

District of Columbia Performance Review Report FY 2017

3 6 2019

Commendations

0

Met Requirements

19

Recommendations

2

Action Required

2



U.S. Department of Education
Office of State Support
Office of Elementary and Secondary Education
400 Maryland Avenue, SW
Washington, DC 20202

Office of State Support Performance Review Process

The Office of State Support (OSS) provides coordinated policy development, performance management, technical assistance, and data analysis services through a State support team structure that deepens partnerships with States and more effectively support their implementation of key reforms that will lead to improved outcomes for all students.¹ OSS administers programs of financial assistance to State and local educational agencies (LEAs) and to colleges and universities. Under Title I of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA), OSS administers several Title I programs of supplementary instruction and other services. This includes the School Improvement Grants program authorized in section 1003(g) of Title I, Part A, of the ESEA, as amended by the No Child Left Behind Act of 2001 and the Improving Basic Programs Operated by LEAs under Title I of the ESEA, as amended by ESSA. Under Title II, Part A of the ESEA, OSS administers the Improving Teacher Quality State Grants. Under Title III of the ESEA, OSS administers the State Formula Grant Program for English Language Acquisition and Language Enhancement. OSS also administers the State Assessment Grant, Innovative Assessment and Accountability Demonstration Authority, and Flexibility for Equitable Per-Pupil Funding programs authorized in section 1201, 1204, and 1501 of the ESEA.

OSS is organized specifically to provide high-quality performance management and support to State educational agencies' SEAs in administering and leveraging the grant programs above, focusing on the SEAs' quality of implementation while continually reducing the burden of the United States Department of Education's (the Department's) necessary stewardship and compliance role. Quarterly progress checks, Desk Reviews, and On-Site Reviews help ensure that SEAs are making progress toward increasing student achievement and improving the quality of instruction for all students through regular conversations about the quality of SEA implementation of OSS administered programs.

The goals of the OSS performance review process are to conduct a State-centered, performance-focused review of all OSS programs (Title I, Part A; Title II, Part A; Title III, Part A; and School Improvement Grants (section 1003(g) of the ESEA, as amended by the NCLB through a single, streamlined process that results in improved and strengthened partnerships between the Department and States and encourages States to develop and effectively implement integrated and coherent consolidated State plans. To accomplish these goals, the OSS performance review process is organized by areas, which reflect the programmatic and fiscal requirements and priorities of OSS programs.

Performance Review Report

The Performance Review Report summarizes the results of the July 24 - 28, 2017, OSS review of the District of Columbia Office of the State Superintendent of Education's (OSSE's) grant administration and fiscal management processes. The report is based on information provided

¹ In January 2019, the Office of Elementary and Secondary Education reorganized. As a result, the newly created Office for School Support and Accountability (OSSA) assumed program administration responsibilities previously held by the OSS. Because this report occurred prior to the reorganization, OSS is used throughout this report.

through the review process, and other relevant qualitative and quantitative data. The primary goal of this review is to ensure that implementation of the four programs listed above is consistent with the fiscal, administrative, and select program requirements contained in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance: 2 Code of Federal Regulations (C.F.R.) Part 200), the Education Department General Administrative Requirements (EDGAR), and the ESEA, as amended by the NCLB, and where applicable, the ESSA. In addition, the review covers State internal controls related to data quality and reporting and encompasses those fiscal and data reporting requirements applicable to the covered programs under both NCLB and the ESSA.²

² On December 10, 2015, the ESEA of 1965 (the most recent prior version of which was NCLB) was reauthorized. In order to ensure that the OSS performance review process did not interfere with an SEA's orderly transition to the new ESSA requirements, the OSS has chosen to focus only on those fiscal and select program requirements applicable to covered programs under both NCLB and ESSA, as well as the uniform administrative requirements and general management systems of SEAs. In future fiscal years, the performance review process may cover all requirements included in ESSA. Because this report summarizes the results of a non-comprehensive set of NCLB and ESSA compliance requirements, the issuance of this report does not preclude other Department program offices, or independent auditors, from identifying areas of noncompliance that are not outlined in this report.

