after** services have been delivered and so certified; however, we understand that some sub-grant recipients require pre-payment. Consistent with current practice, on a quarterly basis, prior to allowing sub-grant payments to be made, OFRM verifies that the SEO grant manager receives adequate sub-recipient documentation that establishes that sub-grant funds have been used in accordance with grant agreements.*

In regard to the recommendation, several of the findings in the report include a recommendation that OFRM and SEO establish written policies and procedures. We must state that we follow written policies and procedures established by the Office of the Chief Financial Officer, and we follow established written federal regulations and guidelines for each grant program. Our interpretation of this recommendation is that we establish agency-specific

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procedures. We have prepared for our agencies “how to” procedures and provided training to agency grants managers to help them carry out the financial responsibilities of their grants, including budget modifications, cash reimbursements, reprogrammings, matching requirements, and other routine functions. We intend to expand these training courses.

OIG Response: **The OIG stands by its recommendation as stated. SEO and OFRM employees stated that there were no written policies and procedures describing the agencies’ roles for monitoring subrecipients. Responses from the SEO and OFRM appear to meet the intent of this recommendation.**

- d. That the State Education Officer ensure that GEAR UP, WCTTIYO, and ITQ subgrants are audited.

Agree **X** Disagree _____

SEO’s Response, as Received:

SEO agrees to ensure that GEARUP, WCTTIYO, and ITQ sub grants are audited and has asked OCFO Office of Integrity and Oversight (OIO) to conduct an internal audit of these program sub grants.

2. The SEO failed to document matching contributions and claimed ineligible expenses as matching contributions for the GEAR UP program.

ED guidance, Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), Office of Postsecondary Education, United States Department of Education, dated June 10, 2003, provides guidance for GEAR UP grantees on interpreting various matching-contribution regulations and states:

Dollar-for-dollar match: Section 404C(b) of the Higher Education Act requires that at least 50 percent of the total cost of a GEAR UP project to be paid with State, local, institutional, or private funds

...

Indirect costs: A GEAR UP grantee may charge indirect costs of eight percent or the grantee’s negotiated indirect cost rate (whichever is less) of allowable Federal direct costs and of allowable matching contributions....

...

Valuation of in-kind contributions: Costs and third-party in-kind contributions counting toward a matching requirement must be verifiable from the records of the grantee and must show how the value of third-party contributions was derived. (See EDGAR 34 CFR 80.24(a)(6).)

Id. at 1, 2, and 4.

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SEO staff provided the team with documentation on GEAR UP matching contributions for FYs 2003, 2004, and 2005 through June 1, 2005. This documentation, however, did not adequately support the matching contributions that the SEO recorded in its Annual Performance Reports to ED. To be adequate, documentation of contributions should include the value of actual matching contributions as well as source documentation to support the amounts claimed as matching contributions. For example, if a grantee claimed a matching contribution in the form of tutoring services valued at \$100, the grantee should be able to document that one of its partner organizations paid one employee \$10 per hour to tutor GEAR UP students for 10 hours.

The records the SEO uses as documentation for the contributions of GEAR UP's major partner organizations consist of total budget projections for partners' matching contributions rather than a breakdown of specific matching contributions. GEAR UP claimed \$2,461,153.89 as matching contributions from FYs 2003, 2004, and 2005 through June 1, 2005. Of this amount, \$1,936,948.00 was supported only by photocopies of total budgets, not by documentation of actual matching contributions. The GEAR UP program manager stated that the SEO began working to improve documentation of matching funds in the spring of 2006.

The team found that GEAR UP claimed more than the allowable amount of indirect costs as matching funds.¹⁶ The FY 2003 through FY 2005 Annual Performance Reports and SEO/OFRM calculations of matching contributions have differing amounts of indirect costs included as matching contributions. In all cases, however, the indirect costs claimed as matching contributions are significantly higher than the 8% that ED allows.

OFRM employees indicated that they requested and reviewed documentation of matching contributions in SEO's GEAR UP budget prior to processing federal payments to the SEO. They stated that the purpose of their review was not to verify actual matching contributions or to reconcile SEO's figures with the figures SEO reported to ED, but to verify that GEAR UP had obtained written agreements from partner organizations to provide matching contributions. OFRM employees noted that it was the SEO's responsibility to ensure and document that partner organizations were making matching contributions. Because the SEO and OFRM have not maintained and reviewed documentation of actual matching contributions, the extent to which GEAR UP has met matching requirements cannot be determined.

SEO employees stated that neither OFRM nor SEO management has provided staff with adequate oversight, training, or written policies and procedures detailing how to accurately document matching contributions. As a result, there is confusion between the OFRM and the SEO as to whom is responsible for ensuring adequate documentation of matching funds. Additionally, GEAR UP staff stated that constant turnover in GEAR UP program managers contributed to the program's difficulties in documenting matching contributions. New program managers lacked adequate training regarding grant requirements.

¹⁶ Because the SEO does not have a current negotiated indirect cost rate under 8% for its federal grants, the amount of indirect costs that GEAR UP may claim as matching contributions is capped at 8%.

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When grantees do not meet matching requirements, there is a substantial risk that ED will reduce the total amount of grants or require the SEO to pay back federal funds. In addition, if GEAR UP partner organizations do not fulfill matching requirements, there may be fewer services available to assist District students as a result.

Recommendations:

- a. That the SEO and the OFRM develop and implement written policies and procedures outlining the responsibilities of each agency for ensuring compliance with federal regulations on matching contributions.

Agree _____ **X** _____ Disagree _____

SEO's Response, as Received:

SEO's written policies and procedures for documenting match contributions are derived directly from the Education Department General Administrative Requirements (EDGAR) within the U.S. Dept of Education. This guidance is designed to ensure compliance with federal regulations on matching contributions by SEO staff. OFRM and SEO are currently working together to ensure that the methodology for meeting the match requirement is reasonable, based on the federal grant requirements. Under this procedure, SEO will forward certified matching documents from grants managers to OFRM on a quarterly basis. OFRM will verify the match as compliant with the federal regulations. SEO will formally request written procedures from OFRM on its match verification process and criteria.

OFRM's Response, as Received:

OFRM is currently working with SEO to implement a written procedure to ensure that the methodology for meeting the match requirement is reasonable, based on the federal grant. SEO will forward certified matching documents from grants managers to OFRM on a quarterly basis to check for compliance with the federal regulations.

OIG Response: The OIG stands by its finding that the SEO lacked written policies and procedures for ensuring compliance with federal regulations for matching contributions.

- b. That the State Education Officer ensure that employees who manage grants have knowledge of relevant regulations, are trained in grants management, and have adequate oversight on grants management from agency management.

Agree _____ Disagree _____ **X** _____

SEO's Response, as Received:

SEO already has in place employees who monitor grants who are exceedingly knowledgeable and well trained in grants management, and who receive adequate oversight from experienced agency managers. The SEO Director of Operations, who provides general

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agency oversight of the SEO grants, has extensive public and private sector experience in the acquisition, management, oversight and auditing of federal and local grants, and supervises a program analyst dedicated to agency-wide grants management and oversight. This employee has successfully completed the OCFO/UDC procurement certification course in the acquisition and management of federal grants, and, within the last year alone, has completed 1) two DC Government Office of Grants Partnerships grants management training, 2) a grants management training offered by the Center for Nonprofit advancement and - along with the Program and Department Directors of the GEARUP program – 3) Grants Management Training sponsored by John Hopkins University. The current Director overseeing SEO Higher Education Financial Services federal programs is a former OCFO Director who had responsibility for the monitoring and oversight of city-wide federal grants programs.

The current Director overseeing Nutrition Services Federal Grant program has received national recognition for their work on that grant, placing DC the first in fifty states for the last three years. The current Director overseeing Education Programs (EP) which houses the GEARUP, WCTTIYO and TQ programs) also has an extensive grants-related background that includes participation in the team that authored, implemented and monitored a \$21M GEARUP grant. Annually, GEARUP staff and management attend the NCEEP/GEARUP conference geared towards the specific grants management requirements of GEARUP programs. The current EP WCTTIYO program manager has an extensive federal grants management background which includes recent grants management training from the Maryland Governor's Grants Office and The District of Columbia's Office of Partnerships and Grants Development's joint "Grants Made Easy Workshop."

OIG Response: The OIG stands by its recommendation as stated. Interviews indicated that SEO employees were not adequately informed of requirements for documenting matching contributions.

- c. That the State Education Officer ensure that GEAR UP matching contributions are audited to determine compliance with matching requirements.

Agree **X** Disagree _____

SEO's Response, as Received:

SEO agrees to continue to procure, organize and submit to OFRM all supporting documentation required to make an independent assessment and determination of the agency's compliance with GEARUP matching regulations.

3. SEO term appointment employees who perform permanent services have not been converted to career service status as required.

Section 823.1 of the District Personnel Manual (DPM) states: "A personnel authority may make a term appointment for a period of more than one (1) year when the needs of the service so require and the employment need is for a limited period of four (4) years or less."

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DPM § 823.2 further states: “Term appointments may be extended beyond the four-year (4-year) limit with the prior approval of the personnel authority.”

In addition, according to procedures issued by the D.C. Department of Human Resources (DCHR), formerly the D.C. Office of Personnel (DCOP), and the Office of the Chief Financial Officer (OCFO), the Compensation Agreement between the Government of the District of Columbia and Compensation Units 1 and 2 (Agreement) for FY 2004 through FY 2006 (Article 15):

agrees to convert employees in term and temporary appointments to permanent appointments over the life of the Agreement (to September 30, 2006) if the employees:

- (i) perform permanent services;
- (ii) were in pay status as of September 30, 2003; and
- (iii) are paid through appropriate (local) funding.

All three conditions must be met for a term or temporary employee to be converted to permanent status.

The District government also agreed to make every reasonable effort to convert employees in the above circumstances who are paid through intra-District or Federal grant funding, as well as those who are paid through private grant funds, special purpose revenue funds, and capital funding.¹⁷

During the inspection, the team determined that the SEO has a large number of term appointment employees. According to SEO managers, because the Executive Office of the Mayor (EOM) handles the SEO’s hiring process, the SEO does not work directly with DCHR, and they were not aware of the City Administrator’s directive to convert term employees until March 2006.

The SEO is one of many agencies that fall under the authority of the EOM. The EOM informed the team that “[i]t is the policy of the [EOM], of which [the SEO] is a part of, for positions to be primarily classified as either Term or Excepted Service Appointments.” During the inspection, the EOM began converting SEO term employees to bring the SEO into compliance with the Agreement cited above. At the start of this inspection, approximately 63% of SEO employees were term appointments. As of March 19, 2006, the EOM had reduced the percentage of SEO term appointments to approximately 53%. Based on the criteria in the Agreement, the SEO still has many term appointment employees who are eligible for immediate conversion. At the time of this writing, the team discovered that the SEO has hired additional employees into term appointments.

¹⁷ Memorandum from Robert C. Bobb to Directors of Agencies Under the Authority of the Mayor, Procedures for the Conversion of Term and Temporary Employees, of 8/4/02.

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Recommendation:

That the State Education Officer work with the EOM to ensure that the SEO is in compliance with the Agreement.

Agree **X** Disagree _____

SEO's Response, as Received:

SEO, as an office within the Executive Office of the Mayor (EOM), relies on the office of EOM Support Services for all human resources support and guidance. All personnel guidance, direction, implementation, interpretation and decisions - including hiring policies and practices - are under the authority of the EOM HR Specialist, who interfaces with the SEO on behalf of DCOP. SEO does not have direct authority for or oversight over personnel matters, nor does the office have the necessary PeopleSoft access to initiate, process or monitor personnel actions. DCOP and EOM Support Services, in response to this recommendation, agrees with this finding and is working with SEO to ensure that the SEO complies with the referenced Agreement.

4. An ineligible SEO employee received tuition assistance from the District of Columbia Tuition Assistance Grant Program (DCTAG).

The SEO's Higher Education Financial Services (HEFS) unit administers the District of Columbia's financial aid grants, including the District of Columbia Tuition Assistance Grant (DCTAG) Program.

The District of Columbia College Access Act of 1999, Pub. L. No. 106-98, § 2, 113 Stat. 1323¹⁸ (the Act) established the DCTAG program to give college-bound residents of the District of Columbia the ability to pay in-state tuition rates when attending public colleges and universities nationwide. District residents attending private non-profit colleges and universities in the Washington metropolitan area are also eligible to participate in the DCTAG program. In addition, the Act provides tuition assistance for District residents attending private, Historically Black Colleges and Universities (HBCUs) in the District of Columbia as well as in Maryland and Virginia. Congress amended the Act via the District of Columbia College Access Improvement Act of 2002¹⁹ (the Act of 2002) to expand higher education options.

As one of its eligibility requirements, the Act states that an applicant must have graduated from a secondary school or received the recognized equivalent of a secondary school diploma on or after January 1, 1998. In addition, the Act of 2002 states, in part, that an applicant is eligible for tuition assistance under the College Access Improvement Act if the individual graduated from a secondary school or received the recognized equivalent of a secondary school diploma before January 1, 1998, and was enrolled at an eligible institution as of the spring 2002 term. Such students must demonstrate that they have been domiciled in the District of Columbia for the last 5 years.

¹⁸ The Act (as amended) is codified at D.C. Code §§ 38-2701-2706 (Lexis through D.C. Law 16-140).

¹⁹ Pub. L. No. 107-157, 116 Stat. 118.

KEY FINDINGS

SEO employees who are residents of the District of Columbia, as well as their family members and acquaintances who are residents of the District of Columbia, can apply for all tuition programs administered by the SEO. The team found that in March 2003, an acquaintance of an SEO manager applied for DCTAG tuition assistance. In July, the acquaintance became an employee of SEO, and his tuition assistance application was approved shortly thereafter. SEO subsequently made two tuition payments to the employee's college. However, according to a document reviewed by the team, while working on revisions to the DCTAG program the employee discovered that he did not meet the DCTAG enrollment eligibility requirements and was ineligible for tuition assistance. The team received additional documents that indicate the employee subsequently reimbursed the District for the funding disbursed to the college.

Recommendations:

- a. That the State Education Officer ensure that all managers and employees are aware of their responsibility to process tuition applications in strict conformance with the requirements of the College Access Improvement Act of 2002.

Agree _____ Disagree X

SEO's Response, as Received:

*The employee in question received incorrect guidance as to his eligibility to receive funding from the DC Tuition Assistance Grant program. The employee subsequently refunded 100% of the funds to the Government of the District of Columbia. An analysis of this incident determined it to be the result of supervisor error, recognizing that the DC Tag program was still in its infancy and many staff still in the learning stages of the program's implementation. To ensure that this type of error is not made in the future, all HEFS managers and employees now receive a comprehensive annual training prior to the beginning of each application season. This training includes an overview of the requirements of the **College Access Improvement Act of 2002**. In addition, at each weekly staff meeting, managers and staff are provided opportunities to review policies and procedures. In addition, the SEO sponsors an annual ethics training which is mandatory for all SEO employees. In the past this training has been conducted by the OCFO Office of Integrity and Oversight, and addresses directly the types of ethical dilemmas faced by this situation. Finally, the DC Tuition Assistance Grant Program now uses the One-App electronic application system to process student applications. This program, which was developed specifically for this purpose, has multiple approval levels, culminating in managerial approvals at each level to avoid a similar situation in the future.*

- b. That the State Education Officer consider devising an independent review process for applications from SEO employees, family members, and acquaintances to avoid any appearance of conflict of interest or favoritism.

