GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL

AUDIT OF THE SERVICES PROVIDED BY TEACHERS INSTITUTE FOR THE DISTRICT OF COLUMBIA PUBLIC SCHOOLS

CHARLES J. WILLOUGHBY
INSPECTOR GENERAL

OIG No. 07-2-32GA **October 1, 2008**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General

October 1, 2008

Michelle A. Rhee
Chancellor
District of Columbia Public Schools
825 North Capitol Street, N.E., 9th Floor
Washington, D.C. 20002

Natwar M. Gandhi, Ph.D.
Chief Financial Officer
Office of the Chief Financial Officer
1350 Pennsylvania Avenue, N.W., Room 203
Washington D.C. 20004

Lucille Dickinson
Chairperson
Board of Review for Anti-Deficiency Violations
1350 Pennsylvania Avenue, N.W., Suite 200
Washington D.C. 20004

Dear Ms. Rhee, Dr. Gandhi, and Ms. Dickinson:

Enclosed is the final report summarizing the results of the Office of the Inspector General's (OIG) *Audit of the Services Provided by Teachers Institute for the District of Columbia Public Schools* (OIG No. 07-2-32GA). This audit was requested by the Chancellor, District of Columbia Public Schools due to allegations of wrongdoing made by a complainant.

Our draft report directed 15 recommendations to management that, collectively, represent actions considered necessary to correct the deficiencies described in this report. We received management responses to the draft report as follows:

- Office of the Chief Financial Officer (OCFO)/Board of Review for Anti-Deficiency Violations, dated September 11, 2008
- OCFO Office of Integrity and Oversight (OIO), dated September 12, 2008
- D.C. Public Schools, dated September 15, 2008

While we did not direct recommendations to the contractor, we provided a courtesy copy of our draft report to the company. We received a response from The Teachers Institute dated August 26, 2008.

Management generally concurred with the recommendations as directed. Based on the OCFO/OIO response to our draft report, we amended Recommendation 9 to cite D.C. Code § 2-301.05(d)(1) (2001), which prohibits payment without a valid contract. We have incorporated details of the responses, as appropriate, in Section II of this report. The full texts of the responses are included at Exhibits D through G.

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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AUDIT OF THE SERVICES PROVIDED BY TEACHERS INSTITUTE FOR THE DISTRICT OF COLUMBIA PUBLIC SCHOOLS

ABBREVIATIONS

BRADV	Board of Review for Anti-Deficiency Violations
CFO	Chief Financial Officer
COTR	Contracting Officer's Technical Representative
CUTC	Columbia University Teachers College
D&F	Determination and Findings
DCMR	District of Columbia Municipal Regulations
DCPS	District of Columbia Public Schools
District	District of Columbia
DPM	District of Columbia Personnel Manual
IMAC	Apple Computer
LEA	Local Education Agency
OA	DCPS Office of Accountability
OCA	DCPS Office of Contracts and Acquisitions
OCFO	Office of the Chief Financial Officer
OIG	Office of the Inspector General
OPD	DCPS Office of Professional Development
SOAR	System of Accounting and Reporting
TI	Teachers Institute
TILT	Teachers Institute Leadership Team

AUDIT OF THE SERVICES PROVIDED BY TEACHERS INSTITUTE FOR THE DISTRICT OF COLUMBIA PUBLIC SCHOOLS

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EXECUTIVE DIGEST

OVERVIEW

The District of Columbia Office of the Inspector General has completed its *Audit of the Services Provided by Teachers Institute for the District of Columbia Public Schools* (OIG No. 07-2-32GA). This audit was requested by the Chancellor, District of Columbia Public Schools due to concerns raised by a complainant about Teachers Institute (TI) operations. The audit focused on District of Columbia Public Schools (DCPS) management and oversight of services provided by TI.

Our audit objectives were to determine whether DCPS: (1) managed and used resources in an efficient, effective, and economical manner; (2) complied with requirements of applicable laws, regulations, policies, and procedures; and (3) implemented internal controls to safeguard against waste, fraud, and abuse.

Teachers Institute. TI is a nonprofit, professional development organization that was retained by DCPS in July 2005 to raise the writing fluency and reading comprehension of DCPS students. TI worked in affiliation with the Columbia University Teachers College (CUTC) Reading and Writing Project in providing DCPS a program of ongoing teacher and principal learning that tied professional development to practical classroom application. The Reading and Writing Project covered 3 years at DCPS and included 22 Cohort schools.[1]

In general, TI organized and facilitated the Reading and Writing Project, while employing CUTC as a subcontractor to provide staff training and professional development. In this capacity, TI established a training curriculum, scheduled training events, obtained trainers, contracted for training venues, and oversaw the performance of the training schedule. TI purchased books and organized libraries in classrooms for teachers who participated in the Reading and Writing Project.

TI also subcontracted with vendors to install, distribute, and maintain personal and laptop computers for participating teachers. Further, TI arranged travel, subsistence, and lodging for DCPS teachers and principals to attend training classes at Columbia University in New York City. Additionally, TI initiated incentive programs for teachers by offering graduate school credits and cash payments for completing after-hour training assignments.

Report Presentation. This report is presented in four major sections. Section I details a sequence of events beginning October 18, 2004 (when the District of Columbia (District) received a federal appropriation) and ending June 8, 2008 (when the contract with TI was not renewed by DCPS). Section II discusses our findings and recommendations, which center on violations of personnel, procurement, funding, and payment laws, rules, and regulations. Section III details allegations we received and audit results relative to inappropriate practices

[1] See page 2 for a listing of Cohort schools.

EXECUTIVE DIGEST

by DCPS and TI. Section IV discusses other matters of interest that came to our attention during the audit.

CONCLUSION

Three former DCPS employees and several other DCPS and OCFO officials did not comply with personnel, procurement, and funding regulations when establishing the Reading and Writing Project at DCPS. Specifically, the former DCPS employees violated District personnel regulations by soliciting a business relationship with the District government while employed with DCPS and by entering into an arrangement with DCPS before the required post-employment waiting period of at least 1 year[2] had elapsed. In addition, DCPS program managers improperly used a training form (as a funding document) instead of a contract to obtain and implement the Reading and Writing Project at 15 District schools. Further, OCFO officials improperly advanced and expended $2.9 million of federal funds based on the improper use of a training form.

These conditions occurred because the three former DCPS employees and program officials were either unaware of or chose not to comply with pertinent personnel regulations. DCPS program officials used a training form to circumvent the District's procurement process because program officials did not adequately plan for the procurement. Further, OCFO officials may have violated anti-deficiency laws by spending funds that were no longer legally available to spend. Anti-deficiency laws restrict the District from authorizing an expenditure of funds exceeding an apportionment (time period) or an amount permitted by regulations.

In November 2006,[3] DCPS awarded a $1.4 million sole source, cost reimbursement contract to TI. Our review showed that DCPS contracting officials did not adequately perform a cost analysis or adequately justify the sole source procurement. The officials also did not obtain a legal sufficiency review or submit the contract to the Mayor and City Council for review and approval, as required for contracts exceeding $1 million. In addition, DCPS officials did not adequately monitor the contract or properly identify and dispense District government assets remaining from the first year of the contractual arrangement, which included $1.2 million in cash.

As a result, an apparent conflict of interest existed for the DCPS employees who negotiated the post-employment agreement which also resulted in the possible inappropriate enrichment of former DCPS employees. Also, DCPS program officials' failure to comply with regulations may have prevented the District from receiving services from TI at the most reasonable or economical price. For example, TI was reimbursed approximately $733,000 for expenditures that we considered improper or questionable. Further, the District could

[2] DPM provided 2 waiting periods including, 1 year for senior employees and 2 years for other employees.
[3] TI was given a formal Notice to Proceed on June 8, 2006, pursuant to the award of a contract.

EXECUTIVE DIGEST

have saved as much as $2.25 million over a 5-year period by performing the Reading and Writing project in-house. Finally, DCPS's noncompliance with anti-deficiency laws may result in the District repaying the federal government as much as $2.9 million.

MANAGEMENT ACTIONS

On June 2, 2008, a briefing was held with DCPS senior officials to discuss the deficiencies described in this report. On June 8, 2008, the Chancellor, DCPS cut off funding to TI by declining to renew a contract option. We noted that from July 2005 to June 8, 2008, TI was paid approximately $6.2 million.

SUMMARY OF RECOMMENDATIONS AND MANAGEMENT ACTIONS

We directed 15 recommendations to the Chancellor, District of Columbia Public Schools, the Chief Financial Officer, and the Chairperson, Board of Review for Anti-Deficiency Violations that, collectively, represent actions necessary to correct the deficiencies described in this report. The recommendations provide specifics on improving management oversight, personnel practices, contracting practices, internal controls, and accountability. A summary of the potential benefits resulting from the audit is shown at Exhibit A.

The recommendations focus in part on:

- discontinuing payments to contractors for DCPS employee travel, training, lodging, and subsistence etc;
- planning for procurement needs in advance;
- establishing procedures to ensure that contracts are prepared in advance to support contractual arrangements;
- reinforcing procedures outlined in the D.C. Municipal Regulations (DCMR) to ensure that sole source procurements are properly justified;
- providing training to Contracting Officer's Technical Representatives (COTR), as needed;
- recovering government property in the possession of TI;
- taking appropriate action against employees for violations of District regulations, as necessary;

EXECUTIVE DIGEST

- addressing and making employees aware of the types of activities that can result in conflicts of interest and other violations of District personnel regulations; and

- providing ethics training to all DCPS personnel.

Management generally concurred with the recommendations as directed. Based on the OCFO/OIO response to our draft report, we amended Recommendation 9 to cite D.C. Code § 2-301.05(d)(1) (2006), which prohibits payment without a valid contract. We have incorporated details of the responses, as appropriate, in Section II of this report. The full texts of the responses are included at Exhibits D through G.

INTRODUCTION

BACKGROUND

The District of Columbia Office of the Inspector General (OIG) has completed an audit of the services provided by Teachers Institute (TI) for the District of Columbia Public Schools (DCPS). This audit was requested by the Chancellor, DCPS. Our audit focused on DCPS management and oversight of services provided by TI.

District of Columbia Public Schools. On October 18, 2004 **(**in fiscal year 2005), the District of Columbia (District) received $9 million from the federal government for DCPS school improvements to be spent at the discretion of the former DCPS Superintendent. These funds had to be obligated for use by September 30, 2005. According to accounts from several TI representatives, the former DCPS Superintendent and his staff received a presentation in May of 2005 from TI on providing professional development services to DCPS.

Teachers Institute. TI is a nonprofit, professional development organization retained and eventually contracted by DCPS to raise the writing fluency and reading comprehension of the District's public school students and provide staff development (for teachers and principals) as part of an overall strategy for improved student achievement. Founded in 2005, TI worked in affiliation with the Columbia University Teachers College (CUTC) Reading and Writing Project to provide DCPS a program of ongoing teacher and principal learning that tied professional development to practical classroom application.