Section I: State Overview

As part of this document the OSS includes relevant State background information as a way of providing context for the review conversation. All data presented in Section I are reported by grantees to either the National Center for Education Statistics (NCES), Common Core of Data (CCD), or through standard oversight activities.

Section II: Grant Administration and Fiscal Management Performance Evaluation

The information provided in Section II is intended to help a State quickly assess whether there are sufficient capacities, infrastructure, and resources allocated to State activities by area, in a manner that enables the State to achieve its strategic goals for the reviewed Federal programs. The section provides the State and the OSS' rating of performance on grant administration of applicable Title I, Part A; Title II, Part A; Title III, Part A; and School Improvement Grant programs in fiscal year 2017. Each area rating is a reflection of how a State is addressing fiscal and cross program requirements. The State rating column is populated based on the self-assessment completed by the State prior to the review. OSS' analysis for each area is primarily based on evidence submitted by the State in the form of answers to the self-assessment questions, documents submitted by the State prior to the review, and the responses provided to questions during the review.

OSS' rating is also informed by evidence collected through public sources and other components of the performance review process. In some cases area ratings may overlap (e.g., Risk Assessment and Procurement) and feedback is provided in the cross-cutting subsection that appears at the end of Section II.

Ratings are based on a four-point scale, for which “met requirements with commendation” represents high quality implementation where the grantee is exceeding expectations; “met requirements” indicates that work is of an acceptable quality and the grantee is meeting expectations; “met requirements with recommendations” indicates there are quality implementation concerns and some improvements could be made to ensure the grantee continues to meet expectations; and “action required” indicates there are significant compliance or quality concerns that require urgent attention by the SEA and will be revisited until the State has remedied the issue.

Section III: Met Requirements with Commendation



This section highlights the areas where the State has exceeded requirements and is commended on the grant administration and fiscal management as identified in Section II of this report (*i.e.*, those areas categorized as “met requirements with commendation”). In addition, this section provides an opportunity for the OSS to highlight those areas where the State has implemented an innovative or highly successful system or approach. In these areas, the OSS is not recommending or requiring the State to take any further action.

Section IV: Met Requirements



This section identifies those areas where the OSS has determined that the State has met basic requirements of grant administration and fiscal management and is implementing those requirements in a satisfactory manner as identified in Section II of this report (*i.e.*, those areas categorized as satisfactory quality, “met requirements”). The description of satisfactory implementation by relevant area and requirement is an indication of an acceptable implementation quality level. In these areas, the OSS is not recommending or requiring the State to take any further action.

Section V: Met Requirements with Recommendations



This section identifies those areas where the OSS has quality implementation concerns related to grant administration and fiscal management as identified in Section II of this report (*i.e.*, those areas categorized as quality concerns, “met requirements with recommendations”). In these instances, the OSS is determining that the State is currently complying with requirements, but that improvements could be made to improve the efficiency or effectiveness of operations. Identified issues are grouped according to relevant area and requirement, with citations provided. For each issue listed, the OSS will provide a recommendation for improvement, but is not requiring the State to take any further action.

Section VI: Action Required



This section identifies those areas where the OSS has “significant compliance and quality concerns” (corresponds to “action required” in Section II). For those issues the OSS will outline the current practice, the nature of noncompliance, and the required action. Documentation of required action must be provided to the OSS within thirty (30) business days of the receipt of the final Performance Review Report.

