

November 2010

DISTRICT OF COLUMBIA PUBLIC EDUCATION

Agencies Have Enhanced Internal Controls Over Federal Payments for School Improvement, But More Consistent Monitoring Needed



G A O

Accountability * Integrity * Reliability

Why GAO Did This Study

Between fiscal years 2004 and 2009, Congress appropriated nearly \$190 million in federal payments for school improvement to the District of Columbia (D.C.). This includes \$85 million to the state education office—currently the Office of the State Superintendent of Education (OSSE)—to expand public charter schools and \$105 million to D.C. Public Schools (DCPS) to improve education in public schools. Over the years, GAO and others have identified challenges that DCPS and OSSE face in managing federal monies.

This report identifies, on the basis of available information, activities for which OSSE and DCPS used federal payments between 2004 and 2009 and describes how OSSE and DCPS monitored grant and contract recipients, respectively. GAO reviewed expenditure data and interviewed and collected documentation from OSSE and DCPS, among others. GAO reviewed all available grants awarded by OSSE in 2008 and 2009 and 14 of the largest contracts awarded by DCPS during that time.

What GAO Recommends

To improve internal controls, GAO recommends that the Mayor direct OSSE and DCPS to establish and implement written policies and procedures for monitoring use of federal payments for school improvement, and DCPS to maintain contract files and other expenditure documentation. The District agreed with GAO's recommendations and provided additional information on steps taken to improve internal controls.

View [GAO-11-16](#) or key components.
For more information, contact Cornelia M. Ashby at (202) 512-7215 or ashbyc@gao.gov.

DISTRICT OF COLUMBIA PUBLIC EDUCATION

Agencies Have Enhanced Internal Controls Over Federal Payments for School Improvement, But More Consistent Monitoring Needed

What GAO Found

Approximately 77 percent of federal payments for public charter school improvement in D.C. have been awarded for facility costs, including acquiring, renovating, constructing, or leasing facilities. The funding for facilities has mainly been disbursed through direct loans to schools and grants to expand schools in certain neighborhoods as part of a city improvement initiative. OSSE used the remaining funds for initiatives intended to improve the quality of education through efforts such as academic enrichment and supplemental education activities (provided beyond the normal school day), as well as a variety of other charter school expenditures.

OSSE officials reported having established some policies and procedures for monitoring its grant recipients, but, with one exception, these were not documented. Furthermore, the procedures as explained to us by OSSE were not consistently followed. OSSE did create a list of information that program staff are to acquire from grantees. However, the grant files we reviewed often lacked evidence that staff collected this information or performed other monitoring activities. Specifically, most of the files did not include all the narrative and financial reports as required by OSSE in many of their grant agreements. Also, few included any record indicating that staff had followed-up to obtain such documents.

According to the expenditure data D.C. provided, DCPS has used federal payments for a variety of purposes—ranging from summer school programs to teacher incentive pay—but available information prior to 2009 does not provide enough details for GAO to fully identify specific activities funded with federal payments. In 2009, DCPS used \$40 million primarily for teacher incentive pay, salaries for staff such as physical education and art teachers at underserved schools, and supplemental education activities such as summer school. Expenditure data show that between 2004 and 2008, DCPS funded a variety of programs such as supplemental education and professional development; however, DCPS could not locate information that may have been created on specific activities funded with federal payments during this time. For example, about half of these expenditures were for a “literacy improvement program,” but DCPS was unable to provide information to describe the program’s goals, objectives, activities, or outcomes.

DCPS has policies on responsibilities for monitoring contractor performance; however, these policies do not cover how to do the monitoring and they were not consistently followed. According to program office staff, they have some flexibility in how they implement their monitoring responsibilities and have employed a variety of methods to monitor contractor performance. Of the contract files we reviewed, we found that several lacked any evidence of a performance evaluation by a program officer, or any subsequent review. Notes added to several of the files indicated a program officer had left before the end of the contract term; however, we found no indication that these contracts had been reassigned. Furthermore, the contracting office could not locate 3 of the 17 files we requested for our review.

Contents

Letter		1
	Background	3
	OSSE Used Federal Payments Primarily to Finance Charter School Facilities	7
	OSSE Conducts Monitoring But Policies and Procedures Not Fully Documented	12
	DCPS Used Federal Payments for a Range of Purposes, But Some Information Was Not Available Before 2009	15
	DCPS Monitoring Policies Existed But Were Not Consistently Followed In Monitoring Contracts	20
	Conclusions	22
	Recommendations for Executive Action	23
	Agency Comments and Our Evaluation	24
Appendix I	Scope and Methodology	30
Appendix II	Information on DCPS File Review of Selected Contracts from 2008-2009	34
Appendix III	Comments from the D.C. Mayor’s Office and District Education Offices	35
Appendix IV	GAO Contact and Staff Acknowledgments	43
Tables		
	Table 1: Federal Payments for School Improvement, 2004-2009	5
	Table 2: Facilities Financing Initiatives Funded by Federal Payments, Fiscal Years 2004-2009 Appropriations	9
	Table 3: Quality Schools Initiatives Funded by Federal Payments, Fiscal Years 2004-2009 Appropriations	11

Figures

Figure 1: D.C. Public School System's Governance Structure	4
Figure 2: Uses of Federal Payments for Public Charter School Improvement in the District, Fiscal Years 2004-2009 Appropriations	8
Figure 3: Extent to Which Fiscal Years 2008 and 2009 Grantee Files Contained Narrative and Financial Reports	14
Figure 4: DCPS's Use of Federal Payments, Fiscal Year 2009 Appropriation	16
Figure 5: DCPS's Use of Federal Payments for School Improvement, Fiscal Years 2004-2008 Appropriations	19

Abbreviations

D.C.	District of Columbia
D.C. OIG	District of Columbia Office of the Inspector General
DCPS	District of Columbia Public Schools
LEA	local educational agencies
OCFO	Office of the Chief Financial Officer
OPCSFS	Office of Public Charter School Financing and Support
OSSE	Office of the State Superintendent of Education
PASS	Procurement Automated Support System
PCSB	Public Charter School Board
SEA	state education agency
SOAR	System of Accounting and Reporting

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.



G A O

Accountability * Integrity * Reliability

United States Government Accountability Office
Washington, DC 20548

November 18, 2010

Congressional Requesters

The District of Columbia’s (D.C. or the District) public school system has had long-standing problems related to overall management, student academic performance, and the condition of school facilities. Between fiscal years 2004 and 2009, Congress appropriated approximately \$190 million in federal payments directly to the D.C. public school system to improve education.¹ In those years, \$85 million in federal payments went to the state education office—currently the Office of the State Superintendent of Education (OSSE)—to expand quality public charter schools under its jurisdiction.² Another \$105 million was provided to D.C. Public Schools (DCPS) to improve education in the traditional public schools under its jurisdiction. Congress provides D.C. with direct financial assistance in the form of “federal payments” for a number of programs and initiatives. Federal payments for school improvement are different from most federal education funds in that they are appropriated directly to OSSE and DCPS and do not go through the U.S. Department of Education. While an examination of how these particular federal payments are managed has not been conducted, over the years GAO and others have identified deficiencies in both OSSE and DCPS management of federal monies. OSSE continues to be designated as a “high-risk” grantee by the U.S. Department of Education for its poor grant management, and audits of DCPS continue to identify systemic problems in its internal controls.

To learn how the state education office and DCPS have used these federal payments for school improvement, Congress asked GAO to: (1) identify the activities for which OSSE has spent federal payments since 2004, (2) determine how OSSE currently monitors grant recipients, (3) identify the activities for which DCPS has spent federal payments since 2004, and (4) determine how DCPS currently monitors contract recipients.

To perform this work, we gathered and analyzed expenditure data, financial reports, and other documentation provided by DCPS and OSSE

¹Federal payments for school improvement are separate from Elementary and Secondary Education Act Title I and Individuals with Disabilities Education Act funds.

²None of the appropriations acts for the years included in this study define what is meant by “quality.”

to identify the activities these agencies funded with federal payments between 2004 and 2009. We analyzed existing information to describe the activities on which federal payments were used, but did not evaluate the impact or outcomes of the projects that OSSE and DCPS funded. We analyzed expenditure data from D.C.'s financial management system—System of Accounting and Reporting (SOAR)—and D.C.'s procurement data system—Procurement Automated Support System (PASS).³ We reviewed the data reliability processes D.C. has in place for these systems and interviewed staff at OSSE, DCPS, and the Office of the Chief Financial Officer—which maintains these systems—to understand them, as well as reviewed existing information about the data and the respective systems that produced them. We found the data to be sufficiently reliable for our purposes. We evaluated OSSE and DCPS monitoring of federal payment recipients according to established federal practices and D.C.'s own policies. Because OSSE distributed the majority of federal payments through grants to public charter schools or other entities, we assessed OSSE's monitoring through file reviews. Specifically, we examined 30 grant files for recipients of federal payments for 2008 and 2009 as identified by OSSE. DCPS has distributed the majority of its federal payment funds through contracts; therefore, we also conducted a review of DCPS' contract files. However, because DCPS indicated that it would have difficulty compiling all contract files for 2008 and 2009, we selected a nongeneralizable sample of 17 files, of which we reviewed 14 because DCPS could not locate 3 files. The 17 files were the largest of the contracts awarded during this time, accounting for more than one-half of the contracts funded with federal payments for these years. We selected these two years to understand how DCPS and OSSE currently function with regard to federal payments given the new administration of DCPS and OSSE since 2007.

We conducted this performance audit from October 2009 through November 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We

³SOAR provides detailed information at the school and program level on how federal payment funding was allocated, encumbered, and expended. D.C. employs encumbrance accounting for governmental funds. Under this method of accounting, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the required portion of an appropriation. PASS is a procurement system interfaced with SOAR.

believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. For more information on our scope and methodology, see appendix I.

Background

In school year 2009-2010, the District's school system enrolled more than 72,300 students and was comprised of 58 local educational agencies (LEA).⁴ These included DCPS, the largest LEA with 129 schools, and 57 public charter schools. D.C.'s public charter schools act in most respects as independent and autonomous LEAs, some of which consist of more than one school location. The number of children attending public charter schools in the District has increased in recent years, with about 38 percent of the District's children attending these schools in the 2009-2010 school year. D.C. charter schools are independent of traditional public schools and are authorized by the Public Charter School Board (PCSB), whose members are appointed by the District Mayor.⁵ The PCSB evaluates the schools' academic performance and fiscal management, as well as their adherence to local and federal education laws, and has the authority to grant and revoke a school's charter. D.C. public charter schools must independently lease or purchase school buildings for their use and, as previously reported by GAO, have consistently encountered problems obtaining cost effective and appropriate facilities.⁶

The D.C. Council passed the Public Education Reform Amendment Act of 2007 (Reform Act) in response to persistent challenges facing the school system.⁷ This act significantly altered the governance of the D.C. public schools by transferring the day-to-day management of the public schools from the Board of Education to the Mayor. It also created OSSE to serve in the same capacity as a state education agency (SEA). Effective October 1, 2007, DCPS transitioned its responsibilities for all SEA functions to OSSE. OSSE now fulfills the functions of an SEA under federal law, including grant-making, oversight, and maintaining standards, assessments, and

⁴LEAs are public school districts. Enrollment data are based on the 2009-2010 audited enrollment count. The number of LEAs is based on 2009-2010 school year figures.