Agree _____ Disagree X

KEY FINDINGS

SEO's Response, as Received:

HEFS already has an independent review process for applications designed to avoid any appearance of conflict of interest or favoritism. As mentioned, applications for DC TAG, DCLEAP and the Adoptions Scholarship are currently processed through the automated One-App system with built-in protocols and checks-and-balances resident in most sophisticated accounting and/or payments systems. In this system, there are separate approvals required by different staff at various stages of the application process. As was not the case prior to the implementation of One-App system, HEFS managers are prohibited from processing and subsequently approving any single application. Rather, the system now requires a separation of these functions by HEFS staff.

OIG Response: The OIG stands by its recommendation as stated. The OIG expects that the review process will ensure that all tuition applications submitted by SEO employees, family members, and acquaintances will be processed in strict conformance with the requirements of the College Access Improvement Act of 2002.

**Findings and
Recommendations:**

AGENCY MANAGEMENT

AGENCY MANAGEMENT

The objective of the Agency Management (AM) unit is to provide operational support to ensure that the SEO achieves operational and programmatic results. AM provides administrative and technical support to facilitate the workflow of the SEO.

5. The SEO does not use Imprest Fund Reimbursement Vouchers (Form 436).

During interviews with OFRM personnel, a representative informed the team that the OFRM, in conjunction with the Office of Financial Operations and Systems (OFOS), is working to update imprest fund guidelines. The OFOS established the use of imprest funds as petty cash for small purchases, employee reimbursements, and office supplies. The OFOS is responsible for ensuring that District government agencies have standardized accounting practices, procedures, systems, and internal controls for use throughout the District. The OFOS also ensures the accountability, discipline, and integrity of the District's financial processes.

Mayor's Memorandum 82-29 (Memorandum), dated May 28, 1982, states "[t]he District of Columbia Appropriation Act includes authority to advance funds to officials for purposes deemed necessary to the function of a department or agency." The District government makes fixed cash or petty funds available to departments or agencies by allowing the option of establishing imprest funds. An imprest fund is available money of a designated amount maintained to pay for small, routine department or agency operating expenses.

Section VIII of the Memorandum states, "[r]eplenishment of the imprest fund is made via FMS Form 436, 'Imprest Fund Reimbursement Voucher'" Section IV states, in part:

[T]he imprest fund cashier shall maintain a log of all 'Imprest Fund Reimbursement Vouchers' submitted. This log should include [at] a minimum (1) Voucher Number; (2) Voucher Amount; (3) Date Submitted and (4) Date Payment Received. During an examination of the imprest fund . . . the reimbursement log should be made available upon request.

Because the SEO falls under the EOM's authority, the OFRM facilitates the replenishment of SEO's imprest fund. OFRM also monitors all matters relating to the fund, including review, approval, and processing of Form 436, the form required to replenish the fund. The team found that rather than submitting Form 436, SEO submits an internal spreadsheet and supporting documents to the OFRM to request replenishment of its imprest fund. The OFRM accepts the SEO's in-house spreadsheet, replenishes the SEO's imprest fund, and forwards the imprest fund information to the District Treasury. In addition to being contrary to the Mayor's Memorandum, SEO's use of its own spreadsheet diminishes accountability for the fund because this in-house spreadsheet does not require a second signature, as does Form 436. The SEO cashier did not know that use of Form 436 is the required procedure.

AGENCY MANAGEMENT

Recommendations:

- a. That the imprest fund cashiers immediately begin using required Form 436, as stated in Mayor's Memorandum 82-29.

Agree _____ Disagree X

SEO's Response, as Received:

Under the clear direction of the OCFO, Form 436 is an obsolete OCFO form formerly used with the Adpics system. Since before 2005, the SEO has used an electronic replica of the Form 436 with the approval, monitoring and oversight of OCFO/OFRM, who has authority for the creation, promulgation and oversight of policies and procedures for imprest fund reimbursements. This form has been submitted to the OFRM on a monthly basis as part of the audit procedures of the imprest fund. Error-free monthly audits of the SEO monthly imprest fund by OFRM would indicate that the use of the electronic replica of Form 436 is an acceptable alternative to the obsolete Form 436. However, in order to be in compliance with Mayors' memorandum 82-29, the SEO will use the form 436 to process imprest Fund Reimbursements until such time as the Mayors Memorandum is revised or deleted.

- b. That the SEO cashier and alternate cashier become knowledgeable of all imprest fund procedures.

Agree _____ Disagree X

SEO's Response, as Received:

The SEO cashier and alternate cashier are already knowledgeable of all imprest fund procedures, as evidenced by adherence to the imprest fund manual provided to SEO by OFRM, by SEO's successful participation in continued error-free monthly audits of the SEO monthly imprest fund by OFRM, and by SEO's successful participation in all available OFRM training related to imprest fund procedures.

OIG Response: **The OIG stands by its finding and recommendation as stated. Interviews and documents indicated that the SEO cashier was not knowledgeable of all imprest fund procedures nor did the cashier adequately adhere to Mayor's Memorandum 82-29 when documenting and submitting requests for replenishment of SEO's imprest fund.**

6. The SEO improperly allocates purchase card payments among its programs.

OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, Section C, states: "To be allowable under Federal awards, costs must meet the following general criteria: ... Be allocable to Federal awards.... A cost is allocable to a particular cost objective [such as a grant] if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received."

AGENCY MANAGEMENT

From October 1, 2005, through May 8, 2006, the SEO made \$43,936.24 in purchase card payments, according to documents prepared by OFRM staff. Of those payments, 53% were improperly allocated among programs. The improper distribution of payments occurred when items purchased separately by SEO programs, including federally funded programs, were grouped together. Payments were split evenly among four or five programs, based on formulas approved by SEO management for the purchase orders, without regard to the amounts purchased by each program in a given month.

SEO staff and purchase order documentation indicated purchases were for supplies, equipment, and other items that could be paid with the purchase card. The specific items procured under these purchase orders included books for AM, bus rentals for GEAR UP students' field trips, forms for Nutrition Services (NS), and printing for Policy, Research, and Analysis (PRA). However, these orders should have been charged to the programs as purchased. Items such as copy paper could be properly allocated among programs if the allocation formula was based on the benefits that each program received from the items.

Purchase card payments are not reconciled by the SEO, which results in problematic allocations. OFRM staff stated that the SEO has not requested any adjustments to its purchase card payments. Consequently, programs have not paid the full cost of the items each actually purchased and, on occasion, have paid for items other programs purchased. For example, the SEO charged expenses that are excluded under GEAR UP and NS federal grants because purchase card payments are not assigned to programs based on benefits received by the programs.

Recommendations:

- a. That the State Education Officer reconcile each program's purchases with payments for the SEO purchase card.

Agree _____ Disagree X

SEO's Response, as Received:

SEO does conduct monthly independent tracking and reconciliation of credit card purchases as a part of the bank statement reconciliation process. However, to reasonably reconcile program purchases with the batch payments that are reflected on the Credit Card statement requires access to the SOAR accounting system to an extent not available to SEO staff. As a result of this audit, some of the processes that were in place at the time of audit will be enhanced to allow for further transparency in OFRM's tracking, allocation and reconciliation of purchase card payments to purchases. In addition, SEO and OFRM have collaborated to take measures to alleviate the problems detailed in this finding.

OIG Response: **Provided that SEO and OFRM have corrected past misallocations, SEO and OFRM actions appear to fulfill the intent of this recommendation.**

AGENCY MANAGEMENT

- b. That the State Education Officer develop and implement written policies and procedures to ensure that program purchases are regularly reconciled with payments for the SEO purchase card.

Agree _____ Disagree _____ **X**

SEO's Response, as Received:

Prior to 2006, the data entry and all associated accounting for SEO credit card purchases were handled by EOM support and OFRM in a relationship designed by the Executive Office of the Mayor. Since that time, SEO has assumed responsibility for the initial processing and internal reconciliation of all its credit card purchases with purchases reflected on the credit card statement. However, current SEO procedures and practices are necessarily limited to those activities governing the front-end reconciliation process for all credit card purchases. This information is also provided to and overseen by OFRM on a monthly basis as a part of the ART report reconciliation process. As a result of this review, SEO will make a formal request of OFRM to develop written standards, policies and procedures for providing monthly reports to the SEO verifying the payment, posting and/or reconciliation of credit card purchases with payments in the SOAR system.

OIG Response: SEO and OFRM actions appear to fulfill the intent of this recommendation.

**Findings and
Recommendations:**

NUTRITION SERVICES

NUTRITION SERVICES

Nutrition Services (NS) ensures that District children receive healthy meals and snacks and District families in need have access to emergency food aid. The U.S. Department of Agriculture (USDA) funds and regulates NS programs that include the National School Lunch Program (NSLP), the National School Breakfast Program, the Free Summer Meals Program (FSMP), and the Child and Adult Care Food Program (CACFP). The CACFP serves daycare providers, adult daycare centers, and after-school programs. NS also monitors programs that provide USDA commodities and produce to schools, soup kitchens, and food pantries.

NS has 13 staff members. Their activities include conducting community outreach to increase participation in nutrition programs, reviewing organizations' applications, and processing payments to participating organizations. NS monitors and provides training to participating organizations to ensure compliance with federal regulations. NS staff participates in the Mayor's Commission on Food and Nutrition, which works to coordinate efforts to end hunger and improve nutrition in the District and has members from several District government agencies and non-profit organizations.

7. NS does not provide adequate oversight of contracts between organizations and food vendors.

USDA regulations describe the SEO's responsibilities for reviewing contracts between schools or other organizations and food service management companies for the many sites that do not prepare their own meals. Schools that serve breakfast or snacks usually combine these meals with their lunch program into one school meal contract.

Title 7 CFR § 210.19(a)(6) applies to the NSLP and states, "Each State agency shall annually review each contract between any school food authority and food service management company to ensure compliance with all [of] the provisions and standards set forth in § 210.16 of this part."

Contracts between school food authorities and vendors must include clauses required by 7 CFR § 210.16(c)(3), which states:

No payment is to be made for meals that are spoiled or unwholesome at time of delivery, do not meet detailed specifications as developed by the school food authority for each food component . . . specified . . . in § 210.10 . . . , or do not otherwise meet the requirements of the contract. Specifications shall cover items such a[s] grade, purchase units, style, condition, weight, ingredients, formulations, and delivery time.

The SEO is also responsible for reviewing bids and contracts for the FSMP. Title 7 CFR §§ 225.6(h)(4) and (5) state:

(4) Each State agency shall have a representative present at all food service management company procurement bid openings

NUTRITION SERVICES

when sponsors²⁰ are expected to receive more than \$100,000 in Program payments. (5) Copies of all contracts between sponsors and food service management companies, along with a certification of independent price determination, shall be submitted to the State agency prior to the beginning of Program operations. Sponsors shall also submit to the State agency copies of all bids received and their reason for selecting the food service management company chosen.

Title 7 CFR § 225.6(h)(2)(xiii) states: “ In cases of nonperformance or noncompliance on the part of the food service management company, the company shall pay the sponsor for any excess costs which the sponsor may incur by obtaining meals from another source”

The team reviewed the five largest current contracts for the school meal programs, CACFP, and the FSMP from the summer of 2005. Many of the school and summer meal contracts had significant problems, which are listed below, indicating that contracts were not reviewed thoroughly. Additionally, NS did not follow USDA regulations for monitoring bids in some cases.

The team found the following problems with the school and summer meal contracts reviewed:

- the Department of Parks and Recreation (DPR), which sponsors the most summer meal sites, did not provide the SEO with a copy of their 2005 contract or contract renewal prior to the 2005 FSMP;
- some contracts lacked USDA-required clauses for nonpayment to vendors or vendors' liability related to late deliveries, meals that do not meet specifications, or other failures to perform;
- one contract lacked a specified time after which vendors will not be paid for late meal deliveries;
- in one case, the Invitation for Bid (IFB) form for a school meal program incorrectly indicated that the form was intended for the FSMP;
- some contracts were renewed beyond the time period allowed for renewals;
- the SEO did not require FSMP programs receiving less than \$100,000 to submit copies of all bids received; and
- the SEO could not provide documentation showing attendance at the bid opening for one of the two FSMP programs receiving funds over \$100,000 in accordance with 7 CFR § 225.6(h).

According to SEO employees, high employee turnover in NS and the staff's lack of knowledge of USDA regulations regarding contracts have contributed to the SEO's inadequate oversight of contracts. In addition, NS does not have written policies and procedures for reviewing contracts and bids. SEO employees stated that DPR submitted a copy of its purchase order for the meal program but did not submit a contract or contract renewal for 2005 to the SEO

²⁰ FSMP sponsors include summer programs, schools, and government agencies. Sponsors receive funds to provide meal programs from the SEO, which is a state nutrition agency.

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as required. However, NS allowed the DPR to go forward with its meal program to ensure that thousands of children received food.

NS's inadequate review of contracts for the DPR and other organizations increases the risk that the contracts will lack USDA-required clauses intended to ensure that food service management companies will provide timely, nutritious meals to District children. NS staff indicated that schools and other organizations occasionally come to the SEO to resolve issues with contractors regarding specifications and standards that vendors are required to meet. Additionally, organizations do not have to pay vendors for meals that do not meet contractual standards. By thoroughly reviewing food service contracts, SEO staff can ensure that vendors are in compliance with all requirements.

Recommendations:

- a. That the State Education Officer ensure that the school and summer meal program staff receive training on USDA regulations regarding reviewing contracts and bids between institutions and food service management companies.

Agree X Disagree

SEO's Response, as Received:

The State Education Officer has already ensured that school and summer meal program staff receives training on USDA regulations regarding reviewing contracts and bids between institutions and food service management companies. School and summer meal program staff received training on USDA regulations regarding reviewing contracts and bids between institutions and food service management companies. The training was comprised of reviewing procurement regulations per program in the Code of Federal Regulations (CFR) and utilizing the USDA "Contracting with Food Service Management Companies, Guidance for State Agencies and School Food Authorities." Training has been continuous throughout the program year and was available to discuss during weekly NS staff meetings. Staffs are encouraged to stay abreast on procurement guidance and read materials on the subject matter to ensure they are knowledgeable and able to easily assist organizations currently in NSLP and FSMP.

SEO disputes the finding that "the NS does not provide adequate oversight of contracts between organizations and food vendors". As part of their oversight responsibilities, NS provides continuous training opportunities for staff, organizations and food vendors. For example, NS is hosting the National Food Service Management Institute (NFSMI) to conduct training with our NS programs and staff in March covering topics such as:

- *Meal Patterns*
- *Use of the Food Buying Guide*
- *Completion of Food Production Records*
- *Food Safety*
- *Offer vs. Serve*
- *School Meals Initiative (SMI)*

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- *Dietary Guidelines*
- *Menu Planning*
- *Commodities*
- *Standardized Recipes*
- *Weights and Measures*

Addressing menus, production records and delivery tickets are integral to the oversight and monitoring of food vendor contracts, as they are requirements for participation. The training will ensure that all organizations and vendors are provided proper guidance to ensure compliance.