State Overview³



COVERED GRANT PROGRAMS

TITLE I, PART A; TITLE II, PART A (TITLE II); TITLE III, PART A (TITLE III), SCHOOL IMPROVEMENT GRANTS (SIG)



STUDENT CHARACTERISTICS

Enrolled:	84,024	Limited-English Proficiency: ⁴	9%
In Title I Schools: ⁵	67%	Eligible for Free & Reduced Lunch:	75%



RACIAL/ETHNIC BACKGROUND (%)

White:	10.2	Asian or Pacific Islander:	1.4
Hispanic:	15.4	American Indian/Alaskan Native:	0.2
Black:	70.9	Native Hawaiian/Other Pacific Islander:	0.1



SCHOOL & LOCAL EDUCATIONAL AGENCY (LEA) CHARACTERISTICS

School Districts:	65	FTE Teachers:	6,789
Schools:	238	Per-Pupil Expenditures: ⁶	\$20,744
Charter Schools:	108		



FEDERAL FUNDING⁷

Total:	\$59,586,803	Title III, Part A:	\$1,166,141
Title I, Part A:	\$47,397,826	SIG ⁸ :	\$1,300,024
Title II, Part A:	\$9,722,812		

³ Data Source: The Department, CCD, 2015-2016 school year, unless otherwise noted (see <http://eddataexpress.ed.gov/> and <http://nces.ed.gov/ccd/elsi/> for additional information).

⁴ Data from 2014-2015.

⁵ Schools eligible for Title I, Part A schoolwide programs are also included in the count of all Title I, Part A eligible schools. A Title I, Part A eligible school is one in which the percentage of children from low-income families is at least as high as the percentages of children from low-income families served by the LEA as a whole or because 35 percent or more of the children in the school are from low-income families. A schoolwide Title I, Part A eligible school has a percentage of low-income students that is at least 40 percent. Data is from 2014-2015.

⁶ Data Source: The Department, NCES, CCD, "National Public Education Financial Survey (State Fiscal)", 2014-2015 (Fiscal Year 2015), v.1a. (see <http://nces.ed.gov/ccd/elsi/> for additional information).

⁷ Fiscal Year 2017 funds included above are from OSS administered programs that allocate funds to States using a statutory formula. The totals do not reflect all Department funds that flow to a State. States and other entities may also receive funds from grants that are awarded on a competitive basis.

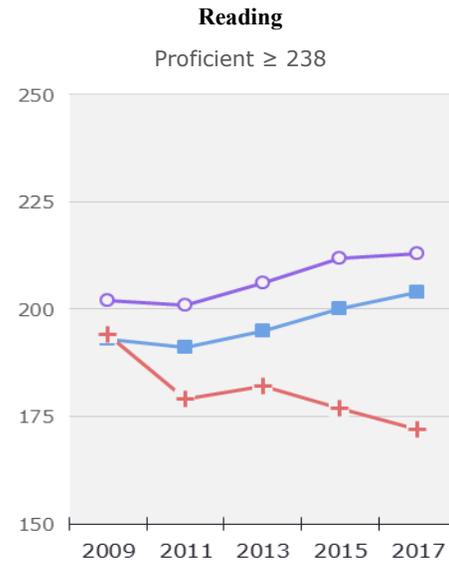
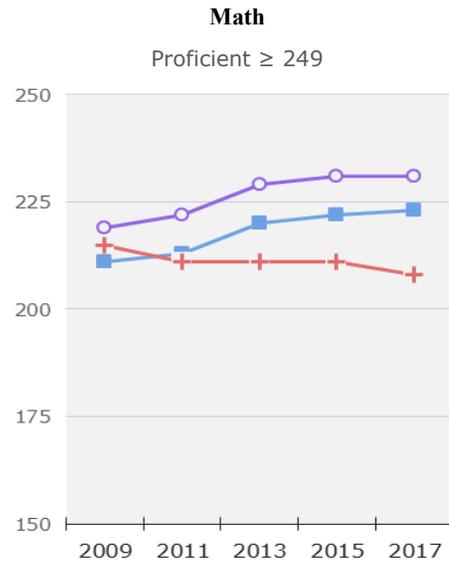
⁸ Fiscal Year 2015

