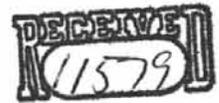


Addendum to the Audit Report

After the issuance of the final of Office of the Inspector General's (OIG) Audit of Grants Awarded by the Department of Health's Community Health Administration (OIG No. 08-2-04HC), we received the attached response from Easter Seals Greater-Washington Baltimore Region, Easter Seals Child Development Center (Easter Seals).

While we did not direct recommendations to Easter Seals, a subgrant recipient included in our audit, we did provide them with a courtesy copy of our draft report. Based on the comments provided, we reexamined our facts and conclusions and determined that our report is presented fairly.

A copy of the response received in its entirety is attached.



2009 OCT 27 PM 3: 24



Response to Audit of Grants Awarded by the Department of Health's Community Health Administration (OIG No. 08-2-04HC)

To: Government of the District of Columbia, Office of the Inspector General,
Charles J. Willoughby
From: Lisa Reeves, President and CEO, Easter Seals of Greater Washington-Baltimore Region
Date: 10/16/09

Representatives from Easter Seals met with _____, and _____ with the Office of the Inspector General on October 15, 2009. The purpose of the meeting was to discuss and clarify information presented in the OIG's audit of funds received by Easter Seals (and other non-profits) from DOH/CHA. The following points were discussed at this meeting:

-Easter Seals' staff received written pre-authorization and approval from the DC Department of Health/Community Health Administration staff for all grant funds prior to being spent. All funds received by Easter Seals went to provide direct and indirect services to children with special needs and their families. All activities were clearly outlined in monthly narrative reports and all invoices were paid in full by DOH.

-\$4027 was used for training costs. Although staff training was not outlined in the written grant agreement, DOH/CHA staff encouraged and authorized the use of funds to send Easter Seals' staff members to Autism trainings. The request by DOH/CHA staff for funds to be used for this purpose is in writing and was subsequently provided to staff accordingly.

-The audit indicated missing documentation for 33 visits. In a documentation review by Easter Seals, notes were found for 285 of the 292 therapy visits billed to the grant agreement.

-The audit cites that "By September 30, 2007...Easter Seals had provided services to only four children...two that were Medicaid eligible". The 4 children billed by September 30, 2007 were all Medicaid **ineligible**. Three children seen after September 30, 2007 were eligible for Medicaid, but either had lapses in their Medicaid coverage or were no longer authorized by Medicaid for therapies provided by Easter Seals that were part of these children's care plans. Medicaid status does not mean that all services that a child needs are covered by Medicaid.

-For 50 years, Easter Seals has been working to increase the independence and improve the educational and developmental outcomes of a diverse population of children with and without special needs living in the District of Columbia. We highly value and greatly appreciate our public and private partnerships to help us to continue to provide quality, family-focused services that help people with disabilities live better lives. All funds from this grant were used to fulfill this mission and were conducted within the parameters of guidance given to us, in writing, by the grant administrators.

Cc: Pierre Vigilance

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

**AUDIT OF GRANTS AWARDED BY
THE DEPARTMENT OF HEALTH'S
COMMUNITY HEALTH ADMINISTRATION**



**CHARLES J. WILLOUGHBY
INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



September 23, 2009

Pierre N. D. Vigilance, MD, MPH
Director
Department of Health
825 North Capitol Street, N.E., Suite 4400
Washington, D.C. 20002

Dear Dr. Vigilance:

Enclosed is our final report summarizing the results of the Office of the Inspector General's (OIG) *Audit of Grants Awarded by the Department of Health's Community Health Administration* (OIG No. 08-2-04HC). This audit was conducted in response to allegations of waste and mismanagement in the administration of four grants awarded by the Community Health Administration.

Our draft report directed 10 recommendations to the Director, Department of Health (DOH) that represent actions considered necessary to correct the deficiencies described in this report. These recommendations focus on improving the administration and management oversight of grants awarded by CHA; initiating actions to recover from subrecipients disallowed costs of \$47,326; and evaluating the need for additional recovery of all or part of \$52,068 in questioned costs.

The Director, DOH provided a written response to a draft of this report on August 17, 2009. We reviewed the response and consider actions taken and planned by DOH to be responsive and meet the intent of our recommendations. However, DOH did not provide us with planned action dates for Recommendations 4, 5, and 7. Accordingly, we are requesting that DOH provide us with dates of their planned actions. The full text of DOH's response is included at Exhibit E.

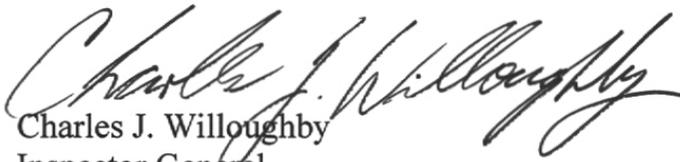
While we did not direct recommendations to the four subrecipients discussed in our report, we provided a courtesy copy to each. We received written responses from Faces of Our Children (FACES) and Quality Trust on August 17, 2009. The full texts of the responses are included at Exhibits F and G.

Dr. Vigilance, Director, DOH
September 23, 2009
OIG No. 08-2-04HC - Final Report
Page 2 of 4

FACES disagreed with our conclusion that some purchases made were wasteful, excessive, or unnecessary. FACES also questioned several amounts we considered as disallowed costs that were reimbursed to FACES by DOH. Accordingly, we reexamined our facts and calculations and made minor revisions to questioned costs where necessary. However, our conclusions were based on facts identified during the audit and remain unchanged.

We appreciate the cooperation and courtesies extended to our staff during the audit. If you have questions, please contact William J. DiVello, Assistant Inspector General for Audit, at (202) 727-2540.

Sincerely,



Charles J. Willoughby
Inspector General

CJW/ws

Enclosure

cc: See Distribution List

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Mrs. Tina M. Campanella, Executive Director, Quality Trust (1 copy)

Mr. Sohail Rana, MD, Howard University Hospital, District of Columbia Greater Access to Pediatric Sickle Cell Services (1 copy)

Mr. Donald L. Cash, Sr., President, Faces of Our Children, Inc. (1 copy)

**AUDIT OF GRANTS AWARDED BY DEPARTMENT OF HEALTH'S
COMMUNITY HEALTH ADMINISTRATION**

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EXECUTIVE DIGEST

OVERVIEW

Enclosed is our final report summarizing the results of the Office of the Inspector General's (OIG) Audit of Grants Awarded by the Department of Health's Community Health Administration (OIG No. 08-2-04HC). This audit was conducted in response to allegations of waste and mismanagement in the administration of four grants awarded by the Department of Health (DOH), Community Health Administration (CHA). Our review of the specific allegations is contained in Exhibit A, Allegations and Audit Results.

Our audit disclosed some of the same conditions noted in previous OIG reports (see the Prior Audit Coverage section of this report). These conditions include inadequate program monitoring for deliverables and a lack of accountability over grant expenditures.

CONCLUSION

The audit disclosed that \$235,000 in Title V, Maternal and Child Health Services Block Grant funds awarded by CHA officials to four subrecipients had not been properly used in accordance with the subgrant agreements. The subrecipients expended almost \$100,000 of the funds for items and/or services that did not directly relate to the general or specific requirements as stated in the subgrant agreements, or could not document or support expenditures. For example, one subgrantee purchased quantities of materials well in excess of needs and the associated costs were paid by the District.

The failure of the subrecipients' compliance with the subgrant requirements, coupled with inadequate program oversight on the part of CHA officials, resulted in the expenditure of grant funds for unintended purposes. More importantly, the conditions under which the subgrants were awarded and managed placed the District government at an increased risk of fraud, waste, and abuse. Of the \$235,000 awarded to the four subrecipients, we questioned or disallowed \$99,335 in costs that were reimbursed to the four subrecipients.

The audit also disclosed that CHA officials used a flawed process to award the four subgrants on a sole source basis. The process used by CHA circumvented normal subgrant award protocols and disregarded established criteria for awards of subgrants. Further, the officials did not obtain approval from the Director of DOH for the sole source selections of three subgrant awards. Also, the funds awarded by CHA to the subrecipients in July 2007 needed to be expended by September 30, 2007, or returned to the federal government. The short timeframe in which the subgrants were to be performed contributed to subgrant funds not being spent in the most efficient and economical manner.

EXECUTIVE DIGEST

Additionally, three CHA employees and an intern may have violated District ethics laws and standards of conduct by having direct involvement in the operations of the programs of two of the subrecipients while also taking part in the subgrant award and selection process and conducting performance monitoring duties and responsibilities. Apparent conflicts of interest occurred when the CHA Grant Administrator and one staff member served on the Advisory Board of one subrecipient, and one CHA staff member served on the Advisory Board of two subrecipients. The conflict of interest involving the intern occurred when the intern was employed by CHA and the subrecipient concurrently.

As a result, an apparent conflict of interest existed for the four CHA employees, which, in our opinion, may have provided the subrecipients an unfair advantage in the award and selection process. Situations of this nature undermine public confidence and trust in the District government.

MANAGEMENT ACTIONS

We met with CHA officials during the audit to discuss the deficiencies described in our report. The officials generally agreed with our conclusions and have initiated action to recover funds from one of the subrecipients. The officials also stated that they are planning to have all responsible CHA employees participate in a Grants Management Certificate Program.

SUMMARY OF RECOMMENDATIONS

We directed 10 recommendations to the Director, Department of Health that focused on improving the administration and management oversight of grants awarded by CHA. The recommendations emphasize the need for performance monitoring and ensuring that employees follow established policies and procedures. Further, actions should be initiated to recover from subrecipients disallowed costs of \$47,326 and to evaluate the need for additional recovery of all or part of \$52,009 in questioned costs.

A summary of the potential benefits resulting from the audit is shown at Exhibit D.

INTRODUCTION

BACKGROUND

The mission of the Department of Health (DOH) is to promote and protect the health, safety, and quality of life of residents, visitors, and those doing business in the District of Columbia (District). DOH's responsibilities include: identifying health risks; educating the public; preventing and controlling diseases, injuries, and exposure to environmental hazards; promoting effective community collaborations; and optimizing equitable access to community resources.

Community Health Administration. The Community Health Administration (CHA) is an administration within DOH, formerly the Maternal and Primary Care Administration. CHA's overall objectives are to improve health outcomes for all residents of the District of Columbia with emphasis on women, infants, and children, including children with special healthcare needs and other vulnerable groups such as those with a disproportionate burden of chronic disease and disability. To this end, CHA provides programs and services to promote coordination among the healthcare systems of the District and to enhance access to effective prevention, and primary and specialized medical care. CHA embraces the values of accountability, collaboration, and initiative in the pursuit of its mission and fosters public participation in the design and implementation of programs.

Children with Special Health Care Needs Bureau. The Children with Special Health Care Needs Bureau (CSHCN) is an arm of CHA that develops and promotes an integrated system of care to ensure the delivery of comprehensive, continuous, coordinated, culturally-competent, family-centered, and community-based services for children and youth with or at increased risk of special healthcare needs in the District of Columbia. CSHCN programs promote the concept of a medical home to ensure that all children with special healthcare needs have access to primary care providers, such as licensed pediatricians and family practice physicians. The responsibilities of CSHCN include, but are not limited to:

- Special Needs Planning;
- Universal Newborn Metabolic Screening;
- Newborn Hearing Screening;
- Genetic Services;
- Care Coordination and Transition Programs; and
- Special Programs for Asthma and Sickle Cell Disease.

Subgrant Agreements. CHA awarded four subgrants during July 2007 with a combined value of \$235,000. The requirements of the subgrants, including deliverables, were to be completed by September 30, 2007. These grants were awarded based on CHA officials'

INTRODUCTION

determination that \$400,000¹ in residual grant funds had to be spent in accordance with requirements of the Title V Maternal and Child Health Services Block Grant (Title V grant). In the requirements of the Title V grant, a percentage of funds must be allocated for children with special healthcare needs.² CSHCN program officials are responsible for administering and ensuring that deliverables meet this requirement.

The following providers received the four subgrants in the amounts indicated: Easter Seals Greater Washington-Baltimore Region (\$50,000); the Quality Trust (\$60,000); the Howard University Hospital, District of Columbia Greater Access to Pediatric Sickle Cell Services Project (\$25,000); and Faces of Our Children (\$100,000). Below is a summary explaining the general and specific requirements relative to each subgrant.

1. Easter Seals Greater Washington-Baltimore Region (Easter Seals). The general requirements of this subgrant agreement were to provide Medicaid-ineligible families with access to specialty services for children with a wide range of disabilities and developmental delays. The services to be provided by Easter Seals included physical, occupational, and speech/language therapy for up to 50 eligible children under the age of 5 years.

Specific subgrant agreement requirements included providing one or more early intervention services such as audiology services, health services, physical therapy, speech-language pathology, family training, counseling, and home visits. Easter Seals was also required to maintain accurate ongoing therapy notes for each service provided as well as sufficient therapy supplies and assessment tools.

2. Quality Trust. The general requirements of this subgrant agreement were to support ongoing activities of the Family Empowerment Center (FEC), a community-based center available to families with children who have special healthcare needs. The FEC activities included increasing knowledge of resources and services available to this population of children, and assisting in the navigation of family-centered services throughout the District.

Specific subgrant agreement requirements provided that CSHCN would make referrals to assist families in obtaining the services and support for their children with special healthcare needs. The agreement also required Quality Trust to provide a centralized location where families of children with special healthcare needs could receive advice about obtaining services, support, and information across the child's life span. Quality Trust would also participate in the evaluation and assessment of services provided to program participants.

¹ According to DOH officials, the remaining \$165,000 was awarded to various subrecipients. Our audit did not encompass a review of those awards.

² Specifically, 30 percent of Title V funds must be spent on children with special healthcare needs.

INTRODUCTION

3. Howard University Hospital, District of Columbia Greater Access to Pediatric Sickle Cell Services Project (DC GAPS). The overall objective of the subgrant agreement was to provide families of children with sickle cell disease and sickle cell traits with access to a medical home. DC GAPS was to accomplish this by providing families with follow up services to include: care coordination; genetic counseling; pediatric services; specialty care services; and general sickle cell education. Also, DC GAPS was to develop an educational tool to increase the general public's knowledge of sickle cell disease.

Specific subgrant agreement requirements included developing and distributing educational tools designed to educate persons about sickle cell disease, sickle cell traits, and the importance of making informed reproductive decisions. These tools included educational videos, public service announcements on cable television, transit advertisements, and symposiums. DC GAPS also was to collaborate with FACES in the development of the Annual Sickle Cell Walk and Sickle Cell Month Activities.

4. Faces of Our Children (FACES). Overall, the general requirement of this grant agreement was to provide sickle cell disease education sessions to school-aged children in DC recreation centers and at public events to increase knowledge of sickle cell disease and convey the importance of being aware of an individual's sickle cell status.

Specific subgrant recipient requirements of the agreement included participating in the evaluation and assessment of program participants and conducting testing to ascertain the participant's knowledge of sickle cell disease before and after the session. FACES was to provide participants with an incentive after completion of each session. Further, FACES was also required to provide technical assistance and support in collaboration with DC GAPS in the development of the Annual Sickle Cell Walk and Sickle Cell Month activities.