TI organized and facilitated the Reading and Writing Project at selected DCPS schools, while employing CUTC as a subcontractor to provide staff training and professional development. The Reading and Writing Project covered 3 years at DCPS and included 22 Cohort schools located in the District. Schools and teachers in Cohort I were designated to work with TI in school year 2005-2006. Those in Cohort II joined the Reading and Writing Project in school year 2006-2007. Three new schools comprised Cohort III for school year 2007-2008.

INTRODUCTION

The chart below identifies the schools participating in the Reading and Writing Project by cohort:

Cohort I Schools	Cohort II Schools
Amidon 401 I St., SW	Brent 301 North Carolina Ave., SE
Bruce-Monroe 3012 Georgia Ave., NW	Montgomery 421 P St., NW
Hyde 3219 O St., NW	Murch 4810 36th St., NW
Janney 4130 Albemarle St., NW	Benjamin Orr 2200 Minnesota Ave., SE
Mann 4430 Newark St., NW	Prospect 920 F St., NE
Maury 1250 Constitution Ave., NE	Shaed 301 Douglas St., NE
Smothers 4400 Brooks St., NE	
Stanton 2701 Naylor Rd., SE	**Cohort III Schools**
M. C. Terrell 3301 Wheeler Rd., SE	Garfield 2435 Alabama Ave., SE
Tubman 3101 13th St., NW	Raymond 915 Spring Rd., NW
Tyler 1001 G St., SE	Ross 1730 R St., NW
West 1338 Farragut St., NW	
Wilkinson 2330 Pomeroy Rd., SE	

OBJECTIVES, SCOPE, AND METHODOLOGY

Our audit objectives were to determine whether DCPS: (1) managed and used resources in an efficient, effective, and economical manner; (2) complied with requirements of applicable laws, regulations, policies, and procedures; and (3) implemented internal controls to safeguard against waste, fraud, and abuse.

INTRODUCTION

To accomplish our objectives, we reviewed applicable laws, regulations, policies, and procedures. We conducted interviews with officials and staff from DCPS's Office of Contracts and Acquisitions (OCA), Office of Accountability (OA), and the Office of the Chief Financial Officer (OCFO). Site visits were conducted and discussions were held with principals, teachers, and staff at eight schools[4] participating in the Reading and Writing Project. We also held meetings and discussions with TI representatives, as well as consultants and vendors TI hired.

Additionally, we visited Columbia University Teachers College in New York City and met with the Director of Literacy Learning (who is also the founder of the Reading and Writing Project). We also met with the Inspector General for New York City Public Schools and three other New York City Public Schools officials familiar with the Reading and Writing Project.

We relied on computer-processed data from the System of Accounting and Reporting (SOAR) to obtain summary information and related documents, and determine the total amount paid to TI from July 1, 2005, through June 30, 2008. The SOAR data were used only for background and informational purposes.

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

[4] DCPS schools visited were: Benjamin Orr, M.C. Terrell, Stanton, Maury, Amidon, Brent, Montgomery, and Smothers.

RESULTS OF AUDIT

SECTION I. SEQUENCE OF EVENTS

Below is a chronology of events for the time period beginning October 18, 2004, when the District received a federal appropriation, and ending June 8, 2008, when DCPS declined to renew its contract with TI.

October 18, 2004. The District received $9 million from the federal government for DCPS school improvements to be spent at the discretion of the DCPS Superintendent. These funds had to be obligated for use by September 30, 2005, or lost.

March 25, 2005. TI is registered as a corporation with the District of Columbia Department of Consumer and Regulatory Affairs. The founding incorporators included three DCPS educators and one person unaffiliated with District government. Two of the three DCPS employees were active employees and the third employee was on a 1-year leave of absence, which began on July 1, 2004.

May 2005.[5] The four TI incorporators provided a presentation to a committee headed by the then DCPS Superintendent and the Director and Deputy Director of the DCPS Office of Accountability (OA). The presentation centered on a TI proposal to provide teacher professional development services to DCPS staff.

June 15, 2005. Minutes of a DCPS school board meeting indicate that the Director of OA and the Superintendent discussed improving test scores at some low performing schools and mention several planned interventions.

June 28, 2005. Two Request and Authorization for Official Travel and Certificate of Training, Form 1000s (training forms) are presented to the Accounts Payable section of the DCPS OCFO for payment processing. One of the training forms requested an amount of $1 million and the other $1.9 million. We noted that the training forms required at least two supervisory signatures for approval.[6] We met with one of the two signers who told us that even though her name was signed on the training forms she had not signed the training forms. The other approving official, the former Director of Office of Accountability (OA), no longer works for the District government. (See copies of the training forms at Exhibit B.)

[5] We were unable to determine the exact date.
[6] The forms did not contain a signature of approval from the Superintendent, the Associate Superintendent, or the Local Education Agency (LEA) Director, as required by the form.

RESULTS OF AUDIT

June 29, 2005. Accounts Payable manager approves and processes the training forms for payment. The training form in the amount of $1 million was annotated with a note that said "hold for pick-up."

June 30, 2005. One of the four TI incorporators retired from DCPS and became the Executive Director of TI.

July 1, 2005. Date of first check (payment) to TI for $1 million. Check was deposited the same day.

July 10, 2005. Two TI employees take five DCPS Assistant Superintendents and two OA officials to New York City to attend a program for teacher development. Records obtained from TI indicated that this event is the first date that services were provided by TI.

July 15, 2005. TI receives a second check from DCPS for $1.9 million. Check was deposited July 22, 2005.

July 31, 2005. Another founding member of TI takes a leave of absence from DCPS and joins TI as a reading specialist and classroom library designer.

August 20, 2005. The third of four original/founding members of TI resigns from DCPS (by allowing her leave of absence from DCPS to lapse) and begins working for TI as the Director of Professional Development.

March 29, 2006. The former Director of the OA is selected as the new Superintendent of a school system in Minnesota.

June 8, 2006. TI is given a written Notice to Proceed after providing services for 11 months (July 10, 2005, to June 8, 2006).

November 6, 2006. DCPS contracting officials execute a formal contract between DCPS and TI; approximately 15 months after TI began providing services to DCPS.

December 15, 2006. One of TI's four founding members resigns from TI.

May 31, 2007. The second of TI's four founding members resigns from TI.

June 22, 2007. The TI founder who resigned from TI in December 2006 resigns from DCPS.

July 12, 2007. DCPS exercises an option to extend the contract for another year.

RESULTS OF AUDIT

July 31, 2007. Concerns related to TI are brought to the attention of DCPS (through a complaint letter).

August 31, 2007. The OIG received a request from the DCPS Chancellor to review the services provided by TI for DCPS.

September 28, 2007. OIG commences field work for TI audit.

June 8, 2008. DCPS took action to cut off funding to TI by not exercising an option to renew the contract.

RESULTS OF AUDIT

SECTION II. FINDING 1: PROCUREMENT, PERSONNEL, CONTRACT FUNDING, AND PAYMENTS

SYNOPSIS

Three former DCPS employees, DCPS, and OCFO officials, did not comply with personnel, procurement, and funding regulations when establishing the Reading and Writing Project at DCPS. Specifically, the former DCPS employees violated District personnel regulations by soliciting business with the District government while employed with DCPS and by entering into a contractual arrangement before the required post-employment waiting period of at least 1 year had elapsed. In addition, DCPS program managers improperly used two training forms (as the funding documents) instead of a contract to obtain and implement the Reading and Writing Project at 15 District schools. Further, OCFO officials improperly advanced and expended $2.9 million of federal funds based on the improper use of training forms.

These conditions occurred because the three former DCPS employees and program officials were either unaware of or chose not to comply with pertinent personnel regulations. DCPS program officials used training forms to circumvent the District's procurement process because program officials did not adequately plan for the procurement. Further, OCFO officials may have violated anti-deficiency laws by spending funds that were no longer legally available to spend. Anti-deficiency laws restrict the District from authorizing an expenditure of funds exceeding an apportionment (time period) or an amount permitted by regulations.

As a result, an apparent conflict of interest existed between DCPS and TI and three former DCPS employees may have been inappropriately enriched. Also, DCPS program officials' failure to comply with regulations may have prevented the District from receiving services from TI at the most reasonable or economical price. Further, the District could have saved as much as $2.25 million over a 5-year period by managing the Reading and Writing project in-house. Finally, DCPS's non-compliance with anti-deficiency laws may result in the District repaying the federal government as much as $2.9 million.

DISCUSSION

Non-Compliance with District Personnel Regulations. DCPS senior officials[7] met with three former DCPS educators' to establish a business relationship which violated section 1816.1 of the D.C. Personnel Manual (DPM) which generally prohibits an employee from

[7] The former Superintendent and the former Director of the DCPS OA.

RESULTS OF AUDIT

being a party to a contract with the District government.[8] Further, DPM § 1803.1 (a)(2)(6) states: "An employee shall avoid action,… which might result in or create the appearance of the following…[u]sing public office for private gain…or [a]ffecting adversely the confidence of the public in the integrity of government."

The violations occurred because DCPS officials (and TI representatives) were either unaware of specific personnel regulations covering employee conduct and post-employment activities or disregarded the same. These and other related matters are discussed in more detail below.

> Employee Conduct. TI was incorporated on March 25, 2005, by three DCPS educators and one person unaffiliated with the District government. In May of 2005, the three TI incorporators created a conflict of interest, when they briefed the former DCPS Superintendent, with the intention of obtaining business for their company, while still employed by the District government. TI's briefing centered on implementing the Reading and Writing Project in the District's public elementary schools. We concluded that this briefing provided by three representatives of TI, while they were still District employees (approximately 2 months before a contractual relationship was established) violated both regulations.[9]
>
> Post-Employment Activities. After the contractual relationship was established with DCPS (in July 2005), the three DCPS employees either took a leave of absence, resigned or retired.[10] In particular, all three former DCPS employees had departed DCPS by August 20, 2005, and had began working full time for TI.
>
> Specifically, D.C. regulations require waiting periods before former employees can conduct business with the District government. Based on their position, DCPS employees are subject to either DPM § 1814.6 or DPM § 1814.12. DPM § 1814.6 states: "A former government employee shall be prohibited for two (2) years after terminating employment by the District from knowingly acting as an attorney, agent, or representative in any formal or informal appearance before an agency as to a particular matter involving a specific party if the employee had official responsibility for that matter." DPM § 1814.12 states, "[a] former senior employee … shall be prohibited for one (1) year from having any transactions with the former agency intended to influence the agency in connection with any particular government matter pending before the agency or in which it has a direct and substantial interest…."

[8] The head of the procuring agency may waive this prohibition if there is a written determination showing a compelling reason for the waiver such as when the government's needs cannot be met in any other reasonable way. In this case, no waiver was produced.
[9] The briefing was given in May 2005. The contractual arrangement was established on July 1, 2005, with the first payment made to TI of $1 million.
[10] The first DCPS employee (a former DCPS principal) retired from DCPS on June 30, 2005, and the second employee took a leave of absence on July 31, 2005. The third employee resigned from DCPS on August 20, 2005, by allowing her leave of absence to lapse.