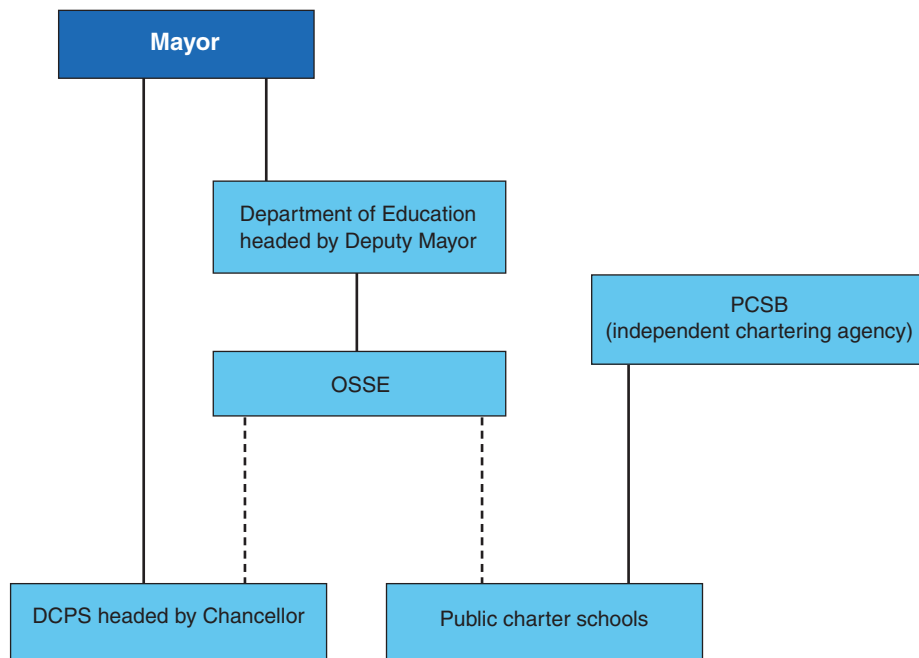
⁵The U.S. Secretary of Education presents a list of individuals from which the District Mayor, in consultation with the D.C. Council, makes appointments to the PCSB.

⁶GAO, *Charter Schools: New Charter Schools across the Country and in the District of Columbia Face Similar Start-Up Challenges*, [GAO-03-899](#) (Washington, D.C.: Sept. 3, 2003).

⁷D.C. Law 17-9, D.C. Code Ann. § 38-171 et seq.

federal accountability requirements for elementary and secondary education. OSSE performs these functions for both traditional public and public charter schools throughout D.C. (see figure 1).

Figure 1: D.C. Public School System's Governance Structure



----- OSSE provides oversight, monitoring, and technical assistance to DCPS and charter schools for federal and state education programs.

Source: GAO.

Federal Payments

Both the President and Congress may propose financial assistance to the District in the form of special federal payments in support of specific activities or priorities.⁸ Upon being appropriated by Congress, federal payments are provided directly to D.C. agencies from the federal government and are subject to the requirements of the statutory appropriations language. Congress appropriated federal payments for

⁸The National Capital Revitalization and Self-Government Improvement Act of 1997 (Pub. L. No. 105-33, Title XI) eliminated the annual federal payment to the District, but authorized a federal contribution. The act does not present a formula or methodology for translating the generalized notion of compensating the District for the federal government's presence into a predictable dollar amount, nor does it require that a contribution be made.

school improvement in the District every fiscal year from 2004 to 2009 to the state education office (now OSSE) to expand D.C. public charter schools and to DCPS to improve public education in the District. During these years, about \$190 million in federal payments were provided for these purposes (see table 1).⁹

Table 1: Federal Payments for School Improvement, 2004-2009

Dollars in millions		
Fiscal year ^a	DCPS for traditional public schools	State education office for public charter schools
2004	\$12.9	\$12.9
2005	12.9	12.9
2006	12.9	12.9
2007	12.9	12.9
2008	13.0	13.0
2009	40.0 ^b	20.0
Total	\$104.6	\$84.6

Sources: GAO analysis of annual appropriations and the D.C. Office of the Chief Financial Officer data.

^aIn 2010, Congress appropriated \$42.2 million to DCPS and \$20 million to the state education office. A portion of the federal payments to expand public charter schools are to go through OSSE to the PCSB, which oversees D.C. public charter schools, to award high-performing schools.

^bThe \$40 million includes \$20 million to “jump start” education reform in D.C.

With the exception of 2005, Congress has generally not included statutory language that offers additional specificity on the use of funds. Occasionally, committee reports accompanying the D.C. appropriations acts have stated the committee’s instructions as to the purpose and manner in which the funds should be used. These reports generally list projects and designate amounts for the expansion and improvement of public charter schools; committee reports have not consistently done this

⁹Since 2004, the federal payments for school improvement have also included funding to the Secretary of the U.S. Department of Education to provide opportunity scholarships for students in the District. This portion of funding is not included in our review. However, GAO has previously reviewed this program: see GAO, *District of Columbia Opportunity Scholarship Program: Additional Policies and Procedures Would Improve Internal Controls and Program Operations*, [GAO-08-9](#) (Washington, D.C.: Nov. 1, 2007).

OSSE and DCPS Federal Payment Management

for payments to DCPS.¹⁰ The statutory language generally has not specified how or whether these offices should report on the use of the funds.

The District's Office of the Chief Financial Officer (OCFO) uses SOAR to budget and disburse federal payment funds in accordance with annual spending plans created by OSSE and DCPS. These spending plans outline how the agencies will use the funds, including the amounts to be available for specific initiatives or program offices. The agencies' financial officers report to the District's OCFO and monitor the financial activities of their respective agencies. Within OSSE, the Office of Public Charter School Financing and Support (OPCSFS), created in 2003, manages several federally funded programs that provide funding to charter schools for facility financing and grant programs to improve public charter school quality, including federal payments for these purposes. It also provides technical assistance for grants and supports the dissemination of best practices and innovation at D.C. public charter schools. At DCPS, priorities regarding the use of federal payments are established and managed through the Chancellor's office, which allocates funds to applicable program offices that implement various academic initiatives. For those payments that fund contracts, program offices coordinate procurement activities with the contracting office which has the authority to enter into, administer, and terminate contracts. The program offices monitor and document contractor performance once the contract is awarded.

According to annual independent audits, OSSE and DCPS have consistently had problems managing grants and contracts. These audits have identified, among other things, internal control deficiencies related to federal grants management at OSSE and procurement practices at DCPS. For example, the District's fiscal year 2008 Single Audit found that OSSE had a total of 24 material weaknesses regarding internal control over compliance with federal grant program requirements and cash management.¹¹ Also, an independent review by BDO Seidman, LLP, of

¹⁰According to OSSE, it considers these reports when determining how to allocate funds in a given year. In some years, these reports specified how the public charter school improvement and expansion funds should be spent. For example, they indicated the amount of funds allocated to the Direct Loan Fund for Charter Schools and the City Build Initiative, as well as other initiatives.

¹¹All nonfederal entities that expend \$500,000 or more in federal awards in a fiscal year are required to obtain an audit in accordance with the Single Audit Act, as amended. 31 U.S.C. § 7501 et seq.

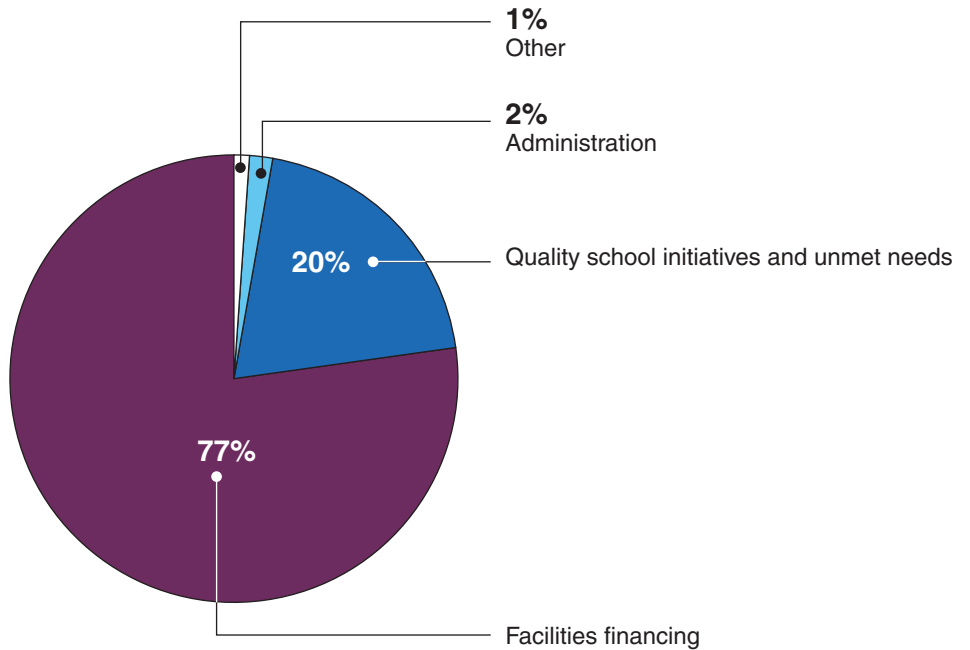
DCPS's internal controls during that time reported weaknesses related to insufficient procurement documentation and grants management.¹² According to D.C.'s independent auditor, because its reviews likely included federal payment expenditures, their findings could also be relevant to these payments. Because of these and other findings, the U.S. Department of Education designated OSSE as a "high risk" grantee in 2007, when OSSE took over responsibility for the District's education programs. While OSSE reports having taken corrective actions to address many of the longstanding financial, grants management, and program compliance issues that have plagued the D.C. public school system, the U.S. Department of Education has maintained a high risk designation for OSSE.