OBJECTIVES, SCOPE, AND METHODOLOGY

The overall objectives of the audit were to determine whether CHA: (1) awarded grants in a efficient, effective, and economical manner; (2) complied with requirements of all applicable law, rules, regulations, policies, and procedures; and (3) established internal controls to safeguard against waste, fraud, and abuse. Additionally, we determined whether the complainant's allegations of waste and mismanagement in administering four CHA grants had merit.

INTRODUCTION

To accomplish our objectives, we conducted interviews with responsible CHA officials to obtain a general understanding of their processes for administering and monitoring grants. We also reviewed applicable laws, regulations, policies, and procedures. We met with officials of Easter Seals, Quality Trust, DC GAPS, and FACES. We evaluated the subgrant agreements and related records, as well as pertinent documents maintained by CHA and the subrecipients. In addition, we met with officials from the Office of the Chief Financial Officer to review the payment process.

We relied on computer-processed data from the System of Accounting and Reporting (SOAR) to obtain summary information on the total amount paid to the subrecipients from July 1, 2007, through December 31, 2007. We did not perform a formal reliability assessment of the computer-processed data because the SOAR system reliability tests were performed previously as part of the audit of the Comprehensive Annual Financial Report (CAFR).

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

PRIOR AUDIT COVERAGE

Over the past few years, the OIG has completed four audits covering grants management issues within DOH. Additionally, the DC Appleseed Center focused on the grant monitoring areas in a report published in August 2005. The narrative below summarizes the deficiencies discussed in those reports. The deficiencies noted on grant monitoring and accountability over grant expenditures in the three OIG reports cited below were repeat findings (see Finding 1).

Audit of the Department of Health's Administration for HIV Policy and Programs and Grants Management OIG No. 07-2-06HC, dated October 15, 2008. The audit indicated that the Department of Health HIV/AIDS Administration's (HAA) maintenance over contract files and records was inadequate. We found numerous contract files where documents required to be maintained in the file folders were missing. The contract administration function in HAA lacked effective management oversight, which resulted in noncompliance with certain District laws and regulations.

HAA also needed to improve controls over the grant award process. We found that reviews of awarded subgrants to HIV/AIDS care providers were not conducted consistently among the divisions within HAA. Further, HAA had inadequate controls over the program

INTRODUCTION

monitoring of subgrantee deliverables. HAA's fiscal accountability over grant budgets and expenditures also needed improvement. As a result, HAA was unable to provide accurate budget and expenditure reporting data.

Follow-up Audit of the Department of Health's Administration for HIV Policy and Programs, OIG No. 06-2-23HC, dated October 20, 2006. The audit indicated that DOH/HAA had only implemented five of seven previously agreed-to recommendations to improve monitoring and oversight of subgrantees that provide HIV/AIDS services to District residents. This audit identified problems with grant monitoring that were previously reported in OIG No. 04-2-05HC. Specifically, grant management specialists did not perform the required number of site visits or adequately maintain subgrantee files, and management did not sufficiently ensure that the grant monitors performed their duties. We also found that DOH/HAA did not always ensure that subgrantees were operating under proper District licensure. In fact, some subgrantees' Articles of Incorporation had been revoked. Additionally, DOH/HAA did not ensure that Medicaid-eligible subgrantees were certified to receive Medicaid funding (reimbursement) before requests for reimbursement were disbursed from grant funds.

Audit of the Department of Health HIV/AIDS Administration, OIG No. 04-2-05HC, dated June 22, 2005. The audit indicated that the HIV/AIDS Administration (HAA) needed to improve monitoring and oversight of subgrantees that provide HIV/AIDS services to District residents. The report noted that grant management specialists did not perform the required number of site visits, prepared questionable site visit reports, inadequately maintained subgrantee files, failed to ensure that subgrantees were providing services as agreed, and HAA management did not sufficiently ensure that grant monitors performed their duties. Our audit also disclosed that HAA did not always provide timely reimbursement to subgrantees and, in some cases, took over 90 days to reimburse the subgrantees.

Additionally, we found that fiscal accountability over grant budgets and expenditures was inadequate. HAA could not provide us with budget and expenditure information related to individual grant reviews. There were insufficient internal controls in place to ensure that HAA effectively and efficiently used HIV/AIDS grant funding.

HIV/AIDS in the Nation's Capital – Improving the District of Columbia's Response to a Public Health Crisis. Published by the DC Appleseed Center in August 2005, this report was prepared jointly by the DC Appleseed Center and Hogan & Hartson, LLP. The report provided seven chapters containing detailed findings and numerous recommendations concerning the District's response to the HIV epidemic. One chapter contained findings similar to our audit findings dealing with improving the management of grants made to private HIV/AIDS service providers. The report indicated that the District should improve its grant management process and use available funding more efficiently.

INTRODUCTION

Audit of the District of Columbia Department of Health's Management of the Ticket to Work Demonstration Waiver Program, OIG No. 04-1-18MA, dated May 18, 2005. The audit disclosed that DOH did not comply with the matching funds requirement provisions contained in the Centers for Medicare and Medicaid Services (CMS) Grant Solicitation. DOH obligated the District to incur program costs projected at \$12.1 million for the period January 1, 2002, through December 31, 2007, without establishing an approved budget to fund the District's share of program costs. Our review showed that the Ticket to Work Demonstration Waiver Program incurred approximately \$7.5 million in expenditures, none of which were paid with District funds.

Further, DOH's noncompliance with the matching funds requirement provisions of the grant solicitation placed the District at an increased risk of forfeiting the remaining balance of grant funds, which were in excess of \$21 million.

FINDINGS AND RECOMMENDATIONS

FINDING 1: USE OF GRANT FUNDS

SYNOPSIS

The audit disclosed that \$235,000 in Title V, Maternal and Child Health Services Block Grant funds awarded by CHA officials to four subrecipients had not been properly utilized. Specifically, the subrecipients expended almost half of the funds for items and/or services that did not directly relate to the general or specific requirements of the subgrant agreements. We attributed this condition mainly to the failure of the subrecipients to comply with major provisions of the subgrant agreements including Scope of Services, Program Close Out, and Reimbursement. Other contributing factors include poorly written grant terms and conditions, as well as the failure of CHA officials to monitor program performance.

As a result, a major portion of the grant funds was not spent for their intended purposes. More importantly, these conditions placed the District government at an increased risk of fraud, waste, and abuse. Based on our review, we disallowed or questioned costs of \$99,394 that were reimbursed to the four subrecipients.

DISCUSSION

The Title V grant requires that 30 percent of the funds be spent on children with special healthcare needs. In May of 2007, senior officials within CHA realized that \$400,000 in Title V grant funds from FY 2006 had to be spent by the end of FY 2007 (September 30, 2007) or returned to the federal government. In an effort to get closer to meeting the 30 percent threshold, CHA officials requested that the CSHCN Bureau Chief submit a spending plan for the remaining \$400,000. From this spending plan, four subgrant agreements were developed as shown in Table 1 below.

TABLE 1. SUBGRANT AWARDS

Subrecipients	Grant Agreement Date	Amount
Easter Seals	July 31, 2007	\$50,000
Quality Trust	July 20, 2007	\$60,000
DC GAPS	July 23, 2007	\$25,000
FACES	July 25, 2007	\$100,000
Total		\$235,000

FINDINGS AND RECOMMENDATIONS

Payment Certification. As a part of our review, we examined invoices submitted by each of the subrecipients. The subgrant agreements required the subrecipients to submit bills/invoices by the 5th of each month. However, we determined that none of the subrecipients fully complied with this provision of the subgrant agreement. Table 2 below lists the subrecipients and subgrant amounts, the amounts invoiced by each subrecipient as of September 5, 2007, and September 21, 2007, and the amount invoiced after September 21, 2007.

TABLE 2. INVOICE TRACKING OF THE FOUR SUBGRANTS AWARDED

Subrecipients	Subgrant Amounts	Amounts Invoiced as of 9/05/07	Amounts Invoiced as of 9/21/07	Amounts Invoiced after 9/21/07	Total Amount Invoiced
Easter Seals	\$50,000	-0-	\$19,469	\$30,531	\$50,000
Quality Trust	\$60,000	-0-	-0-	\$35,946	\$35,946 ³
DC GAPS	\$25,000	-0-	-0-	\$25,000	\$25,000 ⁴
FACES	\$100,000	\$32,000 ⁵	\$63,800	\$4,200	\$100,000

As shown above, by September 5, 2007, none of the subrecipients had submitted an invoice. By September 21, 2007, Easter Seals submitted one invoice in the amount of \$19,469, FACES had invoiced for \$95,800, and DC GAPS and Quality Trust had not submitted any invoices.

Article XII, Paragraph A of the subgrant agreement states: “On or before the 5th business day of each month, the grantee must provide an invoice (DHS Form 1713)⁶ for the prior months’ expenditures with supporting documentation as evidence of expenditures. A narrative programmatic report and a statistical report must also accompany invoices.” We noted that all of the subgrant agreements were signed by July 31, 2007, but none of the subrecipients had submitted an invoice until September 21, 2007. Therefore, we concluded that three of the four subrecipients (Easter Seals, Quality Trust, and FACES) did not comply with this provision of the grant agreement because services were rendered before September 5, 2007, the first possible billing date.

³ Quality Trust did not provide services for the entire grant amount of \$60,000. Quality Trust invoiced CHA \$35,946 for services provided and returned \$24,053 to CHA, prior to the completion of the audit.

⁴ We determined that the invoice submitted to CHA by DC GAPS was inadequate because we could not find support for the invoice.

⁵ An amount of \$32,000 was paid to FACES by CHA officials as an advance of funds for start-up costs to cover the Summer Sickle Cell Education Program.

⁶ CHA could not provide us with an official copy of this form, although it is referenced in the subgrant agreements.

FINDINGS AND RECOMMENDATIONS

Subgrant Requirements, Deliverables, and Costs. The following discussion addresses the subgrant requirements, service deliverables, and our review of costs billed by each subrecipient.

Easter Seals. The general requirement for Easter Seals was to provide Medicaid-ineligible families with access to specialty services for children with a wide range of disabilities and developmental delays. These services included physical, occupational, and speech/language therapy for up to 50 eligible children under the age of 5 years. Also, Easter Seals was tasked with 11 specific requirements under the subgrant agreement. (See the Background section of this report for a discussion on specific requirements.)

The subgrant agreement was for \$50,000 and the period of services was from May 1, 2007, to September 30, 2007. However, Easter Seals did not sign the agreement until July 31, 2007. This issue was discussed with CHA officials who could not provide specific information as to why the agreement was signed 3 months after the intended effective date.

After the grant period expired on September 30, 2007, Easter Seals was granted a 90-day extension of time to continue to provide services. We were not provided with any documentation to indicate that Easter Seals requested the extension or the reason for the same. We noted that the extension was given on November 9, 2007, or 5 weeks after the subgrant agreement had expired (see Finding 2 for a detailed discussion on this matter).

Easter Seals invoiced CHA for \$19,468.90 for services provided to four children during the period May through August 2007. However, from October 1 to November 9, 2007, Easter Seals provided services to 4 more children bringing the total number of children served to 8, 42 short of the subgrant agreement goal of 50. For the four children provided services during that extended period, Easter Seals submitted an invoice for \$30,531.10 and received payment from CHA. The extended subgrant period ended on December 31, 2007.

Review of Billed Costs. The two invoices billed to the District totaled \$50,000, the amount of the grant agreement. Of this total, we noted that Easter Seals invoiced \$4,027 for training costs associated with Easter Seals staff members. However, staff training was not an allowable cost in accordance with the subgrant agreement. Also, Easter Seals could not provide documentation to support \$3,300 for speech and physical therapy services billed to CHA. Therefore, we disallowed costs in the amount of \$4,027 and questioned costs of \$3,300 that were reimbursed by CHA to Easter Seals.

Medicaid Eligibility. By September 30, 2007 (the initial subgrant expiration date), Easter Seals had provided services to only four children, two of which were not eligible for Medicaid coverage and two that were Medicaid eligible. We noted that the general requirements of the subgrant agreement explicitly stated that services were to be provided to “Medicaid-ineligible” families. CHA officials were unaware of the Medicaid status of the four children until notified by us. We did not determine whether Medicaid had been billed or paid for any of the services (potential duplicate payments) provided to the two children who were Medicaid eligible. CHA

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should conduct a review of this matter and recover from Easter Seals any duplicate payments made.

With respect to deliverables, Easter Seals provided services to two children in accordance with the terms of the grant. Five weeks after the grant period expired, Easter Seals received an extension of time to continue to provide services and provided service to four additional children. We made no determination as to whether these children met the requirements of the subgrant agreement. However, we noted that the number of children to be served in accordance with the subgrant agreement was a maximum of 50, for a grant award of \$50,000 or \$1,000 per child. However, the grant agreement did not specify that Easter Seals would be reimbursed on the basis of \$1,000 per child. For this agreement, only eight children were served at a cost of more than \$6,000 per child.

Quality Trust. The grant agreement with Quality Trust was to support ongoing activities of the Family Empowerment Center (FEC), a community based center available to families with children with special healthcare needs. The FEC would also engage in activities to increase knowledge of resources and services for this population of children, and assist in the navigation of family-centered services throughout the District. The amount of this agreement was \$60,000 and the period of services was from July 20, 2007, to September 30, 2007.

In addition to the agreement's general requirement, there were 13 specific requirements that Quality Trust was to meet in order to fulfill the requirements of the grant agreement. One of the requirements was for Quality Trust to receive and accept 50 referrals from the CSHCN Bureau to assist families in obtaining the services and support for their children with special healthcare needs. However, we noted that Quality Trust received only three referrals. Two of the referrals were received after the subgrant had expired and the other was received before the subgrant was awarded.

After the grant period expired, Quality Trust received a 90-day extension of time to continue to provide services. We were not provided with any documentation to indicate that Quality Trust actually requested an extension or the reason for the same. We noted that the extension was given on November 9, 2007, or 5 weeks after the subgrant agreement had expired (see Finding 2 for a discussion on this matter).

Review of Payments. Our review disclosed that Quality Trust did not provide the District with all of the services as described in the grant agreement by September 30, 2007. Although Quality Trust had not provided services, it received a check from CHA for \$60,000 on October 24, 2007. However, we noted that the check was not delivered to Quality Trust; instead, it was delivered to FEC, and remained in FEC's possession for 3 months. We discussed this matter with the Executive Director of Quality Trust on January 23, 2008, who did not provide us with an explanation.

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Notwithstanding these events, Quality Trust submitted two invoices for services performed for CHA. One invoice was submitted to CHA on January 17, 2008, for \$14,389.47 (covering services for the period of July through September 2007) and another on March 26, 2008, for \$21,557.01 (covering services performed after the initial grant period had expired). Prior to the completion of our audit, Quality Trust returned \$24,053.52 to CHA.⁷

In conclusion, we were not provided with any documentation showing that Quality Trust received any referrals in accordance with the grant agreement from the CSHCN Bureau for the period of the agreement July 20, 2007, to September 30, 2007. Therefore, we question the amount reimbursed by CHA to Quality Trust for costs incurred totaling \$35,946.48. Further, we noted that the number of children to be served in accordance with the subgrant agreement was a maximum of 50 (for a grant award of \$60,000, a cost of \$1,200 per child). Quality Trust only served three children at a cost of 35,946, or \$11,985 per child.