NAEP Average Scale Scores by Grade & Year

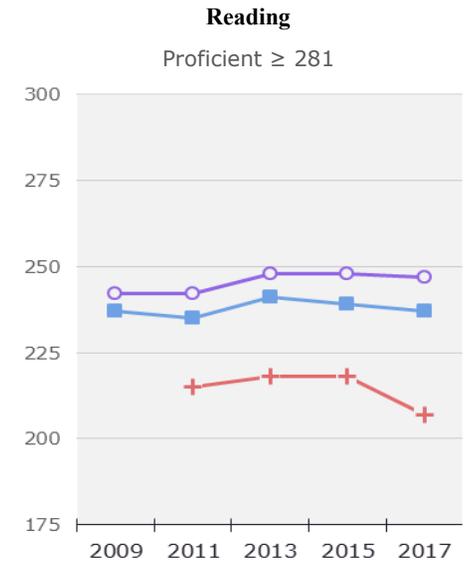
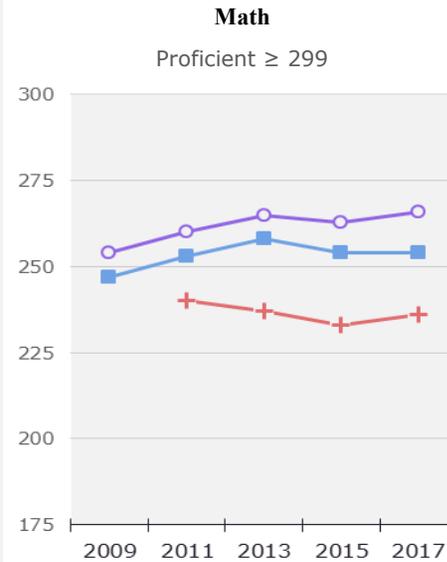
The National Assessment of Educational Progress (NAEP) is the largest nationally representative and continuing assessment of what America's students know. The NAEP mathematics and reading scales range from 0–500.

- All
- Low-income students
- ✚ EL students

Grade 4



Grade 8



	All	Low-Income	EL
2009	219	211	215
2011	222	213	211
2013	229	220	211
2015	231	222	211
2017	231	223	208

	All	Low-Income	EL
2009	202	193	194
2011	201	191	179
2013	206	195	182
2015	212	200	177
2017	213	204	172

	All	Low-Income	EL
2009	254	247	‡ ⁹
2011	260	253	240
2013	265	258	237
2015	263	254	233
2017	266	254	236

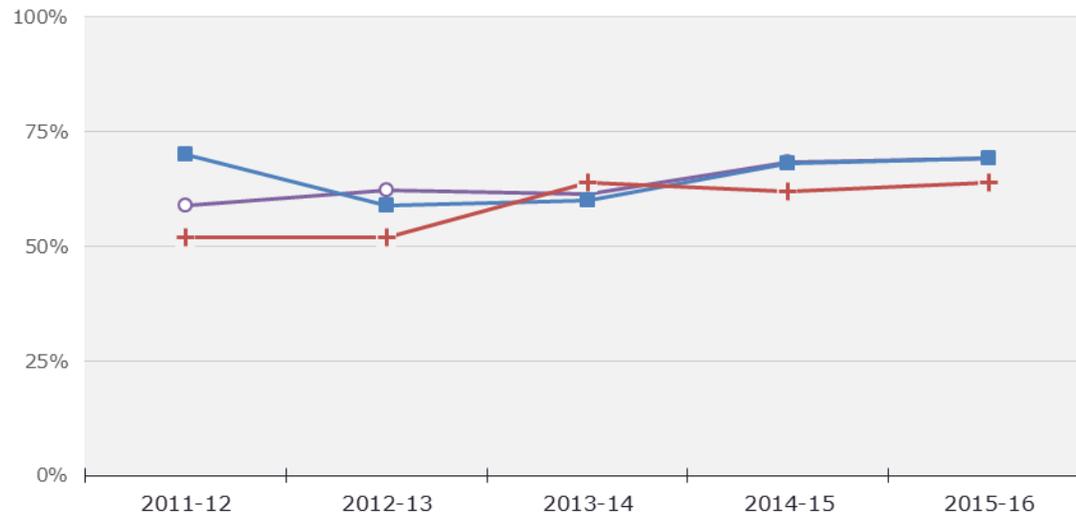
	All	Low-Income	EL
2009	242	237	‡ ¹⁰
2011	242	235	215
2013	248	241	218
2015	248	239	218
2017	247	237	207