OSSE Used Federal Payments Primarily to Finance Charter School Facilities

Of the nearly \$85 million in federal payment funds designated by Congress for the District's public charter schools, OSSE has used approximately 77 percent—about \$65 million—of these payments to help finance charter school facilities (see figure 2). OSSE has allocated approximately \$17 million for other initiatives to improve the quality of public charter school education, such as supplemental education (e.g. a college preparatory program that included summer enrichment programs and standardized test preparation), and for other activities to address public charter school needs. OSSE also used nearly \$1.5 million for administrative purposes and the remaining funds on other activities that included a truancy center and data collection efforts.

¹²The review of internal controls was performed in conjunction with BDO Seidman's audit of the Budgetary Comparison Schedule-Governmental Funds of DCPS, for the year ended September 30, 2008.

Figure 2: Uses of Federal Payments for Public Charter School Improvement in the District, Fiscal Years 2004-2009 Appropriations



Source: GAO analysis of OSSE and OCFO data.

Facilities Financing

OSSE has used roughly \$65 million of federal payments to award more than 80 grants and loans to help public charter schools build, improve, lease, or purchase facilities (see table 2). According to OSSE, public charter schools often face challenges in funding facilities-related projects. Despite receiving an annual per pupil facility allowance¹³ to help pay for rent or mortgage and other facilities' costs, public charter schools often need to supplement this with other sources of funding. Schools frequently need additional financing to purchase, renovate, or build facilities; to explore facility and financing options; and to make facility improvements.

¹³D.C. funds public elementary and secondary education primarily by its Uniform Per Student Funding Formula, whereby all public schools receive a per pupil allowance; public charter schools also receive a facility allowance. In fiscal year 2010, the average per pupil allowance was \$8,770, and the facility allowance was \$2,800 per nonresidential student and \$8,395 for residential students. According to a PCSB study, the estimated average facilities cost in 2010 was \$4,783 per student.

Table 2: Facilities Financing Initiatives Funded by Federal Payments, Fiscal Years 2004-2009 Appropriations

Dollars in millions

Program or initiative	Use of funds	Amount ^a
Direct Loan Fund ^b	Provided 20 loans to public charter schools for construction, acquisition, renovation, and/or maintenance of facilities through a revolving fund whereby repayments, including interest paid, are put back into the fund to finance additional loans.	\$24.7
City Build Initiative ^b	Provided 20 grants to support the development of quality schools in targeted neighborhoods through community revitalization and an emphasis on promoting public education through charter schools.	17.5
Public Charter School Facility Grants	Provided more than 20 grants for acquisition and systematic upgrades, for example, to heating and cooling systems, roofs, and elevators, as well as to specialty spaces such as science labs, music rooms, and athletic fields.	11.2
Incubator Initiative ^b	Provided at least seven new charter schools a home during their initial years of operation by taking out loans for schools and allowing the schools to keep up to 10 percent of their facilities' allowance in reserve.	3.9
Public school facilities grants	Provided 5 colocation and 12 public facilities grants to improve DCPS facilities that provide space to public charter schools or to develop innovative programs for DCPS and public charter school programs that share, or will share, a DCPS facility.	3.0
Credit Enhancement Revolving Fund	Provided enhanced credit, lease guarantees, and access to financial assistance for acquisition, renovation, and construction.	2.0
Other facilities programs	Provided funding for other facilities' related projects.	3.0
Total		\$65.3

Source: GAO analysis of OSSE and OCFO data.

^aAmounts represent expenditures and obligations of federal payments from the beginning of fiscal year 2004 through June 28, 2010. Some of these programs, including the Direct Loan and Credit Enhancement funds and the Incubator Initiative, have received additional funds from other sources such as the U.S. Department of Education.

^bIn 2005, appropriations act language directed the state education office to use a certain portion of the funds for the Direct Loan Fund, City Build Initiative, and the development of an incubator facility for public charter schools.

OSSE has funded various grants to not only improve school facilities but to also simultaneously meet other District needs such as creating community partnerships, revitalizing neighborhoods, and promoting the use of public facilities. The facilities projects that grantees, such as charter schools and nonprofit organizations, undertook range from building new campuses to conducting overdue maintenance on heating and cooling systems to updating security equipment and technology systems. For example, a public charter school that is a public facilities grantee used funds to help finance renovations and upgrades of a former D.C. public school to expand the number of students the school could serve. Among other things, the grantee updated mechanical, electrical, and plumbing systems; repaired roofing; replaced windows; and constructed a new

gymnasium. Another public charter school that is a City Build grantee, received funds from OSSE to help build new classrooms so that it could expand the grade-levels that it serves, build vocational classrooms such as a barber shop, and create staff offices.

Quality School Initiatives and Unmet Needs

OSSE allocated almost \$17 million to award a range of grants on quality school initiatives or unmet needs (see table 3). These projects cut across several areas focused on supplemental education activities—which are activities that are provided in addition to those that occur during the course of the typical school day—and activities conducted during the school day to enrich students’ instruction. For example, between 2005 and 2008, OSSE awarded 41 incentive award grants to help schools enhance, improve, or implement an innovative program that would improve student learning and achievement or to start or expand their physical education programs. Some of the projects that schools undertook with this grant included the expansion of a reading buddies literacy volunteer program, a string instrument music program, and several physical education initiatives to address obesity. OSSE has also funded grants to help students prepare for and improve their access to college. For example, as directed in the conference report accompanying the District’s 2005 appropriations act, OSSE provided funding to the Educational Advancement Alliance to implement a college preparatory program. This program aimed to assist 9th through 12th graders with course enrollment, precollege advising, financial aid counseling, test preparation, college application completion, and career exploration and leadership development.

Table 3: Quality Schools Initiatives Funded by Federal Payments, Fiscal Years 2004-2009 Appropriations

Dollars in millions		
Program or initiative	Use of funds	Amount ^a
Replication Fund	Encouraged existing charter management organizations and entrepreneurial education initiatives to expand within and into D.C. by providing growth capital, program start-up grants, or investments through investment intermediaries.	\$5.7
Incentive award grants ^b	Provided 41 grants to enhance or implement innovative programs that would improve the quality of operations and programming of a school or improve student learning and achievement to provide high quality education.	2.9
College Preparatory Program ^b	Provided funding for direct early college awareness services to those students and parents preparing and planning for higher education through activities such as summer enrichment programs and standardized test preparation.	2.0
Flexible Funds grants	Provided 44 grants to enhance, improve, or implement programs or services, including funding for art and music program supplies or equipment, sports equipment or uniforms, playgrounds, science labs, vocational education equipment, libraries, and staffing to implement such activities.	1.5
Quality Initiative grants	Provided 13 grants to enhance, improve, or implement an innovative program that will improve student learning and achievement.	1.5
College Access Program	Provided seven grants to increase the number of students pursuing a college preparatory curriculum, as well as to improve awareness of post-secondary options, college enrollment, and the tracking of public charter school graduates.	0.4
Other quality initiatives programs	Provided funding for several other initiatives including innovation incentive funds, charter school integration, and special programs.	2.9
Total		\$16.9

Source: GAO analysis of OSSE and OCFO data.

^aAmounts represent expenditures and obligations of federal payments from the beginning of fiscal year 2004 through June 28, 2010.

^bIn 2005, appropriations act language directed the state education office to use a certain portion of the funds for the college preparatory program and the incentive awards.

Administrative and Other Areas

Between 2004 and 2009, OSSE spent about \$2.5 million to administer federal payment programs and undertake other projects. Specifically, OSSE allocated about \$1.5 million for administration of federal payment programs, according to data provided by OSSE. OSSE funded several other projects such as a review of Medicaid billing policies and potential practices to help ensure that public charter schools received appropriate Medicaid reimbursement. OSSE also funded a data collection and analysis project to review public charter school data collection systems, coordinate data collection to ensure the systems are compatible with the entities that need to use them (e.g., the LEA, SEA, and charter school authorizers), and develop assessments to track student performance.

OSSE Conducts Monitoring But Policies and Procedures Not Fully Documented

According to OSSE officials, OSSE employs a range of activities to monitor public charter schools and other entities that receive grants funded by federal payments (federal payment grantees), but has limited written policies and procedures for conducting monitoring activities. OSSE typically outlines the monitoring activities it will employ in the request for grant applications and includes specific time frames for these activities and deliverables in grant agreements. In establishing their approach, OSSE officials stated that they try to balance OSSE's monitoring functions with those of other organizations, such as PCSB, so they do not overburden schools with reporting requirements. Most often, these activities include reviewing financial and narrative performance reports that grantees must submit, reviewing 100 percent of all expenditures prior to providing money to grantees, conducting site visits, and in some instances auditing the grantee's financial statements.¹⁴ To inform its monitoring process, OSSE officials told us that it also conducts a risk analysis based on the award amount and other information that the office reviews, such as a grantee's independent audit results, PCSB reviews, and lender information. OSSE indicated that since 2007, it has implemented several operational improvements to monitor the use of federal payment funds. For example, OSSE also developed a document that outlines questions that staff should ask grantees and acceptable evidence the staff should review as part of their monitoring. However, we found OSSE lacks documented procedures on how staff should carry out and maintain records of these activities, including how to determine the level of risk based on the information from others' reviews, and relies on more experienced staff to provide guidance and training.¹⁵ According to the Director of OPCSFS, staff generally should maintain documentation of their monitoring activities, such as grantee reports, in a grantee's file. However, OPCSFS does not have written procedures or guidance on what should be maintained in the grantee files. The Director also stated that he would like to create a standardized file management process.

¹⁴Several of the processes OSSE stated they use, including collecting financial records and reports, on-site reviews, and putting the terms and conditions of the award in the grant agreement, were recognized as promising practices by the Domestic Working Group, Grant Accountability Project. *Guide to Opportunities for Improving Grant Accountability* (October 2005).

¹⁵The District's fiscal year 2009 Single Audit also identified several federal grant programs for which OSSE did not have proper documentation or policies and procedures in place to comply with program requirements.