In addition to providing training, staffs ensure current oversight of reviewing and monitoring contracts between organizations and food vendors. The process includes:

- *Providing annual agreement training to all Child Nutrition Program participants (NSLP, FSMP, and CACFP) which includes the food contract specifications; and*
- *Annual agreement and food contract(s) are reviewed using procurement checklists to ensure all information is listed and correct. Organizations are notified of any incomplete or incorrect information and asked to revise and resubmit.*

NS worked with the Office of Contracts and Procurement (OCP) and the State Education Office (SEO) General Counsel to develop a District of Columbia Procurement Guide for all participants in the Child Nutrition Programs (NSLP, FSMP, and CACFP) represented by NS. The guide was developed using policies and procedures from local, District of Columbia and federal, USDA procurement rules and regulations. Upon completion, the guide will be provided to USDA for final review before publishing. All staff from each NS program offered valuable input in shaping the content and delivery of document.

Some of the items in the report are addressed as followed:

- ***OIG Observation:*** *The Department of Parks and Recreation (DPR), which sponsors the most summer meal sites, did not provide the SEO with a copy of their 2005 contract or contract renewal prior to the 2005 FSMP;*
 - ***SEO:*** *The Department of Parks and Recreation (DPR) indicated that they have a signed copy of the 2005 contract to the SEO. To ensure compliance, the SEO worked with the Office of Contracts and Procurement (OCP) to obtain the signed contract. Moving forward, the annual sponsor agreement will not be approved without the proper procurement documentation. The procurement checklist will require that the vendor provide the contract or renewal contract for each program year.*
- ***OIG Observation:*** *Some contracts lacked USDA-requiring clauses for nonpayment to vendors or vendors' liability related to late deliveries, meals that do not meet specifications, or other failures to perform;*

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○ *SEO Response: Center Academy*²¹

The State Education Office (SEO believes that this is a reference to Community Academy as the contract renewal page generated by Preferred Meal Systems noted the SFA as Center Academy. However, all of the additional documentation referenced the SFA as Community Academy.

The SEO agrees with this finding as the required documentation was not in the file at the time of the audit. The contract with Preferred Meal Systems originated in SY 2003-2004. In the contract there is a reference to deliveries:

“DELIVERY:

Price quoted per lunch shall include the cost for delivery of lunches to the individual school lunchrooms in mechanically refrigerated trucks. Deliveries shall be made Monday through Friday the day before service (except legal and school holidays) between the hours of 8:00 AM and 2:00PM; no deliveries will be accepted after 2:00PM.” A copy of the document is attached for reference.

In addition, the contract references damaged packing:

“DAMAGED PACKAGE:

Delivery will be refused for any and all packages torn, crushed or otherwise exposed to the elements or damaged in a manner so as to lose eye-appeal. Contractor will be responsible for replacement of any meals so refused.” A copy of the document is attached for reference.

The file for 2005-2006 did not have a copy of the original contract when reviewed by the OIG. For SY 2006-2007, a copy of the original contract is in the file, as well, there is a copy in the file for SY 2005-2006 file.

The vendor, Preferred Meal Systems provides a version of the contract that is not issued by the State Education Office. The SEO is issuing a letter to Community Academy to instruct Preferred Meal Systems to modify the current contract pursuant to the findings of an OIG audit. In addition, the SFA has to ensure that any contracts with Preferred Meal Systems contain all of the required clauses for nonpayment to vendors or vendors' liability related to late deliveries, meals that do not meet specifications, or other failures to perform. The modified contract will be due to the SEO by May 18, 2007.

²¹ At the SEO's request, the OIG provided the SEO with a list of problems identified in specific contracts, which the SEO refers to in its response.

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Additionally, the Nutrition Services department developed a checklist for review of all Child Nutrition program contracts. The checklist is revised to address those clauses for late deliveries, meals that do not meet specifications or any other failure to carryout the conditions are present in the contract.

○ **Arts and Technology Academy**

The SEO agrees with this finding in that the contract did not specify a clause for nonpayment to vendors or vendors' liability related to late deliveries. But, disagrees with the finding related to meals that do not meet specification as the contract does reference this clause:

VI. (I.) MEALS

No payment will be made to the PPMV (Pre-Plated Meal Vendor) for meals that are spoiled or unwholesome at the time of delivery, do not meet detailed specifications as developed by the SFA for each food component in the meal pattern, or do not otherwise meet the requirements of the contract. A copy of the document is attached for reference.

The vendor, Preferred Meal Systems provides a version of the contract that is not issued by the State Education Office. The SEO is issuing a letter to Arts and Technology Academy to instruct Preferred Meal Systems to modify the current contract pursuant to the findings of an OIG audit. In addition, the SFA has to ensure that any contracts with Preferred Meal Systems contain all of the required clauses for nonpayment to vendors or vendors' liability related to late deliveries, meals that do not meet specifications, or other failures to perform. The modified contract will be due to the SEO by May 18, 2007.

Additionally, the Nutrition Services department developed a checklist for review of all Child Nutrition program contracts. The checklist is revised to address those clauses for late deliveries, meals that do not meet specifications or any other failure to carryout the conditions are present in the contract.

○ **UDC**

The SEO agrees with this finding. The contract provided by the vendor did not include the required clauses for non-payment to vendors or vendors' liability to late deliveries, meals that do not meet specification, or other failures to perform.

The SEO is issuing a letter to the University of the District of Columbia (UDC) to instruct the sponsor that their contract with GFS in the summer of 2005 lacked required clauses for nonpayment to vendors or vendors'

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liability related to late deliveries, meals that do not meet specifications, or other failures to perform pursuant to the findings of an OIG audit. In addition, the sponsor has to ensure that any contracts with GFS contain all of the required clauses for nonpayment to vendors or vendors' liability related to late deliveries, meals that do not meet specifications, or other failures to perform.

Additionally, the Program Specialist for FSMP is advising all sponsors to bid their meals for the 2007 summer at the mandatory "Sponsor Training" sessions. The Nutrition Services department developed a checklist for review of all Child Nutrition program contracts. The checklist is revised to address those clauses for late deliveries, meals that do not meet specifications or any other failure to carryout the conditions are present in the contract.

- **Educational Global Associates**

The SEO agrees with this finding. The vendor, Preferred Meal Systems provides a version of the contract that is not issued by the SEO and did not include the required clauses for non-payment to vendors or vendors' liability to late deliveries, meals that do not meet specification, or other failures to perform.

The SEO is issuing a letter Educational Global Associates to instruct the sponsor that their contract with Preferred Meal Systems in the summer of 2005 lacked required clauses for nonpayment to vendors or vendors' liability related to late deliveries, meals that do not meet specifications, or other failures to perform pursuant to the findings of an OIG audit. In addition, the sponsor has to ensure that any contracts with Preferred Meal Systems contain all of the required clauses for nonpayment to vendors or vendors' liability related to late deliveries, meals that do not meet specifications, or other failures to perform.

Additionally, the Program Specialist for FSMP is advising all sponsors to bid their meals for the 2007 summer at the mandatory "Sponsor Training" sessions.

Also, the SEO will closely examine those contracts not in the SEO IFB/RFP format. The Nutrition Services department developed a checklist for review of all Child Nutrition program contracts. The checklist is revised to address those clauses for late deliveries, meals that do not meet specifications or any other failure to carryout the conditions are present in the contract.

- **OIG Observation:** *Some contracts lacked a specified time after which vendors will not be paid for late meals;*

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- **SEO Response: Paul Public Charter School**

*The SEO does not agree with this finding. In a review of the file, the contract specifies “No payments will be made for deliveries made no later than **1 hour** after the specified mealtime.” A copy of the document is attached for reference.*

- **Arts and Technology Academy**

The SEO agrees with this finding as the documentation was not in the file at the time of the review. The contract lacked a specified time after which the vendor will not be paid for late deliveries.

As mentioned above, the SEO is issuing a letter to Arts and Technology Academy to instruct Preferred Meal Systems to modify the current contract pursuant to the findings of an OIG audit. In addition, the SFA has to ensure that any contracts with Preferred Meal Systems contain all of the required clauses related to late deliveries. The modified contract will be due to the SEO by May 18, 2007.

Additionally, the Nutrition Services department developed a checklist for review of all Child Nutrition program contracts. The checklist is revised to address those clauses for late deliveries, meals that do not meet specifications or any other failure to carryout the conditions are present in the contract. Those contracts that are not generated by the SEO will be reviewed by staff for the same content as the SEO IFB/RFP contract utilizing the checklist.

- **OIG Observation:** *In some cases, the Invitation for Bid (IFB) form for a school meal program incorrectly indicated that the form was intended for the FSMP;*

- **SEO Response: Cesar Chavez Public Charter Schools**

The SEO agrees with this finding. The IFB/Contract for Proposal documented the contract was to furnish meals to be served to children participating in the Summer Food Service Program. However, the contract for SY 2006-2007 has been updated using the proper contract for NSLP.

- **Paul Public Charter School**

The SEO disagrees with this finding. In review of the file, it was found where the contract correctly indicated that the form was intended for NSLP.

- **OIG Observation:** *Some contracts were renewed beyond the time period allowed for renewals;*

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- **SEO Response: Arts and Technology Academy**

The SEO agrees with this finding. The advertisement posted by Arts and Technology Academy requested the initial contract in SY 2002-2003 with options for two (2) one year renewals. The contract should have been re-bid for SY 2004-2005. An emergency contract was put in place for FY 2005-2006. Arts and Technology Academy re-bid for SY 2006-2007.

The Nutrition Services department has an “Extended Contract” spreadsheet which monitors all organizations that have renewal contracts with their vendors. The spreadsheet has been completed for SY 2006-2007 for NSLP.

In addition, the procurement checklist which is provided to the school and Program Specialist instructs that when reviewing the contract to note the designated renewal year. By utilizing this checklist, organizations in the last year of their contract renewal are flagged, and therefore alert the Program Specialist to notify the organization and advise them to re-bid the meal contract in the upcoming year.

- **Educational Global Associates (its 2005 documents appear to be intended as a contract renewal)**

The SEO agrees with this finding. The documentation in the file was incomplete. In the letter issued by the SEO to Educational Global Associates referencing those clauses lacking in the contract with Preferred Meal Systems, the sponsor will also be required to re-bid for summer 2007 meals.

- **OIG Observation:** Some FSMP bids over \$100,000 were not submitted to the SEO for approval; and

- **SEO Response: UDC**

The SEO concurs and is already following the guidance of the OIGs amended language. The FSMP program did not collect copies of all of the bids for UDC. However, all sponsors interested in FSMP are required to attend “Sponsor Training” where they are instructed to submit copies of all bids. The checklist for review of the contracts requires the names of the bids received and whether a copy was submitted. The checklist is provided to the sponsor and utilized by the Program Specialist when reviewing the contact to ensure all procurement requirements are met.

- **Educational Global Associates**

The SEO concurs and is already following the guidance of the OIGs amended language. The FSMP program did not collect copies of all of the

NUTRITION SERVICES

bids for Educational Global Associates. However, all sponsors interested in FSMP are required to attend “Sponsor Training” where they are instructed to submit copies of all bids. The checklist for review of the contracts requires the names of the bids received and whether a copy was submitted. The checklist is provided to the sponsor and utilized by the Program Specialist when reviewing the contact to ensure all procurement requirements are met.

- **OIG Observation:** *The SEO could not provide documentation showing attendance at bid openings for FSMP bids over \$100,000 in accordance with 7 CFR 225.6(h)*

- **SEO Response: DPR**

The SEO agrees with this finding. The SEO has controls to ensure adherence to federal regulations and attendance requirements at all bid openings. The checklist instructs all organizations that have bids over \$100,000 to notify the Program Specialist of the bid opening date, time and location. This is for all NS contracts. Sponsors in FSMP are currently being notified at “Sponsor Training” of this requirement. Upon receipt of the documents, which include the checklist from the sponsor, the SEO will be notified on any bid openings that need to be attended.

OIG Response: **The OIG stands by its finding that the NS did not provide adequate oversight of contracts between organizations and food vendors. In response to the SEO’s comments on the list of contract problems, the OIG revised it to state that one contract, instead of some contracts, lacked a specified time after which vendors will not be paid for late meal deliveries and that in one case, instead of in some cases, a program used an incorrect IFB form.**

- b. That the State Education Officer ensure the development of written policies and procedures regarding oversight of contracts and bids between institutions and food service management companies.

Agree _____ Disagree X

SEO’s Response, as Received:

The State Education Officer already ensures the development of written policies and procedures regarding oversight of contracts and bids between institutions and food service management companies. The NS department was already in the process of developing written policies and procedures regarding oversight of contracts and bids between institutions and food service management companies prior to the OIG findings. This is rightfully an ongoing process. Additional topics addressing the oversight of contracts and bids have been conducted at numerous staff meetings reviewing federal procurement guidance in the Code of Federal Regulation (CFR), the USDA “Contracting with Food Service Management Companies, Guidance for State Agencies and School Food Authorities,” and District of Columbia

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procurement guidelines. In addition, NS issues State Agency Memoranda to reinforce procurement guidance for all NS Programs. Staffs have had an active role in the development of the Procurement Guide to ensure program specific guidance is included. The Procurement Guide is scheduled to be provided to the USDA Mid-Atlantic Office for final review. Following official review, the NS department will distribute the Procurement Guide to all program participants.

OIG Response: The OIG stands by its recommendation. The team found that the SEO did not have written policies and procedures at the time of inspection for oversight of contracts and bids between institutions and food service management companies.

8. Nutrition Services (NS) does not meet SEO goals for participation in the Free Summer Meals Program (FSMP) and the Child and Adult Care Food Program (CACFP).

According to the Mayor's proposed FY 2007 budget, one of the SEO's key results measures for NS is the percent of District children who participate in the FSMP. The FSMP serves meals during the summer at recreation centers, schools, churches, public housing complexes, and community organizations. The FY 2005 goal was that 80% of children who are eligible to receive free or reduced price school meals would receive free summer meals. Another key results measure is the percent of licensed childcare centers and family daycare homes in the District of Columbia participating in the CACFP. The CACFP reimburses daycare providers and after-school programs for meals and snacks served. The goal for FY 2005 was that 60% of licensed childcare centers and family daycare homes would participate.

The SEO fell short of its goals for the FSMP and the CACFP in FY 2005. The Mayor's proposed FY 2007 budget reports that 66.25% of children eligible for free and reduced price school meals participated in the FSMP in the summer of 2005, the most recent year that data were available. Nutrition advocates in the District stated that the SEO is working aggressively to increase FSMP participation and that the FSMP program has made substantial progress even though it fell short of its goal. With regard to the CACFP program, in FY 2005, 47.74% of the licensed childcare centers and family daycare homes in the District participated in the program.