⁹ ‡ Data not available
¹⁰ ‡ Data not available

ADJUSTED COHORT GRADUATION RATE (ACGR) BY SCHOOL YEAR

The four-year adjusted cohort graduation rate is the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for the graduating class. From the beginning of 9th grade (or the earliest high school grade), students who are entering that grade for the first time form a cohort that is “adjusted” by adding any students who subsequently transfer into the cohort and subtracting any students who subsequently transfer out, emigrate to another country, or die. There are some differences in State implementation of the ACGR requirements, leading to the potential for differences across in how rates are calculated. See <http://www2.ed.gov/admins/lead/account/consolidated/index.html> for additional information on interpreting this data)

- All
- Low-income students
- + EL students



	All	Low Income	EL
2011-12	59.0%	70.0%	52.0%
2012-13	62.3%	58.9%	52.0%
2013-14	61.4%	60.1%	64.0%
2014-15	68.5%	68.2%	62.0%
2015-16	69.2%	69.3%	64.0%

SECTION II

Grant Administration and Fiscal Management Evaluation

Dates of Review	July 24 - 28, 2017
Reviewers	Tahira Rashid (Office of State Support) Tiffany Forrester (Office of State Support) Christopher Fenton (Office of State Support) John Keefer (Management Support Unit) Shane Morrisey (Management Support Unit)
LEA Participants	District of Columbia Public Schools (DCPS) E.L. Haynes Public Charter School Washington Latin Public Charter School
Current Grant Conditions	Title I, Part A: OSSE must provide evidence that it has administered a science assessment in the 2018-2019 school year by submitting a letter of assurance signed by the Chief State School Officer no later than May 15, 2019. In addition, DC OSSE must provide, no later than December 19, 2019, copies or link to State and LEA report cards for the 2018-2019 school year that include results from the State's science assessments. Title II, Part A: None Title III, Part A: None SIG: None
Outstanding Findings	Title I, Part A: None Title II, Part A: None Title III, Part A: None SIG: None
High Risk Status	Title I, Part A

Assessment Criteria Key



Met requirements with commendation

High quality implementation & compliance.



Met requirements

Satisfactory implementation & compliance.



Met requirements with recommendation

Satisfactory compliance with quality concerns.



Action required

Significant compliance & quality concerns.

		SEA	OSS
Accounting Systems and Fiscal Controls	A	●●●○	●●●○
Period of Availability and Carryover	B	●●●○	●○○○
Audit Requirements	C	●●●○	●●●○
Internal Controls (Control Environment and Control Activities)	D	●●●○	●○○○
Risk Assessment	E	●●●○	●●●○
Records and Information Management	F	●●●○	●●●○
Equipment Management	G	●●●○	●●●○
Personnel	H	●●●○	●●●○
Procurement	I	●●●○	●●●○
Indirect Costs	J	●●●○	●●●○
Transparency Act Reporting	K	●●●○	●●●○
Charter School Authorization and Oversight	L	●●●○	●●●○
Reservations and Consolidation	M	●●●○	●●●○
Budgeting and Activities	N	●●●○	●●●○
Allocations	O	●●●○	●●●○
Maintenance of Effort (MOE)	P	●●●○	●●●○
Comparability	Q	●●●○	●●●○
Subrecipient Monitoring	R	●●●○	●●●○
Supplement Not Supplant	S	●●●○	●●●○
Equitable Services	T	●●●○	●●●○
LEA Support and Guidance	U	●●●○	●●●○
Transparency and Data Reporting	V	●●●○	●●●○
Data Quality	W	●●●○	●●●○

SECTION III

Met Requirements with Commendation

No areas reviewed were identified for commendation.