According to the Director of OPCSFS, one of the main components of OSSE's monitoring process is the review of invoices prior to reimbursing grantees for expenditures. OSSE developed a standardized form that grantees are to submit with invoices for staff to review prior to reimbursement. The files we reviewed included evidence that grantees submitted and staff reviewed the required reimbursement forms and invoices.¹⁶ According to the Director, the reimbursement process provides the opportunity for an extra level of monitoring in that OSSE compares expenditures with the intended purpose of the grant and approves or denies reimbursement based on this assessment.¹⁷

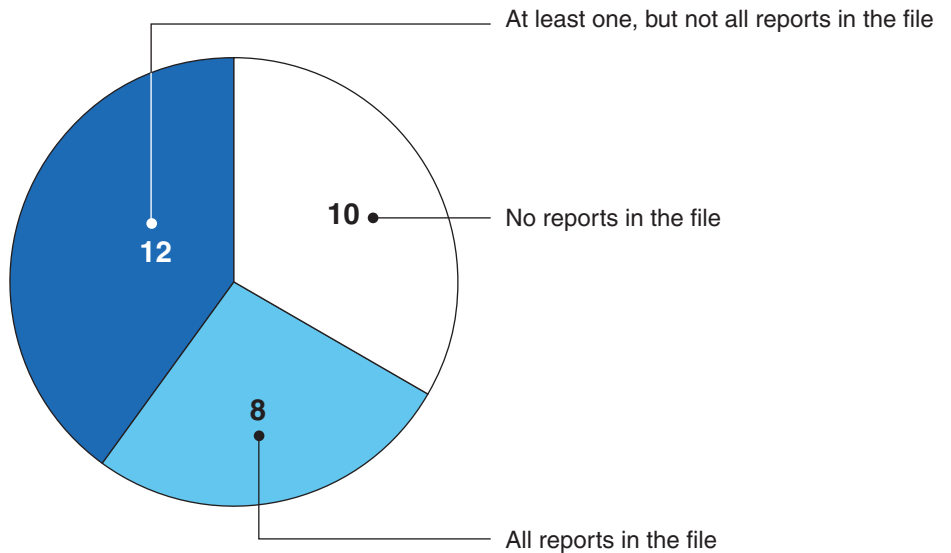
OSSE staff did not consistently document their collection and review of grantee narrative and financial reports. According to an OSSE official, these reports are used to help OSSE monitor grantees' use of funds and their impact. Less than one-third of the files we reviewed contained all of the reports that were required during the grant award period, and one-third of the files had no reports (see figure 3). In instances in which files did not include all of the reports, the Director indicated that this may be because the grantee did not submit the reports or the staff responsible for monitoring the grantee did not put the report in the file.¹⁸

¹⁶We reviewed 30 of the 42 grants identified by OSSE as being awarded in 2008 and 2009. We eliminated selected grants based on the type, and OSSE did not provide four files as of the time this report was drafted. For more information on our file review, see appendix I.

¹⁷According to an OSSE official, while grant recipients must submit all reimbursement claims prior to the end of the award period, they do not have to follow a particular schedule. Therefore, a grantee can determine when to submit for reimbursement based on its need for funds. Additionally, this official stated that in certain situations OSSE may reimburse grantees for purchases made prior to the award period.

¹⁸The official indicated that while some projects may not begin immediately, grantees are still required to submit these reports.

Figure 3: Extent to Which Fiscal Years 2008 and 2009 Grantee Files Contained Narrative and Financial Reports



Source: GAO analysis of grantee file review.

Of the files that did contain reports, several were submitted late—ranging from a couple of days to more than 3 months. Further, the files did not consistently have evidence that staff followed-up to obtain the reports.¹⁹ When there was evidence of staff follow-up, it was sometimes not until months after a report was due. For example, two files that had no reports included notices to grant recipients requesting that they submit final performance reports since they had been reimbursed for the amount of the grant award. An OSSE official stated that OSSE may withhold further payments on grants when grantees have failed to provide regular reports or other required documentation, but we saw no indication in the files that this happened.

The files we reviewed also rarely had evidence that staff conducted site visits. An OPCSFS official told us that while the office conducts site visits “as necessary,” staff generally try to visit a school at least once during the grant award period. During these site visits, OSSE staff may interview school officials, review the school’s accounting practices, and request

¹⁹We were unable to assess the timeliness of some reports that were submitted because in some instances the reports in the files did not have a clear indication of when they were submitted.

documentation on a program's performance, among other things. We only found evidence of four site visits for the 30 files we reviewed. OSSE found that two of the schools visited needed to take corrective actions. Specifically, one school did not have adequate tools to measure the impact of the program as outlined in its grant agreement and the other did not maintain proper contractor records. According to the files, OSSE followed up with both schools to ensure that they were addressing the issues identified during the site visits.

DCPS Used Federal Payments for a Range of Purposes, But Some Information Was Not Available Before 2009

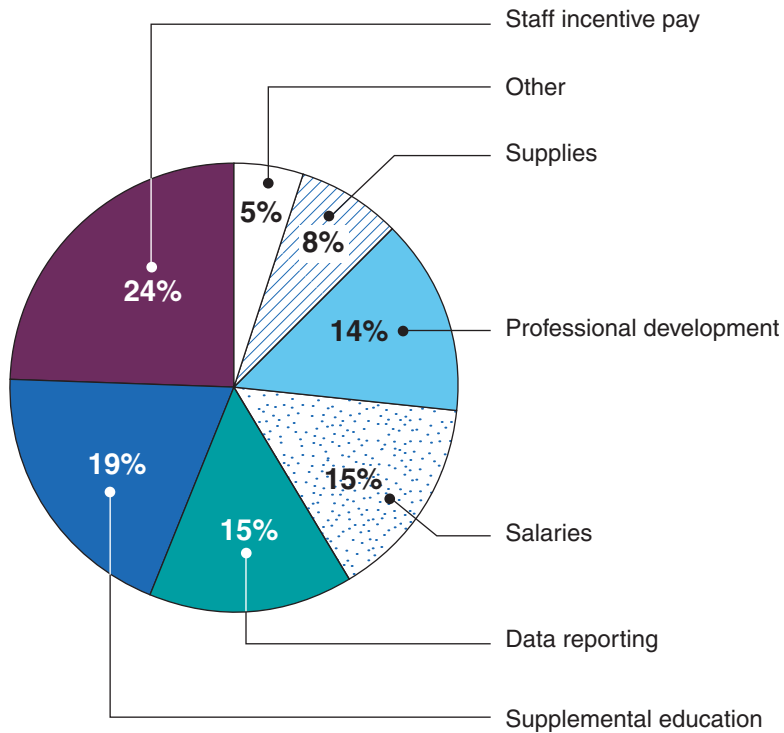
According to the expenditure data D.C. provided, DCPS has used its \$105 million in federal payments for school improvement since 2004 for a variety of purposes—ranging from summer school programs to staff incentive pay. However, a lack of available information describing programs or initiatives funded with federal payments prior to 2009 precludes a full identification of the use of these funds. DCPS officials provided spending plans and other programmatic information that described program goals, objectives, activities, and outcomes related to DCPS's use of federal payments since 2009; however, they could not provide similar information for prior years. DCPS officials stated that they searched for documentation that may have been created by the prior administration, including spending plans and guidance for 2007 and 2008, but were unable to recover any documentation that prior administrations may have developed or used.²⁰

In 2009, under the current administration, DCPS used \$40 million in federal payments primarily for supplemental education programs, staff incentive pay, and staff salaries, based on expenditure data (see figure 4).²¹ According to DCPS officials, it currently funds activities aligned with DCPS's 5-year strategic plan and district-wide priorities designed to increase student achievement. Some of these funds were provided directly to schools, while others supported school administration functions within DCPS. These funding priorities are outlined in spending plans that guide the budgeting process and are submitted to Congress.

²⁰According to DCPS officials, although the current administration assumed control of DCPS in 2007, federal payment spending plans and other supporting documentation for fiscal years 2007 and 2008 funds would have been created by the previous superintendent.

²¹In 2009, DCPS also received a one-time federal payment of \$20 million to "jump start" education reform in D.C., which is included in our analysis. Omnibus Appropriations Act, 2009, Pub. L. No. 111-8, Title IV, 123 Stat. 524, 654 (2009).

Figure 4: DCPS's Use of Federal Payments, Fiscal Year 2009 Appropriation



Sources: GAO analysis of SOAR expenditure data as of June 2010 and additional information on specific program expenditures provided by DCPS.

- **Staff incentive pay.** DCPS set aside almost \$10 million of federal payments in 2009 to provide merit-based awards to eligible teachers and staff through a new assessment system called “IMPACT” when a contract agreement was reached with the Washington Teachers’ Union.²² Implemented in the 2009-2010 school year, the IMPACT system rates teachers and noninstructional staff, such as guidance counselors and custodians, on a combination of factors to assess and provide feedback on performance. For example, teachers are assessed on, among other things, the impact they and the school have on students’ learning over the course of the year, classroom observations, and commitment to the school

²²The teachers’ contract was ratified by the Washington Teachers’ Union in June 2010. According to the union’s by-laws, the Washington Teachers’ Union is the sole and exclusive bargaining representative for all matters related to rates of pay, wages, benefits, hours of employment, and working conditions of DCPS teachers and other covered employees.

community. Counselors, meanwhile, are assessed on DCPS counseling standards and commitment to the school community.

- **Staff salaries.** About \$5.9 million was used to pay staff salaries and benefits distributed to schools through DCPS's Comprehensive Staffing Model. According to DCPS, this model was first instituted in the 2008-2009 school year and is designed to ensure that all schools, regardless of size or location, offer a full complement of programs, including art, music, and physical education classes. It also helps schools provide services, such as social workers and psychologists, to support students' nonacademic needs. The model distributes resources on a formula basis across the school district, and in 2009, according to DCPS, federal payment funds helped to hire and retain staff at 89 schools.
- **Professional development.** DCPS spent \$5.7 million on teacher and principal development activities. Funds supported the Master Educator Program, whereby experienced educators traveled from school to school evaluating teachers and providing support as part of the IMPACT performance system. According to DCPS, educators provided targeted professional development to help teachers improve their instruction. Funds were also used for a "Principals' Academy"—a monthly professional development session. According to DCPS, these meetings were used to train principals on effective parent and community engagement and share best practices on leadership. Finally, funds supported Partnership Schools where staff in low-performing schools received additional resources, expertise, and professional development opportunities from organizations hired to manage the schools.
- **Supplemental education.** DCPS used about \$5.7 million for summer school activities and \$2 million for the Saturday Scholars program. Saturday Scholars is a 12-week program that provides additional help in math and reading to students in grades 3-12.
- **Data reporting.** DCPS used about \$6 million to fund data reporting activities that could provide parents with information on the performance of their children, classrooms, and schools. These initiatives included the DCPS School Scorecard, an annually released report on each school detailing school safety, culture, student growth, and family involvement in the school; stakeholder surveys; and a student information system to keep parents informed.
- **Supplies.** In 2009, DCPS used \$3 million of the federal payments to purchase textbooks.