SEO employees state that staff and funding constraints limit the amount of outreach the SEO can coordinate for the FSMP and the CACFP. The SEO has one public relations staff member for NS and the other divisions. NS has one full-time staff member devoted to the FSMP in addition to five seasonal, part-time summer food monitors. The monitors work with summer food sponsors to ensure compliance and provide technical assistance. CACFP employees, who are separate from FSMP staff, stated that they have little time to conduct outreach or to manage the additional workload associated with recruiting additional organizations to participate.

In addition, the CACFP application process has been a barrier to increasing participation. According to SEO staff, CACFP applications are unnecessarily lengthy and complicated, and applicants are required to supply the same information in multiple places. NS staff and nutrition advocates stated that many childcare providers do not participate in the CACFP program because the application process is too time-consuming. Staff also stated that the complexity of the

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applications increases the time needed to process them, which reduces the amount of CACFP staff time available to attend to other functions, including outreach.

All NS programs currently have a paper-based application process; however, NS plans to revise its CACFP applications and transition to a web-based application system. In April 2006, NS began working with the Office of the Chief Technology Officer (OCTO) to plan the online application system. The NS Director informed the team that the completion date for the project has not yet been determined.

NS's failure to reach its goals for the FSMP and CACFP programs has resulted in fewer children in the District receiving nutritious meals. The FSMP program is vital to the fight against childhood undernourishment because school nutrition programs only operate during the school year. CACFP reimbursements help daycare providers afford nutritious food for the children in their care. Because the FSMP and CACFP programs are not meeting their goals, the District may forfeit federal funding from the USDA to support daycare providers and summer meal sites.²²

Recommendations:

- a. That the State Education Officer ensure that the FSMP and the CACFP have adequate staff and resources to conduct effective community outreach.

Agree **X** Disagree

SEO's Response, as Received:

The State Education Officer has already ensured that the FSMP and the CACFP have adequate staff and resources to conduct effective community outreach. The Nutrition Services department is fully staffed with all Full-Time Equivalent (FTEs) positions for FSMP and CACFP and has received and allocated additional Local Funds to conduct community outreach and marketing. FSMP and CACFP staff has created a comprehensive outreach and marketing schedule for these programs that involves all relevant program staff. FSMP staff conducts outreach sessions and meetings beginning each fall through the start of the program in June to recruit program sponsors/sites and ensure all stakeholders are knowledgeable of the program operations. CACFP staff has created a quarterly outreach training schedule to increase participation and conduct bi-monthly CACFP Collaborative meetings. Local Funds have been dedicated to ensuring that both FSMP and CACFP have adequate outreach and marketing materials-including newspaper ads, television and radio airtime for PSAs, posters, and giveaways. Requests for Proposals for all work have been submitted to the Office of Contracting and Procurement to ensure timely receipt of goods and services.

SEO also disagrees with the observation that "Nutrition Services (NS) does not meet SEO goals for participation in the Free Summer Meals Program (FSMP) and the Child and

²² USDA child nutrition programs are entitlements that provide reimbursement for every meal that meets requirements. Consequently, the amount of federal funding the District receives is limited only by the number of meals that meet program guidelines and are provided to eligible participants.

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*Adult Care Food Program (CACFP). “ In Fiscal Year 2005 (FY2005) the Nutrition Services department (NS) and external nutrition advocates were aware that the Key Result Measure goals (KRM) for both the Free Summer Meals Program and the Child and Adult Care Food Program were very ambitious and possibly unattainable. For instance, within three years the summer program was expected to completely turn around participation to a full 100% rate by FY2006, and the child care participation was expected to multiple by nearly 1.5 times, regardless of the challenges of high turnover in child care centers. However, since the goals were set in a prior year, and the KRM percentages for FY2004-FY2006 were not allowed to be altered, the FSMP and CACFP staff became actively involved in program outreach to increase participation and reach the goals, including forming collaborative partnerships with external stakeholders, creating marketing and media campaigns to reach the desired audience, as well as conducting grassroots level meetings and program orientation sessions. Such outreach and marketing activities, coupled with streamlined paperwork/applications and the move towards a web-based system, have brought the FMSP and CACFP within reach of the original goals for participation. In addition, while the KRM goals were not reached in FY2005, **the DC FSMP has been ranked number one in the country by FRAC** for three years in a row for serving the most number of children during the summer months as compared to other states. Some of items listed in the report are being addressed as follows:*

- *The SEO fell short of its goals for the FSMP and CACFP in FY2005;*
 - ***FSMP-** The final recommendations set forth by the Mayor’s Blue Ribbon Task Force in 2004 stated that the Summer Food Service Program (now FSMP) and Extended National School Lunch Program (NSLP) should aim to serve 1) 25,000 children in FY2004 (**NS actually served 25,384**), 2) 33,600 children in FY2005 (**NS actually served 27,575**), and 3) 42,000 children in FY2006 (**NS actually served 28,849**) using the Food Research and Action Center (FRAC) formula to calculate the number of children (FRAC calculates each state’s average daily Summer Nutrition attendance by dividing the total number of FSMP and NSLP lunches served by the total number of weekdays (excluding the Independence Day holiday) in July). The nutrition advocates at FRAC and other members of the Mayor’s Commission on Food and Nutrition, many of whom served as advisees to the original Task Force recommendations, admitted that these original stretch goals were perhaps too high of a target for the SEO to use as Key Results Measure goals for the agency. The SEO has therefore worked with the Commission and FRAC to appropriately revise the KRM goals for FY2007-FY2009 to set a more realistic standard that truly reflects program improvements.*
 - ***CACFP-** The Nutrition Services Child and Adult Care Food Program (CACFP) staff has been collaborating with the Department of Human Services (DHS) Early Care and Education Administration (ECEA) since February of 2004 to increase the number of eligible child care centers and family day care homes participating in the CACFP. As a result of the Collaboration, the CACFP and ECEA staff has made program improvements to increase participation including 1) easing the paperwork, 2) ensuring timely payments of reimbursements, 3) increasing technical assistance for the customers, and 4) simplifying the overall application*

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process. In April 2004, there were 258 licensed childcare facilities in CACFP, and by April 2007, there will be nearly 370 facilities. The CACFP staff has created a quarterly outreach orientation schedule to manage and balance program outreach with the ongoing workload and have added several large child care sponsors and after school snack program sponsors to the CACFP, including the Department of Parks and Recreation (growing to approximately 80 sites by April 2007) and DC Central Kitchen (approximately 18 sites as of January 2007). CACFP has also adjusted the KRM goals for FY2007-FY2009 to set a more realistic standard.

OIG Response: The OIG stands by its recommendation and finding as stated. The SEO did not meet its goals for the FSMP and CACFP for FY 2005, the most recent year with available data at the time of inspection.

- b. That the State Education Officer ensure that a timeline is established for the completion of NS's online application system.

Agree _____ Disagree _____ **X**

SEO's Response, as Received:

The State Education Officer has already ensured that there is a timeline to complete NS's online application system. The Nutrition Services department, in coordination with OCTO, already has in place a detailed timeline and project plan for the web-based system. NS has a current Memorandum of Understanding (MOU) with OCTO to complete Phase I of the Nutrition Services Applications and Claims Processing System (NSACPS) by the end of March 2007 which will provide internal stakeholders use of the web-based system. The SEO has completed the MOU with OCTO for Phase II of the NSACPS which will provide external participants the ability to apply and submit claims using the system, saving the SEO staff an inordinate amount of time on processing paperwork and claims. The approximate rollout of Phase II is mid-summer 2007.

OIG Response: The OIG stands by its recommendation. The team found that the SEO lacked a timeline to complete the online application system at the time of inspection.

9. The Nutrition Services file room is disorganized and presents a fire hazard.

Title 12H DCMR § F-110.1.1 describes dangerous conditions banned by the fire code: "Dangerous conditions or material include, but are not limited to, the following: ... 6. Accumulations of rubbish, waste, paper ... or other combustible materials, or excessive storage of any combustible material."

Material haphazardly stored in the NS file room presents a fire hazard. The team found boxes and papers on the floor and table in the NS file room. Boxes were on top of filing cabinets close to the ceiling. Many file cabinet drawers were full and well-organized, while some were

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disorganized or empty. NS could house some of the material that is improperly stored in the file cabinet drawers that are not in use.

Staff stated that NS has insufficient and disorganized storage space due to inadequate support staff to maintain the file room in an organized manner. NS is currently scanning paper files from previous years into a computerized system, which would eliminate the need for some paper files. According to SEO staff, this project has not been completed due to the lack of administrative support employees and inconsistent availability of temporary employees.



NS file room

Recommendations:

- a. That the State Education Officer ensure that NS expeditiously scan files and reorganize the file room to ensure better use of existing space.

Agree _____ Disagree X

SEO's Response, as Received:

The State Education Officer already ensures that NS files and file room space is maximized. Nutrition Services has scanned all relevant past year's files which were in our storeroom and has been working with [name redacted by OIG] of the Office of the Secretary to complete the necessary paperwork to have older files properly stored. We are currently scanning our current program year documentation as needed. Henceforth, NS is scanning all program data after approved and entered into the online database system, and we will keep only the current year and one prior year's files on site to avoid an overload of files. Nutrition Services was aware of the prior storage conditions and therefore acquired larger, more streamlined file cabinets. These cabinets, along with an aggressive document scanning campaign, have greatly reduced the amount of clutter, excess paper, and boxes in the file room. The excess documents, clutter and boxes have been removed and the room is well within the District of Columbia Fire Code standards.

OIG Response: The OIG stands by its recommendation and found that the NS file room was disorganized at the time of inspection.

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- b. That the State Education Officer ensure that a fire inspection of the NS file room is conducted and that any fire code violations are expeditiously corrected.

Agree _____ Disagree _____ **X** _____

SEO's Response, as Received:

The State Education Officer has already ensured that a fire inspection of the NS file room was conducted and there were no fire code violations. As of the last fire inspection on August 16, 2006, the DC Fire Department inspected not only the NS file room, but did a general fire and safety inspection of the SEO offices. No citation was rendered.

OIG Response: The OIG stands by its finding that material in the NS file room presented a fire hazard at the time of inspection. The SEO's response indicates that it has complied with this recommendation.

**Findings and
Recommendations:**

**HIGHER EDUCATION FINANCIAL
SERVICES**

HIGHER EDUCATION FINANCIAL SERVICES

10. The SEO does not maintain an organized filing system and secure file room for the Higher Education Financial Services (HEFS) unit.

The HEFS unit maintains all tuition applications, including supporting documents, for each of the tuition programs administered by the SEO. However, the SEO had neither internal nor external policies and procedures to follow that specifically addressed how the SEO should maintain its tuition applications. Therefore, the team located the following regulations to identify records management standards applicable to other institutions. Title 29 DCMR, Chapter 70 (D.C. Tuition Assistance Grant Program), Section 7012.7 states, “[a]n institution may keep required records in hard copy or in microform, computer file, optical disk, CD-ROM, or other media format, provided the record information is retrievable in a coherent hard copy format or in other formats acceptable to the Mayor.”

The Code of Federal Regulations for the U.S. Department of Education (ED), Title 34, Volume 3, Section 668.24(d)(1) states that, “[a]n institution shall maintain required records in a systematically organized manner.” Regardless of the format used to keep a record, “all record information must be retrievable in a coherent hard copy format or in other media formats acceptable to the Secretary [.]” with the exception of certain specifically exempted records.²³

At the start of the inspection, the team observed that the file room for HEFS tuition application files was disorganized. Files were placed in mail crates that were haphazardly stacked on the floor and on top of file cabinets in the room. The team was unable to retrieve specific file folders from the file room because HEFS does not have files arranged systematically. The HEFS staff stated that the files and the room were disorganized because file cabinet space is inadequate, and applications are continuously processed. The staff also stated that the unit was in need of additional support staff to assist with filing, scanning, and indexing.



Storage of HEFS applications prior to completion of HEFS file room reorganization.

²³ See *id.* § 668.24(d)(3).

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Storage of HEFS applications prior to completion of HEFS file room reorganization.

The lack of an adequate file room and a systematic records filing system increases the risk of misplaced confidential information and vulnerability to unauthorized access; impedes the SEO's efficiency and organization; delays productivity because the SEO is unable to retrieve records easily and accurately; and can negatively impact SEO's management of the application process.

During the course of the inspection, the SEO informed the team that the HEFS unit received and installed new file cabinets. The HEFS unit has begun filing tuition applications in a systematic order.



HEFS file room after installation of new file cabinets.

Recommendations:

- a) That the State Education Officer designate a records manager for all SEO units to safeguard customer applications and to maintain order in file rooms and file areas.

Agree _____ Disagree X

HIGHER EDUCATION FINANCIAL SERVICES

SEO's Response, as Received:

The State Education Office had already designated records managers for all SEO at the time of this audit, who were operating under agency wide operations alerts designed to safeguard customer applications and files and to maintain order in file rooms and file area. The IG inspection was conducted during the time that the HEFS file room was being established, and the files were being physically moved from several secure sites into a single secure site. Extraneous files and records were being purged and shredded. The result was uncharacteristic disorganization and disarray around issues related to files, file location and file management. Since the move was completed, the referenced file room is currently neat, clean, orderly and secure, and there is every anticipation that it will remain in that condition. HEFS has designated a lead for records storage, archiving and retention. In addition, three employees – all of who are active on the Operations Superteam concerned with developing an implementing policies and procedures around issues of records and record retention – are scheduled for Records Retention, Retrieval and Destruction training on March 20, 2007. Finally, HEFs is actively investigating options for offsite records storage, archiving and digitizing in response to the departments growing needs for secure file space and records maintenance.

OIG Response: The OIG stands by its recommendation. The SEO lacked a records manager at the time of inspection.

- b) That the State Education Officer develop and enforce written policies and procedures regarding the security, retention, and disposal of HEFS hardcopy and computer files.

Agree _____ Disagree X

SEO's Response, as Received:

The SEO uses the written guidelines as set forth in federal regulation 34 CFR § 668.24 which stipulates rules for record retention periods. It states in part, 'Schools must retain all required records for a minimum of three years from the end of the award year...' This information is also provided in DCTAG regulations, section 7012.8. as published in the DC Register. HEFS staff secure files in locked file cabinets at the work stations as well as in the storage room provided in the response above). As indicated above, HEFs is actively investigating options for offsite records storage, archiving and digitizing in response to the departments growing needs for secure file space and records maintenance.

OIG Response: The OIG stands by its recommendation as stated. At the time of inspection, the team found that the SEO did not have written policies or procedures regarding the security, retention, and disposal of HEFS hardcopy and computer files. In addition, the inspection team observed that HEFS did not secure all files in locked file cabinets at workstations and in the storage room.

**Findings and
Recommendations:**

**EDUCATION
PROGRAMS**

EDUCATION PROGRAMS

The Education Programs (EP) unit regulates private postsecondary institutions in the District and administers the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), Improving Teacher Quality (ITQ), and Workplace and Community Transition Training for Incarcerated Youth Offenders (WCTTIYO) grants. The EP's Education Licensure Commission (ELC) licenses degree-granting and non-degree postsecondary schools operating in the District. The ELC also maintains student transcripts and other records from closed institutions.