SECTION IV

Met Requirements

C.

AUDIT REQUIREMENTS



REQUIREMENT SUMMARY

An SEA is responsible for both resolving the audit findings of subrecipients and for conducting audit follow-up activities and corrective actions for findings from the SEA's yearly Single Audit. An SEA is also required to ensure that subrecipients who meet the audit threshold are audited and the audits are reported according to established timelines.

Uniform Guidance 2 C.F.R. §200.303(d)(2), §200.331(d)(3), §200.331(f), §200.511(a), §200.512, and §200.521(c)



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

While DCPS is audited as part of the District-wide Single Audit process (resulting in execution of the yearly DCPS Single Audit concurrently with the OSSE Single Audit), OSSE utilizes a tracking tool to monitor submission of charter LEA audits and works with the DC Public Charter School Board (PCSB) to ensure that all charter LEAs that meet the audit threshold are submitting audit reports in accordance with established timelines. Where a charter LEA fails to submit an audit report timely, OSSE works collaboratively with the PCSB to follow up with the charter LEA in question to ensure that the audit report is submitted as soon as possible. When resolving subrecipient audits, OSSE staff utilizes an audit resolution checklist to collect information from subrecipients, evaluate corrective actions, and prepare and disseminate management decision letters (MDLs).

F.

RECORDS AND INFORMATION MANAGEMENT



REQUIREMENT SUMMARY

An SEA shall keep records that fully show the amount of funds under a grant award or subgrant, how the SEA used the funds, the total costs of Federally supported projects, the share of costs provided from other sources, records to show compliance with program requirements, and any other records needed to facilitate an effective audit. An SEA shall also take reasonable measures to safeguard and protect personally identifiable information (PII). PII is information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual

Uniform Guidance 2 C.F.R. 200.79, 200.303(e), §200.333, §200.336(a)

EDGAR 34 C.F.R. §76.730-731



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

To ensure that all personally identifiable information (PII) OSSE collects is sufficiently protected, OSSE requires all staff to undergo annual student privacy training. OSSE also utilizes a very rigorous approval process for data releases, so it can ensure that only appropriate information is publicly released. Further, OSSE staff regularly audits access privileges for the agency's information systems, and maintains an official policy that requires minimized access to information systems for staff.

E.

RISK ASSESSMENT**REQUIREMENT SUMMARY**

In order to determine the appropriate method and level of subrecipient monitoring, an SEA shall evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward.

Uniform Guidance 2 C.F.R. §200.331(b)

**DESCRIPTION OF SATISFACTORY IMPLEMENTATION**

OSSE performs an annual risk assessment for all LEAs, which is used to determine the scope and level of subrecipient monitoring for each entity. The risk assessment covers Title I, Title II, Title III, and SIG, as well as several other Federal programs, and includes the following risk factors: results from Single Audits and/or charter financial reviews, allocation size, the failure to timely drawdown grant funds, findings resulting from any IDEA complaints filed against the LEA, ESEA Priority and Focus school status, IDEA, Part B determination levels, unresolved noncompliance from previous monitoring, length of time since last monitoring, and other concerns (e.g., late submission of required financial or performance reports, failure to submit required data, failure to adhere to terms and conditions set forth in the Grant Award Notice, etc.). LEAs that score in the 75th percentile and above are considered high risk and those that score below the 25th percentile are considered low risk. OSSE then considers the level of risk as a factor when determining whether to conduct an on-site or desktop monitoring review.