RESULTS OF AUDIT

Given that all three former DCPS employees began working for TI within 2 months of leaving DCPS (which is less than 1 year). We concluded that the employees did not comply with personnel regulations.

DCPS Employee Travel. TI inappropriately paid for DCPS employee travel costs and in doing so did not comply with the District's procurement and personnel regulations. DPM § 1803.2(a) states, "a District employee shall not solicit or accept, either directly or through the intercession of others, any gift from a prohibited source." A prohibited source includes an entity that has or seeks to obtain a contractual or other business relationship with the District government. In addition, District government employees may not receive monetary compensation from private sources for government services. DPM § 1803.7.

Part of implementing the Reading and Writing Project included training teachers and informing principals and senior DCPS officials about the Project. Teachers, principals, and senior management periodically traveled to New York City to either attend training or conferences at Columbia University or to visit New York City schools (to observe the Reading and Writing Project in the schools). To facilitate these activities, TI funded the costs of training, tuition, travel, hotels, and subsistence for DCPS staff. Allowing a contractor to pay for DCPS employees' travel may place the District at risk, if held accountable for unforeseen liabilities.

We identified approximately $76,000 TI spent between July 1, 2005, and June 30, 2006, to pay for DCPS employees to travel to New York to attend conferences and training at Columbia University. TI, in effect, became a travel agent/office for DCPS.

DCPS Employee Payments. TI improperly paid 103 teachers and principals $110 each (a total of $11,330) for their attendance at a TI sponsored training session held in March 2006 to prepare for student tests later that spring. These payments were not in compliance with DPM §§ 1803.2(a) and 1803.7 as they were paid by a prohibited source to District government employees for government services.

TI paid a local university $33,856 to obtain graduate school accreditation of a portion of the training TI performed for DCPS teachers in the District. We consider these payments items of value, and, as such, improper as defined by DPM 1803.7. In our opinion, DCPS employee expenses should be the responsibility of the DCPS and not the responsibility of a contractor doing business with DCPS.

Improper Contractual Arrangement. In July 2005, DCPS officials violated District procurement regulations by improperly entering into a contractual arrangement with TI. Specifically, DCPS used two training forms instead of a contract to inappropriately advance

RESULTS OF AUDIT

$2.9 million to implement the Reading and Writing Project. We identified a serious breakdown of internal controls by the DCPS OCFO because policies and procedures were not in place to prevent the two inappropriate payments to TI. We also found that DCPS program and contracting officials circumvented and/or violated District procurement regulations covering contracts and advances. This issue is further explained below.

TI Proposal. DCPS senior officials did not follow appropriate procurement policies and procedures, and establish a formal contract to obtain consulting services from TI. According to DCPS and TI personnel, in May of 2005, the DCPS Superintendent requested proposals from several organizations to describe how they could improve professional development for educators. TI was one of the presenters that day. TI's proposal centered around the establishment of the Reading and Writing Project at DCPS. TI's performance would include:

- organizing the implementation of the Reading and Writing Project in the District to include the creation of a training curriculum, a schedule of annual events and activities;
- contracting with CUTC to supply instructors, facilitate venues for instruction and provide other logistical support such as CUTC instructors' travel, lodging, and subsistence in the District;
- developing a list of book selections for libraries of reading materials appropriate to various grade levels needed for Reading and Writing Project classroom instruction; and
- purchasing the books, assembling libraries, and showing the teachers how to use the libraries in accordance with the Reading and Writing Project philosophy.

As a result of TI's presentation, DCPS senior officials wanted the services of TI. However, instead of using the OCA to process a formal contract, the DCPS senior officials completed and processed the two training forms and presented them to the OCFO for payment. In July 2005, two advance payments totaling more than $2.9 million were made to TI to implement their plan for the 2005-2006 school year.[11] Although no TI representative signed the travel forms, TI's acceptance of the $2.9 million indicated their agreement to perform services for the compensation provided. We noted that prior to this date, TI had no clients, assets, or income.

D.C. Code § 2-301.05(d)(1) (2006) states that "[n]o District employee shall authorize payment for the value of supplies and services received without a valid written contract."

[11] In September 2005, the amount was increased by $250,000 to include two additional elementary schools for a total of $3.15 million. These funds were paid to TI in November 2005.

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Further, D.C. Code § 2-301.05(d)(2) (2006) states that "no District employee shall enter into an oral agreement with a vendor to provide goods or services to the District government without a valid written contract. Any violation of this paragraph shall be cause for termination of employment of the District employee." Moreover, 27 DCMR § 1200.1 states, "[o]nly a contracting officer is authorized to sign and enter into a contract on behalf of the District."

Finally, 27 DCMR § 1210.5 states:

> Procurement planning shall begin as soon as the agency need is identified, preferably well in advance of the fiscal year in which the contract award is necessary. In developing the plan, the planner may form a team consisting of all those who will be responsible for significant aspects of the procurement, such as contracting, fiscal, legal, and technical personnel….

Breakdown of Internal Controls in the Payment Process. The DCPS OCFO did not have sufficient internal controls to prevent the payments to TI without the establishment of a formal contract. The former DCPS Superintendent, Chief Financial Officer (CFO), Controller, and the Director of OA have all left the District government. Therefore, based upon discussions with remaining responsible personnel and reviewing relevant e-mails, we constructed the following chronology describing how the OFCO could make $2.9 million of payments to TI based on the submission of training forms.

1. June 8, 2005. The Superintendent's staff asked the OCFO regarding how to pay the vendor in a short timeframe. The staff member also asked the CFO employee about the use of a training form to support one engagement of $2.8 million.

2. June 8, 2005. The CFO employee asked the Controller whether there is a dollar limit on using a form 1000. On June 15, 2005, the Controller responded that he knew of no limit.

3. June 15, 2005. The CFO employee then informed the Superintendent's staff via e-mail on June 15, 2005, that they could not include amounts for software, books, materials, etc., stating that those items must be paid through a requisition/purchase order.

4. On June 27, 2005, OA completed two training forms and submitted them directly to the DCPS OCFO for payment processing. On July 1, 2005, and July 15, 2005, the DCPS OCFO issued checks to TI for $1 million and $1.9 million respectively for a total of $2.9 million. These funds were paid in advance of the performance of any services by TI and without a proper contract.

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5. June 28, 2005. The previously mentioned Superintendent's staff person e-mailed another staff member stating, "We have found a way for us to process your Form 1000 for $2.8 million."

We held discussions with the DCPS OCFO Accounts Payable Manager and other responsible DCPS OCFO staff. The manager told us that the payments were processed under the direction of the former Controller, but he could not provide any documentation to support this assertion. He also told us that he initially resisted processing these training forms because of a dispute over whether the payments were to support training or consulting services. Finally, he told us that after discussions among the CFO, Controller, and the Director of OA, the payments were made.

Based upon those discussions, we requested DCPS OCFO officials to provide us with written policies and procedures covering the processing of payment requests. The officials could not provide us with any formal written procedures. Further, we discovered that the DCPS OCFO Accounts Payable Manager did not have a limitation in respect to the payment amount to be processed, and did not need the approval of the DCPS Controller or CFO to process a payment (as in this case) for over $1 million. We could not determine whether there was a dollar amount limitation for processing payments (without approval from the DCPS Controller or CFO), that had been placed on the DCPS OCFO Accounts Payable Manager during this period. We consider the lack of policies and procedures to address the payment process, the lack of spending limits and the absence of payment approvals to have been a serious breakdown in internal controls.

Prior to the completion of our field work, DCPS OCFO officials provided us with an e-mail dated January 24, 2006, indicating that all payments of $100,000 or greater must be approved by the DCPS OCFO Controller.

Although DCPS OCFO officials took action to strengthen internal controls for processing payment requests, the conditions that existed at the DCPS OCFO prior to January 2006 indicate a high risk of abuse of the training forms, which should be considered as an audit emphasis area by the OCFO. We also believe that large payment amounts ($100,000 or more) made prior to January 2006 should be scrutinized to determine their validity because the dollar limitation of the accounts payable manager for processing payments was unclear.

Advance Payments. DCPS OCFO officials did not comply with District procurement regulations by advancing two payments totaling $2.9 million to TI. District procurement regulations restrict the use of advance payments.

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Specifically, 27 DCMR § 3205.1 states:

> The contracting officer shall not authorize the use of advance payments unless the following criteria are met:
> (a) There is a need for contract financing;
> (b) Private financing is unavailable or insufficient;
> (c) Use of progress payments would be insufficient to meet the contractor's financing needs;
> (d) The contractor can give adequate security;
> (e) The contractor is otherwise qualified as a responsible, certified minority business enterprise;
> (f) The use of advance payments would be in the best interests of the District.

Further, 27 DCMR § 3205.2 states: "Before authorizing advance payments, the contracting officer shall obtain the approval of the head of the procuring agency. The request for approval shall be in the form of a written determination and findings which sets forth the contracting officer's findings on each of the criteria set forth in § 3205.1…." We noted that the advance payments had not been approved by the former Superintendent, as required by 27 DCMR § 3205.2, therefore, the advance payments made by the DCPS OCFO were not properly authorized.

DCPS OCFO officials could not provide us with any documents to properly justify the advance payments in accordance with 27 DCMR § 3205.1. As such, we concluded that the possibility of cronyism and favoritism existed because two advance payments totaling $2.9 million were made to TI within 14 days of the retirement of a former DCPS principal (who became the Executive Director of TI). Failure to adhere to proper procurement practices undermines the public confidence and trust in the District government.

Use of Expired Federal Funds. DCPS violated anti-deficiency laws by providing TI an excess amount of federally appropriated funds beyond their actual need for a given period. TI was advanced the entire year's funding of $3.15 million (see footnote 1); however, the federal funds expired for use 3 months after they were provided. Specifically, TI began operations in July 2005 and continued to provide services and incur expenses throughout the school year ending June 30, 2006. However, as of the obligation expiration date of September 30, 2005, TI had incurred expenses of $1.13 million leaving a balance of $2.02 million. Between, October 1, 2005, and June 30, 2006, TI spent approximately $790,000 of the expired funds. At the end of the agreement period, June 30, 2006, TI held a balance of $1.23 million.

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Although there was no official contract, the work that TI performed was consistent with a cost reimbursement contract.[12] In a cost reimbursement contract, an expense is not valid until a legitimate need for the funds occurs. Principles of Federal Appropriations Law, the Redbook, Chapter 5 (Availability of Appropriations), states that under a longstanding rule of appropriations law, the "bona fide needs" rule, an agency may validly obligate an appropriation only to meet a legitimate and documented need existing during the period of the appropriation's availability.

The District's Anti-Deficiency Act (D.C. Code §§ 47-355.01-.08 (LEXIS through D.C. Law 17-174), effective June 5, 2008) states in part, the following:

> A District agency head, deputy agency head, agency fiscal officer, agency budget director, agency controller, manager, or other employee may not: (1) Make or authorize an expenditure or obligation exceeding an amount available in an appropriation for an agency or fund; (2) Obligate the District for the payment of money before an appropriation is made or before a certification of availability of funds is made, unless authorized by law….
>
> D.C. Code § 47-355.02. Guidelines of the Board of Review for Anti-Deficiency Violations, (54 D.C. Reg. 4402 (May 11, 2007)). Section 1113.1 states: "The following action [] [is] defined as [a] violation[] by the Act and … must be reported promptly to the CFO…for referral to the Board… (e) Allowing an expenditure or obligation to exceed apportioned amounts. (1) For purposes of operating appropriations, the Act will be enforced at the level of agency, by fund by quarter."