GEAR UP is a federally funded program that targets students from high-poverty areas who need assistance preparing for college. GEAR UP provides tutoring, mentoring, college visits, academic summer programs at college campuses, and other activities to approximately 1,000 District high school students. GEAR UP began with a cohort of students at five District junior high schools and has provided services to this group of students as they have been promoted to higher grades. Most GEAR UP students are currently in 10th grade at high schools throughout the District. GEAR UP will provide college scholarships to graduating participants.

The SEO awards subgrants for the ITQ and WCTTIYO programs. ITQ finances professional development for teachers in District public schools and District charter schools. The WCTTIYO program provides postsecondary vocational classes to 18- to 25-year-old offenders from the District who are incarcerated in North Carolina in the Rivers Correctional Institution (RCI).

While most EP employees are dedicated to the mission of their programs, the inspection team noted significant deficiencies in grants management.

11. The SEO does not ensure that incarcerated participants in the Workplace and Community Transition Training for Incarcerated Youth Offenders (WCTTIYO) program receive all required services.

Title 20 U.S.C. § 1151(c) (Lexis through P.L. 109-280) states:

GRANT PROGRAM- The Secretary of Education (in this section referred to as the "Secretary") shall establish a program in accordance with this section to provide grants to the State correctional education agencies in the States, from allocations for the States under subsection (i), to assist and encourage incarcerated youths to acquire functional literacy, life, and job skills, through the pursuit of a postsecondary education certificate, or an associate of arts or bachelor's degree while in prison, and employment counseling and other related services which start during incarceration and continue through prerelease and while on parole.

Title 20 U.S.C. § 1151(b) (Lexis through P.L. 109-280) defines a youth offender as "a male or female offender under the age of 25, who is incarcerated in a State prison, including a pre-release facility." The District's WCTTIYO program serves the RCI because it houses a high

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percentage of inmates from the District who are eligible for the program. Roanoke-Chowan Community College (RCCC) provides vocational courses at the RCI to participating inmates. Offenders who complete their sentences are transported to the District and released.

The SEO grant application to ED describes planned services and program measures. Participating inmates are to receive life skills classes, assessment of their readiness for postsecondary education and training, and seminars on educational opportunities in the District. After participants are released, the SEO is to work with the Court Services and Offender Supervision Agency (CSOSA)²⁴ to track services participants have received as well as the program measures of participants' job placement, job retention, and recidivism rates. The SEO is also to collect data on courses and assessments that participants have completed.

The subgrant agreement between the SEO and RCCC requires the college to coordinate with the RCI regarding how RCCC will provide classes and other services to participating RCI inmates. RCCC should assess participants' academic skills, submit assessment results annually to the SEO, and offer developmental courses for students who pursue a diploma or associate degree. RCCC should offer postsecondary courses for heating, ventilation, and cooling (HVAC) certification.

The SEO employee managing the WCTTIYO grant indicated that the only training participating inmates currently receive are HVAC courses through RCCC and quarterly workshops through CSOSA about post-release services, such as job training and education. The SEO could not provide documentation of assessments or developmental and life skills courses. RCCC provided class lists of inmates in HVAC courses to the SEO from the summer of 2004, the fall of 2004, and the spring of 2005. Class lists were not available for the fall of 2005 or the spring of 2006. According to the SEO employee monitoring this grant, RCCC has not provided other services to inmates because the subgrant from the District is only for HVAC courses. However, the subgrant agreement indicates that RCCC should also conduct assessments, life skills classes, and other courses.

Prior to February 2006, the SEO did not have a dedicated grant manager to provide guidance and oversight to employees who work with grants. The SEO employee who currently manages the WCTTIYO grant stated that grants management is not one of the core duties of the employee's position.²⁵ According to this SEO employee, the SEO has not provided sufficient training in grants management. In addition, the SEO's lack of written policies and procedures for grants management has contributed to inadequate monitoring of program activities for the WCTTIYO grant.

Consequently, participating inmates are receiving fewer services to help them in their efforts to become productive citizens. Academic assessments; English, math, and reading courses; and life skills classes, such as planning for the future and coping with setbacks, could increase an inmate's educational and vocational attainment.

²⁴ CSOSA supervises District offenders after they have been released from prison and coordinates job training, education, drug treatment, and other services for ex-offenders.

²⁵ The SEO is not currently using federal WCTTIYO funds for personnel expenses.

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Recommendations:

- a. That the State Education Officer ensure that RCCC has provided and documented all agreed-upon services before additional payments are made to the college.

Agree X Disagree

SEO's Response, as Received:

The State Education Officer has new measures designed to ensure that RCCC has provided and documented all agreed-upon services before additional payments are made to the college. The oversight in monitoring RCCC's full compliance with the MOU was due to a change in leadership for both parties (RCCC & SEO). The SEO's WCTTIYO program serves 18 – 25 year old District residents who are incarcerated in North Carolina in the Rivers Correctional Institute, in partnership with Roanoke-Chowan Community College (RCCC). The MOU from previous years reflected the involvement of the education department of Rivers Correctional Facility. Rivers has the capacity to provide the life skills component of the agreement and fulfilled this requirement in lieu of RCCC. Regarding the recommendation that RCCC should also conduct assessments, life skills classes, and other courses, the future funding phases of the grant will incorporate a variety of additional curriculum areas, including heat pump and plumbing certificates, Building Construction Technology (BCT), computer graphics, and production ceramics. In addition the SEO has initiated a partnership with the University of the District of Columbia and the Court Services and Offender Supervision Agency (CSOSA) to provide workforce readiness assessments to participants. In order to verify provision of services and report program activities, spending progress, and any program issues to the U.S. Department of Education, EP and RCCC have agreed upon a semi-annual reporting procedure for the sub-grantee.

- b. That the State Education Officer ensure that the agency works with RCCC to create timelines for providing information to the SEO regarding services participants have received.

Agree X Disagree

SEO's Response, as Received:

The new measures that the State Education Officer has instituted provisions to ensure RCCC service also ensures timelines for providing information to the SEO regarding services participants have received. As mentioned above, the SEO has developed a biannual reporting procedure for the sub-grantee that will comprise all program activities including services received by participants. Additionally, RCCC has proposed the phasing in of two additional components of their program in order to offer a broad array of skills to the participants. In the first and second phases, RCCC will augment the current HVAC curriculum with additional course offerings that include computer courses. In addition SEO has begun a partnership with the University of the District of Columbia (UDC) to provide workforce readiness assessments for the program participants. UDC will select and administer an assessment tool and provide

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occupational training based on the assessment results for program participants. We have also begun discussions to add [name redacted by OIG] of Serenity Inc. to the partnership with RCCC and Rivers. [Name redacted by OIG]' training program provides "those variables that will encourage human development and growth."

- c. That the State Education Officer ensure that employees who manage grants have knowledge of the program requirements, are trained in grants management, and have adequate oversight from agency management.

Agree _____ Disagree _____ **X** _____

SEO's Response, as Received:

SEO employees who monitor grants are exceedingly knowledgeable and well trained in grants management, and receive adequate oversight from experienced agency managers. The SEO Director of Operations, who provides general agency oversight of the SEO grants, has extensive public and private sector experience in the acquisition, management, oversight and auditing of federal and local grants, and supervises a program analyst dedicated to agency-wide grants management and oversight. This employee has successfully completed the OCFO/UDC procurement certification course in the acquisition and management of federal grants, and, within the last year alone, has completed 1) two DC Government Office of Grants Partnerships grants management training, 2) a grants management training offered by the Center for Nonprofit advancement and - along with the Program and Department Directors of the GEARUP program – 3) Grants Management Training sponsored by John Hopkins University. The current Director overseeing SEO Higher Education Financial Services federal programs is a former OCFO Director who had responsibility for the monitoring and oversight of city-wide federal grants programs.

The current Director overseeing Nutrition Services Federal Grant program has received national recognition for their work on that grant, placing DC the first in fifty states for the last three years. The current Director overseeing Education Programs (EP) which houses the GEARUP, WCTTIYO and TQ programs) also has an extensive grants-related background that includes participation in the team that authored, implemented and monitored a \$21M GEARUP grant. Annually, GEARUP staff and management attend the NCEEP/GEARUP conference geared towards the specific grants management requirements of GEARUP programs. The current EP WCTTIYO program manager has an extensive federal grants management background which includes recent grants management training from the Maryland Governor's Grants Office and The District of Columbia's Office of Partnerships and Grants Development's joint "Grants Made Easy Workshop".

OIG Response: The OIG stands by its recommendation as stated. Interviews indicated that employees monitoring GEAR UP, WCTTIYO, and ITQ subgrants were not knowledgeable about applicable requirements and did not receive adequate oversight.

12. The GEAR UP program has discrepancies in financial reporting between internal documents and Annual Performance Reports submitted to the U.S. Department of Education (ED).

The *Internal Control Management and Evaluation Tool* (GAO-01-1008G, August 2001) from the U.S. Government Accountability Office (GAO) describes best practices and states that agencies should ensure that “appropriate financial and budgetary information is provided for both internal and external financial reporting.”²⁶

GEAR UP internal documents on federal expenditures and matching contributions developed by the SEO and the OFRM should correspond to information reported by the SEO in their Annual Performance Reports to ED, but the two sets of information differ. The OFRM prepares financial reports for the SEO and provides comprehensive financial services, including financial oversight, to the SEO. ED instructs grantees to include actual federal expenditures and matching contributions from previous fiscal years in their Annual Performance Reports for the current fiscal year. The FY 2005 GEAR UP Annual Performance Report lists federal expenditures and matching contributions for FYs 2003 and 2004 that differ from OFRM financial reports of federal expenditures and SEO reports of matching contributions that the OFRM examined. For example, an OFRM financial report indicates that GEAR UP spent \$542,331.51 in federal funds in FY 2004, but Annual Performance Reports state that GEAR UP had \$308,618.00 in federal expenditures for the same period. Inaccurate reporting increases the risk that ED will audit GEAR UP and find errors, resulting in a reduction of federal funds.

For FYs 2003 and 2004, Annual Performance Reports list identical total matching contributions and subcategory amounts. Identical expenditures for each year, however, are highly unlikely when salaries, benefits, and other expenses typically change from year to year.

OFRM and SEO staff indicated that the two agencies did not work together to verify financial information in the Annual Performance Reports. Additionally, the SEO and the OFRM do not have written policies and procedures outlining the responsibilities of each agency with timelines to ensure the accuracy of financial information reported to the federal government. In addition, turnover in the GEAR UP program manager position and in SEO management contributed to staff’s lack of familiarity with grants management requirements. Prior to February 2006, the SEO did not have a dedicated grant manager to ensure compliance with regulations and to provide guidance to employees who work with grants.

Recommendations:

- a. That the State Education Officer and the OFRM develop and implement written policies and procedures outlining the responsibilities of each agency to ensure the accuracy of financial information reported to the federal government.

Agree _____ Disagree X

²⁶ *Id.* at 52.

SEO's Response, as Received:

*The State Education Officer already has developed written policies and procedures outlining the responsibilities of SEO staff to ensure the accuracy of financial information reported to the federal government. **The SEO GEARUP Office has written program policies and procedures promulgated and recommended by the federal grantee GEARUP Program Officer, which outlines the agency's program responsibilities.** However, SEO is does not have the authority to promulgate policies and procedures related to the financial oversight of the program. **This is the responsibility and purview of the OCFO.** The DC GEAR UP program receives its financial information from OFRM. A difference in federal expenditures could be the result of not accounting for pre-encumbered funds that may not post until after the APR reporting period. However, these funds would be captured in the next reporting period. In addition, the reported amount may not account for any end of the month journal entries.*

However, GEARUP and OFRM staffs communicate on a regular basis through weekly grant meetings designed to ensure financial reporting and accuracy and programmatic/financial coordination. Regarding the finding that the two agencies do not work together to verify financial information in the Annual Performance Reports (APR), beginning in 2006, the SEO and the OFRM scheduled planning meetings prior to the submission of the Annual Performance Report. In preparation for those meetings, the SEO manager distributes a copy of the Annual Performance Report's financial section to all parties. The SEO manager determines a deadline for receipt of financial information from OFRM and schedules an additional meeting to review the information submitted. OFRM then creates a financial template used to report data to the U.S. Department of Education. This process has been successful and will continue to occur in preparation of upcoming Annual Performance Reports. SEO also disputes the finding that GEARUP "internal documents" on federal expenditures and matching contributions developed by the SEO and the OFRM should correspond to information reported by the SEO in their Annual Performance Reports to [ED]²⁷", as SEO was not provided with an opportunity to identify or respond specifically to the referenced documents. During the process of APR reconciliation, OFRM and SEO generate several preliminary versions of draft data. GEARUP staff is unaware of any "internal documents" which should correspond with the financial report but did not, other than draft documents that may have been generated by OFRM. SEO does not have access to or authority to generate the financial documents that would be used as the basis for the GEARUP Annual Performance Report.

OFRM's Response, as Received:

In the 2004, an interim grants manager submitted the Gear-Up Annual Performance Report to the federal government prior to confirming financial data with OFRM. This was corrected. Since then, we have established a process in conjunction with the SEO to meet and discuss any requests requiring financial data before submitting information to the federal government. We have submitted the FY 2005 Annual Performance Report using this process.

²⁷ SEO's response quoted OIG draft report language that did not contain the correct acronym for the U.S. Department of Education. OIG inserted the correct acronym into the body of the report and SEO's response.

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OIG Response: **OIG stands by its finding and recommendation as stated. During the inspection, the team requested supporting documentation for the financial information reported in the Annual Performance Reports to ED. The SEO did not supply supporting documentation or documentation that would explain differences between federal expenditures reported in the Annual Performance Reports and federal expenditures reported in OFRM-generated grant financial activity reports. The matching contribution reports examined were provided by the SEO in response to the team's request for supporting documentation for matching contributions reported in the Annual Performance Reports.**

- b. That the State Education Officer ensure that employees who manage grants have knowledge of the grants' requirements, are trained in grants management, and have adequate oversight from agency management.

Agree _____ Disagree X

SEO's Response, as Received:

SEO employees who monitor grants are exceedingly knowledgeable and well trained in grants management, and receive adequate oversight from experienced agency managers. The SEO Director of Operations, who provides general agency oversight of the SEO grants, has extensive public and private sector experience in the acquisition, management, oversight and auditing of federal and local grants, and supervises a program analyst dedicated to agency-wide grants management and oversight. This employee has successfully completed the OCFO/UDC procurement certification course in the acquisition and management of federal grants, and, within the last year alone, has completed 1) two DC Government Office of Grants Partnerships grants management training, 2) a grants management training offered by the Center for Nonprofit advancement and - along with the Program and Department Directors of the GEARUP program – 3) Grants Management Training sponsored by John Hopkins University. The current Director overseeing SEO Higher Education Financial Services federal programs is a former OCFO Director who had responsibility for the monitoring and oversight of city-wide federal grants programs.