DC GAPS. The general requirement of this grant agreement was to provide families of children with sickle cell disease and sickle cell traits with access to a medical home. DC GAPS agreed to provide families with follow-up services for their children to include care coordination, genetic counseling, pediatric services, specialty services, general sickle cell disease education, and an educational tool to increase the general public's knowledge of sickle cell. The grant agreement was for \$25,000 and the period of services was from July 23, 2007, to September 30, 2007. In order for DC GAPS to meet the requirements of the grant agreement, DC GAPS had to meet six specific requirements.

Review of Grant Performance. The review disclosed that DC GAPS did not meet the general or the specific requirements in the Scope of Work of the subgrant agreement to ensure that families of children with sickle cell disease had access to a medical home.

We held a meeting with the Director of DC GAPS in an effort to obtain documentation to support work performed by his organization in accordance with all subgrant agreement general and specific requirements. At that time, the Director could not provide us with evidence to support any work performed. We informed the Director that one of the six specific requirements was to develop an educational tool designed to educate persons about sickle cell disease (such as a video) and that DC GAPS was required to provide this educational tool to CHA. The Director stated, "Where in the grant does it say that I am required to deliver CHA anything?"

We also asked the Director to explain the manner in which the subgrant was awarded to his organization. His response was that a CHA official came to him hurriedly, asked that he sign the agreement, and told him that the funds could be used to supplement his current operating budget. Based on this discussion, we requested that DC GAPS provide bank deposit records to show, at a

⁷The subgrant agreement with Quality Trust was for \$60,000. Quality Trust billed CHA in the amount of \$35,946 for services provided and returned the remainder (\$24,054) to CHA.

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minimum, that grant funds received were properly deposited into bank account(s) maintained by DC GAPS.

To date, the requested bank records have not been provided to the OIG. Therefore, we disallowed the total amount of grant funds provided to DC GAPS by CHA (\$25,000) and believe that it should be returned to the District government. We note that prior to the completion of this audit, CHA initiated action to recover funds from DC GAPS.

FACES. The general requirement of the subgrant agreement with FACES was to provide sickle cell disease education sessions to school-aged children in D.C. recreation centers and at other public events for the purpose of increasing knowledge of sickle cell disease and awareness of individual sickle cell status. This grant agreement was for \$100,000 and the period of services was from July 25, 2007, to September 30, 2007.

The specific requirements included, but were not limited to, conducting 10 sickle cell disease education sessions lasting from 45 minutes to an hour. FACES was also required to evaluate and assess program participants by conducting testing to ascertain the participant's knowledge of sickle cell disease before and after the session. In addition, FACES was to provide technical assistance and support in collaboration with DC GAPS sickle cell services in the development of the Annual Sickle Cell Walk and Sickle Cell Month activities. Finally, FACES was to develop, maintain, and provide a monthly record of activities with families referred to FACES from the CSHCN Bureau.

Review of Grant Performance. Our review found that FACES had conducted educational sessions in accordance with the general requirements of the agreement. However, FACES also had six specific requirements, one of which was not met. Specifically, FACES was required to develop, maintain, and provide a monthly record of activities with families referred from the CSHCN Bureau. FACES did not meet this requirement.

Our review of records maintained by CHA indicates that 22 sickle cell educational sessions were held for 423 children.⁸ The following discussion centers on expenditures made by FACES in connection with the education sessions.

Total Reported Cost by FACES. Based on records obtained from CHA, we noted that FACES reported in its Sickle Cell Summer Education Program Report (Close Out Report) submitted to

⁸ FACES records indicated that services were provided to 471 clients. However, this number could not be substantiated.

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CHA, a total cost of \$115,701.43 to provide the educational sessions.⁹ The report listed each cost item, which was summarized into the following five cost categories:

- SOS Walk \$19,795.00
- Supplies..... \$80,664.69
- Employee Salaries \$ 8,088.38
- Administrative \$ 2,837.88
- Credit Card Purchases..... \$ 4,315.48
- Total Costs \$115,701.43**

During our review of the Close Out report, we noted that FACES listed expenditures that we believe did not directly relate to the general requirement of the subgrant agreement. We also believe that many of the items listed (and purchased) by FACES were wasteful, excessive, or not necessary to conduct sickle cell disease educational sessions.

In particular, we noted that FACES had listed as program costs, payment for a car note (\$1,195.24) and a mortgage payment (\$1,259.22). Therefore, we conducted a detailed review of all costs related to the FACES program. Based on this review, we determined that CHA reimbursed FACES \$12,812 for costs we considered questionable, and \$18,299 for costs that should have been disallowed. We did not question or disallow costs associated with the car payment and mortgage, as these costs were part of the \$15,701.43 in costs FACES had not billed to the District. Questioned and disallowed costs are discussed in greater detail below.

Questioned Costs. We could not determine the rationale for four purchases (promotional items) made by FACES as a part of its sickle cell disease education program. Also, we could not obtain sufficient documentation to support the number of gift cards (incentive items) disbursed at the 22 sessions. These sessions were conducted from July through September 2007. We consider \$12,753 in FACES reimbursed costs to be questionable.

1. FACES purchased 5,000 wristbands, at a cost of \$4,620 that were to be distributed to participants attending the educational sessions. However, CHA records indicated that there was a total of 423 participants who attended the 22 sessions. During a discussion with the FACES Director, we were told that the wristbands were given to the participants and were also passed out at the Sickle Cell Walk (for which we noted that there were approximately 500 participants). We could account for FACES distributing only about 923 wristbands. Therefore, FACES purchased 4,077 extra wristbands,¹⁰ valued at \$3,750.84 which far exceeded the program's needs.
2. FACES purchased 10,000 bumper stickers at a cost of \$1,787 and distributed them to participants attending the educational sessions. CHA records indicate that there was a

⁹ While FACES program costs were \$115,701.43, FACES billed only \$100,000 for services.

¹⁰ The cost of each wristband was calculated to be approximately \$.92.

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- total of 423 participants who attended the sessions. The FACES Director told us that many bumper stickers were given out during the Sickle Cell Walk (about 500 participants). In our opinion, the quantity purchased was excessive to the program's needs (923) based on the number distributed. Therefore, we questioned the purchase of 9,077 bumper stickers, valued at \$1,633.86.¹¹
3. FACES purchased 2,500 legal writing pads, at a cost of \$2,680, that were distributed to program participants. Given that 423 participants attended educational sessions, we believe that the quantity purchased was excessive and the associated cost of 2,077 writing pads, or \$2,222.39, is questionable.¹²
 4. FACES purchased 175 Sign In/Out sheets costing \$175. However, we noted that only 23 sheets of paper were needed to list the names of all of the attending participants, and 1 sheet could have been photocopied to serve this purpose. We believe that the purchase was not necessary and the \$175 in costs is questionable.
 5. FACES issued 205 gift cards (\$25 per card) totaling \$4,971¹³ to children (or parents of children) who attended 22 sessions. We were unable to obtain the required signatures necessary to validate the receipt of the gift cards to eligible participants. In many instances, there were no signatures at all (on the Sign In/Out Sheets) from the participants. We also noted that in 7 instances one individual signed for as many as 20 participants (CHA officials could not provide us with a rational explanation for this situation). Therefore, we questioned the \$4,971 paid for the 205 gift cards due to a lack of sufficient documentation and reliable internal control practices for distributing these cards.

Disallowed Costs. CHA reimbursed FACES for costs that should have been disallowed because they were not valid and/or legitimate costs chargeable to the subgrant agreement. These costs are discussed in greater detail below.

1. Two invoices, one for \$3,745 and the other for \$3,617.93 (both for sling bags), were accepted as valid costs by CHA for which FACES was reimbursed. However, we discovered that the two invoices were merely quotes obtained from a vendor. FACES could not provide the invoices or other acceptable evidence that supported valid purchases of these items.
2. CHA accepted two invoices, one for \$4,620 for wristbands and the other for \$3,588 for crayons, as valid costs and reimbursed to FACES for these items. We noted that FACES had already been reimbursed for the costs of these items and that the

¹¹ The cost of each bumper sticker was approximately \$.18.

¹² The cost of each writing pad was calculated at \$1.07.

¹³ The cost of each gift card was calculated to be approximately \$24.25, reflecting a \$.75 discount from the card issuer.

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- reimbursements represented duplicate payments, which should be recovered by the District.
3. CHA paid \$281 to FACES for lunches and gasoline costs that were neither valid nor legitimate costs for the provision of sickle cell disease educational sessions. These costs should be recovered by the District.
 4. A CHA official expended \$2,447 of FACES subgrant funds to purchase psychological testing equipment for a former CHA official, who at the time of the audit was employed by the District of Columbia Public Schools. Although, the equipment had nothing to do with sickle cell disease educational sessions, CHA reimbursed FACES for the expenditure. The FACES Director told us that he had no knowledge of this expenditure and it was not listed as a cost in his Close Out Report. In our opinion, this transaction is an inappropriate expenditure of FACES subgrant funds. Further, these costs were reimbursed to FACES and are disallowed as not being valid subgrant costs.

Summary of Disallowed and Questioned Costs. In summary, disallowed and questioned costs associated with the four subgrants totaled \$99,335. Of this amount, we believe that \$47,326 (\$25,000-DC GAPS, \$18,299-FACES, and \$4,027-Easter Seals) should be returned to the District government because these costs were not valid and could not be supported with documentation or other evidence of delivered services. CHA should take actions to recover disallowed costs from these subrecipients.

We questioned a total of \$52,009 in costs for three subrecipients. CHA reimbursed FACES \$12,753 in costs that we questioned as unnecessary for performing sickle cell disease educational sessions or represented an expenditure of subgrant funds in excess of program needs. CHA also reimbursed Quality Trust \$35,956 and Easter Seals \$3,300 for questionable costs. CHA should evaluate the merits of recovering all or part of these funds from these subrecipients (see Exhibit B for Schedule of Disallowed and Questioned Costs).

Grant Terms and Conditions. Title 1 DCMR Chapter § 5004.2(d) states:

The standard terms and conditions stated in the award document shall specify the administrative requirements to which the subgrantee must adhere. The terms and conditions shall contain, but not be limited to, the following items:

- (1) citations of the statute and implementing regulations that authorize the grant;
- (2) all applicable federal and District regulations, such as OMB Circulars A-21, A-110, A-121 and A-133;
- (3) payment provisions identifying how the subgrantee will be paid for performing under the subgrant;

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- (4) reporting requirements, including programmatic, financial and any special reports required by the granting agency; and
- (5) compliance issues and conditions that must be met by the subgrantee.

We noted that the four subgrant agreements discussed above did not include citations of the statute and implementing regulations that authorize the subgrants. Additionally, although other applicable terms are present in these subgrant agreements (including payment terms, reporting requirements, and compliance issues), our review showed that these requirements were not followed in the administration of the four subgrants.

Further, we believe that the subgrants were poorly written with respect to certain terms and conditions. For example, the subgrants made no distinction between the amount of payment and the number of clients served. CHA paid the full grant amount to the subrecipients regardless of the number of clients served. Additionally, no invoices were submitted by the subrecipients for prior months' expenditures with supporting documentation as evidence of those expenditures, as required by the reimbursement provision of the agreements. For example, Quality Trust and DC GAPS had a "Certification of Services Received" for the full amount of the award, absent documentation supporting their expenditures. Also, none of the subrecipients provided a narrative programmatic and statistical report in their requests for reimbursement.

Finally, we noted that all of the subgrants discussed client referrals from CSHCN, although CSHCN does not provide direct patient or client services and did not maintain a client database. We believe that CHA should have clear terms and conditions incorporated in their subgrant agreements.

Performance Monitoring and Other Provisions of the Grant Agreement. CHA officials failed to follow the provisions of the grant agreement contained in Article VI (for all) of the subgrant agreements. These provisions require CHA to:

- monitor performance of the subrecipient;
- assess program performance with respect to the number of people served;
- assign a staff person to monitor the project;
- perform a fiscal compliance review after 60 days of program operations; and
- evaluate program performance.

We found that CHA officials conducted no performance monitoring to ensure that the subrecipients complied with the Scope of Services, Reimbursement, and Program and Financial Close Out provisions of the subgrant agreements. We noted that only one of the subgrantees submitted a narrative closeout report. More importantly, had CHA officials complied with these crucial provisions of the grant agreement, they may have detected signs of the questionable practices noted in this report.

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RECOMMENDATIONS, MANAGEMENT RESPONSES, AND OIG COMMENTS

We recommend that the Director, Department of Health:

1. Establish and implement procedures that require a periodic status evaluation of Title V, Maternal and Child Health Block Grants to ensure that funds are administered in accordance with federal guidelines and prevent wasteful spending of funds.

DOH RESPONSE

DOH agreed with the recommendation and provided detailed actions taken to address the recommendation. DOH's full response is included at Exhibit E.

OIG COMMENT

We consider actions taken by DOH to be responsive to our recommendation.

2. Establish policies and procedures that require CHA management to provide effective monitoring of subrecipients' performance to include, at a minimum:
 - assigning an employee to monitor performance of the subrecipient;
 - assessing program performance with respect to the number of people served;
 - performing compliance reviews after 60 days of program operations; and
 - evaluating program performance.

DOH RESPONSE

DOH agreed with the recommendation and provided detailed actions taken to address the recommendation, including the enrollment of all grant monitors and program managers in a grant's management certification program. DOH's full response is included at Exhibit E.

OIG COMMENT

Actions taken by DOH are considered to be responsive to our recommendation.

3. Establish and implement procedures necessary to ensure that subrecipients' requests for reimbursement are properly reviewed and all supporting documentation is attached to reimbursement requests.

FINDINGS AND RECOMMENDATIONS

DOH RESPONSE

DOH agreed with the recommendation and provided detailed actions taken to address the recommendation, including implementation of a risk-based grants monitoring system. DOH's full response is included at Exhibit E.

OIG COMMENT

We consider actions taken by DOH to be responsive to our recommendation.

4. Establish procedures for reviewing all provisions contained within subgrant agreements to ensure that subgrant terms and conditions result in the District paying only for a level of services actually rendered by the subgrantee.

DOH RESPONSE

DOH agreed with the recommendation and stated in its response that additional training will be conducted using the OIG report to emphasize this basic tenet of grants management.

OIG COMMENT

DOH actions are considered to be responsive to our recommendation. DOH's full response is included at Exhibit E.

5. Review payments made to Easter Seals to determine if Easter Seals received duplicate payments, that is, payments made to Easter Seals from Medicaid for services rendered to Medicaid eligible children and payments made to Easter Seals from the District for the same services performed under the grant (for the same children).