In addition, § 1113.1(a) of the Review Board's Guidelines define "[m]aking …an expenditure or obligation exceeding an amount available in an appropriation …or fund" as an anti-deficiency violation, and provide that the Act "will be enforced at the levels of agency, fund, and program" *Id.* § 1113.1(a)(1).

Notwithstanding the violations of procurement and personnel laws and regulations discussed above, only the funds spent to satisfy expenses occurring on or before September 30, 2005, should have been paid with these funds. However, the lack of a proper contract may have invalidated all of the expenses incurred and resulted in a violation of the anti-deficiency laws.

[12] As discussed in Finding 2, the follow-on contract was a cost reimbursement type.

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Discussions with TI and its accountants indicated that TI was not aware of its need to return the balance remaining to DCPS on June 30, 2006, and used a portion of those funds for expenses in succeeding years. In our opinion, DCPS contract, program, and OCFO personnel should have coordinated activities to determine the financial status of these funds.

Contracting for Services. We questioned the decision to go outside of DCPS and hire a non-profit corporation to establish the Reading and Writing Project. Most of the personnel, procurement, and funding violations discussed in this finding would not have occurred if DCPS had administered implementation of the Project in-house. We discussed this matter with the Executive Director of TI who stated that she had similar concerns.

The assets were available to establish the Reading and Writing Program in-house. Three of the four TI employees were already employed with DCPS. DCPS could have transferred these employees to the OA and Office of Professional Development (OPD). At OPD, senior management could have tasked these employees to organize the program, facilitate the training, develop a schedule to establish the Project in the DCPS elementary schools, and oversee its implementation. One of these employees also enjoyed the personal trust of the Director of the Columbia University Reading and Writing Project, improving DCPS's ability to obtain the much sought after project.

DCPS also possessed the capabilities and infrastructure to buy books and materials, prepare and process training and travel for training requests, provide facilities for training activities, make enhanced payments or stipends to participating teachers, and provide IT support. Rather, TI performed these tasks with expensive, administrative consultant support. Additionally, establishing the Reading and Writing Project in-house would have saved DCPS significant salary costs. Upon becoming TI employees, the former DCPS employees received salary increases of between 35 and 120 percent. TI's expenses for paycheck processing, accounting services, auditing fees, insurance premiums, and any other services already available through the DCPS infrastructure, would have been avoided or greatly reduced.

We reviewed the expenses TI incurred during its first contract year (school year 2006-2007) and identified those expenses that could have been avoided if the Reading and Writing Project was managed in-house. We determined that DCPS could have saved $450,000 annually or $2.25 million over a 5-year period, and produced similar benefits to the students.

Finally, TI was an inexperienced non-profit organization, established only 3 months before receiving almost $3 million to facilitate and implement the Reading and Writing Project. Prudent management practices would demand that DCPS exercise a vigilant oversight plan to ensure government assets are better protected.

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RECOMMENDATIONS, MANAGEMENT RESPONSES, AND OIG COMMENTS

The Office of the Inspector General recommends that the Chancellor, DCPS**:**

1. Take action to inform employees of the types of activities that can result in conflicts of interest and other similar types of violations of District personnel regulations.

2. Make a legal determination whether violations of employee and post-employee conduct occurred and take appropriate action.

3. Discontinue the practice of allowing contractors to pay for DCPS employee travel and training, lodging and subsistence, and school tuition fees.

4. Take the necessary action to ensure that procurements are properly and adequately planned, well in advance of the need.

5. Discontinue the practice of making advance payments to contractors except where permitted by law.

6. Take the necessary action to ensure that a formal contract is prepared and properly executed to support each contractual agreement for goods, supplies, and services.

7. Determine the viability of managing the Reading and Writing Project in-house.

DCPS RESPONSE (Recommendations 1 -7)

DCPS agreed with the recommendations (see Exhibit D for details).

OIG COMMENTS (Recommendations 1 -7)

The actions taken by DCPS meet the intent of the recommendations.

The OIG recommends that the CFO:

8. Review large-dollar training forms (for $100,000 or greater) used to procure services issued between FY 2004 through FY 2006 to determine if training forms were properly authorized.

9. The Chief Financial Officer, take disciplinary action, as appropriate for violations of D.C. Code § 2-301.05(d)(1) (2006).

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OCFO RESPONSE (Recommendations 8 -9)

OCFO agreed with recommendation 8 and proposed information in its response to clarify Recommendation 9 (see Exhibit E for details).

OIG COMMENTS (Recommendations 8 -9)

OCFO/OIO actions meet the intent of the recommendations. Based on the OCFO response, we modified Recommendation 9, citing D.C. Code § 2-301.05(d)(1) (2006) versus D.C. Code § 2-301.05(d)(2) (2001).

The OIG recommends that the Chairman, Board of Review for Anti-Deficiency Violations

10. Convene the Anti-Deficiency Review Board and take appropriate action regarding the apparent failure to comply with D.C. Code § 47-355.02.

OCFO RESPONSE (Recommendation 10)

OCFO/BRADV agreed with recommendation 10 and proposed information in its response to clarify Recommendation 9 (see Exhibit F for details).

OIG COMMENTS (Recommendation 10)

OCFO/BRADV actions meet the intent of the recommendation.

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SECTION II. FINDING 2: CONTRACT AWARD AND ADMINISTRATION

SYNOPSIS

DCPS did not adequately perform a cost analysis or justify the use of a sole source contract to TI. The officials also did not obtain a legal sufficiency review or submit the contract to the Mayor and City Council for review and approval, as required for contracts exceeding $1 million. In addition, DCPS officials did not adequately monitor the contract or properly identify and dispense District government assets remaining from the first year contractual arrangement,[13] which included $1.2 million in cash.

These conditions occurred because DCPS contracting officials elected to perform a limited cost analysis of the proposed contract and misinterpreted D.C. laws regarding the applicability of the legal sufficiency review requirements. As a result, the District may not have obtained services from TI at the most reasonable or economical price. For example, TI was reimbursed approximately $733,000 for expenditures we considered improper or questionable.

DISCUSSION

Sole Source Award. On November 11, 2006, DCPS made a sole source, cost reimbursable contract award to TI which provided for a base year of funding not to exceed $1.4 million and three 1-year options to extend the contract. The purpose of the contract was to provide education reform services in the District by working with a range of DCPS elementary schools to improve the level of reading and writing instruction. TI would implement the reform by facilitating the Reading and Writing Project.

In general, TI would continue with the work it performed during the first year of the engagement. However, we found that DCPS contracting officials had not complied with numerous District procurement regulations in awarding the sole source contract, as discussed below.

[13] The first year contractual arrangement is discussed in Finding 1.

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Title 27 DCMR § 1626.1 states:

> The contracting officer shall be required to perform a cost analysis in either of the following circumstances: (a) The award of any contract in excess of five hundred thousand dollars ($500,000) or (b) The modification of any contract when the modification exceeds five hundred thousand dollars ($500,000).

Further, 27 DCMR § 1626.3 states that:

> The contracting officer shall verify cost and pricing data and evaluate the cost elements, including the following: (a) The necessity for and reasonableness of the proposed cost, including allowances for contingencies; (b) A projection of the offeror's cost trends on the basis of current and historical cost or pricing data….

Cost Analysis. DCPS contracting officials did not conduct a required cost analysis to determine the reasonableness of proposed costs. Responsible officials informed us that they performed only a limited review, using first year payments made to the contractor as a basis for determining the award amount. However, we determined that this methodology was flawed because officials did not adjust for $1.2 million in payments made to the contractor in excess of expenses incurred. We requested documents to support DCPS's limited review; however, DCPS was unable to provide us relevant documentation.

Documenting and Justifying Sole Source Procurements. Sole source procurement is achieved when a single available source is used to fulfill the requirements of a contract or when a single source is found to be the most advantageous to the District government for the purpose of a contract award. While sole source awards are a legitimate procurement vehicle, 27 DCMR § 1701.1 states the following: "[E]ach contracting officer shall take reasonable steps to avoid using sole source procurement except in circumstances where it is both necessary and in the best interests of the District." As a general rule, the procurement regulations require District contracting officers to use competitive bid procedures, unless a sole source award can be justified by a specific exception to the rule. DCPS contracting officials did not adequately justify the sole source procurement to TI.

Our review of the DCPS contract files revealed that the Determination and Findings (D&F) for the TI contract stated that, "Teachers Institute is the only source for these services …." However, during the audit, we were made aware of other vendors who provide teacher development or similar services. Further, in our opinion, based upon the D&F indicating that TI had ultimately been the only source for these services, DCPS contracting officials should

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have prepared the D&F in accordance with provisions outlined in 27 DCMR § 1702.1. For example, if the justification is for a single available source, § 1702.1 provides that the contracting officer must determine that there is only one available source for the goods/services prior to awarding a contract via non-competitive procedures. This determination was not made nor an adequate justification developed for the sole source procurement.

D.C. Code § 2-303.05(b) (2006) provides that "[d]uring fiscal years 2006 through 2008, a procurement contract awarded through noncompetitive negotiations … may be renewed or extended only if the Chief Financial Officer of the District of Columbia reviews the contract and certifies that the contract was renewed or extended in accordance with duly promulgated rules and procedures." We did not obtain any documents from DCPS officials that would indicate that the TI contract was reviewed or certified by the Chief Financial Officer of the District of Columbia.

We note that the initial contractual arrangement established between TI and DCPS officials (without a written contract) in July 2005 was also made without formal competitive procedures (in effect a sole source procurement). Subsequently, DCPS awarded a sole source, cost reimbursable contract to TI on November 11, 2006, and on July 12, 2007, DCPS exercised an option to extend the contract for a year. Therefore, DCPS awarded TI a non-competitive sole source contract for 3 consecutive years without proper justification and in violation of District procurement law. We believe that improper procurement practices such as those employed in the awards to TI, tend to diminish the credibility of the District government procurement process.

Legal Sufficiency Review. DCPS contracting officials did not obtain a legal sufficiency review, or submit the TI contract to the Mayor and City Council for review and approval, as required for contracts exceeding $1 million. Officials told us that they did not perform these functions because the funds used to contract with TI were derived from federal sources. DCPS procurement officials cited OCA Directive Number GA-1302-D-2006, effective May 15, 2006, as granting an exception to this requirement. This directive states that contracts whose funding is derived from federal assistance do not need to be approved by the Board of Education or the City Council.