The current Director overseeing Nutrition Services Federal Grant program has received national recognition for their work on that grant, placing DC the first in fifty states for the last three years. The current Director overseeing Education Programs (EP) which houses the GEARUP, WCTTIYO and TQ programs) also has an extensive grants-related background that includes participation in the team that authored, implemented and monitored a \$21M GEARUP grant. Annually, GEARUP staff and management attend the NCEEP/GEARUP conference geared towards the specific grants management requirements of GEARUP programs. The current EP WCTTIYO program manager has an extensive federal grants management background which includes recent grants management training from the Maryland Governor's Grants Office and The District of Columbia's Office of Partnerships and Grants Development's joint "Grants Made Easy Workshop".

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OIG Response: **The OIG stands by its recommendation as stated. Interviews indicated that employees monitoring GEAR UP, WCTTIYO, and ITQ subgrants were not knowledgeable about applicable requirements and did not receive adequate oversight.**

- c. That the State Education Officer ensure that GEAR UP finances are audited by the Office of the Chief Financial Officer (OCFO) or an auditing firm.

Agree **X** Disagree _____

SEO's Response, as Received:

The State Education Officer has requested an audit of GEARUP finances by the Office of the Chief Financial Officer (OCFO).

13. The SEO does not have complete or accurate data on GEAR UP program measures.

ED provided the SEO with Annual Performance Report forms that contain instructions and examples regarding data collection and reporting requirements for GEAR UP program measures. On these forms, ED specifies the data GEAR UP programs are to collect and report each year, including the number of participating students in each school and the average hours of service that the GEAR UP program provides per student per year. Additionally, the ED's Annual Performance Report form instructs GEAR UP grantees to list their objectives, program activities conducted to meet the objectives, results, and baseline data when applicable. However, the SEO's FYs 2003, 2004, and 2005 GEAR UP reports lack requisite information and contain inaccurate data.

The FY 2003 Annual Performance Report does not include data on progress toward program objectives or the number of participating students at different schools. Instead, it states that the SEO used this GEAR UP program year to plan, rather than provide, services. This planning phase extended beyond the 2-3 months it normally takes an organization to plan and start a GEAR UP program, according to ED staff.

Many sections of the SEO's GEAR UP Annual Performance Report for FY 2004 were incomplete, and the SEO states in the report that information is not available because the agency is "currently collecting baseline data" for all program objectives listed, such as increasing parent activities offered by 50%. The FY 2005 Annual Performance Report does not directly address many of the program objectives, does not list baseline data, and miscalculates the average number of hours of service provided per student per year. For example, students reportedly received an average of 8,000 hours of college visits and college student shadowing. By the team's calculations, this would mean that the SEO's GEAR UP program provided 23 hours of service per day, every day of the year.

In addition, GEAR UP program coordinators were to submit weekly reports of program activities, such as how many hours of tutoring they provided to individual students. Program coordinators did not submit weekly reports from May to November 2005, but instead submitted reports in December listing activities for this 6-month period. GEAR UP staff indicated that some program coordinators did not have detailed records of the entire May to November period

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to use for their reports. Consequently, information on the hours of services provided for FY 2006 will probably be inaccurate.

GEAR UP staff also indicated that the SEO has not obtained individual data on GEAR UP students from the high schools or aggregate data from the DCPS central office. GEAR UP staff stated that they had difficulty obtaining data from many schools because some high school staff will not provide information on individual students without receiving release of information forms signed by parents or guardians, due to concerns regarding the requirements of the Family Educational Rights and Privacy Act. DCPS central office administrators and GEAR UP staff indicated that the DCPS central office could provide the SEO with aggregate information, such as the number of GEAR UP students who are at or above grade level in mathematics, without release of information forms.

According to SEO employees, the agency has not determined whether release of information forms are necessary to obtain data on individual students and has not collaborated with the DCPS central office to obtain aggregate information. Consequently, GEAR UP currently does not have information on many students' grades and standardized test scores. This information is necessary for reporting purposes as well as to assist GEAR UP staff in targeting services for individual students.

The SEO staff stated that GEAR UP's data collection, inaccurate weekly reports, and other reporting problems are related to the high turnover in program managers—four in the past 2 years. Additional oversight from SEO management during transitions between program managers could have reduced reporting problems. In addition, the SEO officials who certified the accuracy and completeness of the Annual Performance Reports did not exercise sufficient oversight to find and correct the problems noted above.

Recommendations:

- a. That the State Education Officer work with DCPS to develop and implement processes to allow GEAR UP to obtain individual student data.

Agree _____ Disagree X

SEO's Response, as Received:

The recommendation, as stated implies that the State Education Office does not work with DCPS to develop and implement processes to obtain student data. Rather, the State Education Officer has and will continue to work with DCPS to allow GEARUP staff to obtain individual student data. The State Education Officer on behalf of the GEARUP program sent letters to each school administrator requesting the desired information. In most cases, information was mailed directly to the State Education Office or picked up by a GEARUP staff person. The requested data information was collected, inputted into the database, and submitted on the 2006 Annual Performance Report due on April 17, 2006. Each year the State Education Officer will make this data request will to the appropriate school administration to ensure the

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accurate and timely receipt of students' academic performance information as we have this year for 2007.

The State Education Office has designed the DC GEARUP database that collects data for each participant in the DC GEARUP program. The database maintains the basic demographic information on each student, including their contact information; names, relationship, and contact information of guardians; student activities; guardian activities; student grades; and student test information. The current layout of the database allows staff members to easily input information in the format in which they receive it, which helps to eliminate entry error. Activities are entered for the group of students who participated, and are then automatically linked to each participant's Activity Summary Page, as a quick reference. This allows staff members ease of entry, and the opportunity to see all of the activities in which an individual has participated. This layout also provides for fast and easy retrieval of data requests and evaluation. Data queries are preset for all major functions and saved, so that we can access them at any time; when new request are necessary, the database administrator is able to create them with relative ease, and save them for staff access.

The SEO hired a new Program Manager and Program Analyst in September 2005 and November of 2005, respectively. Shortly after this transition, in December 2005, GEARUP staff began to utilize the database to capture program information. This step ensured that activity information was collected for program planning and reporting accuracy. The manager conducts random site visits to monitor the progress of its programs. The manager will determine if there is a necessity to increase the number of site visits to ensure data accuracy. At the time of this audit, the DC GEARUP program was in the process of collecting grades and test scores from school administration for the completion of the Annual Performance Report (APR). During the audit interview some schools had not yet received their grades and test scores however, the request was made to school administration and GEARUP expected administration to deliver the information. The information requested was received and inputted into the system for the 2006 Annual Performance Report.

In reference to SEO's legal authority to provide and receive data, the Family Educational and Privacy Rights Act (FERPA), in relevant part provides:

“ State and local educational authorities may have access to education records in connection with an audit or evaluation of Federal or State supported education programs, or for the enforcement of or compliance with Federal legal requirements which relate to those programs [34 CFR 99.35(a); and 34 CFR 99.31(a)(3)(iv)]. ”

The GEARUP Manager, Director of Education Programs, and Director of Operations reviews will continue to review all Annual Performance Reports prior to submission.

OIG Response: The OIG stands by its recommendation as stated. The inspection found that GEAR UP did not have adequate student data from DCPS.

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- b. That the State Education Officer develop and implement a written quality assurance process to ensure adequate data collection and to allow for sufficient review of grant reports prior to submission to grantors.

Agree X Disagree _____

SEO's Response, as Received:

The State Education Officer has developed and is implementing a written quality assurance process to ensure adequate data collection and to allow for sufficient review of grant reports prior to submission to grantors. School coordinators are responsible for collecting and maintaining academic and activity data for each student (and guardian where applicable). School coordinators are responsible for inputting this data into the DC GEARUP Database on a regular basis. The program manager in conjunction with the SEO database administrator will perform regular checks to ensure that data is being entered into the system in a timely and accurate manner. The program manager and/or field coordinator also performs regular site visits of the schools to ensure that data is being captured on a regular basis, and to ensure that this data corresponds to the data entered into the DC GEARUP database. The program analyst will work with the database administrator to run regular Annual Performance Report (APR) queries as a second check to ensure that the data is being input into the system in an accurate manner. The reporting period for the APR is April 1st through March 31st and is due on April 15th. In the month before the APR is due, the program analyst and database administrator will run all queries necessary to complete the APR, to ensure that all data to date has been entered in, and in an accurate manner. Another set of queries will be run on or by April 4th, to ensure that any problems can be fixed and the queries may be rerun, in order to complete the report in adequate time. The completed APR will be submitted to the education and operations departments and/or the State Education Officer for review and signature prior to submission.

The grants manager for the State Education Office is aware of the date and submission for reports.

14. GEAR UP staff does not have adequate access to students or to office space in some schools.

The 1998 Amendments to the Higher Education Act of 1965, Title IV, Part A, Section 404B(g)(1) (codified at 20 U.S.C. § 1070a-22 (Lexis through P.L. 109-280)) states that GEAR UP programs shall:

- (A) provide services under this chapter to at least one grade level of students, beginning not later than 7th grade, in a participating school that has a 7th grade and in which at least 50 percent of the students enrolled are eligible for free or reduced-price lunch under the National School Lunch Act (or, if an eligible entity determines that it would promote the effectiveness of a program, an entire grade level of students, beginning not later than the 7th grade,

who reside in public housing as defined in section 3(b)(1) of the United States Housing Act of 1937); and

(B) ensure that the services are provided through the 12th grade to students in the participating grade level.

ED's website clarifies this requirement by stating, "GEAR UP provides six-year grants to states and partnerships to provide services at high-poverty middle and high schools."²⁸

Starting in the 2005-2006 school year, GEAR UP's mission is to provide services at each high school with a substantial number of students from the junior high schools GEAR UP initially served. Each program coordinator is required to have office space in the high schools GEAR UP serves.

GEAR UP program coordinators report difficulties in gaining assistance from some school administrators to provide office space and to secure permission to offer services in the high schools. As a result, coordinators are prevented from meeting with students in schools to offer tutoring and other services. For example, during this inspection, one coordinator did not have space in a school. GEAR UP gained access in January and February 2006 to provide services at two other schools with a total of approximately 200 GEAR UP students. However, the office space that coordinators use in schools is often inadequate. For example, two coordinators are sharing an office with a school administrator. However, the office has no cabinets for GEAR UP files, one computer, and one telephone. GEAR UP coordinators without adequate office space must search for locations to meet with individual students. Coordinators carry their files with them or store them at the SEO. They often return to the SEO to access the Internet or enter data and search for an area in or near the schools where their cell phones will work. Students in schools where coordinators' office space is insufficient receive fewer GEAR UP services, such as tutoring and mentoring.

GEAR UP did not sufficiently involve high school administrators in planning the delivery of GEAR UP services and making provisions for adequate space in the high schools. Inadequate planning by the SEO negatively impacted GEAR UP's transition from the junior high schools to the high schools in 2005. Staff stated that GEAR UP is not a priority for some high school administrators and that the SEO did not sufficiently inform administrators about the range of services that GEAR UP provides to students. Additionally, staff stated that the GEAR UP program manager and higher-level SEO administrators needed to be more involved in raising awareness of the GEAR UP program and establishing relationships with high school administrators.

Recommendation:

That the State Education Officer work with DCPS central staff and high school administrators to ensure that GEAR UP program coordinators can provide the full range of services in all GEAR UP high schools.

²⁸ <http://www.ed.gov/programs/gearup/index.html> (last visited September 6, 2006).

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Agree _____ Disagree _____ **X** _____

SEO's Response, as Received:

SEO staff already work with DCPS central staff and high school administrators on an ongoing basis to ensure that GEARUP program coordinators can provide the full range of services in all GEARUP high schools. There are over 50 college access programs operating in DC - each competing for space within DCPS. Thus, space acquisition is a problem for all programs external to DCPS. Also, given that students began the program in only 5 middle schools (where GEAR UP staff members were indeed present) and are able to choose their high schools, migration trends prevents a presence in all 37 high schools chosen. At the time of this audit, two coordinators were moved to a new location within their high school while administration was identifying a permanent location. To date, with the support of DCPS administration, all GEARUP staff has an identified location within their designated schools for servicing participating GEARUP students. Each coordinator has a Cingular 8125 telephone that provides access to the email, Microsoft Office, including Outlook and the internet and two computers per work site. In addition, the State Education Office has designated a carousel of workstations and two cubicles within the office for coordinators to use, as needed.

As a State grantee, the regulations do not require a DC GEARUP coordinator to have office space in the high schools DC GEARUP serves. However, the program continues to forge relationships with schools administrators, even in the midst of DCPS transition of administration, to provide school office space for coordinators in an effort to maximize the level of service provided to the cohort of students.

As with any program, DC GEARUP did face challenges servicing such a large number of schools during this considerable transition. However, during the high school transition-planning phase DC GEARUP staff reached out to other State GEARUP programs in an effort to research the best practices of programs that had undergone similar high school transition. In addition, a retreat was conducted in June 2005 to address the best practices of high school transition, integration of the DCPS Strategic Plan and academic standards, and creation of the GEARUP SY 05-06 strategic plan.

The State Education Office continues to nurture relationships with the DCPS central staff and school administrators. The program manager speaks with high school administrators to obtain verbal feedback on the progress of the program, school coordinators have been invited to participate in staff retreats at selected high schools. In addition, the DCPS Guidance and Counselor Advisory Board was created. This board was created to maintain a better alignment of school counseling efforts with the needs of K-12 students and their families within the District of Columbia.

OIG Response: The OIG stands by its recommendation as stated. The team found that GEAR UP did not have adequate access to students or to office space in some schools at the time of inspection.

15. GEAR UP vacancies prevent some students from receiving services and strain staff members.

The *Internal Control Management and Evaluation Tool* (GAO-01-1008G, August 2001) from the GAO provides that an appropriate organizational structure is a key factor in an agency establishing a positive control environment.²⁹ To that end, the GAO suggests best practices related to organizational structure:

The agency has the appropriate number of employees, particularly in managerial positions. Consider the following:

- i. Managers and supervisors have time to carry out their duties and responsibilities.
- ii. Employees do not have to work excessive overtime or outside the ordinary workweek to complete assigned tasks.
- iii. Managers and supervisors are not fulfilling the roles of more than one employee.³⁰

GEAR UP's organizational structure calls for a total of 3 employees in the central SEO office and 10 program coordinators in 6 groups of high schools. The number of schools and coordinators in a group of high schools is based on the distribution of GEAR UP students who originally attended the junior high schools served by GEAR UP. Coordinator positions are distributed to ensure GEAR UP students receive the same level of services and coordinators have similar amounts of work. The central office staff is to consist of a program manager, a management analyst, and a third position that is undefined.

Currently, two coordinator positions and one central staff position are vacant. The high schools in one group are supposed to have one coordinator, but the position is currently vacant. Another group, which has one high school, has had a coordinator but not an assistant coordinator since October 2004. Previously, the vacant central staff position was for a field director who managed the coordinators and planned programming in schools, such as workshops for students.