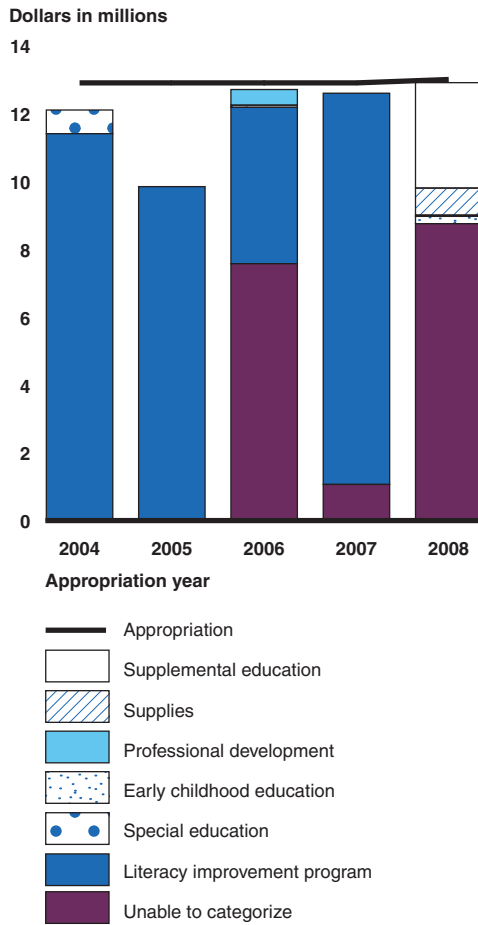
-
- **Other activities.** DCPS spent the remaining payments on other activities in 2009. For example, it provided \$1.5 million to the Capital Gains Program, which, in partnership with Harvard University, provided financial literacy education and incentive payments for academic performance, behavior, and attendance to more than 3,000 students in grades six to eight.

For the period between 2004 and 2008, D.C. provided expenditure data showing that DCPS used federal payments to fund a variety of programs for early childhood education, supplemental education, professional development activities, and supply purchases.²³ While DCPS worked to provide information on programs funded prior to 2009, it could not locate detailed programmatic information on most expenditures to explain the goals, objectives, activities, and outcomes of these programs and we cannot, therefore, fully describe the use of federal payments for these years (see figure 5). According to DCPS, prior administrations may not have consistently created or maintained documentation on some of the programs they implemented. For example, expenditure data indicate that between 2004 and 2007, DCPS used \$37.4 million to fund a literacy improvement program; however, DCPS was unable to provide information to describe the program's goals, objectives, or outcomes. Additionally, we were unable to characterize approximately 36 percent of the other activities because DCPS could not provide information describing the expenditures beyond what was maintained for accounting purposes.²⁴ In 2007, for example, 27 schools received "high performance awards." Current DCPS officials were not able to ascertain why those schools received the funds.

²³These expenditures include \$3 million for supplemental education, \$800,000 to purchase athletic equipment and textbooks, \$460,000 for professional development, and \$280,000 for early childhood education.

²⁴SOAR expenditure data includes the program name, the office that received the funds, and general information such as whether it was awarded as a contract, purchased supplies, or paid salaries and benefits.

Figure 5: DCPS's Use of Federal Payments for School Improvement, Fiscal Years 2004-2008 Appropriations



Source: GAO analysis of 2004 to 2008 SOAR expenditure data as of June 2010.

Note: In fiscal years 2004 and 2005, DCPS did not segregate all federal payments for school improvement from other federal payments it received; therefore the analysis includes only those expenditures which were clearly categorized as “Federal Payments for School Improvement.” Some expenditure data between 2006 and 2008 was not detailed enough to categorize, and DCPS was unable to locate additional information, if any was created by the prior administrations, on how these funds were used.

The lack of detailed information to fully describe the programs for which funds were expended also precludes us from assessing whether DCPS used funds as directed to do so by appropriations legislation. The 2005 District appropriation act states that DCPS shall use not less than \$2 million of that year’s payments on a new incentive fund to reward improved schools and not less than \$2 million on a transformation

initiative directed to schools in need of improvement. While 2005 expenditure data shows DCPS spent \$9.8 million on a literacy improvement program, we cannot determine whether these or the remaining funds appropriated in that year were used for the two initiatives outlined in legislation. Expenditure data did not capture information linked to specific legislated initiatives, and according to agency officials, DCPS does not have records of the plans that would describe the incentive fund or the transformation initiative.

DCPS Monitoring Policies Existed But Were Not Consistently Followed In Monitoring Contracts

DCPS program offices have employed a variety of methods to monitor contractor performance; however, in practice we found evidence of weaknesses in carrying out some monitoring responsibilities possibly attributable to staff turnover and a lack of a formal process to reassign responsibilities when turnover occurs. Specifically, in our review of 2008 and 2009 contract files, we found 7 of 14 files with incomplete documentation and evidence of review as well as missing files (see appendix II).

DCPS's Office of Contracts and Acquisitions has policies that specify a program officer's responsibilities to monitor contractor performance, and program offices have flexibility on how to carry out these responsibilities.²⁵ Pursuant to their monitoring responsibilities, program officers are to ensure that technical work is performed in accordance with the terms and conditions of the contract, maintain a contract file, review invoices, perform periodic site visits, and provide periodic written reports and a final performance evaluation. Additionally, files maintained at the contracting office should consistently contain the name of the assigned program officer who is responsible for contract oversight. In our discussions with a number of program offices, we were shown different strategies they employ to fulfill their monitoring responsibilities. One program officer, who oversees a contract that provides an after school program, showed us a tool designed to track site visits. The document records observations of tutoring sessions to assess the tutor's subject-matter knowledge, presentation style, and classroom management abilities. Another program officer did not conduct site visits because the contractors were often located at the program office and could be

²⁵We use the term "program officers" to refer to the Contracting Officer's Technical Representative.

observed on a more regular basis. That office independently adopted a program to track deliverables across contracts it managed.

In our review of contracting office files, we saw inconsistent documentation of monitoring activities related to the assignment of program officers and the lack of required evaluations on contractors' performance. In our review of 14 contract files, we found that some contained notes from the contracting staff that the program officer left before the end of the contract term, and the file had no evidence that a new program officer was assigned. DCPS officials stated that the monitoring function has been impacted by staff turnover, and one official said it is not uncommon for a contract to be overseen by two or three different program officers over the life of the contract. However, staff turnover alone does not explain the lack of adequate monitoring. Program officials we spoke with stated that their respective offices did not have written protocols and procedures for transitioning responsibilities when a program officer leaves, nor did they have written processes for how to notify the contracting office. According to officials, staff generally notified the contracting office via e-mail when a program officer left, however, we did not see evidence of correspondence in those files. Recognizing that the specific nature and extent of contract administration may vary by contract, one program official told us that it would be helpful for DCPS to develop a list of basic information that should be collected across program offices to ensure continuity in the event of staff turnover.

Moreover, 4 of the 14 contract files we reviewed—totaling \$2.7 million—were missing performance evaluations, and evaluations of 3 additional contractors were not completed within the required time frames.²⁶ Performance evaluations are an important tool to help the contracting and program offices determine whether to extend a contract, and these evaluations must be submitted before a contract extension can be awarded. The evaluations are required to be submitted within 30 days of the end of the contract; however, one of the evaluations was submitted more than 1.5 years late. Further, one contract file that lacked a performance evaluation and two files that were submitted late were awarded contract extensions. According to a contracting official, staff from his office should take steps to gather this information from program

²⁶The purpose of the evaluations is to assess contractor performance related to, among other things, the quality and timeliness of the deliverables and whether the contractor stayed within budget.

staff, but we did not find evidence in the files that officials followed up to obtain these documents, or that many of the files had supervisory review. An official with the contracting office stated that it might also be helpful to have more regular formal assessments of contractor performance, and the office recently asked program officers to begin evaluating contractors on a monthly basis.

The DCPS contracting office, which is responsible for maintaining all contract documentation, could not locate 3 of the 17 contract files we requested. According to a contracting official, DCPS recently moved and sent its contracts to storage and was having problems locating the files during the period of our review. DCPS could not locate the original file for one of the contracts, was unsure whether one contract was in fact awarded, and told us the other file could not be located because the name of the company had changed. According to D.C. Municipal Regulations, each D.C. office performing contracting functions is responsible for maintaining files containing records of all contractual actions pertinent to that office's responsibilities, including documents sufficient to constitute a complete history of the transactions.²⁷ These files are essential in providing a complete background as a basis for informed decisions at each step of the procurement process as well as providing information for reviews and investigations.²⁸

Conclusions

Over the years, D.C. public schools have wrestled with numerous challenges: deteriorating facilities, low student performance, and lax administrative and management oversight. D.C. has recently taken steps to address the long-standing problems with its public school system, and federal payments have contributed to some of these efforts. The statutory language appropriating these funds does not generally direct OSSE and DCPS on how to use these monies for school improvements. It appears that OSSE and DCPS have expended federal payments on a range of activities related to "school improvement"—from facility renovation to summer school programs; however, the lack of detailed information on

²⁷D.C. Mun. Regs. tit. 27, § 27-1203.2 (2010).

²⁸Independent auditors have also identified issues with inadequate procurement documentation at DCPS. A 2009 report on internal controls found that DCPS could not locate some contract files and did not have proper documentation. The report made a recommendation that DCPS comply with D.C. regulations that require files to be maintained to ensure effective documentation of all procurement actions.

some of these payments dating back to 2004 precludes a complete understanding of their use. A lack of information describing how these funds were used highlights the need for stronger internal controls related to information management across administrations.

Moreover, the financial management challenges that others, such as the U.S. Department of Education and D.C. Inspector General, have previously identified also persist with OSSE's and DCPS's monitoring of grants made with federal payment funds and contracts, respectively. Specifically, the policies OSSE and DCPS have are not consistently followed and sometimes fall short of commonly accepted standards. Because OSSE and DCPS distribute a large portion of federal payment for school improvement funds through grants and contracts, respectively, effective internal controls over grants and contracts are critical to their missions. Without proper documentation on the use of funds and the application of a strong monitoring framework, these funds may more easily be misused. Further, grantees and contractors may not be held accountable for meeting the agreed upon performance outcomes. In addition, OSSE and DCPS may risk implementing initiatives that fall short of reaching their full potential to improve the District's schools. Documenting required and actual monitoring processes may not completely eliminate potential misuse of funds, but it could help to mitigate this risk.