However, we disagreed with this assessment because the TI contract was not funded with federal assistance but was funded from a direct federal appropriation, and the payments to TI were part of a contract for specific services. D.C. Code § 1-204.51(b)(1)(2006) establishes the requirement that District contracts in excess of $1 million during a 12-month period may not be made without Mayoral submission to the D.C. Council and Council approval. Further, in accordance with D.C. Code § 2-301.05a(c)(1)(G) (2006), a contract in excess of $1 million shall include a certification from the Office of Attorney General as to its legal sufficiency.

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We concluded that if a legal sufficiency review had been performed and/or a mayoral or City Council review been conducted, questionable or improper items such as DCPS travel, teacher stipends, and other payments to DCPS employees may have been identified as improper and removed from the contract.

Inclusion of Illegal Work Requirements. DCPS improperly allowed items in the TI contract statement of work and supporting budget that violated District personnel laws and regulations. The budget supporting the statement of work for the base year of the contract included line items to fund a Teacher in Leadership Training (TILT)[14] school visit and graduate school courses. In the second year of the contract, there was a line item specifically to fund TILT payments. The inclusion of these items in the statement of work provides an air of legitimacy to individuals who may otherwise be aware of an employee's prohibitions as it relates to receiving items of value from a private party.

District Government Assets. DCPS contracting and programming did not account for and/or dispose of property held by TI at the conclusion of TI's first year of operation. TI provided services to the District for 1 full year before services were formalized by the sole source cost reimbursable contract issued in November of 2006. At that time, TI had not spent $1.2 million of the total funds provided and included $43,000 of interest income. TI also purchased and retained computers and other office equipment during the first year. These assets, however, belonged to the District government, as they were purchased with District funds. Discussions with DCPS contracting and program officials indicated that they were not aware of the unspent balances or the office equipment and the need to account for District government assets.

Although there was no formal contract the first year, a contractual arrangement had been established. If a formal written contract had been in place, in our opinion, the Government of the District of Columbia, Standard Contract Provisions would have applied.

Government of the District of Columbia, "Standard Contract Provisions," Section 16 states that, if a contract is terminated for convenience…the contractor shall take any action that may be necessary or that the contracting officer may direct, for the protection and preservation of the property related to this contract that is in the possession of the contractor and in which the District has or may acquire an interest.

The inappropriate contractual arrangement was completed June 30, 2006 and succeeded by the formal contract issued in November of 2006. The contracting officer should have directed the contractor to identify the remaining first year government assets and either transferred title to the new contract or requested their return.

[14] A TILT is a DCPS teacher who has been identified as a mentor for other teachers within his or her school and, as such, receives additional training in the TI Project.

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Contract Administration. DCPS contracting officials assigned a Contracting Officer's Technical Representative (COTR) to the TI contract without providing the COTR sufficient training in contract administration and oversight. We met with the COTR several times over the duration of this audit. He indicated that he had been assigned as COTR to the TI contract because it was under the purview of the OA. He also indicated that he oversaw the work of TI and approved TI's reimbursement requests. Although, the COTR appeared knowledgeable of the services that TI performed, he told us that he had received no formal training.

As a result of this lack of training, the COTR approved TI reimbursement invoices based solely on his knowledge of the Reading and Writing Project's progress and expense extracts from TI's accounting system. He neither reviewed nor spot checked any original receipts for expenses, nor performed any reviews of TI's property management system. In addition, he was not aware that certain expenses, such as payment of DCPS employees' tuition, lodging, subsistence, and travel were not allowable under DPM § 1803. As a result, the performance of this contract contained weaknesses that subjected District funds to risk of fraud, waste, and abuse.

The following paragraphs summarize issues we identified with the administration of the contract, relative to TI reimbursable costs, that we considered improper or questionable (see Exhibit C for a Schedule of Improper Payments).

Improper Payments. We reviewed the costs incurred by TI between July 1, 2005, and June 30, 2007, and found that DCPS reimbursed TI approximately $733,000 for expenditures that we deemed improper or questionable, as discussed below:

- During trips to New York City, TI paid expenses for DCPS personnel that exceeded the DCPS authorized per diem rates. The trips were taken by DCPS Assistant Superintendents and OA senior personnel. Our review of the July 10, 2005, trip showed that personnel stayed in rooms costing $344.49 per night, while the DCPS authorized per diem rate was $177. Further, the December 2005 Affiliates Conference was attended by DCPS principals who shared rooms costing $287 per person, per night when the authorized per diem rate was $208.

  In addition, the October 2006 Affiliates Conference was attended by Assistant Superintendents, OA senior personnel, and principals. Although the principals shared rooms to keep the per diem rate under the authorized amount of $226, the Assistant Superintendents and OA personnel had separate rooms costing $342 per night.

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- TI improperly paid (approximately) 16 DCPS teachers $400 monthly,[15] totaling approximately $83,302 to perform and complete after-school assignments to improve their teaching skills. These teachers were selected by TI.

Question of Ethics. DPM § 1803.7 states, "An employee shall not receive any salary or anything of monetary value from a private source as compensation for his or her services to the government." In addition, DPM 1803.2(a) prohibits District government employment employees from receiving gifts and other items of value from prohibited sources.

Federal law criminalizes the receipt of compensation to government employees from private sources. Specifically, 18 USC § 209(a) provides: "Whoever receives any salary, or any contribution to or supplementation of salary, as compensation for his services as an officer or employee of…the District of Columbia, from any other source other than the Government of the United States, except as may be contributed out of the treasury of any…municipality…[s]hall be subject to the penalties set forth in section 216 of this title." Title 18 USC § 216(a) states:

> [t]he punishment for an offense under section 203, 204, 205, 207, 208, 209 of this title is the following: Whoever engages in the conduct constituting the offense shall be imprisoned for not more than one year or fined in the amount set forth in this title, or both." Whoever willfully engages in the conduct constituting the offense shall be imprisoned for not more than five years or fined in the amount set forth in this title, or both.

The teachers' stipends, addressed above, were paid to about 16 TILTs and TI staff developers. TI staff developers comprised a group of about eight DCPS teachers who were assigned to work for TI fulltime, on an annually renewable basis. To receive these payments, teachers completed TI developed, after-hours homework assignments to enhance the teaching skills obtained by participating in TI-sponsored training. The goal of these assignments was to make the teachers more capable in their classrooms and as mentors to fellow teachers. However, the payment of these stipends created a conflict of interest. DCPS employees receiving stipends are less likely to come forward to report deficiencies or irregularities in TI's performance. For example a prudent person could not rely on a poll of teachers asked to evaluate the TI Project without factoring in the potential for bias.

[15] The number of teachers paid by TI ranged from 17 to 21 per month.

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Questionable Costs. TI's staff included individuals paid as consultants to augment its work force. These individuals performed studies and administrative work, but were not hired as employees. According to the TI Executive Director, the consultants were needed on an intermittent basis only.

Consultants. We questioned the reasonableness of the amounts paid to consultants performing administrative work. In one case, TI paid an administrative consultant $75 per hour. The TI Executive Director defended this salary by citing her experience as an executive during her federal career. This individual received $156,000 during the contract year.

Title 27 DCMR § 3307.2 states, "In determining the reasonableness of a given cost, the contracting officer shall consider…[whether the cost incurred is the result of an] action that a prudent business person would take, considering responsibilities to the owner of the business, employees, customers, the District, and the public at large…." In our opinion, the work of an administrative individual working for a staff of four people would not justify the salary paid, regardless of the person's credentials. In fact, this individual's income was greater than any TI employee.

Our review of her contractual agreement indicated that her duties were administrative in general. We noted that TI could not provide us with timesheets to verify the consultants' work schedule. TI also could not provide us with a specific work product. We also questioned payments to consultants because the only records supporting these payments were the consultants' invoices and TI management's recollection of work performed. In summary, we questioned $233,562 in unsupported consultant payments made by TI.

Executive Director's Salary. TI's Executive Director's salary also appeared excessive when compared to the amount budgeted in the TI contract and the results of a salary study of non-profit organizations operating in the Washington metropolitan area. The contract allowed $112,500 for the salary of the Executive Director for the 1 year contract period. However, the Executive Director was paid $150,000. TI filled the shortfall of $37,500 by using a portion of the $1.2 million remaining from the first year of TI's performance, as discussed in Finding 1.

We also obtained information from an employment agency that, in 2006, polled 200 non-profit organizations in the District metropolitan area and produced a salary survey study.[16] This survey identified various types of non-profits and salaried positions. It found that non-profit corporations in the educational field paid their Executive Directors an average yearly salary of $90-100 thousand based on an annual

[16] Professionals for Non-Profits' Associations, International & Healthcare Organizations, DC Salary Survey (2006).

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operating budget similar to TI's of $2.1 to 5 million. The survey provided additional support that the TI salary was out-of-line with similar work at other educational non-profit organizations. In summary, the Executive Director was overpaid $75,000 over a 2-year period.

Information Technology Contractor. We questioned TI's rationale for paying $130,000 to an Information Technology (IT) contractor for the 2006-2007 school year to place 124 desktop and laptop computers in DCPS classrooms. The computers were purchased at prices between $1,320 and $1,711. However, the cost to place and maintain them in the classrooms for a year averaged $1,048 per computer, which appeared excessive. We asked the TI Executive Director if this installation could have been performed in-house by DCPS computer personnel. The Executive Director told us that she did not have faith in their ability to perform this function.

We also noted for school year 2007-2008, the IT contract increased in value even though a large number of computers were installed the previous year. TI established a $253,000 contract with the same IT contractor to maintain the computers installed the previous year. This contract provided for the placement of any additional computers and monthly payments between $2,880 and $5,386 each for support services, maintenance services, consulting services, training, and project management.

Government Furnished Property. DCPS did not require and TI did not have a system to control the government furnished property purchased for the Project. We asked TI to provide us the property records for computer and other durable assets TI or DCPS purchased for the Project. TI had an incomplete set of property records. TI, at our request, made contacts with vendors and DCPS to reconstruct an inventory of the items purchased. This information included identifying information, such as serial numbers, location, and the person in possession of the item. After obtaining the creating property files, we inventoried the property at five schools to ensure the accuracy of the newly created property records. We found all of the inventoried equipment.

However, we questioned the need for buying some of these items due to the length of time between the purchase of equipment and its placement in the classroom. The following table (Table 1) shows the time between purchase and utilization, ranging from 102 to 412 days.

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Table 1. Apple IMAC Computers Aging Schedule			
Delivery Date to TI	Date Issued to User	Days Held In Inventory	Number of Items
October 19, 2006	January 31, 2007	102	25
October 19, 2006	March 7, 2007	138	1
October 19, 2006	March 15, 2007	146	4
October 19, 2006	March 27, 2007	158	24
October 19, 2006	August 15, 2007	296	4
October 19, 2006	December 11, 2007	412	11
Total			**69**

RECOMMENDATIONS

The Office of the Inspector General recommends that the Chancellor, DCPS**:**

11. Reinforce procedures outlined in the DCMR to ensure that sole source procurements are properly justified.

12. Provide adequate training to Contracting Officer Technical Representatives, which will aid in assuring that contracted services are performed; reimbursement for those services is properly supported and reasonable; and government furnished property is protected.

13. Provide ethics training to all DCPS personnel to ensure they are aware of inappropriate activities in dealing with contractors conducting business with the District.