According to the program manager, the vacancies have not been filled due to delays related to the lengthy hiring process of the District of Columbia Department of Human Resources (DCHR), formerly the D.C. Office of Personnel (DCOP). Although interviews have taken place for the vacant coordinator position, the program manager stated that filling the position has been delayed in part because the program manager was considering changing the responsibilities of this position. The assistant coordinator position and the third central staff position, which was previously the field director position, have not been posted to solicit applications. The program manager is not convinced that there is a need for a third central staff position and is undecided as to the functions of the position. Funding for these positions is

²⁹ *Id.* at 9 and 15.

³⁰ *Id.* at 16.

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available from GEAR UP's surplus in grant funds, which is due to underspending in the first 2 years of the grant.

Understaffing reduces the amount of services that GEAR UP students receive and increases the workload for GEAR UP staff. GEAR UP staff and program records indicate that students in schools without program coordinators receive fewer hours of tutoring, mentoring, and college visits. GEAR UP coordinators stated that the demands of their positions require them to regularly work more than 40 hours per week. Coordinators would like more assistance from GEAR UP and SEO managers in bringing programming into the schools and establishing relationships with school administrators.

Recommendation:

That the State Education Officer re-evaluate GEAR UP's current organizational structure to determine the best use of staff and attempt to promptly fill vacancies.

Agree _____ Disagree _____ **X**

SEO's Response, as Received:

At the time of this review, the State Education Officer and the GEARUP Program Manager were completing a re-evaluation of the GEARUP organizational structure in order to determine the best use of staff prior to filling existing vacancies.

Currently, the DC GEARUP staff at the State Education Office consists of the Program Manager and two Program Analysts: one analyst serves in the role of data management and procurement whereas the other analyst is responsible for coordinator activities within the field. Since, the audit review there have been two hires for the position of School Coordinators. One of the new hires began February 20, 2007.

The GEARUP program reviewed its high school transition plan that identifies the coordinators and the schools that they service to provide additional support to school sites with participating GEARUP students.

*A significant number of students participated in services. At the time of this audit, the new manager was determining whether some staff could temporarily be deployed to other schools. The GEARUP program in compliance with the standards and regulations tracks students' promotion to the next grade level. The first transition into high school for many GEARUP students occurred during the 2005-2006 school year. The program, which initially serviced low-income students attending five middle schools during the 2003-2005 school years, began to service this cohort of students in approximately twenty-seven schools the following year. The manager was determining (1) whether a number of schools would be placed under the supervision of existing coordinators (2) whether staff would be temporarily deployed to other schools and (3) creating a list of existing resources within the schools to avoid duplication in services. The GEARUP program governed by Section 404B of the **1998 Amendments to Higher Education Act of 1965** states:*

(g) *Cohort Approach-*

(2) *COORDINATION REQUIREMENT- In order for the Secretary to require the cohort approach described in paragraph (1), the Secretary shall, where applicable, ensure that the cohort approach is done in coordination and collaboration with existing early intervention programs and does not duplicate the services already provided to a school or community.*

In October 2006, DC Government instituted pay parity. This may affect a full complement of staff. However, DC GEARUP will continue to ensure the organizational structure ensures all students continue to be serviced.

OIG Response: **The OIG stands by its recommendation as stated. The team found that GEAR UP vacancies prevented some students from receiving services and strained staff members at the time of inspection.**

16. **The Education Licensure Commission (ELC) does not provide quarterly reports on its activities to the Mayor or City Council and does not advise them on the District's postsecondary educational needs as required.**

D.C. Code § 38-1307 (2001) states, in part:

[T]he Commission shall:

- (1) Advise the Mayor and the Council with respect to the postsecondary educational needs of the District of Columbia;
- (2) File with the Mayor and the Council quarterly reports relating to:
 - (A) The educational institutions granted or denied licenses under this chapter during the reporting period; and
 - (B) Other matters that come under the Commission's purview[.]

SEO staff indicated that the ELC does not file quarterly reports with the Mayor or City Council and does not advise them on postsecondary education in the District. SEO employees stated that the ELC is not familiar with these statutory requirements, and there are no written policies and procedures concerning such reports. The ELC's failure to inform the Mayor and City Council about its activities and the District's higher education needs affects the ability of elected officials to oversee the ELC and to make informed decisions about postsecondary education in the District.

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Recommendation:

That the State Education Officer develop written policies and procedures to ensure that the ELC provides advice on postsecondary educational needs and quarterly reports to the Mayor and City Council as required.

Agree **X** Disagree _____

SEO's Response, as Received:

The State Education Office is officially a component of the Executive Office of the Mayor and ELC actions have always been a matter of public record. The ELC uses existing written rules and regulations that govern the ELC's policies and procedures. The SEO adopted existing practices upon inheriting this program from the DCRA. However, upon receipt of this report, quarterly reports were sent directly to the mayor and council, as required.

17. The ELC does not act as the state approving agency for postsecondary institutions to participate in veterans' education benefit programs.

D.C. Code § 38-1301(6) (2001) states that one of the purposes for enacting the provisions governing the ELC is to provide a commission "to serve as the state approving agency for veterans benefits." State agencies evaluate and approve postsecondary institutions to receive tuition payments from the Department of Veterans Affairs (VA) on the behalf of veterans. The VA enters into agreements with state approving agencies and pays for their expenses related to evaluating and approving postsecondary institutions.

SEO employees stated that the ELC does not act as the state approving agency for veterans' education benefits because the VA terminated its agreement with the ELC several years ago due to ELC mismanagement. At that time, the ELC was independent from the SEO. Currently, the VA directly approves schools in the District to participate in veterans' education benefit programs. According to VA staff, the ELC has asked about entering into an agreement again to act as a state-approving agency, but has not followed through. The functions of a state approving agency are similar to the licensure activities of the ELC, so it may be more efficient for the ELC to act as the state-approving agency for the District regarding veterans' education benefits.

Recommendations:

- a. That the State Education Officer ensure that the ELC has the capacity to act as a state approving agency for veterans' educational benefits.

Agree **X** Disagree _____

SEO's Response, as Received:

The SEO agrees with this recommendation. Prior to transferring the ELC to the SEO, the capacity of the agency to act as a state approving agency for veterans' educational benefits

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was suspended due to poor performance. Since that time, the State Education Officer has determined that the ELC has the capacity to act as a state approving agency for veterans' educational benefits, and has completed the application package to request reinstatement as the State approving agency for Veterans educational benefits.

- b. That the State Education Officer coordinate with the VA to enter into and fulfill an agreement for the SEO to carry out the functions of a state approving agency.

Agree **X** Disagree _____

SEO's Response, as Received:

The ELC department in the State Education Office is coordinating with the VA to enter into and fulfill an agreement for the SEO to carry out the functions of a state approving agency.

18. Although the District's laws governing the licensure of college programs are not currently applicable to online postsecondary institutions, the ELC approved licenses for two online postsecondary degree-granting educational institutions.

According to information obtained from SEO, the Education Licensure Commission (ELC) issued licenses to two on-line postsecondary degree-granting educational institutions, which did not have a physical site in the District of Columbia.

The ELC granted Institution 1 a provisional license as a degree-granting institution through October 31, 2006. However, according to information in a SEO December 15, 2005, letter to another on-line institution, the District of Columbia does not have laws in place that apply to on-line programs, and the ELC is required to license only degree-granting institutions that have a physical presence in the District.³¹

The ELC also granted Institution 2 an agent's license. However, according to information in a SEO March 27, 2006, letter to another institution, the District's laws that apply to agents do not presently apply to postsecondary degree-granting institutions.³²

Therefore, it appeared that neither on-line institution met the criteria for the ELC to grant either an operating license (which requires a physical presence) or an agent's license (which requires that the institution not offer credits that lead to a degree). The SEO was unable to explain the decisions the ELC made regarding these institutions, and it remains unclear why the ELC accepted and approved the applications of on-line institutions when SEO documentation indicates that on-line institutions fail to meet the approval criteria used by the ELC.

³¹ See Letter from SEO representative to online institution of December 15, 2005, and internal SEO Memorandum of 1/17/06. (Appendix 3)

³² Letter from SEO to online institution of 3/27/06.

Recommendations:

- (a) That the ELC clarify why it approved the applications for the two institutions in question when the District laws and regulations are not currently applicable to online postsecondary degree-granting institutions.

Agree _____ Disagree X

SEO's Response, as Received:

The SEO disagrees with the determination that the ELC approved institutions' applications. Only the ELC Commission – not the SEO ELC department – has the authority to approve applications. Regarding the commission's decision to approve applications for two DC institutions when the District laws and regulations are not currently applicable to online postsecondary degree-granting institutions, the ELC is the responsible legal entity and is entitled to interpret and enforce post-secondary licensure laws and regulations.

Moreover, in response to the observation that “the District's laws that apply to agents do not presently apply to postsecondary degree-granting institutions.³³”, [name redacted by OIG], Deputy Attorney General, Legal Counsel Division opined in an April, 2006 memorandum on the subject:

*“ The ELC regulations do not specifically provide for agent's licenses for degree granting institutions; however, they also do not prohibit the granting of such licenses. Without any explanation in the regulations, it does appear that the definition of the word “agent” in the controlling statute is sufficient to cover agents of both degree and non-degree granting institutions. However, the ELC, as the promulgator of the regulations and the agency given statutory authority to implement the ELC Act, is the agency required to interpret the controlling law and regulations and is due deference for such interpretation. **Therefore, it is the ELC, and not this Office, that must ultimately determine the propriety of licensing agents of degree granting institutions.**”*

OIG Response: The OIG stands by its finding and recommendation as stated. Interviews and documents indicate that SEO is the public face of the ELC. The SEO's Education Programs Department issues resolution letters and licenses and provides guidance to institutions that seek licensure through the ELC. The OIG requests that the State Education Officer elicit the ELC's written response to this finding and forward it to the OIG within 30 days of publication of this report.

³³ Letter from SEO to online institution of 3/27/06.

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- (b) That the ELC stop approving licensing online postsecondary institutions until the District has promulgated appropriate legislative and/or regulatory criteria.

Agree _____ Disagree _____ **X** _____

SEO's Response, as Received:

The ELC Department does not have the authority to respond to the recommendation that the ELC stop approving the licensing of online postsecondary institutions until the District has promulgated appropriate legislative and/or regulatory criteria. As noted, the SEO staffs that support the ELC do not make decisions regarding licensure. That authority rests with a volunteer commission appointed by the mayor. Thus, the SEO, as an internal governmental agency, essentially did not approve the licenses, and does not have the authority to stop approving licensing as recommended.

OIG Response: The OIG stands by its finding and recommendation as stated. Interviews and documents indicate that SEO is the public face of the ELC. The SEO's Education Programs Department issues resolution letters and licenses and provides guidance to institutions that seek licensure through the ELC. The OIG requests that the State Education Officer elicit the ELC's written response to this finding and forward it to the OIG within 30 days of publication of this report.

**OFFICE OF PUBLIC CHARTER
SCHOOL FINANCING AND
SUPPORT**

OFFICE OF PUBLIC CHARTER SCHOOL FINANCING AND SUPPORT

The Office of Public Charter School Financing and Support (OPCSFS) provides financial and technical assistance to public charter schools in the District, primarily related to financing facilities. The OPCSFS also administers federally funded grants to provide enrichment and counseling to high school students in public charter schools and to improve research and planning for charter school facility issues. The team did not evaluate OPCSFS because of an ongoing review by other agencies.

**POLICY, RESEARCH,
AND ANALYSIS**

POLICY, RESEARCH, AND ANALYSIS

The Policy, Research, and Analysis (PRA) Unit conducts research and informs policymakers about public education in the District. PRA is responsible for the Annual Public School Enrollment Audit; guidelines for student residency verification; and recommendations for the Uniform Per Student Funding Formula, which determines school funding in the District. PRA also provides support to the State Advisory Panel on Special Education, coordinates District literacy initiatives, and coordinates the development of a central education data warehouse for the District. Based on information collected and team observations, PRA appeared to be functioning within its scope and fulfilling its responsibilities. The unit appears to be meeting the requirements necessary to produce and provide its products and services.

APPENDICES

APPENDICES

- Appendix 1:** List of Findings and Recommendations
- Appendix 2:** Survey Questionnaire
- Appendix 3:** Letters from SEO to Online Institutions Regarding ELC Licensing Process

APPENDIX 1

APPENDICES

List of Findings and Recommendations

Key Findings:

1. **The SEO and the Office of Finance and Resource Management (OFRM) do not provide adequate financial oversight of federally funded subgrants.**
 - a. That the State Education Officer not certify future payments to subgrantees until documentation is provided as to how previous subgrants have been spent.
 - b. That the State Education Officer ensure that employees who monitor grants are knowledgeable about the requirements, are trained in grants management, and have adequate oversight from agency management.
 - c. That the SEO and the OFRM create and implement written policies and procedures to ensure compliance with federal requirements for monitoring subrecipients.
 - d. That the State Education Officer ensure that GEAR UP, WCTTIYO, and ITQ subgrants are audited.
2. **The SEO failed to document matching contributions and claimed ineligible expenses as matching contributions for the GEAR UP program.**
 - a. That the SEO and the OFRM develop and implement written policies and procedures outlining the responsibilities of each agency for ensuring compliance with federal regulations on matching contributions.
 - b. That the State Education Officer ensure that employees who manage grants have knowledge of relevant regulations, are trained in grants management, and have adequate oversight from agency management.
 - c. That the State Education Officer ensure that GEAR UP matching contributions are audited to determine compliance with matching regulations
3. **SEO term appointment employees who perform permanent services have not been converted to career service status as required.**

That the State Education Officer work with the EOM to ensure that the SEO is in compliance with the Agreement.
4. **An ineligible SEO employee received tuition assistance from the District of Columbia Tuition Assistance Grant Program (DCTAG).**
 - a. That the State Education Officer ensure that all managers and employees are aware of their responsibility to process tuition applications in strict conformance with the requirements of the College Access Improvement Act of 2002.

APPENDICES

- b. That the State Education Officer consider devising an independent review process for applications from SEO employees, family members, and acquaintances to avoid any appearance of conflict of interest or favoritism.

Agency Management:

5. The SEO does not use Imprest Fund Reimbursement Vouchers (Form 436).

- a. That the imprest fund cashiers immediately begin using required Form 436, as stated in Mayor's Memorandum 82-29.
- b. That the SEO cashier and alternate cashier become knowledgeable of all imprest fund procedures.

6. The SEO improperly allocates purchase card payments among its programs.

- a. That the State Education Officer reconcile each program's purchases with payments for the SEO purchase card.
- b. That the State Education Officer develop and implement written policies and procedures to ensure that program purchases are regularly reconciled with payments for the SEO purchase card.

Nutrition Services:

7. NS does not provide adequate oversight of contracts between organizations and food vendors.

- a. That the State Education Officer ensure that school and summer meal program staff receive training on USDA regulations regarding reviewing contracts and bids between institutions and food service management companies.
- b. That the State Education Officer ensure the development of written policies and procedures regarding oversight of contracts and bids between institutions and food service management companies.

8. Nutrition Services (NS) does not meet SEO goals for participation in the Free Summer Meals Program (FSMP) and the Child and Adult Care Food Program (CACFP).

- a. That the State Education Officer ensure that the FSMP and the CACFP have adequate staff and resources to conduct effective community outreach.
- b. That the State Education Officer ensure that a timeline is established to complete NS's online application system.