DOH RESPONSE

DOH agreed with the recommendation and stated that it will review payments made to Easter Seals and determine whether these funds should be recovered.

OIG COMMENT

We consider actions taken by DOH to be responsive to our recommendation.

6. Take necessary measures to recover funds of \$47,326 in disallowed costs from three subrecipients (DC GAPS, FACES, and Easter Seals) and evaluate whether further action is required to recover all or part of the \$52,009 in questioned costs from three subrecipients (FACES, Quality Trust, and Easter Seals).

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DOH RESPONSE

DOH has sent a disallowance letter to one subrecipient requesting the return of \$25,000. According to DOH, the subrecipient has agreed to return the funds. DOH intends to send letters to two other subrecipients requesting the return of the additional \$22,326 identified as disallowed costs in the audit report. DOH's full response is included at Exhibit E.

OIG COMMENT

Actions taken by DOH are considered to be responsive to our recommendation

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<h3>FINDING 2: GRANT AWARD AND APPROVAL PROCESS</h3>
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SYNOPSIS

CHA officials used a flawed process to award the four subgrants on a sole source basis. The process used by CHA circumvented the normal subgrant award protocols and disregarded established criteria for awarding subgrants. Further, the officials did not obtain approval from the Director of DOH for the sole source selections for three of the subgrants awarded. This condition occurred because CHA officials exhibited a lack of regard for following established criteria governing the subgrant award process. Also, the funds awarded by CHA to the subrecipients in July 2007 needed to be expended by September 30, 2007, or returned back to the federal government. The short time frame under which the subgrant was to be performed contributed to CHA's failure to spend subgrant funds in the most efficient and economical manner.

DISCUSSION

Justification for a Sole Source Subgrant Award. CHA officials improperly awarded four subgrants on a sole source basis in violation of District regulations and DOH internal policies and procedures. We noted that with respect to awarding these subgrants, none of the subrecipients applied for these subgrants. CHA simply asked these subrecipients to accept these subgrants. Also, we reviewed the Noncompetitive Notice of Grant Award (NOGA) for each of the awards. In order to justify a noncompetitive subgrant award, CHA officials must document the reasons (for the sole source award) and the NOGA has to be approved by the DOH Director. We noted that there were no written justifications prepared by CHA officials, and only one of the four NOGAs was approved by the Director.

Title 1 DCMR § 5002.1 states that all subgrants to private organizations shall be awarded on a competitive basis. The exceptions are as follows:

- (a) An agency may make an award on a sole source basis in appropriate circumstances. These circumstances include, but are not limited to, situations where: (1) the award of the grant designates the sub grant recipient; (2) the federal law defines eligibility in such a way that there is only one eligible applicant; or (3) there is a recognized coalition of service providers through which the broadest community participation may be obtained in serving the targeted clientele.
- (b) An agency may make an award to an unsolicited proposal if: (1) the agency has unobligated funds remaining from the grant due to unusual

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and unanticipated factors; (2) the applicant has a program or project that clearly furthers the purpose of the grant; (3) the proposal reflects proprietary skills or technology that are limited in availability; and (4) the applicant brings to the total grant program matching resources (cash or in-kind) equivalent to at least thirty percent of the grant assistance requested.

DOH Policy No. DOH02-05, "Process for Requests for Applications and Subgrants," indicates that a written justification for the sole source award must be included with the subgrant package *Id.* § VII, paragraph B. The policy also indicates that any District government employee who does not comply with these policies and procedures may be subject to adverse personnel action. We discussed this issue with CHA officials, who told us that the noncompetitive award was made because they were not aware of the funds' availability until May 2007 and the funds were due to expire.

Justification for a No Cost Extension. The four subgrantees had to complete services by September 30, 2007. However, we noted that two of the subgrantees received a 90-day no-cost extension to continue their work. This no-cost extension was authorized by an employee who did not have the authority to give the extensions. Further, there was no documentation available to determine who made the request for the no-cost extension (i.e., a CHA official or the subrecipient). CHA officials could only provide us with a document authorizing the extension from the CHA employee dated November 9, 2007 (5 weeks after the subgrants ended).

Article X, paragraph B of each subgrant agreement states: "Only the Director of the Department of Health or designee is authorized to make changes in the terms and conditions of this grant pursuant to a properly executed grant modification in accordance with DOH rules, regulations, and procedures pertinent thereto." The U.S. Department of Health and Human Services Grants policy Statement, dated January 1, 2007, states that "[U]nless provided as an expanded authority, OPDIV [operating division] prior approval is required for any extension of up to 12 months."

However, no request for an extension was made by CHA or the subrecipients, nor was prior approval for such an extension granted by the Director, DOH. CHA could not provide written support to indicate that the DOH Director authorized a designee to issue a no-cost extension to the two subrecipients. Accordingly, we concluded that a written authorization is needed to initiate an extension of the subgrant in order to ensure that the CHA employee who granted the no-cost extensions had the authority to extend the subgrant agreements. Further, we conclude that without such documentation, there is insufficient evidence to establish that the date extensions were done in accord with the terms of the subgrant agreement.

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RECOMMENDATIONS

We recommend that the Director, Department of Health:

7. Develop and implement procedures to ensure that CHA officials are fully knowledgeable of District regulations and DOH policies and procedures, and comply with the requirement to adequately justify subgrant awards made on a sole source basis.

DOH RESPONSE

DOH agreed with the recommendation and stated in its response that it will develop and conduct required training for all program managers and grant monitors on District regulations and DOH policies and procedures related to subgrant award justifications.

OIG COMMENT

We consider actions taken by DOH to be responsive to the recommendation. See Exhibit E for DOH's full response.

8. Establish procedures to ensure that only appropriate CHA officials with written authorization execute grant modifications.

DOH RESPONSE

DOH agreed with our recommendation and stated in its response that it will inform employees that only the Director can make a major modification to a grant agreement.

OIG COMMENT

Actions taken by DOH are considered to be responsive to the recommendation. DOH's full response is shown at Exhibit E.

FINDINGS AND RECOMMENDATIONS

<h3>FINDING 3: ETHICS AND STANDARDS OF CONDUCT</h3>

SYNOPSIS

Three CHA employees and an intern may have violated District ethics laws and standards of conduct by having a direct involvement in the operations of the programs of two of the subrecipients while also being involved in the subgrant award and selection process, as well as having performance monitoring duties and responsibilities. Apparent conflicts of interest occurred when the CHA Grant Administrator and a staff member served on a subrecipient's advisory board and when another CHA staff member served on the advisory board of two subrecipients. The conflict of interest involving the intern occurred when the intern was employed by CHA and the subrecipient concurrently.

These conditions occurred because the four employees were either unaware of or chose not to comply with District law and pertinent DOH policy and procedures governing the award, selection, and monitoring process for grantees and subgrantees. As a result, apparent conflicts of interest existed for the four CHA staff members which, in our opinion, may have provided the subrecipients an unfair advantage in the award and selection process. Further, situations of this nature undermine public confidence and trust in the District government.

DISCUSSION

Criteria. The Title 1, DCMR, Chapter 50, establishes policies and procedures for District government agencies relative to awarding grants to subrecipients. Also, DOH Policy # DOH02-05, "Process for Requests for Applications and Subgrants" is applicable to all DOH programs and employees, including consultants, volunteers, or any individual representing DOH. Additionally, the Title V Grant provides guidance for allocating funds used for children with special healthcare needs.

Noncompliance with District Law and DOH Policies and Procedures. We believe that three CHA employees and the intern may have violated District law and/or DOH internal policies and procedures with respect to their roles in the award and management of two subgrants. D.C. Code § 1-618.01, Standards of Conduct, states:

- (a) Each employee of the District government must at all times maintain a high level of ethical conduct in connection with the performance of official duties, and shall refrain from taking, ordering, or participating in any official action which would adversely affect the confidence of the public in the integrity of the District government.

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Also, D.C. Code § 1-618.03, Ethics Counselor, states:

- (a) Each agency head shall appoint an employee to serve as the ethics counselor for the agency...
- (b) Ethics counselors shall issue advisory opinions concerning potential conflicts of interest which are presented by employees of agency for resolution. The ethics counselor shall issue an advisory opinion within 15 days of receipt of an inquiry from an employee.

Further, D.C. Code § 1-1103.05 contains provisions that cover election campaigns, lobbying, and conflicts of interest. Those provisions indicate that any person who violates any provision of Title 1, D.C. Code, Chapter 11 may be assessed a civil penalty by the District of Columbia Board of Elections and Ethics. D.C. Code § 1-1103.05(b)(1)(2006).

Finally, the District of Columbia Personnel Manual (DPM) contains policies that cover employee conduct. DPM § 1803.1(a) prohibits D.C. government employees from taking action that results in or creates the appearance of the following:

- (1) Using public office for private gain;
- (2) Giving preferential treatment to any person;
- (3) Impeding government efficiency or economy;
- (4) Losing complete independence or impartiality;
- (5) Making a government decision outside official channels; or
- (6) Affecting adversely the confidence of the public in the integrity of government.

DPM § 1801.1 states: “Violation of these regulations by an employee may result in remedial action which may be in addition to any penalty prescribed by law.” DPM § 1801.2 further states:

When, after consideration of the explanation of the employee, the Board of Elections and Ethics or the agency head decides that remedial action is required regarding any matter covered under this chapter, appropriate action shall be immediately taken or ordered. Remedial action may include, but shall not be limited to, the following:

- (a) Changes in assigned duties;
- (b) Divestment by the employee of his or her conflicting interest;

FINDINGS AND RECOMMENDATIONS

- (c) Corrective or adverse action pursuant to DC Code § 1-617.1(d) (1981); or
- (d) Disqualification for a particular assignment.

In July 2007, CHA officials determined that there was \$400,000 remaining from the Title V grant. At that time, the CSHCN Bureau was asked to develop a plan to allocate and spend these funds prior to the grant expiration date of September 30, 2007. After several meetings, a determination was made that \$235,000 of the funds would be allocated among four organizations. We discovered that the CHA Grant Administrator (also the CSHCN Bureau Chief) and two employees, whose overall responsibilities included selection of subrecipients and performance monitoring for deliverables, served on the advisory boards for two of the organizations. The employees' other duties included preparing subgrant agreements and reviewing and approving invoices.

We noted that none of these employees disclosed this information to CHA or DOH senior management or recused themselves from the selection and award process. We also noted that none of the employees signed recusal and conflict of interest forms as required (see Table 3 below). DOH Policy No. DOH02-05, "Process for Requests for Applications and Subgrants," requires disclosure of conflicts of interest, as well as the signing of a recusal form when necessary. *Id.* § VII, paragraph F (3) (c) and (d). In addition, none of the employees contacted an ethics counselor for an advisory opinion.

TABLE 3. CONFLICTS OF INTEREST

Subrecipient	CHA Employee Serving on an Advisory Board	Conflict of Interest Form Filed by Employee	Recusal Form Filed by Employee
DC GAPS	1. Grant Administrator 2. Member-Monitoring Team 3. Member-Monitoring Team	No	No
FACES	Member-Monitoring Team	No	No

An intern employed by the CSHCN Bureau also served as the primary facilitator of educational sessions for FACES. CHA records indicate that the intern conducted about 10 education sessions and was compensated \$2,852 by FACES for 158 hours of work. During the same time period, the intern was also compensated by the District government.

During our discussion with a CHA program manager, we were informed that the intern's name was discovered on an invoice. The program manager notified CHA senior management regarding this issue and also notified the Attorney General's Office for the District of Columbia requesting an opinion on ethics and conflicts of interest. We were informed that the intern was terminated on November 17, 2007.

FINDINGS AND RECOMMENDATIONS

We informed senior CHA officials of possible violations of ethics and conflict of interest regulations involving the three CSHCN employees. We never received any response from CHA senior management on this matter. Based upon our review, we believe that CHA senior management needs to inform agency employees with regard to their ethics responsibility and conflict of interest duties and their obligations to report apparent ethics violations and conflicts of interest to the agency head, the agency ethics counselor, and/or the Board of Elections and Ethics (as applicable) for appropriate corrective or disciplinary measures.

RECOMMENDATIONS

We recommend that the Director, Department of Health:

9. Conduct training sessions to ensure CHA officials and staff are knowledgeable of policies and procedures relating to the conflict of interest certification and the recusal form required by DOH Policy No. DOH 02-05.

DOH RESPONSE

DOH agreed to our recommendation and stated in its response that on August 6, 2009, a mandatory training session was conducted for all CHA staff on ethics and standards.

OIG COMMENT

We consider action taken by DOH to be responsive to the recommendation.

10. Consistent with the requirements of the D.C. Code and District of Columbia personnel regulations covering standards of conduct and employee conduct, make the appropriate assessments regarding the conduct of CHA officials in the selection, award, and monitoring of the four subgrant agreements discussed in this report, and report any conflict of interest to the Office of the Inspector General of the District of Columbia.

DOH RESPONSE

DOH agreed to our recommendation and completed an assessment of this issue, resulting in the entire staff of CHA receiving training in Ethics in Government.

OIG COMMENT

We consider action taken by DOH to be responsive to the recommendation. See Exhibit E for DOH's full response.

EXHIBIT A: ALLEGATIONS AND AUDIT RESULTS

The audit was initiated as the result of a complaint regarding the award of four subgrants to expend \$400,000 of Title V, Maternal and Child Health Block funds that were to expire by the end of FY 2007. The allegations and the results of our review are contained in the following subsections.

Allegation # 1

It appears that the Scope of Work for each of these subgrants is impossible or most difficult to accomplish within the span of 2 months.

Audit Results

Substantiated. The audit found that the scopes of work required in each of the subgrants were not completed by the end of the grant period, September 30, 2007. Two of the subrecipients were granted an extension of time to complete their work.

Allegation # 2

There appears to be insufficient time to provide the services requested under the Scope of Work. All services must be completed by the end of the contract date.

Audit Results

Substantiated. (See above response to Allegation # 1.)

Allegation # 3

There is no provision for a no-cost extension of time in the grant agreement to continue to provide services after the expiration of the contract.

Audit Results

Substantiated. We did not find a specific provision within the grant agreement allowing for an extension of time to perform services after the grant period ended. However, we did find that a CHA employee gave two of the subrecipients an extension of time to complete the services under the scope of work in their grant agreement, without written authority to do so.

EXHIBIT A: ALLEGATIONS AND AUDIT RESULTS

Allegation # 4

It appears that the staff of the CSHCN Bureau is actually performing the work for the Summer Education Sessions. The staff in the CSHCN Bureau normally performs the work for the Summer Education Sessions, while working at their regular job.

Audit Results

Substantiated. We found that staff in the CSHCN Bureau was involved in the Summer Education Sessions conducted by FACES. For example, a CSHCN monitor served as the contact person for the first education session conducted for FACES and assisted in the facilitation of two other education sessions. Another CSHCN employee served as the primary facilitator for FACES and conducted about 10 education sessions.

Allegation # 5

Existing material developed by the CSHCN was used by FACES as their material.

Audit Results

Substantiated. FACES used pamphlets and leaflets that had been developed by the CSHCN. The FACES insignia with its name was merely stamped onto the existing materials.