14. Recover District government property in the possession of TI.

15. Take appropriate action relative to those employees who, by receiving items of value from a private party, may have violated DPM § 1803.7 and 18 USC § 209.

RESULTS OF AUDIT

DCPS RESPONSE (Recommendations 11 -15)

DCPS agreed with the recommendations (see Exhibit D for details).

OIG COMMENTS (Recommendations 11 -15)

The actions taken by DCPS meet the intent of the recommendations.

RESULTS OF AUDIT

SECTION III. ALLEGATIONS AND AUDIT RESULTS

The audit was initiated due to concerns expressed by a complainant regarding TI operations. To succinctly present the complaints, we summarized the information provided in 10 allegations. The 10 allegations and results of our review are contained in the following subsections.

Teachers Institute was overpaid and received little to no oversight from DCPS.

Allegation

(1) After establishing itself as a 501(c)(3), TI was given more than $3 million from DCPS without any clearly articulated plan to improve student test scores.

Audit Results**:** Substantiated. TI was advanced $3 million by DCPS by September 2005, 6 months after establishing itself as a 501(c)(3) organization. There was no specified plan established to improve student test scores.

Allegation

(2) Oversight was limited to a monthly newsletter to the Deputy Director of the Office of Accountability with no detailed information about contracts or spending.

Audit Results**:** Partially Substantiated. We determined that the DCPS official responsible for contract monitoring and oversight did not properly perform his duties. However, the official did receive more than a monthly newsletter from TI. In particular, the official was provided financial information to support TI payment requests (see Finding 2).

Allegation

(3) Teachers Institute founding members and board members were not supplied with either the details of TI's contract with DCPS or financial statements.

Audit Results**:** Unsubstantiated. We received conflicting information as to whether founding members and board members were supplied with either the details of TI's contract with DCPS or financial statements.

RESULTS OF AUDIT

Teachers Institute spending was imprudent and undisciplined.

Allegation

(4) TI rented a warehouse in September 2006 to house a vast quantity of excess classroom materials (electronics, books, and supplies) that TI purchased with a value in excess of $100,000.

Audit Results**:** Substantiated. TI rented a warehouse, which maintained classroom materials (electronics, books, and supplies). We conducted a site visit to the warehouse. We determined that TI purchased desktop computers, laptop computers, and document projectors, that many of the computers had been maintained in the warehouse for up to 412 days, and that the computers provided no value to the students during this time. We also determined that TI did not have sufficient records to account for all computers and related equipment purchased for DCPS.

Allegation

(5) TI contracted with a technology specialist ($130,000) and purchased laptops, an LCD, and document projectors, but obtaining basic supplies (such as access paper or photocopier machines) was a problem.

Audit Results**:** Partially Substantiated. TI contracted with a technology specialist ($130,000). We believe the amount contracted for was unreasonable because of the nature of the work performed by the specialist (installation of software and maintenance of the computers for 1 year). We did not determine supply levels (such as access to paper or photocopier machines) of TI.

Allegation

(6) A pivotal founding member (the reading specialist and classroom library designer) resigned in November 2006 and no one was hired to replace her, which resulted in excess materials in storage (of no value for students) for 2006-2007 school year.

Audit Results**:** Substantiated. We confirmed the resignation of the reading specialist and classroom library designer in November 2006 during an interview.

The Director of Professional Development was powerless to effect change.

Allegation

(7) The Balanced Literacy Program (Reading and Writing Project) was in direct conflict with the Houghton Mifflin reading program mandated by the Office of

RESULTS OF AUDIT

Academics. In some schools, students were exposed to 180 minutes of both programs.

Audit Results**:** Substantiated. DCPS senior personnel explained that these programs were in conflict with each other.

Allegation

(8) The Director and her lead principal were aware of the two programs conflicting and expressed no interest in reconciling the two approaches. Also, no one from the Assistant Superintendent's Office expressed an interest in promoting the work of the Balance Literacy Program or working with the Office of Academics to clarify DCPS expectations.

Audit Results**:** Partially Substantiated. From discussions with CUTC and principals at DCPS, the two approaches did conflict but we could not determine if the conflict affected the students' learning.

Allegation

(9) None of the Assistant Superintendents attended any professional development gatherings at DCPS during 2006-2007 school year.

Audit Results**:** Unsubstantiated. We did note that the Assistant Superintendents traveled to New York City, but we could not determine whether the Assistant Superintendents attended training sessions.

Allegation

(10) Many principals gave TI "lip service," resulting in absent principals, no schedules in place, and little to no coverage for teachers to gather in classroom lab sites (substantial time and money being wasted).

Audit Results: Unsubstantiated. Our audit work did not disclose any information to substantiate this allegation.

RESULTS OF AUDIT

SECTION IV. OTHER MATTERS OF INTEREST

Preliminary results of schools using the Reading and Writing Project showed that these elementary school students' 2008 reading scores did not show any significant increase when compared to prior years. A *Washington Post* article dated July 10, 2008, showed, however, that the DCPS reported an overall increase of 8 percentage points in the reading scores of DCPS elementary schools across the city.

During the audit, we were told that the CUTC Reading and Writing Project was well respected nationally and, as a result, students in schools that participated in the program showed improved reading scores. Also, DCPS officials associated with the Reading and Writing Project stated that the program was very effective in improving the literacy of the students. Based on those comments, we asked DCPS officials if they had performed any quantitative analyses to demonstrate the effectiveness of the program. The officials indicated that they had not performed such an analysis. A study[17] showed in school year 2006-2007, DCPS lacked accountability in measuring the effectiveness of teacher development programs to improve student performance.

We performed a limited analysis of the Project by using available reading scores reported by DCPS for each elementary school for the school years ending 2006-2008. For the 22 schools that participated in the program, we calculated a 1-year and 2-year percentage of change to determine the effectiveness of the Project related to improved reading scores. The analysis showed mixed results, with the overall average showing a slight increase in reading test scores. Details are shown in Table 2 on the following page.

[17] The study dated July 11, 2007, conducted by Education Resource Strategies, is called "Rethinking Resources for Student Success."

RESULTS OF AUDIT

Table 2. DCPS Reading Scores for TI-Affiliated Schools						
School	**Initial Year in Program**	**Base Year Reading Scores (2006)**	**Reading Scores (2007)**	**Reading Scores (2008)**	**2006-2008 Change**	**2007-2008 Change**
Cohort I						
Amidon	2006	40	36	23	(17)	(13)
Bruce-Monroe	2006	23.7	41	43	19.3	2
Hyde	2006	82.8	82	83	0.2	1
Janney	2006	85.8	83	88	2.2	5
Mann	2006	93	95	91	(2)	(4)
Maury	2006	48.2	53	58	9.8	5
Smothers	2006	29.4	32	30	0.6	(2)
Stanton	2006	12.8	14	15	2.2	1
Terrell M.C.	2006	31	29	26	(5)	(3)
Tubman	2006	27.9	34	29	1.1	(5)
Tyler	2006	37	58	37	0	(21)
West	2006	53.5	49	56	2.5	7
Wilkinson	2006	22.2	32	32	9.8	0
Cohort Total		587.3	638	611		
Percentage Change					**4%**	**(4.23)**
Cohort II						
Brent	2007	55	61	43	(12)	(18)
Montgomery	2007	37	25	33	(4)	8
Murch	2007	84	84	81	(3)	(3)
Orr	2007	38	29	43	5	14
Prospect	2007	3	0	3	0	3
Shaed	2007	26	23	38	12	15
Cohort Total		243	228	241		
Percentage Change					**(1)%**	**8.5%**
Cohort III						
Garfield	2008	23	24	27	N/A	3
Raymond	2008	41	46	73	N/A	27
Ross	2008	49	67	66	N/A	(1)
Cohort Total		113	136	166		
Percentage Change					**N/A**	**21.17%**
Total Scores for all Cohorts		830.3	860	852		
Total Percentage					**2.61%**	**2.1%**

RESULTS OF AUDIT

In conclusion, we noted that schools using the Reading and Writing Project showed an increase of 2.61 percent over a 2-year period (of June 2006 and June 2008), while the total DCPS reading scores for the 1-year period ending June 2008 showed an 8 percent increase in scores (as reported by the *Washington Post* on July 10, 2008) almost four times higher. We realize that our results are based on preliminary data and it may be too early to determine the long term effectiveness of the Project. However, the results thus far indicate that continuation of the Reading and Writing Project should be monitored closely to ensure that DCPS officials and, more importantly, their students, achieve the anticipated results.

EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendations	Agency			Description of Benefit	Amount and Type of Benefit	Agency Reported Estimated Completion Date	Status[18]
	DCPS	CFO	BRADV				
1	X			Compliance. Takes action to ensure employees are aware of activities that can result in conflicts of interest.	Non-Monetary	9/30/2008	Open
2	X			Compliance. Takes action to determine whether violations of employee and post employee conduct occurred and take appropriate action.	Non-Monetary	9/30/2008	Open
3	X			Compliance. Establishes adherence to laws that prevent contractors from paying monies to DCPS employees for any purpose.	Non-Monetary	9/15/2008	Closed

[18] This 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 A: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendations	Agency			Description of Benefit	Amount and Type of Benefit	Agency Reported Estimated Completion Date	Status[18]
	DCPS	CFO	BRADV				
4	X			Compliance. Takes action to ensure procurements are properly and adequately planned well in advance of need.	Non-Monetary	9/15/2008	Closed
5	X			Compliance. Takes action to ensure compliance with District of Columbia Municipal Regulations with regard to making advanced payments under contracts.	Non-Monetary	9/15/2008	Closed
6	X			Compliance. Takes necessary action to ensure formal contracts are prepared and properly executed for the procurement of all goods and services.	Non-Monetary	9/15/2008	Closed
7	X			Program Results. Takes action to determine the viability of moving the Project in-house.	$2.25 million	9/15/2008	Closed

EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendations	Agency			Description of Benefit	Amount and Type of Benefit	Agency Reported Estimated Completion Date	Status[18]
	DCPS	CFO	BRADV				
8		X		Compliance. Takes appropriate measures to review procurements initiated by training forms and payments in excess of $100,000 to determine validity.	Non-Monetary	9/12/2008	Closed
9		X		Compliance. Takes appropriate disciplinary action for violations of D.C. Code § 2-301.05(d)(1)(2001.)	Non-Monetary	9/12/2008	Open
10			X	Compliance. Takes necessary action to determine whether DCPS' actions violated D.C. Anti-deficiency law and, if so, takes appropriate actions.	Non-Monetary	9/11/2008	Open
11	X			Compliance and Program Results. Takes action to reinforce use of procedures the DCMR requires to ensure that sole-source procurements are justified.	Non-Monetary	9/15/2008	Closed

EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendations	Agency			Description of Benefit	Amount and Type of Benefit	Agency Reported Estimated Completion Date	Status[18]
	DCPS	CFO	BRADV				
12	X			Compliance and Program Results. Takes necessary measures to provide adequate training to Contracting Officers Technical Representatives, to provide assurance that contracted services are performed and reimbursed properly.	Non-Monetary	9/15/2008	Closed
13	X			Compliance. Takes necessary action to provide ethics training to all DCPS personnel to ensure awareness of inappropriate activities in dealing with contractors conducting business with the District.	Non-Monetary	9/15/2008	Closed
14	X			Compliance and Program Results. Takes action to recover District government property in the possession of TI.	Non-Monetary	10/15/2008	Open

EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendations	Agency			Description of Benefit	Amount and Type of Benefit	Agency Reported Estimated Completion Date	Status[18]
	DCPS	CFO	BRADV				
15	X			Compliance. Takes appropriate action relative to those employees who improperly received items of value from a private party.	Non-Monetary	9/30/2008	Open

EXHIBIT B: REQUEST AND AUTHORIZATION FOR OFFICIAL TRAVEL AND CERTIFICATION OF TRAINING FORM (FORM 1000)

OFFICE OF THE CHIEF FINANCIAL OFFICER

REQUEST AND AUTHORIZATION FOR OFFICIAL TRAVEL AND CERTIFICATION OF TRAINING

Name (Last-First-Middle Initial) [redacted]	2. Applicant's Title:	3. Social Security Number:
Office (Number, Street, City, State, Zip Code): [redacted]		
Telephone:	6. Work Telephone: [redacted]	7. Name of School/Branch/Office/Dept./Agency Mailing Address:

Voucher No.