Recommendations for Executive Action

To improve internal controls for managing the use of federal payments and to provide continuity of information across administrations, we recommend that the Mayor of the District of Columbia take the following two actions:

1. Direct the State Superintendent of Education to establish and implement written policies and procedures for monitoring federal payment grantees. These policies and procedures, which can draw from OSSE's general monitoring practices, should outline OSSE's practices for how staff should document and maintain records of monitoring activities and identify other measures to ensure that grant monitoring is appropriately and consistently implemented.
2. Direct the DCPS Chancellor to establish and implement procedures for contract monitoring to ensure that contract monitoring is appropriately and consistently done. Implementing this recommendation would include documenting monitoring activities throughout the term of the contract, directing DCPS to better enforce existing policies to ensure performance evaluations are complete, and

developing protocols and procedures for transitioning contracting officer responsibilities and for notifying the contracting office. While implementing this recommendation, DCPS should develop specific guidance on maintaining contract files and other documentation relevant to the use of these funds to ensure that contract records are available for inspection and as a means of retaining institutional knowledge of contracts.

Agency Comments and Our Evaluation

We provided a draft of this report to the D.C. Mayor's Office, OSSE, and DCPS for review and comment. These entities provided written comments on a draft of this report, which are reproduced in appendix III. DCPS and OSSE generally concurred with our recommendations; however, they expressed concern with the way in which we evaluated their use of federal payments for school improvement and the tone of the draft report. Both OSSE and DCPS indicated that federal payment funds are unique and different from other federal funds and do not require the same reporting and monitoring. While these payments are different than funds provided through the U.S. Department of Education, a fact we state in the report, we maintain that both OSSE and DCPS should have better practices in place to monitor the use of them.

OSSE stated that our recommendation is in line with its continued improvement and oversight of recipients of federal grant funded programs and highlighted several of the steps it has taken since 2007 to improve its overall operations as well as the management of federal payment funds. OSSE also indicated that it will borrow from existing District and agency-wide protocols for monitoring federal payment funds, when appropriate. In our report, we recognize the processes OSSE has in place to monitor grantees; however, we continue to believe that these processes should be better documented. As indicated in our recommendation, we agree that drawing from existing practices that are documented is a good step for OSSE to take in ensuring that federal payment funds are appropriately monitored.

OSSE also stated that our on-site review only included hard copy files. During the course of our review, OSSE did indicate that it maintains some information electronically. We subsequently requested additional information that OSSE maintains on federal payment grantees, including electronic information that tracks the receipt of grantee reports. As of the time we drafted our report, OSSE had not responded to our repeated requests for this information. Regardless of whether information is maintained in hard copy or electronic form, we continue to believe that

OSSE should have in writing its procedures for documenting and monitoring grantees. OSSE agrees that is necessary and indicated that it would take steps to address our recommendation by June 2011.

DCPS agreed with our recommendation to improve monitoring activities and maintain contract files and other applicable documents. In its response, DCPS provided information on several procedures it has recently put in place to implement more effective monitoring. These include, among other things, instituting and maintaining documentation on monthly performance evaluations and requiring contracting and program officers to sign documentation acknowledging their roles and responsibilities at the beginning of the contract term. DCPS stated that these steps will mitigate the risk of not retaining an appropriate program officer for the duration of the contract. As indicated in our draft report, at the time of our review, DCPS did have policies in place that clearly outlined the roles and responsibilities of the program staff. While establishing monthly performance evaluations and reinforcing staffs' roles and responsibilities are important steps towards more effective monitoring practices, we maintain that DCPS needs to better enforce new and existing practices throughout the life of the contract to ensure consistent and continuous monitoring.

DCPS's response also identified areas of the report that they found to be misleading or incomplete. Specifically, DCPS was concerned that we did not provide a sufficient explanation of the historical context of federal payments, including the use of the term "school improvement payments," which might be confused with other federal school improvement funds provided by the U.S. Department of Education. In our opening paragraph and the report background we state that federal payments are unique and separate from other federal funding, and that our use of the term "federal payments" throughout the report refers to these differentiated funds and not monies from federal agencies; however, we have subsequently changed our title to help clarify this point.

In addition, DCPS was concerned that the report does not adequately address the fact that during the current administration, programmatic initiatives and expenditures against those initiatives were clearly and well documented. We disagree. On page 15 and again on pages 18-19 of this report, we state that D.C. provided expenditure data for all years we requested and that the current administration has created spending plans and other programmatic information describing the planned and actual use of funds since 2009. DCPS also commented that we did not adequately explain the steps DCPS took to locate documentation from the prior

administration that we requested. In response to this, we have provided additional clarification in the report, where appropriate, to explain that current DCPS officials took steps to locate information we requested on federal payment use prior to 2009, but spending plans or programmatic information that they could not locate may not have been created by prior administrations.

DCPS also stated that it could have been more responsive in providing missing information for applicable contract files and documents for inspection if it were advised of the specific documentation deficiency referenced in the report. At the time of our file review, we worked with contracting office officials, and did, on several occasions, identify and request from them missing contract files and information. These officials indicated that the documentation should have been in the contract file or that they could not locate the information. Given our findings and the challenges DCPS had in locating information for our report, we continue to believe that DCPS can improve its monitoring processes and should have practices in place to ensure these processes are implemented.

We also provided a copy of the draft report to the independent D.C. Office of the Chief Financial Officer which provided technical comments on the draft that we incorporated as appropriate.

We are sending copies of this report to the D.C. Mayor's Office, the Office of the State Superintendent of Education, the DCPS Chancellor's Office, the D.C. Office of the Chief Financial Officer, appropriate congressional committees, and others who are interested. We will also make copies available to others on request. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-7215 or ashbyc@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs can be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix IV.



Cornelia M. Ashby
Director
Education, Workforce, and Income Security Issues

List of Congressional Requesters

The Honorable Thad Cochran
Ranking Member
Appropriations Committee
United States Senate

The Honorable Lamar Alexander
Ranking Member
Subcommittee on Children and Families
Committee on Health, Education, Labor, and Pensions
United States Senate

The Honorable George V. Voinovich
Ranking Member
Subcommittee on Oversight of Government Management,
the Federal Workforce, and the District of Columbia
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable John Ensign
Ranking Member
Subcommittee on State, Local, and Private Sector Preparedness
and Integration
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable John A. Boehner
Minority Leader
House of Representatives

The Honorable John P. Kline
Ranking Member
Committee on Education and Labor
House of Representatives

The Honorable Darrell E. Issa
Ranking Member
Committee on Oversight and Government Reform
House of Representatives

The Honorable Jason Chaffetz
Ranking Member
Subcommittee on Federal Workforce, Postal Service,
and the District of Columbia
Committee on Oversight and Government Reform
House of Representatives

Appendix I: Scope and Methodology

To identify the activities that both the Office of the State Superintendent of Education (OSSE) and the District of Columbia Public Schools (DCPS) funded with federal payments, we analyzed allocation and spending data, reviewed documentation provided by the offices, and conducted interviews with officials in these and other knowledgeable offices. We then categorized this information into activities that we identified based on previous GAO work, U.S. Department of Education program descriptions, and categorizations used by DCPS and OSSE when tracking their use of federal payments.

Primarily, we analyzed data from the District of Columbia's (D.C. or the District) financial management system—the System of Accounting and Reporting (SOAR)—and its procurement tracking system—Procurement Automated Support System (PASS). SOAR isolates federal payments from other revenue streams and provides OSSE, DCPS, and the D.C. Office of the Chief Financial Officer (OCFO) with real-time information related to revenue and expenditures, among other things. SOAR is interfaced with PASS. We supplemented these data with interviews, spending plans that identify how the offices allocated federal payments, and other documents provided by OSSE and DCPS to describe the purpose and more specific use of funds as well as how they prioritized the use of funds. For example, we used SOAR and PASS data to understand the amount of funds DCPS used for a specific contract or program, but used additional information from DCPS to understand the purpose. For public charter schools, we supplemented the SOAR data with other information received from OSSE, including grant descriptions in the request for applications and summary data on allocations of federal payments. We also reviewed documentation provided by the D.C. Public Charter School Board.

Using SOAR data, we identified fields that provided descriptive information on the program or general purpose of funds and the appropriated and expended amount for a given year's appropriation. These funds were often used across several fiscal years. For example, we used these data to identify public charter schools that received grants and the amount of these grants. We used additional information provided by OSSE to determine the amount of funding in a given appropriation year that was used. We were unable to obtain transaction level data for appropriation year 2004 because, according to an OCFO official, federal payments for charter schools were managed by the Department of Insurance, Securities, and Banking. The department did not respond to our request for this information.

We took several steps to assess the reliability of the data provided. We reviewed existing documentation about SOAR and PASS and prior GAO, D.C. Office of the Inspector General (OIG), and Independent Auditor reports that discussed these systems. We also interviewed knowledgeable staff in OCFO, OSSE, and DCPS about how these data were collected, stored, used, and the access controls in place. We interviewed officials within the D.C. OIG and Independent Auditor's office. We conducted electronic testing on transaction-level data, including checks for missing data elements or out-of-range variables. Given the objectives and scope of our review, we did not conduct transaction testing (e.g., compare data input into the SOAR or PASS systems to invoices or other expenditure documents) to verify the accuracy and classification of data in the SOAR system, nor did we test specific transactions for noncompliance with Antideficiency Act requirements.¹ We did, however, review previous assessments conducted by D.C.'s Independent Auditor that, among other things, included transaction testing. Overall, we found the data to be sufficiently reliable for the purposes of providing an understanding of how federal payments were allocated and expended.

OSSE's Grantee Monitoring

To assess OSSE's monitoring of grantees that received federal payments, we reviewed available information on OSSE's monitoring practices for federal payment grantees. We also reviewed information on OSSE's general monitoring practices and reports from the D.C. OIG, U.S. Department of Education, and GAO to understand previously identified weaknesses with grantee monitoring. We also interviewed OSSE officials on their practices.

We reviewed 30 of the 34 grantee files for grants that were awarded with fiscal year 2008 and 2009 federal payments to assess OSSE's monitoring of federal payment grantees that we identified as within our scope. OSSE identified 42 grants that were awarded during this time. However, we eliminated eight from our scope, and OSSE did not respond to our request for four additional files, although OSSE indicated that these files were maintained. Specifically, we eliminated seven grants that, according to data provided by OSSE, were awarded as a "reimbursement" for costs that a school already incurred in developing an application for the use of

¹The Antideficiency Act prohibits District government officers and employees from making obligations or expenditures in excess of amounts available in an appropriation or fund unless they are otherwise authorized to do so by law. 31 U.S.C. § 1341.

surplus DCPS facilities. We eliminated these grants because they would not necessitate on-going monitoring given that the deliverable was already completed as a part of the application process. We also eliminated a special education grant, which was for Medicaid Billing and Technical Assistance, because it was an amendment to a November 2007 grant between OSSE and the D.C. Public Charter School Cooperative. We selected 2008 and 2009 grantees because these were the first years that OSSE was responsible for federal payment use and we could capture the most currently available monitoring information.