Allegation # 6

FACES appears to be providing only education sessions for the \$100,000.

Audit Results

Partially Substantiated. Our audit showed that FACES provided 22 education sessions. However, we noted that FACES did spend a substantial amount of its grant funds on a Sickle Cell Disease Walk held on September 22, 2007, at Howard University.

Allegation # 7

CSHCN Bureau did not refer any families to FACES for services.

Audit Results

Substantiated. Specific requirement number 3 of the subgrant agreement states that FACES is to develop, maintain, and provide a monthly record of activities with families

EXHIBIT A: ALLEGATIONS AND AUDIT RESULTS

referred to FACES from CSHCN. We asked CHA officials to provide detailed documentation to support their contention that they made child referrals to FACES. However, CHA officials could not provide any evidence or documentation to show that they referred children to FACES.

Allegation # 8

The CSHCN Bureau does not provide direct services; therefore, the Bureau does not have a listing of clients or patients to refer to Quality Trust.

Audit Results

Substantiated. The CSHCN Bureau had no manual listing or database of clients. Therefore, they had no clients to refer to Quality Trust.

Allegation # 9

DC GAPS is already performing the requirements listed in this subgrant agreement. Therefore, there is no need to issue another grant to DC GAPS to refer children who test positive for metabolic disorders. This appears to be paying for the same service twice.

Audit Results

Substantiated. DC GAPS had an existing program funded by the federal government's Human Resources Services Administration (HRSA). According to the DC GAPS subgrant agreement, the purpose of the DC GAPS project "is to provide families of children with sickle cell disease and trait with access to a medical home...." *Id.* at 1.

At the time of the awarding of this subgrant, the CSHCN Newborn Screening Program was already referring children who tested positive with a metabolic disorder through HRSA's DC GAPS grant.

Allegation # 10

The services required under these four subgrants are not needed and could be performed by the staff of CSHCN.

Audit Results

We did not make a determination on this allegation because it would require additional audit work not outside the scope of the audit.

EXHIBIT A: ALLEGATIONS AND AUDIT RESULTS

Allegation # 11

Article X, Reimbursement Provision in the four Subgrant Agreements, requires Grantees to receive payments under an approved budget from the Grantor. I do not believe that this provision is being followed.

Audit Results

Substantiated. None of the subrecipients had an approved budget prior to providing services.

Allegation # 12

I do not believe that any of the Grantees submitted a budget to the Grant Administrator.

Audit Results

Substantiated. The documentation provided to us showed that no budgets were submitted to the Grant Administrator at the time of the execution of the subgrant agreement.

Allegation # 13

Shortly after the awarding of the subgrants, a CHA Senior official began asking CSHCN officials about the submission of invoices for the four subgrants.

Audit Results

Partially Substantiated. All of the subgrants were signed by July 31, 2007. CHA records show that as of the week ending August 10, 2007, a CSHCN weekly report to the DOH Senior Deputy Director states that "all sub grant awardees have been notified to start invoicing for services as soon as possible."

EXHIBIT B: SCHEDULE OF DISALLOWED AND QUESTIONED COSTS

**SCHEDULE OF
DISALLOWED AND QUESTIONED COSTS**

SUBRECIPIENT	DESCRIPTION	AMOUNT	AUDITOR COMMENTS
Faces of Our Children	Wristbands	\$4,620.00	Disallowed Cost – Duplicate Costs.
Faces of Our Children	Sling Bags	\$3,745.00	Disallowed Cost – Item not purchased.
Faces of Our Children	Sling Bags	\$3,618.00	Disallowed Cost – Item not purchased.
Faces of Our Children	Promotion Item- Crayons	\$3,588.00	Disallowed Cost – Duplicate costs.
Faces of Our Children	Psychological Testing Equipment	\$2,447.00	Disallowed Cost – Equipment used for psychological testing, not related to sickle cell, and was ordered for DC.
Faces of Our Children	Lunches/Breakfasts	\$281.00	Disallowed Cost – Outside the scope of the agreement.
SUBTOTAL DISALLOWED COST¹		\$18,299.00	
Faces of Our Children	Gift Cards	\$4,971.00	Questioned Cost – Distribution of gift cards for 205 participants not properly documented.
Faces of Our Children	Wristbands	\$3,751.00	Questioned Cost – Excessive – 4,077 purchased.
Faces of Our Children	Legal Writing Pads	\$2,222.00	Questioned Cost – Excessive – 2,077 purchased.
Faces of Our Children	Bumper Stickers/ Decals	\$1,634.00	Questioned Cost – Excessive – 9,077 purchased.
Faces of Our Children	Sign In/Out Sheets	\$175.00	Questioned Cost – Excessive.
SUBTOTAL QUESTIONED COST²		\$12,753.00	
TOTAL DISALLOWED AND QUESTIONED COSTS- FACES OF OUR CHILDREN		\$31,052.00	

¹ A Disallowed Cost is a chargeable cost not valid and/or legitimate to the subgrant agreement.

² A Questioned Cost, as stated in OMB Circular No. A-133, is a cost that is questioned by the auditor because of an audit finding: 1) which resulted from a violation or possible violation or possible violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the use of Federal funds, including funds used to match Federal funds; 2) where the costs, at the time of the audit, are not supported by adequate documentation; or 3) where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

EXHIBIT B: SCHEDULE OF DISALLOWED AND QUESTIONED COSTS

**SCHEDULE OF
DISALLOWED AND QUESTIONED COSTS (cont.)**

SUBRECIPIENT	DESCRIPTION	AMOUNT	AUDITOR COMMENTS
DC GAPS	Grant funds awarded	\$25,000.00	Disallowed Cost – No service provided and could not provide deposit records.
TOTAL DCGAPS		\$25,000.00	
Easter Seals	Training	\$4,027.00	Disallowed Cost – Employee Training.
Easter Seals	Speech and Physical Therapy Sessions	\$3,300.00	Questioned Cost – No supporting documentation.
TOTAL EASTER SEALS		\$7,327.00	
Quality Trust		\$35,956.00	Questioned Cost – Referral by CHA.
TOTAL QUALITY TRUST		\$35,956.00	
GRAND TOTAL		\$99,335.00	

**EXHIBIT C: FACES OF OUR CHILDREN
 DETAILED SCHEDULE OF COSTS**

FACES OF OUR CHILDREN DETAILED SCHEDULE OF SOS WALK		
VENDOR NAME	ITEM DESCRIPTION	AMOUNT
VENDOR A	Booth for Walk	\$1,500.00
TOTAL FOR GOOD FELLOWS MUSIC GROUP		\$1,500.00
VENDOR B	Tent for Walk	\$11,795.00
TOTAL FOR HARGROVE, INC.		\$11,795.00
VENDOR C	Entertainment for Walk	\$2,000.00
TOTAL FOR SPUR OF THE MOMENT		\$2,000.00
VENDOR D	Radio Personality for Walk	\$2,250.00
	Radio Personality for Walk	\$2,250.00
TOTAL FOR WPGC RADIO		\$4,500.00
TOTAL FOR ALL VENDORS		\$19,795.00

**EXHIBIT C: FACES OF OUR CHILDREN
DETAILED SCHEDULE OF COSTS**

FACES OF OUR CHILDREN DETAILED SCHEDULE OF SUPPLIES COST							
VENDOR NAME	INVOICE DATE	INVOICE NUMBER	ITEM DESCRIPTION	AMOUNT	AUDITOR COMMENTS		
					UNREASONABLE	QUESTIONABLE	UNALLOWABLE
VENDOR A	08/14/2007	3323439	Sling Bag	\$3,617.93			
			TOTAL FOR 4IMPRI	\$3,617.93			
VENDOR B	07/31/2007	#135265	Crayons	\$3,587.88			
VENDOR B	08/08/2007	#135475	Bumper Stickers	\$1,786.97			
VENDOR B	08/08/2007	#135476	Pencils	\$951.85			
VENDOR B	08/08/2007	#135477	Caps	\$581.61			
VENDOR B	08/08/2007	#135478	T-Shirts	\$982.76			
VENDOR B	08/09/2007	#135528	Caps	\$3,663.28			
VENDOR B	08/09/2007	#135548	T-Shirts	\$3,440.62			
VENDOR B	08/13/2007	#135604	Wristbands	\$4,619.94			
VENDOR B	08/13/2007	#135605	Bags	\$5,880.68			
VENDOR B	08/13/2007	#135630	Backpacks	\$1,631.97			
VENDOR B	08/17/2007	#135785	Bottled Water	\$2,121.34			
VENDOR B	08/24/2007	#136007	Bookcovers	\$4,312.60			
VENDOR B	08/28/2007	#136037	Lanyards & Clips	\$5,062.78			
VENDOR B		#136760	T-Shirts	\$2,568.85			
VENDOR B		#137347	T-Shirts	\$1,101.07			
			TOTAL FOR IMAGE POINTE	\$42,294.20			
VENDOR C	08/02/2007	#168993-13	200 Gift Cards	\$4,850.00			
VENDOR C	08/06/2007	#310407	200 Gift Cards	\$4,850.00			
VENDOR C	09/14/2007	#371007	100 Gift Cards	\$2,450.00			
			TOTAL FOR SAFEWAY	\$12,150.00			
VENDOR D	08/10/2007	#70115	DVD's	\$4,994.71			
			TOTAL FOR SPICER PRO LLC	\$4,994.71			
VENDOR E			Computer & Supplies	\$1,986.83			
VENDOR E			Supplies	\$184.32			
			TOTAL FOR STAPLES	\$2,171.15			
VENDOR F	08/01/2007	#L-07-22845	Sign In/Out Sheet	\$175.00			
VENDOR F	08/01/2007	#L-07-22846	Pre/Post Test	\$175.00			
VENDOR F	08/01/2007	#L-07-22847	Registration Form	\$350.00			
VENDOR F	08/01/2007	#L-07-22848	Seminar Evaluation	\$350.00			
VENDOR F	08/01/2007	#L-07-22849	Summer Program- 1st run	\$710.00			
VENDOR F	08/01/2007	#L-07-22850	Summer Program- 2nd run	\$2,705.00			
VENDOR F	08/01/2007	#L-07-22851	Know the Facts	\$2,850.00			
VENDOR F	08/01/2007	#L-07-22852	Coloring Book	\$4,250.00			
VENDOR F	08/01/2007	#L-07-22853	Legal Writing Pads	\$2,680.00			
VENDOR F	08/01/2007	#L-07-22856	Envelopes	\$572.50			
VENDOR F	08/01/2007	#L-07-22857	Flyer	\$619.20			
			TOTAL FOR UNION LEADER PRINTING	\$15,436.70			

TOTAL AMOUNT FOR ALL VENDORS \$80,664.69

**EXHIBIT C: FACES OF OUR CHILDREN
DETAILED SCHEDULE OF COSTS**

FACES OF OUR CHILDREN DETAIL SCHEDULE OF EMPLOYEE SALARIES					
NAME	SALARY DESCRIPTION	AMOUNT	NAME	SALARY DESCRIPTION	AMOUNT
RECIPIENT 1	Facilitator- 2 sessions	\$200.00	RECIPIENT 12	Facilitator- 1 session & 1 hour training	\$112.00
	TOTAL	\$200.00		Facilitator- 5 sessions	\$500.00
				TOTAL	\$612.00
RECIPIENT 2	Stuffing Kits- 8 hours (VOIDED CHECK)	\$0.00	RECIPIENT 13	Stuffing kits- 4 hours	\$40.00
	TOTAL	\$0.00		TOTAL	\$40.00
RECIPIENT 3	Stuffing Kits- 4 hours	\$40.00	RECIPIENT 14	Facilitator- 2 hours	\$24.00
	Stuffing Kits- 8 hours	\$80.00		Facilitator- 2 sessions	\$200.00
	TOTAL	\$120.00		TOTAL	\$224.00
RECIPIENT 4	Stuffing Kits- 4 hours	\$40.00	RECIPIENT 15	Receiving Merchandise/Kit Set Up- 16 hours	\$192.00
	Stuffing Kits- 8 hours	\$80.00		TOTAL	\$192.00
	TOTAL	\$120.00	RECIPIENT 16	Stuffing Kits- 4 hours	\$40.00
RECIPIENT 5	Stuffing Kits- 4 hours	\$40.00		TOTAL	\$40.00
	Stuffing Kits- 8 hours	\$80.00	RECIPIENT 17	Facilitator- 32 hours	\$488.00
	TOTAL	\$120.00		Facilitator- 4 sessions & 74 hours scheduling	\$1,288.00
RECIPIENT 6	Recruiter- 31 hours	\$383.00		Facilitator- 4 sessions & 52 hours scheduling	\$1,076.00
	Recruiter- 7 hours	\$84.00		TOTAL	\$2,852.00
	TOTAL	\$467.00	RECIPIENT 18	Leaflets- 16 hours	\$192.00
RECIPIENT 7	Stuffing Kits- 8 hours	\$80.00		TOTAL	\$192.00
	TOTAL	\$80.00	RECIPIENT 19	Recruiter & Postage- 23 hours	\$279.88
RECIPIENT 8	Stuffing Kits- 8 hours	\$80.00		Recruiter- 16 hours & parking fees	\$197.50
	Stuffing Kits- 8 hours	\$80.00		TOTAL	\$477.38
	TOTAL	\$160.00	RECIPIENT 20	Meetings- 33 hours	\$384.00
RECIPIENT 9	Engineer- 8 hours	\$96.00		Recruiter- 20 hours	\$240.00
	Engineer- 12 hours	\$144.00		TOTAL	\$624.00
	TOTAL	\$240.00	RECIPIENT 21	Leaflets- 16 hours	\$192.00
RECIPIENT 10	Facilitator- 2 sessions & 1 hour training	\$212.00		TOTAL FOR DEBORAH MITCHELL	\$192.00
	Facilitator- 5 sessions	\$500.00	RECIPIENT 22	Facilitator- 1 session & 1 hour training	\$112.00
	TOTAL	\$712.00		TOTAL	\$112.00
RECIPIENT 11	Facilitator- 1 session & 1 hour training	\$112.00			
	Facilitator- 2 sessions	\$200.00			
	TOTAL	\$312.00			

TOTAL FOR ALL EMPLOYEES

\$8,088.38

**EXHIBIT C: FACES OF OUR CHILDREN
DETAILED SCHEDULE OF COSTS**

FACES OF OUR CHILDREN DETAILED SCHEDULE OF ADMINISTRATIVE COSTS		
ADMINISTRATIVE NAME	ITEM DESCRIPTION	AMOUNT
RECIPIENT 1	Reimbursement of Parking Fees	\$58.42
	TOTAL	\$58.42
VENDOR A	Mortgage Payment (Aug. & Sept.)	\$1,259.22
	TOTAL	\$1,259.22
VENDOR B	Car Payment (Aug. & Sept.)	\$1,195.24
	TOTAL	\$1,195.24
RECIPIENT 2	Secretarial Services- August	\$200.00
	Set Up Account	\$125.00
	TOTAL	\$325.00