8. Name and mailing address of training vendor (Number, Street, City, State, Zip Code): Teachers Institute [redacted] Cathedral Ave, NW, Washington, DC 20016	9. Vendor's Federal Tax ID Number: 83-0424534
10. Location of training site: (If same as Item 8 mark box) See Attachment A ☐	11. Course: (Title, Course No., Catalog No., Description)

12. Training Objectives/Justification:
Connecting the DCPS Standards to the Writing Workshop Process

13. Training Period:	Month	Day	Year	14. Cost of Training:	Amount
a. Start	July	01	2005	a. Tuition/Registration Fees	
b. Complete	December	31	2005	b. Book(s) or Materials	
				c. Other (Specify)	
				d. Total (see attached)	$1,000,000

15. Remarks: See attached MOU and training information HOLD CHECK FOR PICK-UP

16. Accounting Codes:

LINE No.	NO.	FY	INDEX	FCA	OBJ	AOBJ	GRANT/PH	PROJ/PH	DESCRIPTION	AMOUNT
01		05	SLP05	21000	0409					
02										
03										
									Total Estimated Training Cost	

Voucher No.

17. Destination (From and To):	18. Travel Period: Depart Date / Return Date	19. Purpose of Travel:

20. Mode of Transportation:
☐ Air ☐ Bus ☐ Train ☐ Display-Owned
Note: Not to exceed cost by common carrier.
☐ Privately Owned Vehicle at a rate of .31 cents per mile
☐ Rental Car (Written authorization required prior to travel)
☐ Other (Specify) _____
Est. Transportation Cost: (Not included with advances) _____ Actual cost:

Voucher No. 21. Per Diem Allowance Authorized:

21a. Food Per Diem $40	21b. Hotel Rate $150: If hotel waiver submitted go to 21c.	21c. Hotel Waiver: Not valid w/o waiver letter
Rate x Days = Est Cost of Food $40 x __ = $	Rate x Nights = Est Cost of Hotel Note: (Including taxes) $ 150 x __ = $	Rate x Nights = Est Cost of Hotel Note: Hotel waiver letter attached ☐ _____ x _____ = _____

21d. Ground Trans: $60
Standard Rate for ground transportation when calculating advances: $60

21e. Advances Requested: Yes ☐ No ☐
Add items 21a, (21b or 21c), and 21d and multiply by 80% = Total Amount Advanced:
(21b or 21c = 0 when the amount of 21e is used in calculating advances)
_____ + _____ + _____ = _____ x 80% = _____
(21a) (21b or 21c) (21d)

22. Accounting Codes:

LINE NO.	FY	INDEX	FCA	OBJ	AOBJ	GRANT/PH	ORG. CODE	DESCRIPTION	AMOUNT
01				0400	0402				
02				0409	0402				
								Total Travel Cost (Do not Complete)	

23. Immediate Supervisor / Telephone Number: [redacted]			24. Associate Superintendent / Telephone Number:		
Signature [redacted]	☐ Approved ☐ Disapproved	Date 6/27/05	Signature	☐ Approved ☐ Disapproved	Date
25. LEA Executive Director - (202) 442-5149			26. Chief Academic Officer / Telephone Number: (Out-of-Town Travel Only)		
Signature	☐ Approved ☐ Disapproved	Date	Signature [redacted]	☐ Approved ☐ Disapproved	Date 6/27/05
27. Superintendent / Telephone Number: (Out-of-Town Travel Only)			Signature	☐ Approved ☐ Disapproved	Date

Contact Person _____ Official _____

DCPS Form 1000, 1999 (Please type or print)

EXHIBIT B: REQUEST AND AUTHORIZATION FOR OFFICIAL TRAVEL AND CERTIFICATION OF TRAINING FORM (FORM 1000)

1. Applicant's Name (Last-First-Middle Initial): Professional Development
2. Applicant's Title:
3. Social Security Number:
4. Home Address (Number, Street, City, State, Zip Code): North Capitol Street NE Washington, DC
5. Home Telephone:
6. Work Telephone: [redacted]
7. Name of School/Branch/Office/Dept./Agency Mailing Address:

Voucher No.

8. Name and mailing address of training vendor (Number, Street, City, State, Zip Code): Teachers Institute [redacted] Cathedral Ave, NW, Washington, DC 20016
9. Vendor's Federal Tax ID Number: 83-0424534
10. Location of training site: (If same as Item 8 mark box) See Attachment A
11. Course: (Title, Course No., Catalog No., Description)
12. Training Objectives/Justification: Connecting the DCPS Standards to the Writing Workshop Process
13. Training Period:

	Month	Day	Year
a. Start	January	01	2006
b. Complete	June	30	2006

14. Cost of Training:

	Amount
a. Tuition/Registration Fees	
b. Book(s) or Materials	
c. Other (Specify)	
d. Total (see attached)	$1,909,235

15. Remarks: See attached MOU and training information
16. Accounting Codes:

LINE No.	FY	INDEX	FCA	OBJ	AOBJ	GRANT/PH	PROJ/PH	DESCRIPTION	AMOUNT
01	05	SLP05	21000	0409					
02									
03									
								Total Estimated Training Cost	

Voucher No.

17. Destination (From and To):
18. Travel Period: Depart Date / Return Date
19. Purpose of Travel:
20. Mode of Transportation: ☐ Air ☐ Bus ☐ Train ☐ District-Owned ☐ Privately Owned Vehicle at a rate of .31 cents per mile ☐ Rental Car (Written authorization required prior to travel) ☐ Other (Specify) _____
Note: Not to exceed cost by common carrier.
Est. Transportation Cost: (Not included with advances) _____ Actual cost:
Voucher No.
21. Per Diem Allowance Authorized:
21a. Food Per Diem: $40
Rate x Days = Est Cost of Food
$40 x _ = $
21b. Hotel Rate $150: If hotel waiver submitted go to 21c
Rate x Nights = Est Cost of Hotel
Note: (including taxes)
$ 150 x _ = $
21c. Hotel Waiver: Not valid w/o waiver letter
Rate x Nights = Est Cost of Hotel
Note: Hotel wavier letter attached ☐
_____ x _____ = _____
21d. Ground Trans: $60
Standard Rate for ground transportation when calculating advances: $60
21e. Advances Requested: Yes ☐ No ☐
Add items 21a, (21b or 21c), and 21d and multiply by 80% = Total Amount Advanced:
(21b or 21c = 0 when the amount of 21e is used in calculating advances)
_____ + _____ + _____ = _____ x 80% = _____
(21a) (21b or 21c) (21d)
22. Accounting Codes:

LINE NO.	FY	INDEX	FCA	OBJ	AOBJ	GRANT/PH	ORG. CODE	DESCRIPTION	AMOUNT
01				0400	0402				
02				0400	0402				
								Total Travel Cost (Do not Complete)	

23. Immediate Supervisor / Telephone Number: 202-[redacted]
Signature [redacted] ☑ Approved ☐ Disapproved Date 6/27/05
24. Associate Superintendent / Telephone Number:
Signature ☐ Approved ☐ Disapproved Date
25. LEA Executive Director - (202) 442-5149
Signature ☐ Approved ☐ Disapproved Date
26. Chief Academic Officer / Telephone Number: (Out-of-Town Travel Only)
Signature [redacted] ☐ Approved ☐ Disapproved Date 6/27/05
27. Superintendent / Telephone Number: (Out-of-Town Travel Only)
Signature ☐ Approved ☐ Disapproved Date

Person _____ Office _____

DCPS Form 1000, 1999 (Please type or print)

EXHIBIT C: SCHEDULE OF IMPROPER OR QUESTIONABLE PAYMENTS

.

Description	Amount	Criteria
1. July10 2005 trip to NY (Assistant Superintendents)	$13,275	DPM § 1803.7 [19]
2. August 2005 Summer Institute, DCPS employee parking, 191 (teachers at $25)	4,775	DPM § 1803.7
3. Affiliates Conference (Dec. 6-9, 2005)	11,084	DPM § 1803.7
4. Summer 2006 Teachers College Training	46,748	DPM § 1803.7
5. Oct. 2006 Affiliates Conference	13,082	DPM § 1803.7
6. Feb. 7- Feb. 9 Affiliates Conference	7,967	DPM § 1803.7
7. Feb. 2007 Reading, Training	37,296	DPM § 1803.7
8. March Reunion Conference 2007	7,921	DPM § 1803.7
9. May Coaching Conference	9,668	DPM § 1803.7
10. Grad School Credits	33,855	DPM § 1803.7
11. Payment of Stipends	11,330	DPM § 1803.7
12. Teachers Staff Developers/TILTS	83,302	DPM § 1803.7
13. Consultant Payments		
Year 1	91,832	27 DCMR § 3307.2[20]
Year 2	155,643	27 DCMR § 3307.2
14. Executive Director's Salary	75,000	27 DCMR § 3307.2
15. Information Technology	130,000	27 DCMR § 3307.2
Grand Total	**$732,778**	

[19] DPM § 1803.7 states "[a]n employee shall not receive any salary or anything of monetary value from a private source as compensation for his or her services to the government…."

[20] Title 27 DCMR § 3307.2 states that, "In determining the reasonableness of a given cost, the contracting officer shall consider…[whether the cost incurred is the result of an] action that a prudent business person would take…."

EXHIBIT D: DCPS MANAGEMENT RESPONSE

DISTRICT OF COLUMBIA PUBLIC SCHOOLS
Office of the Chancellor
825 North Capitol Street, NE, 9th Floor, Washington, D.C., 20002-1994
(202) 442-5885 – fax: (202) 442-5026

September 15, 2008

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

RE: OIG No. 07-2-32GA

Dear Mr. Willoughby:

Thank you for the opportunity to respond to the findings and recommendations in the Office of the Inspector General's (OIG) draft audit report entitled "Audit of the Services Provided by Teacher's Institute for the District of Columbia Public Schools" (OIG No. 07-2-32GA). Our original response to your findings and recommendations was submitted via email on September, 12, 2008 as requested by your office.