We developed a data collection instrument to record information from the grantee files. We reviewed files for evidence of grantee monitoring, timeliness of grantee reporting, follow-up actions by OSSE staff, submission of required documents by grantees, and other documented actions by OSSE. To ensure that our data collection efforts conformed to GAO's data quality standards, all files were independently reviewed by two GAO analysts. When the analysts' views on how the data were recorded differed, they met to reconcile any differences.

DCPS's Contractor Monitoring

To assess DCPS's monitoring of contractors that received federal payments, we reviewed available information on DCPS's monitoring practices. We obtained this information from the Office of Contracts and Acquisitions, which is responsible for contracts management and oversees purchasing goods and services for DCPS, as well as additional information from four program offices that were responsible for monitoring performance of those contracts funded through federal payments we selected. We also reviewed information on DCPS's general monitoring practices and reports from the D.C. OIG, BDO Seidman LLP, and GAO to understand previously identified weaknesses with procurement practices and contract monitoring.

We originally planned to review all 42 contracts awarded by DCPS for 2008 and 2009; however, based on discussions with DCPS on the challenges of compiling the requested files, we limited our selection to 17 contracts. We were only able to review 14 files because DCPS was unable to provide files for 3 contracts for our review. The 17 contracts we selected represented just under \$9.5 million, or 61 percent, of federal payment funds that were distributed through contracts of more than \$100,000 in 2008 and 2009.² We

²We selected contracts of more than \$100,000 because they require that a performance evaluation be completed.

selected those years to be consistent with our review of grant files from OSSE. We selected our contracts based on the type and size of contracts. Specifically, we selected the highest dollar amount in service contracts that would allow us to assess the monitoring processes throughout the term of the contract as well as the highest dollar amount contracts for goods such as textbooks. Results from this nongeneralizable sample cannot be used to make inferences about all contracts awarded for this time period. To ensure that our data collection efforts conformed to GAO's data quality standards, all files were independently reviewed by two GAO analysts. When the analysts' views on how the data were recorded differed, they met and reconciled any differences.

While the sample allowed us to learn about many important aspects of DCPS's monitoring, it was designed to provide an overview of DCPS's monitoring functions, not findings that would be representative of practices at all program offices within DCPS. We reviewed the purpose of the contract and DCPS offices' policies and practices for monitoring these contracts. We reviewed files maintained at the Office of Contracts and Acquisitions that included documentation on contractor performance submitted by the program offices, as well as obtained additional information from these program offices. Because none of the DCPS program offices that managed contracts we reviewed maintained contract files, we were unable to fully assess the steps these offices took to monitor the contracts. We did, however, review some of the monitoring tools that individual staff and offices created to track their monitoring. For example, we reviewed project plans, samples of invoices, and other types of information staff maintained to document performance.

We did not hold an exit conference with the relevant D.C. agencies because the designated point of contact for the District was unresponsive to our repeated requests to schedule an exit conference. However, at the request of the Mayor's Office, we met with representatives of the Mayor, OSSE, and DCPS, prior to receiving official comments on the draft report.

We conducted this performance audit from October 2009 to November 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Information on DCPS File Review of Selected Contracts from 2008-2009

Fiscal year	Purpose	Amount	Performance evaluation completed
2008	School supplies for after school and summer school programs	\$566,000	DCPS did not provide file
	Course development services	453,000	Yes
	Strategic planning and quality schools review services	351,000	Yes
	Data processing services	450,000	Yes, but not submitted within required time frame
	Computer software license and services	998,000	Yes
	Consulting services	678,000	Yes
	Student tracking and reporting services	435,000	Yes
	Master scheduling	695,000	No
	Education and training consulting service	793,000	No
Professional development services	503,000	No	
2009	Consulting services	450,000	Yes, but not submitted within required time frame
	Consulting services	370,000	DCPS did not provide file
	Educational support service for after school program	400,000	Yes
	Programmatic support services	950,000	Yes, but not submitted within required time frame
	Network maintenance services	561,000	n/a ^a
	Web-based assessments	687,000	No
	Textbooks	177,000	DCPS did not provide file

Source: GAO review of selected contract files.

^aThe performance evaluation was not due prior to the time of our review.

Appendix III: Comments from the D.C. Mayor's Office and District Education Offices

GOVERNMENT OF THE DISTRICT OF COLUMBIA



October 22, 2010

Ms. Cornelia M. Ashby
Director, Education, Workforce, and Income Security Issues
United States Government Accountability Office
441 G Street, NW, Room 5940
Washington, DC 20548

Dear Ms. Ashby,

I write in response to the draft October 2010 report on monitoring and documentation of federal payments made to the public education system of the District of Columbia. Thank you for the opportunity to review the draft report and provide feedback to you and your team. The District has made substantial progress since 2007 in monitoring and documenting how these federal payments are directed. The attached memos from the State Superintendent and the District of Columbia Public Schools Chancellor document the progress we have made and highlight areas of the report that the District finds misleading or incomplete.

In finalizing the October 2010 report, we ask that the GAO attempt to address the issues outlined in the following memos in order to present a clearer, more balanced assessment. We appreciate the opportunity to provide this feedback. We strongly believe in evaluation and assessment, and we want to be held accountable to the public for our work.

Sincerely,

A handwritten signature in cursive script that reads "Victor Reinoso".

Victor Reinoso
Deputy Mayor for Education



DISTRICT OF COLUMBIA
PUBLIC SCHOOLS

Office of the Chancellor

MEMORANDUM

TO: Deputy Mayor Victor Reinoso

FROM: Michelle Rhee
Chancellor

DATE: October 20, 2010

SUBJECT: Government Accountability Office ("GAO") draft report *District of Columbia Public Schools: More Consistent Monitoring and Documentation Needed for Federal School Improvement Payments (GAO-11-16)*

Background:

This memorandum serves as the District of Columbia Schools' (DCPS) response to the Draft report issued by the Government Accountability Office (GAO) concerning the District of Columbia's use of Federal Payment funds (GAO-11-16).

DCPS has made much progress over the past 3 years in both student achievement and fiscal management, and while there is more work to be done, we are on the right track. The Tri-Sector Federal Payment has been instrumental in moving DCPS forward. Through the direct support of the Federal Payment and through careful planning and spending, DCPS has been able to accomplish the following in just the past three years:

- Signed a landmark collective bargaining agreement with the Washington Teachers' Union that values teachers by increasing their base salaries to make DCPS teacher salaries among the most competitive in the region and permits pay based on performance.
- Developed an innovative evaluation tool for teachers that ensures that teachers are evaluated consistent with the DCPS Teaching and Learning Framework, multiple times a year, by their principal and a third party "master educator".
- Implemented the Comprehensive Staffing Model bringing art, music and P.E. teachers to every DCPS school.
- Implemented promising school turnaround models by bringing successful partners into failing DCPS schools.
- Awarded top performing Principals with merit based compensation awards.

1200 First Street, NE : Washington, DC 20002 | T 202.442.5885 | F 202.442.5026 | www.dcps.dc.gov

This sample represents some of the critically important work that Federal Payment funds have supported over the past three years. Consistent with our commitment to improved accountability and transparency over the prior school administrations, DCPS has developed and followed detailed spend plans accounting for the use of these funds. These plans and corresponding financial documentation supporting the important initiatives advancing public education reform were provided by the agency in full to the GAO. Moreover, throughout the course of the inquiry DCPS provided complete financial data from the District's financial system of record demonstrating all expenditures against the federal payment funds dating back to the first appropriation in 2004. This data showed that the expenditures directly matched the initiatives in the projected spend plans created during the current administration and served as an accounting record for prior years. DCPS was able to document and verify every expenditure of Federal Payment funds through the financial system and where DCPS supported innovative compensation, this too was supported with budget documents.

Federal Payment Background

DCPS is concerned that the draft report neglects to clearly describe the historical context of the Federal Payment. The basis of these Federal Payments as part of the "Tri-Sector" Payment for School Improvement is relevant to understanding how these funds have been used and the reporting structure currently in place. Although DCPS officials explained the unique nature of these payments repeatedly throughout the study, beginning with the entrance conference, the draft report continues to generally characterize these payments as *School Improvement Payments*. This characterization could lead a reader to believe these payments are made pursuant to the Federal School Improvement Grant under ESEA. This is an important distinction because while accountability for these funds is paramount, they are not restricted in purpose by the same guidelines as SIG funds. Rather, the use of Federal Payment funds is directed Congress through the annual appropriations act.

The language in the Federal Appropriations Act permits necessary flexibility in the use of these funds, however, DCPS agrees that a public and transparent accounting for the use of these funds is critical. To that end, since Fiscal Year 2009, DCPS has developed detailed spend plans that have been delivered to the appropriators and local government officials. While the report does note in footnote 19 that the current administration did not have the supporting information created by the prior administration, the report does not adequately address the fact that during the tenure of Chancellor Rhee and Mayor Fenty, programmatic initiatives and expenditures against those initiatives are clearly and well documented.¹

In light of the findings, it is also worth noting that the initial DCPS spend plan for the Federal Payment for any given Fiscal Year is created approximately two calendar years in advance. For example, the initial spend plan for FY12 was developed in September of 2010. As a result of this time frame, the

¹ DCPS did provide GAO with extensive information concerning the spend plans developed by Chancellor Rhee starting in Fiscal Year 2009. Additionally, DCPS provided corresponding financial documentation detailing the manner in which the Federal Payment funds were spent consistent with the spend plans developed and submitted to Congress.

spend plans for any fiscal year prior to Fiscal Year 2009 would have been created by the prior Mayoral Administration. The current administration at DCPS has no knowledge of these plans and repeatedly reported this to the GAO. However, DCPS did make a good faith effort to research and request information concerning such plans from prior administration officials and reviewed any relevant files that the prior administration may have left. Unfortunately, DCPS was unable to recover any guiding documents that prior administrations may have developed or used. The repeated references to DCPS failing to provide additional information are misleading and DCPS has requested this clarification be made in the final report. (See note on Figure 5, p. 18). On multiple occasions, both orally and in writing, DCPS explained that programmatic information prior to Chancellor Rhee's tenure was simply not available.

While the report identifies two recommendations, only one is directed towards DCPS. DCPS generally agrees with this GAO recommendation, however, we find the aforementioned areas of the report misleading or at best incomplete.

Recommendation:

Direct the DCPS Chancellor to establish and implement procedures for contract monitoring to ensure that contract monitoring is appropriately and consistently done. Implementing this recommendation would include documenting monitoring activities throughout the term of the contract, directing DCPS to better enforce existing policies to ensure performance evaluations are complete and developing protocols and procedures for transitioning contracting officer responsibilities and for notifying the contracting office. While implementing this recommendation, DCPS should develop specific guidance on maintaining contract files and other documentation relevant to the use of these funds to ensure that contract records are available for inspection and as a means of retaining institutional knowledge of the contracts.