TOTAL FOR ALL ADMINISTRATIVE **\$2,837.88**

**EXHIBIT C: FACES OF OUR CHILDREN
DETAILED SCHEDULE OF COSTS**

FACES OF OUR CHILDREN DETAILED SCHEDULE OF CREDIT CARD PURCHASES					
VENDOR NAME	ITEM DESCRIPTION	AMOUNT	VENDOR NAME	ITEM DESCRIPTION	AMOUNT
VENDOR 1	Gas- 09/13/2007	\$43.50	VENDOR 7	Lunch Meeting- 07/16/2007	\$39.71
TOTAL FOR CONV. RETAILING		\$43.50		Lunch Meeting- 07/20/2007	\$173.92
				Lunch Meeting- 07/27/2007	\$152.44
VENDOR 2	Gas- 07/15/2007	\$48.34	TOTAL FOR BISTRO- WASHINGTON COURT		\$366.07
	Gas- 09/05/2007	\$45.95			
	Gas- 09/24/2007	\$44.57	VENDOR 8	Lunch Meeting- 09/05/2007	\$36.98
TOTAL FOR EXXON		\$138.86		Lunch Meeting- 09/22/2007	\$58.62
			TOTAL FOR CRISFIELD RESTAURANT		\$95.60
VENDOR 3	Gas- 08/01/2007	\$48.97			
	Gas- 09/08/2007	\$42.27	VENDOR 9	Breakfast & Lunch for Bag Stuffing	\$66.90
	Gas- 09/21/2007	\$46.81	TOTAL FOR SHOPPERS		\$66.90
	Gas- 09/27/2007	\$39.73			
TOTAL FOR JESSUP BP		\$177.78	VENDOR 10	Lunch Meeting- 09/12/2007	\$36.77
				Lunch Meeting- 09/23/2007	\$33.55
VENDOR 4	Gas- 08/22/2007	\$38.87	TOTAL FOR SILVER MOON CAFÉ		\$70.32
TOTAL FOR RITE FUEL		\$38.87			
			TOTAL FOR LUNCH		\$598.89
VENDOR 5	Gas- 08/09/2007	\$47.40			
TOTAL FOR SHELL		\$47.40	Best Buy	Digital Projector	\$674.98
			TOTAL FOR BEST BUY		\$674.98
TOTAL FOR VENDOR GAS		\$446.41			
			Staples	Brother PC 504 Fax & Ink	\$185.37
VENDOR 6	Portable Toilet Rental for SOS Walk	\$423.00		Laptop & Supplies	\$1,986.83
TOTAL FOR JIGGY JOHN, INC		\$423.00	TOTAL FOR STAPLES		\$2,172.20
TOTAL FOR RENTAL		\$423.00	TOTAL FOR TECHNOLOGY		\$2,847.18

TOTAL FOR ALL VENDORS \$4,315.48

**EXHIBIT D: SUMMARY OF POTENTIAL BENEFITS
RESULTING FROM AUDIT**

Recommendations	Description of Benefit	Amount and Type of Benefit	Agency Reported Estimated Completion Date	Status¹⁴
1	Compliance and Internal Controls. Establishes and implements procedures that require a periodic evaluation of grant funds.	Non-Monetary	August 17, 2009	Closed
2	Compliance and Internal Controls. Establishes policies and procedures that require management to provide effective monitoring of subrecipients' performance.	Non-Monetary	August 17, 2009	Closed
3	Compliance and Internal Controls. Establishes and implements procedures to ensure that subrecipients' requests for reimbursement are properly reviewed.	Non-Monetary	August 17, 2009	Closed
4	Compliance and Internal Controls. Takes action to ensure that all provisions contained within the subgrant agreements are clearly written with respect to terms and conditions.	Non-Monetary	To Be Determined	Open
5	Compliance and Economy and Efficiency. Determines whether subrecipients received duplicate payments.	Monetary TBD	To Be Determined	Open

¹⁴This column provides the status of a recommendation as of the report date. For final reports, “Open” means management and the OIG are in agreement on the action to be taken, but action is not complete. “Closed” means management has advised that the action necessary to correct the condition is complete. If a completion date was not provided, the date of management’s response is used. “Unresolved” means that management has neither agreed to take the recommended action nor proposed satisfactory alternative actions to correct the condition.

**EXHIBIT D: SUMMARY OF POTENTIAL BENEFITS
RESULTING FROM AUDIT**

Recommendations	Description of Benefit	Amount and Type of Benefit	Agency Reported Estimated Completion Date	Status¹⁴
6	Compliance and Economy and Efficiency. Takes necessary measures to recover funds of \$47,326 in disallowed costs from the four subrecipients and actions to evaluate possible recovery of \$52,009 in questioned costs.	\$99,335	August 17, 2009	Closed
7	Internal Controls. Develops and implements procedures to ensure that CHA officials are fully knowledgeable of District regulations and DOH policies and procedures for subgrant awards made on a sole source basis.	Non-Monetary	To Be Determined	Open
8	Internal Controls. Establishes procedures to ensure that only appropriate CHA officials execute grant modifications.	Non-Monetary	August 17, 2009	Closed
9	Internal Controls. Implements training sessions to ensure CHA officials and staff are knowledgeable of policies and procedures relating to the conflict of interest certification and the recusal form.	Non-Monetary	August 17, 2009	Closed
10	Internal Controls. Makes a determination as to whether violations regarding the conduct of CHA officials have occurred in the selection, awarding, and monitoring of the four subgrant agreements.	Non-Monetary	August 17, 2009	Closed

EXHIBIT E: DEPARTMENT OF HEALTH'S RESPONSE TO DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Health



Office of the Director

August 17, 2009

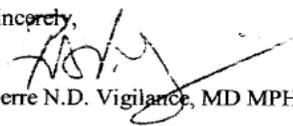
Charles J. Willoughby, Inspector General
District of Columbia Office of the Inspector General
717 14th Street N.W.
Washington, DC 20005

Dear Mr. Willoughby:

Attached is a response to OIG Report No. 08-02-04HC. The District of Columbia Department of Health (DOH) wishes to express its appreciation for the very thoughtful and thorough review of four DOH sub-grants (2007) administered by the Community Health Administration (CHA). DOH, except in a few areas, agrees with the findings and will implement all of the recommendations. Furthermore, the Community Health Administration intends to use the findings as a training tool on the importance of quality grants and program management.

The oversight of the implementation of these recommendations will be done by the Office of the Director under the auspices of its Office of Grants Management and Resource Development. You can contact Ms. Clara Ann McLaughlin, Interim Chief at (202) 442-9237 or clara.mclaughlin@dc.gov. Her office is responsible for developing uniform policy and procedures and establishing and monitoring internal controls for many of the issues outlined in your recommendations.

Sincerely,



Pierre N.D. Vigilance, MD MPH

Director

EXHIBIT E: DEPARTMENT OF HEALTH'S RESPONSE TO DRAFT REPORT

OIG Audit of Grants Awarded by the Department of Health's Community Health Administration (OIG No. 08-2-04HC)

Response by the District of Columbia Department of Health
August 17, 2009

Finding 1 - Use of Grant Funds

Failure of the subrecipients' compliance with the subgrant requirements, coupled with inadequate program oversight on the part of CHA officials, resulted in the expenditure of grant funds for unintended purposes. Based on this finding, the OIG has recommended the following items which DOH supports with explanation.

Recommendation 1:

Establish and implement procedures that require a periodic status evaluation of Title V, Maternal and Child Health Grants to ensure that funds are administered in accordance with federal guidelines and prevent wasteful spending of funds.

Response:

DOH/CHA fully agrees with this recommendation and has taken the following actions:

1. The program coordinator of the Title V grant has been enrolled in a grants management certificate program to ensure knowledge of all federal guidelines related to sound grants management practices.
2. Grant monitors have been assigned to monitor the spending of the Title V funds. Given the size of the award, there are numerous grant monitors assigned to different subgrant awards and another that exclusively reviews compliance of internal spending.
3. DOH and CHA grants and fiscal management leads, the CHA Senior Deputy Director and its program managers meet monthly with the DOH Agency Fiscal Officer for a review of spending on the federal grant and all purchase orders, including those assigned to sub-grants. Deficiencies, including risk of lapsed funds and corrective actions, including the development of spending plans are reviewed in these meetings.

Recommendation 2:

Establish policies and procedures that require CHA management to provide effective monitoring of subrecipients' performance to include, at a minimum:

- Assigning an employee to monitor performance of the subrecipient;
- Assessing program performance with respect to the number of people served;
- Performing compliance reviews after 60 days of program operations; and
- Evaluating program performance

Response:

DOH/CHA has developed and instituted policies and procedures for monitoring the performance of grants since the Spring of 2007 which we believe will address this recommendation, as follows:

1. All grant monitors, and the majority of program managers have completed or are in the process of completing a grants management certificate program. In this six course

EXHIBIT E: DEPARTMENT OF HEALTH'S RESPONSE TO DRAFT REPORT

program, CHA staff is learning how to properly monitor subrecipients. The course curriculum taught by Management Concepts, Inc. includes the following courses:

- Managing Federal Grants and Cooperative Agreements for Recipients;
 - Subawarding for Pass Through Entities;
 - Uniform Administrative Requirements for Grants-OMB A-102 and 2 CFR Part 215;
 - Cost Principles: 2 CFR Part 220, 225, and 230, And FAR 31.2;
 - Audit of Federal Grants and Cooperative Agreements; and
 - Accountability for Federal Grants: Planning, Measuring, and Reporting Grant Performance.
2. A new Office of Grants Monitoring and Program Evaluation (GMPE) was established within CHA in January 2008. This office has several responsibilities one of which is to monitor grants from an administrative and compliance perspective and another is to work with programs to improve the ability of programs to collect data and evaluate performance. CHA believes this new office will make great strides in addressing this recommendation.
 3. CHA has implemented a risk-based monitoring system where program and grant staff establish a risk assessment rating for each subrecipient. Grant monitors have developed individualized monitoring plan based on the assessment. This system replaces the old requirement that has been removed from grant agreements requiring compliance reviews after sixty days.
 4. The RAND Corporation, in conjunction with the Office of Grants Monitoring and Program Evaluation, is providing technical assistance to CHA programs in the development of a Results framework to be able to assess the effectiveness of their programs.
 5. The CHA Grants Monitoring and Program Evaluation, Division of Data Analysis and Program Evaluation, will be assessing the evaluability of all CHA programs and working with programs to make modifications to the design if needed.
 6. Program Managers by being relieved of administrative and compliance monitoring responsibilities understand their primary role is to work with our community partners to improve program performance which will lead to an improvement in our health indices.

Recommendation 3:

Establish and implement procedures necessary to ensure that subrecipients' requests for reimbursement are properly reviewed and all supporting documentation is attached to reimbursement requests.

Response:

1. As stated above, CHA now uses a risk-based grants monitoring system which develops an individualized plan for each grantee based on various factors. CHA no longer requires the submission of all supporting documentation with an invoice. CHA grant monitors instead request random items of supporting documentation to be provided on a quarterly basis to spot check a subrecipient's adherence to sound financial accounting methods. Should discrepancies be found in the random sample, a larger sample or site visit will be conducted of the organization. This permits CHA to effectively monitor all subrecipients with limited staff.

EXHIBIT E: DEPARTMENT OF HEALTH'S RESPONSE TO DRAFT REPORT

2. GMPE established procedures for the processing of invoices. Once an invoice is received the program manager is required to signoff on the invoice indicating that all required documents were received and are satisfactory and assess whether the charges on the invoice reasonably match the progress on implementing the initiative. The invoice is then forward to the assigned grant monitor for signoff indicating that the invoiced charges are reasonable and appropriate based upon the approved budget. The invoice is then sent to the CHA Office of Program Support for processing.

Recommendation 4:

Establish procedures for reviewing all provisions contained within subgrant agreements to ensure that subgrant terms and conditions result in the District paying only for a level of services actually rendered by the subgrantee.

Response:

DOH/CHA agrees with this recommendation and will conduct additional training using the OIG report to emphasize this basic tenet of grants management. It is already the responsibility of the grant monitor to ensure that we are only paying for services and good that are reasonable and necessary to implement the agreement.

Recommendation 5:

Review payments made to Easter Seals to determine if Easter Seals received duplicative payments, that is, payments made to Easter Seals from Medicaid for services rendered to Medicaid eligible children and payments made to Easter Seals from the District for the same services performed under the grant (for the same children).

Response:

DOH/CHA will review the payments made to Easter Seals and determine if these funds should be recovered.

Recommendation 6:

Take necessary measures to recover funds of \$47,326 in disallowed costs from three subrecipients (DC GAPS, FACES, and Easter Seals) and evaluate whether further action is required to recover all or part of the \$53,068 in questioned costs from three subrecipients (FACES, Quality Trust, and Easter Seals).

Response:

DOH/CHA previously sent out a disallowance letter to DC GAPS requiring the repayment of \$25,000. DC GAPS has agreed to return the funds. DOH/CHA will send out disallowance letters to FACES and Easter Seals requesting the return of the additional \$22,326 identified in the OIG Report. In addition, a grants monitor will be assigned to evaluate the questioned costs and make a recommendation on a course of action to be taken. The Chief of Grants Monitoring and Program Evaluation in turn will decide if further action is required based upon the review and communicate the findings to the Senior Deputy Director of CHA for further action.

Finding 2: Grant Approval Award and Approval Process

The audit disclosed that CHA officials used a flawed process to award the four subgrants on a

EXHIBIT E: DEPARTMENT OF HEALTH'S RESPONSE TO DRAFT REPORT

sole source basis. The process used by CHA circumvented normal subaward protocols and disregarded established criteria for awards of subgrants. Further, the officials did not obtain approval from the Director of DOH for the sole source selections of the three subgrant awards. Finally, a determination was made an official other than the Director approved a grant modification.

General Response:

DOH/CHA agrees with thrust of the finding that the Director did not sign a subgrant certification form authorizing the sole source subgrants; however, the Chief of Grants Management and Resource Development did approve the sole source justification and forwarded the entire package to the Director for approval. A subgrant folder contains a subgrant certification form, a NOGA, and a grant agreement. The Director or his designee by signing the Notice of Grant Awards, the grant agreements, and approving in PASS (The District's automated procurement system) in essence did approve of the sole sourcing of these grants. However, to avoid this situation from occurring in the future we will ensure the Director signs all subgrant certification forms. The Office of Grants Management and Resource Development currently has a requirement that sole source justifications be inserted in narrative and in compliance with DCMR and DOH policy on sole sourcing. The subgrant certifications are signed off by the Senior Deputy Director, DOH Chief of Grants Management and Resource Development and the Director as a requirement for processing all DOH-issued grants.

Recommendation 1:

Develop and implement procedures to ensure that CHA officials are fully knowledgeable of District regulations and DOH policies and procedures, and comply with the requirement to adequately justify subgrant awards made on a sole source basis.

Response:

DOH/CHA will develop and conduct required trainings for all program managers and grant monitors on District Regulations and DOH policies and procedures related to subgrant justifications with special emphases on sole source subgrants. Additionally, the Office of the Director under the coordination of the DOH Office of Grants Management and Resource Development routinely meets with the DOH Grants Management Workgroup, providing direction and review of DOH grants management policies and procedures.