Please find an official submission of the response attached. If you have any further questions, please don't hesitate to contact [redacted] Deputy Chief of Staff- Compliance, at [redacted]

Sincerely,

Lisa Marie Ruda

Lisa Marie Ruda
Chief of Staff

cc: Michelle Rhee, Chancellor
[redacted] Deputy Chief of Staff -Compliance
[redacted] DCPS, General Counsel
[redacted] Chief of Teaching and Learning
[redacted] DCPS, Chief Financial Officer

EXHIBIT D: DCPS MANAGEMENT RESPONSE

DCPS' Responses to the Office of the Inspector General's Audit Findings and Recommendations

**"Audit of the Services Provided by Teacher's Institute
For the
District of Columbia Public Schools"**

1. Take action to inform employees of the types of activities that can result in conflicts of interest and other similar types of violations of District personnel regulations.

   Response: DCPS' Office of Compliance and the Office of the General Counsel will work in conjunction with the District's Ethics Officer and OCTO to educate employees on the District's ethics and conflict of interest policies.
   Target Date: 4th Qtr. 2008

2. Make a legal determination whether violations of employee and post employee conduct occurred and take appropriate action.

   Response: The Office of the General Counsel will review the conduct of employees and will advise DCPS Administration as to what action is appropriate to address any violations.
   Target Date: 4th Qtr. 2008

3. Discontinue the practice of allowing contractors to pay DCPS employee travel and training, lodging and subsistence, and school tuition fees.

   Response: DCPS' current administration does not support and has discontinued this practice and intends to include these topics as part its ethics/conflict of interest communications and training to employees.
   Target Date: Immediately

4. Take the necessary action to ensure that procurements are properly and adequately planned, well in advance of the need.

   Response: DCPS' Office of Teaching and Learning will proactively take steps well in advance of its need to develop school programming and spending plans and will ensure the appropriate stakeholders are involved in the process.
   Target Date: Immediately

5. Discontinue the practice of making advance payments to contractors except where permitted by law.

   Response: DCPS' current administration has discontinued this practice and will follow the District's guidelines and its policies and procedures outlined by the Office of the Chief Financial Officer.
   Target Date: Immediately

1

EXHIBIT D: DCPS MANAGEMENT RESPONSE

6. Take the necessary action to ensure that a formal contract is prepared and properly executed to support each contractual agreement for goods, supplies, and services.

   Response: DCPS' Office of Teaching and Learning will follow the established policies and procedures outlined by the Office of the Chief Financial Officer and the Office of Contracts and Acquisition to ensure proper execution of the District's procurement requirements.
   Target Date: Immediately

7. Determine the viability of managing the Reading and Writing Project in-house.

   Response: DCPS' Office of Teaching and Learning will proactively take the necessary steps in advance of its need to develop school programming and spending plans and will assess DCPS in-house capacity at providing the needed services. Upon determining in-house capacity the Office of Teaching and Learning will convene the appropriate stakeholders to ensure applicable requirements have been meet. Stakeholders would include but are not limited to Chief Financial Officer, DCPS Contracts and Procurement Officer and General Counsel as needed.
   Target Date: Immediately

8. Review large-dollar training forms (for $100,000 or greater) used to procure services issued between FY 2004 through FY 2006 to determine if training forms were properly authorized.

   Response: The OCFO is addressing this recommendation in a separate response

9. The Chief Financial Officer, take appropriate disciplinary action, as appropriate for violations of D.C. Code 2-301.05(d) (2) (2001).

   Response: The OCFO is addressing this recommendation in a separate response.

10. Convene the Anti-Deficiency Review Board and take appropriate action regarding the apparent failure to comply with D.C. Code 47-355.02.

    Response: The OCFO is addressing this recommendation in a separate response.

11. Reinforce procedures outlined in the DCMR to ensure that sole-source procurements are properly justified.

    Response: DCPS' Office of Teaching and Learning will take the necessary steps to reinforce the procedures outlined in the DCMR to ensure that sole-source procurements are properly justified by advance planning, determining in-house capacity and by convening the appropriate stakeholders to ensure applicable requirements have been meet. Stakeholders would include but are not limited to Chief Financial Officer, DCPS Contracts and Procurement Officer, Contracting Officer Technical Representative and General Counsel as needed.
    Target Date: Immediately

2

EXHIBIT D: DCPS MANAGEMENT RESPONSE

12. Provide adequate training to Contracting Officer Technical Representative, which will aid in assuring that contracted services are performed; reimbursement for those services is properly supported and reasonable; and government furnished property, is protected.

    Response: DCPS' Office of Teaching and Learning in conjunction with DCPS Office of Contracts and Acquisitions will make sure selected Contract Officer Technical Representatives are provided the training needed to meet the challenges of the role.
    Target Date: As Needed

13. Provide ethics training to all DCPS personnel to ensure they are aware of inappropriate activities in dealing with contractors conducting business with the District.

    Response: DCPS' will work with the District's Ethics Officer to design and implement ethics and compliance training program for employees who are involved in procurement and/or have regular dealings with contractors. DCPS also intends to incorporate such training as part of the orientation program for new hires.
    Target Date: Ongoing Process

14. Recover District government property in the possession of TI.

    Response: DCPS has recovered government property formerly in the possession of TI. The Office of Teaching and Learning is working to finalize the property inventory listing and intends to draft a memorandum to TI for signature confirming that all government property in their possession has been returned to DCPS.
    Target Date: In progress expected completion by Mid-October 2008

15. Take appropriate action relative to those employees who, by receiving items of value from a private party, may have violated DPM1803.7 and 18 USC 209.

    Response: DCPS' Office of Compliance in conjunction the Office of the General Counsel will take appropriate action with regards to employees who may have violated applicable regulations or laws and will also arrange for ethics/conflict of interest training for these employees.
    Target Date: 4th Qtr 2008

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EXHIBIT E: OCFO/OIO MANAGEMENT RESPONSE

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Office of Integrity and Oversight

September 12, 2008

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

Dear Mr. Willoughby:

Thank you for the opportunity to comment on your draft report, (OIG No. 07-2-32GA), Audit of the Services Provided by Teachers Institute for the District of Columbia Public Schools. Our responses to the recommendations relating to the Office of the Chief Financial Officer are presented below.

Recommendation 8 – Large Dollar Training Forms.

We concur. We will review, by April 30, 2009, large-dollar training forms (for $100,000 or greater) used to procure services issued between FY 2004 through FY 2006 to determine if training forms were properly authorized. We note that the training forms are no longer used inappropriately.

Recommendation 9 – Appropriate Disciplinary Action

The recommendation cites the D.C. Code section 2-301.05(d)(2), which prohibits oral agreements with vendors to provide goods or services without a valid written contract. If this is the intended cite, we do not concur; the OCFO did not enter such oral agreements.[1] If, instead, the intent was to cite D.C. Code section 2-301.05(d)(1), which prohibits payment without a valid contract, we will review all the circumstances and take appropriate action.

If you have any questions or require additional information, please contact me at (202) 442-6433.

Sincerely,

Robert G. Andary
Executive Director

cc: Lucille Dickinson, Chairperson, Board of Review for Anti-Deficiency
[redacted], Director of Operations, Office of the Chief Financial Officer
[redacted], Chief Financial Officer, District of Columbia Public Schools

[1] On page 9 the draft report states that "…DCPS and OCFO officials violated District procurement regulations by improperly entering into a contractual agreement …." This language should read "…DCPS officials violated…." In addition, the draft report on page 13 places a reference to the "possibility of cronyism and favoritism" such that the reader could misconstrue that the possibility applies to OCFO as well as DCPS officials.

1275 K Street, N.W. Suite 500, Washington, D.C. 20005 (202) 442-6433

EXHIBIT F: OCFO/BRADV MANAGEMENT RESPONSE

Government of the District of Columbia
Office of the Chief Financial Officer

Board of Review for Anti-Deficiency Violations

September 11, 2008

Via E-mail and US Mail

Mr. Charles Willoughby
Inspector General
District of Columbia Office of the Inspector General
717 14th Street, NW, 5th Floor
Washington, DC 20005

Re: Response to Draft Report OIG No. 07-2-32GA
Audit of the District of Columbia
Services Provided by Teachers Institute
for the District of Columbia Public Schools

Dear Mr. Willoughby:

Thank you for providing the Board of Review for Anti-Deficiency Violations (BRADV) with a copy of the draft report summarizing the results of the Office of the Inspector General's (OIG's) Audit of the Services Provided by Teachers Institute for the District of Columbia Public Schools (OIG No. 07-2-32ga).

In response to recommendation 10, I will convene the BRADV to review the findings in the draft report that apparent anti-deficiency violations occurred. Following our investigation, if violations occurred, the BRADV will take actions in accordance with the District's Anti-Deficiency Law, and we will report our results to you.

If you have questions, please do not hesitate to contact me at 202-727-2476.

Sincerely,

Lucille Dickinson
Chairman

EXHIBIT G: TI CONTRACTOR RESPONSE

TEACHERS INSTITUTE
Building Bridges in Education

August 26, 2008

Mr. Charles J. Willoughby
Inspector General
Office of the Inspector General
717 14th Street, N.W.
Washington, D.C. 20005

RE: Report OIG No. 07-2-32GA -- DRAFT -- dated August 20, 2008

Dear Mr. Willoughby:

Thank you for the courtesy of a copy of your draft audit report on the D.C. Public Schools' management of the contract with Teachers Institute. We welcome and applaud vigorous oversight of government agencies. However, as you know, we take exception with the conduct of this particular audit, including its initiation based on false allegations by a former employee, and the year's time this audit has taken, a timeframe that compromised and finally brought to an end TI's good work with teachers and students. We also question the ability of your auditor to make judgments about the educational validity or usefulness of the professional training provided by Teachers Institute.

We leave it to Chancellor Rhee to respond on behalf of DCPS to the variety of findings and recommendations as to the contracting practices and procedures utilized by DCPS. We hope there are significant improvements in the manner in which DCPS works with non-government organizations.

PO BOX 40796, WASHINGTON, DC 20016

EXHIBIT G: TI CONTRACTOR RESPONSE

Charles J. Willoughby
August 26, 2008
Page Two of Two

We are proud of the work done by the Teachers Institute and its accomplishments, and proud that a score of principals and many more teachers will continue to make use of the early literacy training they received through the Institute. And we are even prouder of -- and not at all surprised by -- the gains that D.C. students attending TI schools were beginning to make in reading comprehension. We are hopeful that the new leadership of DCPS will embrace the work of Teachers Institute so that more teachers and many more students will have the tools they need to succeed.

Sincerely yours,

Sheila M. Ford
Executive Director

Richard A. Spigler
Chairman

cc: Ms. Michelle Rhee, Chancellor

PO BOX 40796, WASHINGTON, DC 20016