9. The Nutrition Services file room is disorganized and presents a fire hazard.

APPENDICES

- a. That the State Education Officer ensure that NS expeditiously scan files and reorganize the file room to ensure better use of existing space.
- b. That the State Education Officer ensure that a fire inspection of the NS file room is conducted and that any fire code violations are expeditiously corrected.

Higher Education Financial Services:

10. The SEO does not maintain an organized filing system and secure file room for the Higher Education Financial Services (HEFS) unit.

- a. That the State Education Officer designate a records manager for all SEO units to safeguard customer applications and to maintain order in file rooms and file areas.
- b. That the State Education Officer develop and enforce written policies and procedures regarding the security, retention, and disposal of HEFS hardcopy and computer files.

Education Programs:

11. The SEO does not ensure that incarcerated participants in the Workplace and Community Transition Training for Incarcerated Youth Offenders (WCTTIYO) program receive all required services.

- a. That the State Education Officer ensure that RCCC has provided and documented all agreed-upon services before additional payments are made to the college.
- b. That the State Education Officer ensure that the agency work with RCCC to create timelines for providing information to the SEO regarding services participants have received.
- c. That the State Education Officer ensure that employees who manage grants have knowledge of the program requirements, are trained in grants management, and have adequate oversight from agency management.

12. The GEAR UP program has discrepancies in financial reporting between internal documents and Annual Performance Reports submitted to the U.S. Department of Education (ED).

- a. That the State Education Officer and the OFRM develop and implement written policies and procedures outlining the responsibilities of each agency to ensure the accuracy of financial information reported to the federal government.
- b. That the State Education Officer ensure that employees who manage grants have knowledge of the grants' requirements, are trained in grants management, and have adequate oversight from agency management.

APPENDICES

- c. That the State Education Officer ensure that GEAR UP finances are audited by the Office of the Chief Financial Officer (OCFO) or an auditing firm.

13. The SEO does not have complete or accurate data on GEAR UP program measures.

- a. That the State Education Officer work with DCPS to develop and implement processes to allow GEAR UP to obtain individual student data.
- b. That the State Education Officer develop and implement a written quality assurance process to ensure adequate data collection and to allow for sufficient review of grant reports prior to submission to grantors.

14. GEAR UP staff does not have adequate access to students or to office space in some schools.

That the State Education Officer work with DCPS central staff and high school administrators to ensure that GEAR UP program coordinators can provide the full range of services in all GEAR UP high schools.

15. GEAR UP vacancies prevent some students from receiving services and strain staff members.

That the State Education Officer re-evaluate GEAR UP's current organizational structure to determine the best use of staff and attempt to promptly fill vacancies.

16. The Education Licensure Commission (ELC) does not provide quarterly reports on its activities to the Mayor or City Council and does not advise them on the District's postsecondary educational needs as required.

That the State Education Officer develop written policies and procedures to ensure that the ELC provides advice on postsecondary educational needs and quarterly reports to the Mayor and City Council as required.

17. The ELC does not act as the state approving agency for postsecondary institutions to participate in veterans' education benefit programs.

- a. That the State Education Officer ensure that the ELC has the capacity to act as a state approving agency for veteran's educational benefits.
- b. That the State Education Officer coordinate with the VA to enter into and fulfill an agreement for the SEO to carry out the functions of a state approving agency.

18. Although the District's laws governing the licensure of college programs are not currently applicable to online postsecondary institutions, the ELC approved licenses for two online postsecondary degree-granting educational institutions.

APPENDICES

- a. That the ELC clarify why it approved the applications for the two institutions in question when the District laws and regulations are not currently applicable to on-line postsecondary degree-granting institutions.
- b. That the ELC stop approving the licensing of on-line postsecondary institutions until the District has promulgated appropriate legislative and/or regulatory criteria.

APPENDIX 2

APPENDICES

OFFICE OF THE INSPECTOR GENERAL- SURVEY QUESTIONNAIRE

Inspection: State Education Office

YOU ARE NOT REQUIRED TO PUT YOUR NAME ON THIS SURVEY

USE THE FOLLOWING LEGEND IN ANSWERING THE SURVEY ITEMS. WRITE ANY COMMENTS YOU MAY HAVE NEXT TO EACH QUESTION OR ON A SEPARATE SHEET. YOUR COMMENTS WILL BE KEPT ANONYMOUS, SO BE AS CANDID AS POSSIBLE AND FEEL FREE TO ADDRESS ANY ISSUE NOT COVERED BY THE SURVEY.

PLEASE COMPLETE BOTH SIDES OF EACH PAGE, PLACE IT IN THE ATTACHED ENVELOPE, SEAL IT, AND RETURN IT TO OUR OFFICE BY:

1. MAILING IT; or
2. PLACING IT IN AN OIG LOCKBOX (ONE IS LOCATED IN THE RECEPTION AREA OUTSIDE THE DIRECTOR'S OFFICE ON THE 3rd FLOOR OF 441 4th ST., NW; or
3. GIVING IT DIRECTLY TO AN OIG INSPECTOR.

ALL SURVEYS SHOULD BE RETURNED TO OIG BY JANUARY 6, 2006

PART I: Organization

Legend: A. STRONGLY AGREE B. AGREE C. DISAGREE
D. STRONGLY DISAGREE E. DON'T KNOW

- ☐ 1. I am familiar with SEO's mission.
- ☐ 2. SEO's organizational structure adequately supports its mission.
- ☐ 3. The location of the SEO facility is satisfactory.
- ☐ 4. The size of the SEO facility is satisfactory.

PART II: Management Ability, Effectiveness and Style

Legend: A. STRONGLY AGREE B. AGREE C. DISAGREE
D. STRONGLY DISAGREE E. DON'T KNOW

APPENDICES

☐ 5. My supervisor is qualified and understands my duties and responsibilities.

☐ 6. My supervisor has clearly defined goals and priorities for my work.

PART II: Management Ability, Effectiveness and Style

Legend: A. **STRONGLY AGREE** B. **AGREE** C. **DISAGREE**
D. **STRONGLY DISAGREE** E. **DON'T KNOW**

☐ 7. There is open communication among all employees, both supervisors and non-supervisors.

☐ 8. Decisions affecting employees are made according to established policies and procedures.

☐ 9. My supervisor keeps me well informed about issues that affect me.

☐ 10. I think the SEO Director is an effective manager. (Please explain your answer.)

☐ 11. I think the agency's top-level management (i.e. executive staff, deputy directors) is effective.

☐ 12. I think the agency's mid-level management (i.e. project managers, branch chiefs) is effective.

PART III: Work Environment/Job Satisfaction

Legend: A. **STRONGLY AGREE** B. **AGREE** C. **DISAGREE**
D. **STRONGLY DISAGREE** E. **DON'T KNOW**

☐ 13. My office space is secure and environmentally safe.

☐ 14. I feel safe when I am working out in the community.

APPENDICES

- ☐ 15. The hiring process is fair and based on ability, knowledge, and skills.

PART III: Work Environment/Job Satisfaction

Legend: A. **STRONGLY AGREE** B. **AGREE** C. **DISAGREE**
D. **STRONGLY DISAGREE** E. **DON'T KNOW**

- ☐ 16. The promotional process is fair and based on ability, knowledge, and skills.
- ☐ 17. I am satisfied with the personnel and administrative support I receive.
- ☐ 18. There are realistic opportunities for advancement.
- ☐ 19. Outstanding performance is recognized.
- ☐ 20. I am happy in my job and I do not plan to seek employment elsewhere.
- ☐ 21. I am sufficiently paid for my job responsibilities.

PART IV: Equal Employment Opportunity and Sexual Harassment

Equal Employment Opportunity (EEO) refers to the fair, just and equitable treatment of all employees regardless of race, color, religion, national origin, sex, age, marital status, personal appearance, sexual orientation, family responsibilities, matriculation, physical handicap, or political affiliation. (D.C. Municipal Regulations, Title 4, 101.1).

Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when the following occurs:

- a. Submission to such conduct is made either explicitly or implicitly a term or condition of employment.
- b. Submission to or rejection of such conduct by an employee is used as the basis for employment decisions affecting the employee; or

APPENDICES

PART IV: Equal Employment Opportunity and Sexual Harassment

- c. The conduct has the purpose or effect of unreasonably interfering with an employee's work performance or creating an intimidating, hostile, or offensive working environment.

Sexual harassment may include, but is not limited to, verbal harassment or abuse, subtle pressure for sexual activity, patting or pinching, brushing against another employee's body, and demands for sexual favors. (D.C. Municipal Regulations, Title 4, 199.1).

Legend: **A. STRONGLY AGREE** **B. AGREE** **C. DISAGREE**
 D. STRONGLY **E. DON'T KNOW**
 DISAGREE

- ☐ 22. SEO has a published EEO policy, a trained EEO counselor, and a trained EEO officer.

- ☐ 23. I have experienced discrimination while working at SEO. (If you agree, please explain.)

- ☐ 24. I have been sexually harassed while working at SEO. (If you agree, please explain.)

- ☐ 25. I am aware of the District's policy that protects employees (against retaliation), regarding the reporting of illegal and/or unethical actions.

- ☐ 26. Employees who report and identify illegal and/or unethical actions are protected.

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PART V: Policies and Procedures

Legend: A. **STRONGLY AGREE** B. **AGREE** C. **DISAGREE**
D. **STRONGLY DISAGREE** E. **DON'T KNOW**

- ☐ 27. There are clear, written policies and procedures that cover all aspects of my duties and responsibilities.
- ☐ 28. Management follows objective standardized procedures when reviewing my work.
- ☐ 29. Current procedures for reporting time and attendance are satisfactory.

PART VI: Duties and Responsibilities

Legend: A. **STRONGLY AGREE** B. **AGREE** C. **DISAGREE**
D. **STRONGLY DISAGREE** E. **DON'T KNOW**

- ☐ 30. I have a job description that I have read and understand.
- ☐ 31. My job description accurately reflects my daily assignments. (If you disagree, please explain.)
- _____
- _____
- _____
- _____
- _____
- ☐ 32. I have the equipment and resources I need to do my job. (If you disagree, please explain.)
- _____
- _____
- _____
- _____

PART VI: Duties and Responsibilities

Legend: A. **STRONGLY AGREE** B. **AGREE** C. **DISAGREE**
D. **STRONGLY DISAGREE** E. **DON'T KNOW**

APPENDICES

DISAGREE

- ☐ 33. I am allowed to make decisions that should be made at my level in the organization.

PART VII: Managing Assignments

Legend: A. STRONGLY AGREE B. AGREE C. DISAGREE
D. STRONGLY DISAGREE E. DON'T KNOW

- ☐ 34. Assignments are fairly distributed and are manageable.
- ☐ 35. My supervisor is available to assist with work related issues.

PART VIII: Work Standards and Performance Evaluations

Legend: A. STRONGLY AGREE B. AGREE C. DISAGREE
D. STRONGLY DISAGREE E. DON'T KNOW

- ☐ 36. There are performance standards for my duties.
- ☐ 37. I receive performance counseling during the rating period and there are no surprises in my performance evaluations.
- ☐ 38. I received a copy of my last performance appraisal.

PART IX: Training

Legend: A. STRONGLY AGREE B. AGREE C. DISAGREE
D. STRONGLY DISAGREE E. DON'T KNOW

- ☐ 39. There are training opportunities available.

PART IX: Training

Legend: A. STRONGLY AGREE B. AGREE C. DISAGREE
D. STRONGLY DISAGREE E. DON'T KNOW

APPENDICES

☐ 40. The training I have received while at SEO was helpful.

☐ 41. My manager regularly reviews my training plan with me.

PART X: Communication

Legend: A. **STRONGLY AGREE** B. **AGREE** C. **DISAGREE**
D. **STRONGLY DISAGREE** E. **DON'T KNOW**

☐ 42. SEO has an employee complaint system.

☐ 43. The employee complaint system works well and concerns are resolved in a timely manner.

☐ 44. This organization has effective communication between and among all levels of personnel.

☐ 45. We have done a satisfactory job of educating the public about SEO and its purpose.

Please write your responses to the following questions.

46. What are the top three things you would like to see improved at SEO?

Please write your responses to the following questions.

47. What is being done well at SEO?

APPENDICES

48. What is not being done well at SEO?

49. Are you aware of any fraud or other illegalities, waste, abuse or favoritism in any area of SEO? If so, please explain.

APPENDICES

50. What is the most significant issue facing SEO in the year ahead?

Thank You

APPENDIX 3

APPENDICES



GOVERNMENT OF THE DISTRICT OF COLUMBIA

Executive Office of the Mayor

State Education Office

December 15, 2005

Dear

After reviewing the appropriate District of Columbia laws and regulations on licensing college programs, I must inform you that Residency Sessions do not meet the requirement for licensure in the District. Our law requires us to license those educational programs that have a continuous physical presence in the District. As your program will be periodically renting space to conduct the Residencies, it does not meet the standard outlined in the law. can conduct these meetings in the District without any concern about violating any current regulation or law.

However, the Educational Licensure Commission is very interested in establishing a continuing relationship with on-line programs that recruit District of Columbia students. Although the law in the District does not currently apply to these programs, we anticipate future changes and are interested in creating an On-line School Database to assist us in formulating appropriate legislation. Our first step will be a questionnaire. I will contact you as soon as our questionnaire has been completed and approved by the State Education Officer and the Educational Licensure Commission.

Thank you for your patience and cooperation.

Sincerely,

Educational Compliance Specialist

441 4th Street NW, Suite 350 North, Washington, DC 20001
Phone: 202-727-6436 Fax: 202-727-2019

APPENDICES



GOVERNMENT OF THE DISTRICT OF COLUMBIA

Executive Office of the Mayor

State Education Office

TO:

FROM:

SUBJECT: ELC Policy on Licensure of Online Schools

DATE: January 17, 2006

It has been the practice of the Educational Licensure Commission to require licensure of those educational institutions that propose to conduct educational programs in the District of Columbia and that have an actual physical presence in the District. The "physical presence" may consist of a building or space in a building that is owned or leased by the institution in which instruction takes place.

At this time, the Educational Licensure Commission is not requiring licensure for on-line schools who only have administrative offices in the District or who recruit District residents to participate in their programs.

We understand that the current legislation will have to be amended in order to incorporate online schools into the regulations.

441 4th Street NW, Suite 350 North, Washington, DC 20001
Phone: 202-727-6436 Fax: 202-727-2049

APPENDICES

March 27, 2006

Dear

Thank you for your letter informing the Commission about the challenges you have faced in securing a location in the Washington, District of Columbia.

It is the opinion of the Commission that the is in good standing through October 31, 2006. Thus, your request for an extension through August 2006 is not necessary. Our records show that the Commission voted to approve your application for licensure at its June 23, 2005 public meeting. This approval was “for a period not to exceed October 31, 2006” and contingent upon your securing space and having a site visit conducted by Commission staff.

Concerning your question about agents, the laws governing the licensure of “agents” are currently not applicable to postsecondary degree-granting educational institutions.

I trust that this is helpful information. Should you have further questions, please call me at

Sincerely,

Director
Education Programs