Recommendation 2:

Establish procedures to ensure that only appropriate CHA officials with written authorization execute grant modifications.

Response:

DOH policies and procedures provide direction on modifications of sub-grant NOGAs and agreements. The Office of Grants Management provides internal controls for ensuring that only the Director can modify a DOH-issued grant agreement and NOGA. Those internal controls include a review of the modification request, review of authorizing statues and referral for review by DOH General Counsel, as needed. DOH/CHA will include in the above mentioned training the fact that only the Director can make major modifications to a grant agreement or Notice of Grant Award. These include an extension of time, a change in the deliverables that significantly alters the scope of work; and an increase or decrease in the amount awarded.

EXHIBIT E: DEPARTMENT OF HEALTH'S RESPONSE TO DRAFT REPORT

Finding 3: Ethics and Standards of Conduct

Three CHA employees and an intern may have violated District ethics laws and standards of conduct by having direct involvement in the operations of the programs of two of the subrecipients while also being involved in the subgrant award and selection process, as well as having performance monitoring duties and responsibilities. Apparent conflicts of interest occurred when the CHA Grant Administrator and a staff member served on a subrecipient's Advisory Board and when another CHA staff member served on the Advisory Board of two subrecipients.

General Response: DOH/CHA takes this finding very seriously and on August 6, 2009 conducted an ethics and standards of conduct training for all CHA staff at a mandatory meeting.

Recommendation 1:

Conduct training sessions to ensure CHA officials and staff are knowledgeable of policies and procedures relating to the conflict of interest certification and the recusal from required by DOH Policy No. DOH 02-05.

Response:

DOH would like to clarify the intent of the conflict of interest and recusal form required by DOH Policy No. DOH 02-05. These forms were created with the intent that grant reviewers would use them as part of the grant review process; they were not intended to be used by DOH personnel when they advocated for a sole source award. However, DOH agrees that their usage should be extended for this purpose and will require all program staff and approving staff sign a conflict of interest form and recuse themselves from the process as needed.

Recommendation 2:

Consistent with the requirements of the D.C. Code and District of Columbia personnel regulations covering standards of conduct and employee conduct, make the appropriate assessments regarding the conduct of CHA officials in the selection, award, and monitoring of the four subgrant agreements discussed in this report, and report any conflict of interest to the Office of Inspector General of the District of Columbia.

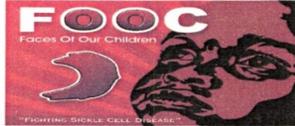
Response:

DOH completed an assessment of this issue and agrees that the employees involved should have disclosed that they were on the Advisory Boards of some of the organizations put forth to receive a sole source award. At the time these subgrants were issued there was not a clear policy in place requiring this disclosure. As a result of this and other issues described in this document, the entire staff of CHA has received training in Ethics In Government with the intent by CHA to provide ongoing ethics training. Only one of the three employees referred to in this report continues to be in the employ of CHA. CHA after conducting its own review is satisfied that the employee while listed as an advisory board member did not actively provide advice and had requested to be removed as an advisory board member prior to the issuance of the grant award. DOH/CHA has trained employees on proper standards of conduct but will specifically include this scenario in future trainings.

EXHIBIT F: FACES OF OUR CHILDREN'S RESPONSE TO DRAFT REPORT

DONALD L. CASH
Founder

FOSTER STRINGER
Treasurer



PHONE 866-FACES11
E-MAIL director@facesofourchildren.org
WEB SITE www.facesofourchildren.org

Education, Advocacy, and Support

2009 AUG 17 PM 4 32

August 14, 2009



Charles J. Willoughby
Inspector General
Government of the District of Columbia
Office of the Inspector General
717 14th Street, NW
Washington, DC 20005

Dear Inspector General Willoughby:

Faces of Our Children, Inc. ("Faces")¹ thanks you for the opportunity to respond to the allegations in the draft "Audit of Grants Awarded by the Department of Health's Community Health Administration" ("hereinafter draft Audit"). We understand the need for transparency and accountability when entrusted with public funds. As we stated to Roy Simmons, the Auditor assigned to reviewing Faces' records, before Faces spent any funds it sought and received prior approval from the District of Columbia Department of Health's Community Health Administration (DOH/CHA). Prior to every purchase, Faces discussed with and provided in writing to DOH/CHA the nature of the expenditure, the number of the particular item to be purchased and costs of the items purchased. Every dollar spent was with the prior knowledge and approval of DOH/CHA. We take seriously our responsibility to safeguard the use of public funds and to ensure that we do not violate the public's trust. So we trust that you appreciate our sensitivity to allegations calling into question our use of public funds.²

The tenor and tone of the audit investigation was disappointing. The investigation should have been conducted in a search for truth and not with an accusatory tone and demeanor that would besmirch the good name and reputation of a committed and reputable organization. Unfortunately during this process, we were made to feel like some fly-by-night operation looking to make a quick buck. To the contrary, Faces has a been in existence for approximately 8 years and is made up of dedicated volunteers consisting of geneticists, doctors, nurses, community leaders, labor leaders, attorneys, businessmen and women, caregivers, family members of individuals affected with sickle cell disease, and members of the concerned public. Faces has been recognized for its efforts on the Talent-Schumer Sickle Cell Treatment Act (S. 874), which

¹ Faces is a 501(c)(3) organization, incorporated in the District of Columbia, dedicated to raising awareness, support and funding for the fight against sickle cell disease through the development and delivery of educational programs and materials to the general public. Faces is a registered to do business in Maryland, Virginia, West Virginia, New York, Illinois, New Jersey, Ohio and Missouri.

² The draft Audit also alleges that Faces did not submitted its invoices by the 5th business day of each month in accordance with terms of the Grant. Faces acknowledges that it did not submit its invoices by the 5th business day of the month. However, due to the time constraint involved in planning and implementing a quality and targeted educational program and outreach effort, we were not concerned with getting paid; our focus was on ensuring that we met the goals, directives, and objectives outlined in the Grant, the timeline for deliverables as established by DOH/CHA and that the message about the consequences of sickle cell disease was understood and well-received by the targeted audiences. The draft Audit acknowledges that Faces spent \$115,701 on the education and outreach efforts, and sought, however, reimbursement for only \$100,000.

Faces of Our Children, Inc. is a non-profit corporation dedicated to Fighting Sickle Cell Disease

P.O. Box 2946
Landover Hills, MD 20784-0946



505 Arnett Boulevard
Danville, VA 24541

EXHIBIT F: FACES OF OUR CHILDREN'S RESPONSE TO DRAFT REPORT

whenever it so desires. It does not need a pretext to conduct the same. The draft Audit reference to Faces in this manner is unwarranted and unnecessary.

Regarding particular areas of concern related to the purchases made by Faces, we take issue with the draft Audit's characterization of these costs as possibly wasteful, excessive or unnecessary. Faces planned and implemented a well thought-out cost-effective outreach campaign. As previously acknowledged in the draft Audit, Faces was charged with not only providing educational sessions to children but with increasing knowledge and awareness to the public at public events.⁹ As mentioned previously, Faces and DOH/CHA discussed the scope of the educational sessions and public outreach efforts, the targeted audience, the potential number of individuals involved (DOH/CHA provided the estimate), our outreach efforts, DOH/CHA future outreach efforts, and costs related thereto. All purchases were cost-effective and made in attempt to maximize visibility and to provide visual tools as a reminder of what they heard or read about the scourge of sickle cell disease. When considering the above, we believe that the purchases were reasonable, cost-effective, and appropriate.

Questioned Costs.

Items 1 & 2. (Wristbands and Bumper Stickers) The draft Audit particularly questions the need for 5,000 wristbands and 10,000 bumper stickers and the costs thereof, by focusing on an alleged total of 923¹⁰ participants who signed up for the educational sessions and the Stomp Out Sickle Cell Walk-a-thon. It is undisputed that at many of the sites, as well as at the walk-a-thon, the number of individuals who participated in the sessions and walk far exceeded the number who signed in. The host sites and DOH/CHA can attest to the same. Unfortunately, the draft Audit takes an unrealistic narrower interpretation on how many people attended the sessions and how the distribution of the wristbands and bumper stickers should be reflected. The number of wristbands and bumper stickers purchased were based on our consultation with DOH/CHA, the number of potential educational sessions, the potential number of people attending, future DOH/CHA activities involving sickle cell disease, our outreach efforts, and the feasibility of buying a small amount versus a larger amount of visual tools. As we stated to Mr. Simmons and acknowledged in the draft Audit, Faces' responsibility was not only to conduct educational sessions, but to inform the public. The wristbands and bumper stickers were not only given out at the respective educational sessions and the Stomp Out Sickle Cell Walk-a-thon, but also at the Georgia Avenue - Petworth, 7th Street - Mount Vernon Square, Anacostia, and Stadium - Armory metro stations, as well as at Giant and Safeway food stores.

The draft Audit fails to recognize that we handed out wristbands, bumper stickers and other materials to District of Columbia residents at these and other venues.¹¹ We acknowledge

⁹ See, fn. 5.

¹⁰ Faces maintains that 471 individuals attended the educational sessions.

¹¹ Prior to disturbing the wristbands, bumper stickers and educational material at the respective metro locations, we first inquired as to whether the individual(s) was a resident of the District of Columbia. We also distributed wristbands, bumper stickers, and educational material at the Howard University Symposium of Sickle Cell Disease, Giant Food Community Day, back to school events, the annual Muslim Community Day held in Rock Creek Park and the Israel Baptist Church Sickle Cell Gospelfest. Each year, we hold an annual Sickle Cell Gospelfest at a church

EXHIBIT F: FACES OF OUR CHILDREN'S RESPONSE TO DRAFT REPORT

that we did allow adults who accompanied the children to receive up a wristband, that we provided 2 bumper stickers per individual when requested (we recognized that many households have two or more vehicles at their disposal), and that in some instances only one individual, an adult, signed for the items received by the children. At the walk-a-thon, we passed out wristbands and bumper stickers to adults and children along the walk-a-thon route. We did not stop and ask them to sign for the wristbands, bumper stickers and educational materials. Mr. Simmons' position that we should have a signature for every wristband and bumper sticker distributed is both unreasonable and unrealistic. The wristbands, bumper stickers, and other handouts were intended to be mass promotional visual tools to "spread the word" about sickle cell disease, and DOH/CHA and the programs and services it offers. It is undeniable that the sessions and outreach efforts were a resounding success. Regarding the quantity and costs of the wristband and bumper stickers, Faces did not willy-nilly select 5,000 wristbands and 1,000 bumper stickers. The number and costs were determined in consultation with DOH/CHA after discussing the target audiences, our outreach efforts, DOH/CHA future outreach efforts, and whether it would be more cost-effective to purchase a larger quantity as opposed to a smaller.

Item 3. Writing Pad (8 ½ x 11) Here again, we believe the draft Audit's focus is misplaced. The draft Audit again continues to focus on the number of participants who signed up for the respective educational sessions and fails to acknowledge that the pads were also included as part of back-to-school backpack supplies. We informed Mr. Simmons that not only did we provide each participant with a pad for note taking at the educational sessions, but also we put four pads in each back-to-school backpack we provided to children. According to Mr. Simmons, we should have distributed only one writing pad per person. Again that is both unreasonable and unrealistic, the pads contain only 50 pages and we also took into consideration that many of the children were from low-income households and were studying more than one subject at school. The number of pads and purchase price were based on the estimated number of sessions to be held, the estimated number of participants, our outreach efforts, future DOH/CHA sickle cell outreach efforts, and costs of purchasing a limited as opposed to a larger quantity.

Item 4. Sign-In/Sign-Out Sheets As we stated to Mr. Simmons, the attendance sheets were designed and deemed necessary by DOH/CHA, and quantity purchased at their direction and with their approval.

Item 5. Gift Cards DOH/CHA was provided with the gift cards for distribution at the various sites. As we previously provided in our Report, the procedure for the distribution of the gift cards was as follows: each location for the scheduled sessions was instructed to provide a count of the number of potential session participants; each participant was to sign-in and gift cards were to be distributed upon the completion of the sessions.

The sessions were scheduled in advance and monitored; however, the initial count of participants was an only an approximation. The actual count varied because many more individuals participated in the sessions than initially approximated. Because of this, many of the participants had to receive their gift cards at a later time that day or on another date and some of

and other organization sponsored facility. Any church or organization is welcomed to host the event has suitable accommodations, and provides appropriate manpower and support.

EXHIBIT F: FACES OF OUR CHILDREN'S RESPONSE TO DRAFT REPORT

these individuals did not initially sign-in as requested. At the end of the session a count of those individuals who did not receive a gift card was taken by the site's facilitator. The gift cards were then provided to the respective sites based on the number of participants who failed to receive a gift card as provided by the site facilitator. The cards were then delivered to the site to the host site contact person/person in charge, for example, to Rev. Shearin's office at Israel Baptist Church and the Director at the Turkey Thicket Recreation Center who then signed for the cards. These gift cards did lack individual signatures for each and every card. We provided documentation for 471 session participants and not 423 as alleged in the draft Audit, leaving 29 gift cards unaccounted for.

Upon follow-up, to the best of our information, belief, and knowledge, no host site, i.e., the respective religious institutions and community recreation centers, improperly misused the gift cards. We were aware of the challenges involved taking in more children than estimated; however, we along with DOH/CHA thought that it was more important that these children participated in the educational sessions. Although in retrospect, it probably would have been better if each individual participant returned to sign for the gift cards at a predetermined scheduled time; the coordinating of the same with the respective host sites and the children, when discussed, appeared to be a greater challenge.

Disallowed Costs

Item 1. Sling Bags. The draft Audit alleges that Faces improperly receive reimbursement for two invoices (sling bag), one for \$3,745.00 and the other for \$3,617.93. The \$3,617.93 amount was indeed incorrect, the correct amount of the invoice should read \$2,319.15. See, enclosed. The \$3,617.93 represented a price quote from the vendor for a different styled bag. It is our hope that the Office of the Inspector General would credit us for the difference in the amounts based upon Faces' willingness to expend additional funds and resources above and beyond the Grant. Moreover, the bags in question were selected and ordered by DOH/CHA. Regarding the second amount, Faces has no record or knowledge of a purchase of sling bags costing \$3,745 nor have we requested reimbursement for this amount. Please advise as to how you arrived at this amount so that we may provide the necessary supporting documentation.

Item 2. Wristbands and Crayons. The draft Audit alleges that Faces was previously reimbursed for the purchase of wristbands and crayons. According to our records, we only submitted one invoice for wristbands (\$4,619.94) and one for crayons (\$3,587.88)¹². We have no record of any other submissions for reimbursements for wristbands and crayon purchases. Once again, please provide us with documentation of the same so that we may address your concerns.