The following is DCPS' response to GAO's recommendation specific to the District of Columbia Public Schools.

Response:

While it should be made clear that the Federal Payment that is the subject of this report is unique among federal funds typically received through the federal grant process, DCPS acknowledges that enhanced policies and procedures emanating from the DCPS Office of Contracts and Acquisitions would provide a more robust accountability structure for the use of these critical funds. To that end, the Office of Contracts and Acquisition has already begun to implement the following measures which address the challenges identified:

Monitoring Contract Performance

1. Effective 8/27/10 DCPS Office of Contracts and Acquisitions will ensure:
 - a. A Post Award Conference is convened for every bi-lateral contract awarded for \$100K or more.

**Appendix III: Comments from the D.C.
Mayor's Office and District Education Offices**

-
- b. Use of the attached Post Award Agenda to be distributed to the COTR/Contract Administrator, Contractor, Contracting Officer and Contract Specialist outlining Contractor, COTR/Contract Administrator and DCPS Responsibilities as attached.
 - c. That each applicable individual acknowledges the roles and responsibilities by signing the Post Award Agenda.
 - d. Each COTR/Contract Administrator receives copy of the COTR/Contract Administrator Letter as attached.
 - e. That we emphasize the importance of monthly contractor performance evaluations as required and referenced in the revised COTR Letter and Section G of the Contract.
 - f. Both Program and OCA are required to maintain copies of the performance evaluations in their respective contract files as outlined in the revised COTR letter.
- 2. The above enhanced procedures will mitigate risk of not retaining an appropriate COTR assigned to each contract for the duration of the contract.
 - 3. Also, the above procedures will enforce the requirement for monthly contractor performance evaluations monitoring the contractor performance.

Maintenance of Contract Files and Applicable Contract Documents for Inspection:

With regard to the recommendation concerning contract files and applicable contract documents for inspection, DCPS could provide a more finite response if we were advised of the specific documents that were deficient as referenced in the report. Absent of this information, DCPS OCA staff is reminded via email directives and meetings of the critical need to maintain the contract files with all the required documents. The previous directives will be reissued to staff for the current Fiscal Year. Each staff will have to ensure review of the entire files and that each contract has the applicable documents retained even during emergency situations and request for expedited contract awards. As the report notes, many of the DCPS contract files have been moved to an off-site storage facility. DCPS is currently in the process of updating all files electronically to ensure proper accessibility. We will ensure the appropriate storage and archive of our files, taking into consideration our limited in house file storage.

.....

1200 First Street, NE | Washington, DC 20002 | T 202.442.5885 | F 202.442.5026 | www.dcps.dc.gov



Office of the State Superintendent of Education
DISTRICT OF COLUMBIA
MAYOR ADRIAN M. FENTY

MEMORANDUM

TO: Deputy Mayor Victor Reinoso

FROM: Beth Colleye
Interim State Superintendent

DATE: October 22, 2010

RE: Government Accounting Office ("GAO") draft report *District of Columbia Public Schools: More Consistent Monitoring and Documentation Needed for Federal School Improvement Payments (GAO-11-16)*

Background:

The purpose of this memorandum is to provide OSSE's response to the Government Accounting Office ("GAO") draft report *District of Columbia Public Schools: More Consistent Monitoring and Documentation Needed for Federal School Improvement Payments (GAO-11-16)*. The report contains two recommendations – one applies to the Office of the State Superintendent of Education ("OSSE") and the other applies to the District of Columbia Public Schools ("DCPS"). This response addresses the recommendation directed toward OSSE. The State Superintendent generally agrees with the recommendation. It is aligned with OSSE's continued improvement of its oversight of recipients of federal grant funded programs.

Subsequent to the initiation of the GAO study, OSSE implemented a monitoring policy to "provide guidance on the minimum requirements and standards...to monitor programs implemented by grant sub-recipients, including, but not limited to, local education agencies ("LEAs"), institutions of higher learning, community based organizations and not-for-profit organizations". In addition, in December 2009 the Mayor issued Control Order 2009-228 that created and mandated compliance with the policies and procedures established in the *Sub-recipient and Monitoring Manual* to "assist the District of Columbia Agencies in understanding the federal requirements imposed on pass-through entities and to assist in complying with such requirements." These initiatives have assisted the Office of Public Charter School Financing and Support ("OPCSFS") to establish its own grants monitoring procedures.

The following is the sole finding related to OSSE:

Recommendation: *Direct the State Superintendent of Education to establish and implement written policies and procedures for monitoring federal payment grantees. These policies and procedures, which can be drawn from OSSE's general monitoring practices, should outline OSSE's practices for how staff should document and maintain records of monitoring activities and identify other measures to ensure that grant monitoring is appropriately and consistently implemented.*

Below is OSSE's response to the GAO's recommendation specific to the Office of the State Superintendent of Education.

Response:

Over the last three years, the Federal Payment funds appropriated for public charter school improvement have been instrumental in assisting DC public charter schools to secure and develop new school facilities, as well as driving widespread improvements in the quality of education delivered. For example, since March 2007, the OPCSFS has closed 12 Direct Loan and Credit Enhancement transactions, totaling \$20.8 MM that leveraged \$92.7 million of additional financing. In addition to the effective distribution of federal payment funds to public charter schools, since 2007 the OPCSFS has implemented the following operational improvements:

- Created hard copy files for each grant and a parallel system of electronic files.
- Developed a rigorous due diligence process – including on-site interviews with school management – to guide all major investment decisions.
- Piloted written monitoring tools for several Federal Payment funded programs.
- Designed a system of monitoring federal payment awardees through 1) complete review of all supporting documentation; 2) grant budget templates for tracking subgrant use of funds; 3) standardized draw request forms; and 4) progress monitoring through on-site visits, review of progress reports, and oral communications.
- Implemented a loan servicing software system for invoicing schools, tracking portfolio investments, and monitoring compliance with required repayments.
- Enhanced the Direct Loan and Credit Enhancement underwriting processes through the use of standardized financial analysis models, in-depth due diligence reviews, and a comprehensive standard credit memorandum presented to the Credit Committee for all credit decisions.
- The OPCSFS staff has begun reducing to writing what has already been implemented for monitoring all federal payment sub-grantees and intends to complete the process by June 2011.

While the OPCSFS has developed written policies for monitoring several of its Federal Payment programs, the State Superintendent agrees that consistent written policies and procedures for monitoring all federal payment sub-grantees are necessary, and will further advance its mission. The grants management protocols established by OSSE of sub-grantees currently address federal grants and not grants designed and implemented from the federal payment. OSSE will borrow from existing District and agency-wide protocols for monitoring federal payments funds, when appropriate.

The U.S. Department of Education (“ED”) often prescribes the specific monitoring requirements for the program grants under its purview, and ED also issues general regulations applicable to all of its grants under Education Department General Administrative Regulations (“EDGAR”). There are no such regulations or direction for the multiple individualized programs to support public charter school improvement established by the funding from the federal payment. Although uniqueness does exist, the State Superintendent agrees that policies and procedures for monitoring can be created by incorporating the existing appropriate and applicable elements from OSSE’s general monitoring practices as well as generally accepted best practices for monitoring any federally funded program.

The OPCSFS, currently, has grants monitoring procedures in place for its Department of Education grants under Title V, Part B of the Elementary and Secondary Education Act of 1965. The OPCSFS, as a

**Appendix III: Comments from the D.C.
Mayor's Office and District Education Offices**

federal grant recipient, participates in the OSSE agency-wide grants management working group. The majority of grants established by OPCSFS is from the federal payment and is routinely monitored. An essential element of this monitoring consists of a complete review of all expenditures conducted before a sub-grantee can receive a reimbursement. Thus, no federal payment dollars are issued to a sub-grantee until all expenditures and associated supporting documentary evidence have been reviewed. Another component of the fiscal oversight conducted by OPCSFS regarding its grants administration is the receipt and review of annual audit reports submitted by all District of Columbia public charter schools that receive sub-grants funded by the federal payment and ED grants. In addition, as a matter of practice, the OPCSFS conducts a rigorous application review process, to ensure that potential sub-grantees have the systems and controls in place to manage sub-grants properly. During the life of a sub-grant relationship, the OPCSFS maintains close contact with the awardee school, and communicates with the authorizer regularly. These regular practices provide ongoing opportunities to monitor school performance and the maintenance of sound internal controls. Finally, in GAO's on-site review of OPCSFS grant files, it appears that the GAO only reviewed hard copy files and not electronic files maintained by OPCSFS. A concurrent review of the electronic files may have eliminated some of the findings outlined in the GAO report.

The grants administration undertaken by OPCSFS provides for public charter schools to receive funding necessary to provide an excellent education for all students attending these schools. OSSE and the OPCSFS have been successful in creating both recurring programs as well as one-time innovative initiatives from the annual federal payment. These programs range from the multi-million dollar direct loan and credit enhancement programs, to large City Build facilities sub-grants, to a program comprised of \$50,000 sub-grants available to all public charter schools in the District of Columbia. The pursuit of improving the quality of education provided to students in the District of Columbia has challenged OPCSFS to be innovative and relentless in creating a spectrum of sub-grants designed to meet this need. The work of OPCSFS is widely appreciated and respected by the public charter school community. With such a great emphasis placed on this work, OPCSFS recognizes that processes should be more formalized and documented for all of the sub-grants and programs it has created using the federal payment funds. The OPCSFS staff has begun documenting the appropriate policies and procedures for monitoring federal payment sub-grantees and intends to complete the process by June 2011. As indicated above, OSSE has developed resources to enhance its grants management and is pleased that the OPCSFS is fully engaged in the process of utilizing these tools to enhance its existing grants administration.

810 First Street, NE, 9th floor, Washington, DC 20002
Phone: 202.727.6436 • Fax: 202.727.2019 • www.osse.dc.gov

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

Cornelia M. Ashby, (202) 512-7215 or ashbyc@gao.gov

Staff Acknowledgments

Janet Mascia (Assistant Director), Rachel Beers, Sue Bernstein, Scott McNulty, Jean McSween, James Rebbe, and Nyree M. Ryder Tee all made key contributions to this report.

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site (www.gao.gov). Each weekday afternoon, GAO posts on its Web site newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to www.gao.gov and select "E-mail Updates."

Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's Web site, <http://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Ralph Dawn, Managing Director, dawnr@gao.gov, (202) 512-4400
U.S. Government Accountability Office, 441 G Street NW, Room 7125
Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800
U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, DC 20548