Item 3. Lunch and Gas. Faces acknowledges that it spent \$281.00 on lunches and bottled water for the backpack stuffers and volunteers who attended our planning and training sessions and for the transportation of volunteers and materials to the various sites. The draft Audit alleges that these were neither valid nor legitimate costs, we beg to differ. These costs are legitimate expenditures that were necessary to providing a quality program to the residents of the District of Columbia. Applying Mr. Simmons' logic, we should have paid the volunteers and had them buy their own lunch and provide for their own transportation to and from the sites.

¹² Only four crayons came in a box; so 3 boxes were disturbed per child.

EXHIBIT F: FACES OF OUR CHILDREN'S RESPONSE TO DRAFT REPORT

Item 4. Psychological Testing Equipment. Mr. Simmons is aware that we had no knowledge of this expenditure, nor was it listed as a cost in our Close-Out Report. Therefore, any inquiry regarding this purchase should be directed to DOH/CHA, which made the purchase.

We again thank you for the opportunity to respond to the draft Audit. We understand and appreciate the obligation of the Office of the Inspector General to ensure that public funds are properly spent. We too are sensitive to that concern and took reasonable measures to ensure the same. Faces' purchases were not excessive, wasteful, or unnecessary, but reasonable and necessary costs to ensure that goals and objective of the Grant were realized. Every purchase made was approved, in advance, by the DOH/CHA. The educational sessions and targeted campaign proved to be a resounding success. At the end of the day our goals are the same as yours, to ensure the public's confidence and trust. Once again, thank you.

Sincerely,



Donald L. Cash, Sr.
President
Faces of Our Children, Inc.

enclosure

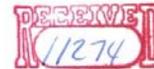
cc: Neil O. Albert, City Administrator, District of Columbia
Pierre N. Vigilance, Director, Department of Health
Merav Bushlin, Program Analyst, Office of the City Administrator
Jill Chimka, Clinical Supervisor, Easter Seals Greater Washington – Baltimore
Region, Easter Seals Child Development Center
Tina Campnella, Executive Director, Quality Trust
Sohal Rana, MD, Howard University Hospital, District of Columbia Greater
Access to Pediatric Sickle Cell Services

EXHIBIT G: QUALITY TRUST'S RESPONSE TO DRAFT REPORT



5335 WISCONSIN AVE NW | SUITE 825 | WASHINGTON, DC 20015 | (202) 448-1450 | (202) 448-1451 FAX
WWW.DCQUALITYTRUST.ORG

2009 AUG 20 PM 3 25



*Powering Change
Through Partnership*

August 17, 2009

Mr. Charles J. Willoughby
Inspector General
717 14th St. NW
Washington, DC 20005

Dear Mr. Willoughby:

Thank you for the courtesy copy of the draft audit report regarding the Department of Health's Community Health Administration (CHA). I have reviewed the report and its findings and wish to clarify a few items that I believe are not clear in the draft regarding Quality Trust.

As accurately noted in the report, it was our understanding that the grant funding was primarily intended to support our ongoing activities at the Family Empowerment Center. We carefully reviewed expectations and deliverables when initially approached by CHA in May of 2007 and made numerous changes to the grant agreement.

As we understood the agreement, the funding was not contingent on receiving referrals from CHA. The budget developed for the project was not based on a per referral charge as characterized on page 11 in the findings section of the draft report. The invoices submitted were for the activities completed as outlined in the grant agreement, many related to training and workshops that were held and our volunteer family matching program DC Family Friends. We were however, fully prepared to support all of the children and families who could have been referred as expected in the agreement. We were not aware that CHA did not have the ability to refer families and children as outlined in the agreement.

There is no question that our billing process was not consistent with the timelines outlined in the grant agreement. This was linked to our internal difficulties assembling the documentation needed to verify activities and deliverables to justify the costs reflected in the invoice we submitted. We made every attempt to

EXHIBIT G: QUALITY TRUST'S RESPONSE TO DRAFT REPORT

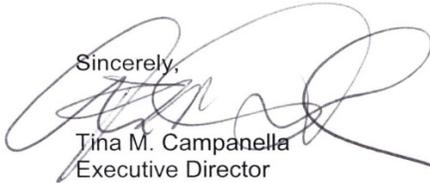
ensure that all costs on the invoices submitted were clearly connected to items listed in the grant agreement.

Finally, I was unaware that payment had been released from Department of Health DOH/CHA until informed by the auditor who visited Quality Trust in January 2008. As I explained during the audit process, our internal financial procedures require all of our invoices to be processed through our administrative operations department. Program employees at Quality Trust do not handle invoicing. When questioned, the employee who was in receipt of the check acknowledged that she was aware of our policy, but did not provide an explanation for why she received or kept the check. That person no longer works at Quality Trust.

As you will see from reviewing the attached documentation, after it was discovered that we had possession of a check for \$60,000, it was returned to DOH. It was then sent back with a request for us to cash the check and then return only unexpended funds. That was how we proceeded. The unexpended amount was returned to DOH/CHA on June 9th.

Once again, thanks for providing the draft for me to review. I would be happy to discuss any of this in further detail if it would be helpful to finalizing your report. Please don't hesitate to call.

Sincerely,



Tina M. Campanella
Executive Director

Cc: Mr. Neil Albert, City Administrator, District of Columbia
Dr. Pierre N.D. Vigilance, MD, MPH, Director DC Department of Health

attachments

EXHIBIT G: QUALITY TRUST'S RESPONSE TO DRAFT REPORT



5335 WISCONSIN AVE NW | SUITE 825 | WASHINGTON, DC 20015 | (202) 448-1450 | (202) 448-1451 FAX
WWW.DCQUALITYTRUST.ORG

*Powering Change
Through Partnership*

February 28, 2008

Mr. Charles Nichols
Chief, Office of Grants Monitoring
and Program Evaluation
District of Columbia Department of Health
Community Health Administration
825 North Capitol Street, NE 3rd Floor
Washington, DC 20002

Re: DOH Sub-Grant to Quality Trust

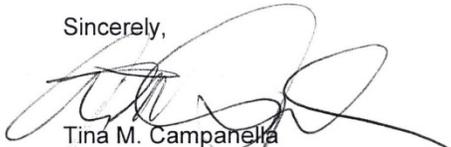
Dear Mr. Nichols:

With this letter we are returning check #6855876 from the Department of Health, in the amount of \$60,000, which apparently was issued to Quality Trust on October 24, 2007. The Quality Trust did not deposit this check. The undersigned obtained the check just recently, following an exit interview with a departing employee.

Please note we submitted an invoice (#093007) for \$14,389.47 in January 2008. We anticipate submitting an additional invoice for approximately the same amount in the coming two weeks.

If you have any questions, or require additional information, please feel free to contact me at 202-448-1442.

Sincerely,



Tina M. Campanella
Executive Director

Cc: Ms. Brenda Anderson
Public Health Advisor
District of Columbia Department of Health

Enclosure

**EXHIBIT G: QUALITY TRUST'S RESPONSE
TO DRAFT REPORT**

VOUCHER	FIN AG	INVOICE	INVOICE DATE	REF DOC	AMOUNT
VO395448	HCO	SEPT07 CASEGM	09/30/2007	PO228467	\$60,000.00

ISSUED BY: HCO DEPARTMENT OF HEALTH (202) 279-6922

CHECK DATA
ID: 121 006855876 DATE: 10/24/2007 AMOUNT \$60,000.00
GOVERNMENT OF THE DISTRICT OF COLUMBIA

198273 REMOVE DOCUMENT ALONG THIS PERFORATION

THE FACE OF THIS DOCUMENT HAS A MULTI-COLORED BACKGROUND AND MULTIPLE SECURITY FEATURES

GOVERNMENT OF THE DISTRICT OF COLUMBIA 6855876 66-798 531

50 HCO 121 006855876 10/24/2007
*SIXTY*THOUSAND*DOLLARS*AND*NO*CENTS*****

DOLLARS CTS.
***60,000.00

VOID 180 DAYS FROM DATE

PAY TO THE ORDER OF QUALITY TRUST
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SUITE 825
WASHINGTON DC 20015

Bank of America
Washington, DC

R*STARS

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**EXHIBIT G: QUALITY TRUST'S RESPONSE
TO DRAFT REPORT**



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**D-Night Courier
Return Receipt Form**

Date: February 28, 2008

To: **Mr. Charles Nichols**
Chief, Office of Grants Monitoring
and Program Evaluation
District of Columbia Department of Health
Community Health Administration
825 North Capitol Street, NE 3rd Floor
Washington, DC 20002

From: **Ms. Tina M. Campanella**
Executive Director
Quality Trust for Individuals with Disabilities

Re: DOH Sub-Grantee Quality Trust
Family EmPowerment Center

Received by: Charles Nichols Chief - Grants Monitoring
(please print) (Name & Title)

Date: 2/28/08 Time: 12:15 pm

**EXHIBIT G: QUALITY TRUST'S RESPONSE
TO DRAFT REPORT**



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**D-Night Courier
Return Receipt Form**

Date: February 28, 2008

To: **Ms. Brenda Anderson**
Public Health Advisor
District of Columbia Department of Health
Community Health Administration
825 North Capitol Street, NE 3rd Floor
Washington, DC 20002

From: **Ms. Tina M. Campanella**
Executive Director
Quality Trust for Individuals with Disabilities

Re: DOH Sub-Grantee Quality Trust
Family EmPowerment Center

Received by: Michelle C. Sermon
(please print) (Name & Title)

Date: 2/28/08 Time: 1216p

EXHIBIT G: QUALITY TRUST'S RESPONSE TO DRAFT REPORT

Page 1 of 1

Tina Campanella

From: Anderson, Brenda (DOH) [brenda.anderson@dc.gov]
Sent: Tuesday, March 11, 2008 11:50 AM
To: Tina Campanella
Cc: Nichols, Charles (DOH); Barringtine, Samuel (DOH); Brooks, Joyce (DOH); Jenise Ross
Subject: Sub-grant with the Dparment of Health

Ms. Campanella:

Charles Nichols has instructed me to contact you on his behalf regarding the check you returned to the Department of Health in the amount of \$60,000.00. The funding source and sub-grant agreement have expired; therefore it will not be possible to re-issue a check for a lesser amount. We will return the check to you and it is our suggestion that you cash the check and send us your final expenditure report. Once you have sent us the final expenditure report and it is approved, you should then send the unexpended balance to Mr. Nichols, in a check made payable to the DC Treasurer. Please let me know if you need further information regarding this matter.

Sincerely,

Brenda D. Anderson
Public Health Advisor
District of Columbia Department of Health
Community Health Administration
Special Health Care Needs Bureau
(O) (202) 442-9148 (Fax) 202-442-4827

3/26/2008

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June 9, 2008

Mr. Charles Nichols
Chief, Office of Grants Monitoring
and Program Evaluation
District of Columbia Department of Health
Community Health Administration
825 North Capitol Street, NE 3rd Floor
Washington, DC 20002

Re: Return of unexpended DOH Grant Funds
Project Name: Quality Trust – Family EMPOWERment Center

Dear Mr. Nichols:

Enclosed please find check #8238 for the amount of \$24,044.72. On March 26, 2008, we sent a letter submitting two invoices for your approval (attached for your reference); invoice #123107DOH for the amount of \$21,557.01, and a January 2008 invoice # 093007 for the amount of \$14,389.47, bringing the total grant funds invoiced for approval to \$35,955.28.

The enclosed check for \$24,044.72 represents the remainder of the original \$60,000 award which was not used. As requested by Ms. Brenda Anderson on March 11, 2008, we are refunding the difference between the original grant amount of \$60,000 and the actual expenses incurred.

We are still awaiting approval from DOH for the previous invoices submitted, and appreciate any help you can provide to expedite this matter. If you have any questions, or require additional information, please feel free to contact me at 202-448-1442.

Sincerely,

Tina M. Campanella
Executive Director

Cc: Ms. Brenda Anderson
Public Health Advisor
District of Columbia Department of Health

Enclosures

EXHIBIT G: QUALITY TRUST RESPONSE TO DRAFT REPORT

QUALITY TRUST FOR INDIVIDUALS WITH DISABILITIES, INC. 8238
DC DEPARTMENT OF HEALTH

Check Number: 8238
Check Date: May 30, 2008

Check Amount: \$24,044.72
Discount Taken Amount Paid

Item to be Paid - Description	Discount Taken	Amount Paid
053008		24,044.72

ORIGINAL DOCUMENT PRINTED ON CHEMICAL REACTIVE PAPER WITH MICROPRINTED BORDER 8238

QUALITY TRUST FOR INDIVIDUALS WITH DISABILITIES, INC.
5335 WISCONSIN AVENUE N.W.
SUITE 825
WASHINGTON, DC 20015

Mellon Bank
3-3/310

DATE AMOUNT

PAY May 30, 2008 **\$24,044.72

TO THE ORDER OF Twenty-Four Thousand Forty-Four and 72/100 Dollars

DC DEPARTMENT OF HEALTH
COMMUNITY HEALTH ADMINISTRATIO
825 NORTH CAPITOL ST NE 3RD FL
WASHINGTON, DC 20002

TWO SIGNATURES REQUIRED FOR AMOUNTS OVER \$6000.00

MP
MP

THIS DOCUMENT CONTAINS HEAT SENSITIVE INK. TOUCH OR PRESS HERE - RED IMAGE DISAPPEARS WITH HEAT.

⑈008238⑈ ⑆031000037⑆ 000⑈808⑈0210⑈

QUALITY TRUST FOR INDIVIDUALS WITH DISABILITIES, INC. 8238
DC DEPARTMENT OF HEALTH

Check Number: 8238
Check Date: May 30, 2008

Check Amount: \$24,044.72
Discount Taken Amount Paid

Item to be Paid - Description	Discount Taken	Amount Paid
053008		24,044.72

SFMS00053-1 TO REORDER, CALL YOUR LOCAL SAFEGUARD DISTRIBUTOR AT 847-397-1060 HJZ5JX0010000 T03SF004981

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**D-Night Courier
Return Receipt Form**

Date: June 9, 2008

To: **Ms. Joyce Brooks**
Bureau Chief, Special Health Care Needs
District of Columbia Department of Health
Community Health Administration
825 North Capitol Street, NE Room 3126
Washington, DC 20002

From: **Ms. Tina M. Campanella**
Executive Director
Quality Trust for Individuals with Disabilities

Re: Return of unexpended funds
Project Name: Quality Trust Family EMPOWERment Center

Received by: Phyllistine Murray Grants Mgmt. Asst.
(please print) (Name & Title)

Date: 6-9-08 Time: 1:21 p.m.

**EXHIBIT G: QUALITY TRUST RESPONSE
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**D-Night Courier
Return Receipt Form**

Date: June 9 2008

To: **Mr. Charles Nichols**
District of Columbia, Department of Health
Community Health Administration
825 North Capitol Street, NE Suite 3105
Washington, DC 20002

From: **Ms. Tina M. Campanella**
Executive Director
Quality Trust for Individuals with Disabilities

Re: Return of unexpended funds
Project Name: Quality Trust Family EMPOWERment Center

Received by: Phyllistine MURRAY Grants Mgmt. Asst.
(please print) (Name & Title)

Date: 6-9-08 Time: 1:20 p.m.