G.

EQUIPMENT MANAGEMENT**REQUIREMENT SUMMARY**

An SEA shall use, manage and dispose of equipment and supplies purchased using Federal funds in accordance with all relevant State laws and procedures. SEAs shall also ensure that equipment and supplies are used only for authorized purposes of the project during the period of performance (or until no longer needed).

Uniform Guidance 2 C.F.R. §200.313-314

GAO Green Book Principle 10.03

**DESCRIPTION OF SATISFACTORY IMPLEMENTATION**

OSSE stated that it does not use Title I, Title II, Title III, or SIG funds to purchase equipment. Nonetheless, OSSE expects management within each division to monitor the status and use of all assigned assets. In addition, OSSE stated that the SEA is in the process of purchasing a new asset management system, intends to hire an asset manager to monitor the agency's equipment and supplies, and is in the process of developing policies related to the monitoring of its equipment and supplies.

H.

PERSONNEL**REQUIREMENT SUMMARY**

An SEA shall ensure that charges to Federal awards for salaries are based on records that accurately reflect the work performed. These records must be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, allowable, and properly allocated.

Uniform Guidance 2 C.F.R. §200.430

**DESCRIPTION OF SATISFACTORY IMPLEMENTATION**

OSSE utilizes semi-annual certifications to record time and effort for employees who work on a single Federal program cost objective, and use personnel activity reports for employees who work on multiple Federal cost objectives (or both Federal and State cost objectives). All employees must certify their own time and effort, which is then approved by their direct supervisor prior to personnel costs being charged to any Federal program. To ensure that all time and effort charges to Federal programs are accurate, OSSE performs semi-annual verifications whereby fiscal division leads are informed as to which employees match up with the corresponding funding certifications to make certain the correct certifications are provided for each employee. When the cost objective towards which an employee works changes during the award year, journal adjustments are made to ensure accurate charges to Federal programs.

J.

INDIRECT COSTS**REQUIREMENT SUMMARY**

An SEA shall ensure that indirect costs are only charged at the correct indirect cost rate. An indirect cost is a cost that is incurred for the benefit of the entire organization.

Uniform Guidance 2 C.F.R. §200.414

EDGAR 34 C.F.R. §76.560-569

**DESCRIPTION OF SATISFACTORY IMPLEMENTATION**

OSSE calculates indirect cost charges for Federal programs using an “SEA Claiming Template,” and each Federal grant award tab in the online Enterprise Grants Management System (EGMS) is populated with the Approved Indirect Cost Rate used for claiming indirect costs under a particular grant program. The EGMS also includes the approved indirect cost rate for each LEA and allows for LEAs to calculate and claim indirect costs under each program over the course of the award period. EGMS automatically performs the calculations and does not allow for over-budgeting or excess claims of indirect costs.

K.

TRANSPARENCY ACT REPORTING



REQUIREMENT SUMMARY

An SEA is required to report information identifying subrecipients (name, address, DUNS number) and subawards (CFDA number, award number, title) if, at any point during the award period, the SEA subawards more than \$25,000 in program funds (cumulatively) to any single subrecipient.

Reporting Subaward and Executive Compensation Information (2 C.F.R. Part 170) 170.220(a), 170 Appendix A

Universal Identifier and System for Award Management (2 C.F.R. Part 25) Appendix A

Uniform Guidance 2 C.F.R. 200.300(b)



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

OSSE provided a step-by-step instructional document for staff intended to ensure timely and complete Federal Funding Accountability and Transparency Act (FFATA) reporting. The document includes staff instructions for accessing information needed for FFATA reporting from within OSSE's EGMS system, compiling batch uploads for submission to the FFATA Subaward Reporting System (FSRS), and accessing the FSRS system to submit the reports.

As a strategy to prevent FFATA reporting issues resulting from missing or inactive subrecipient unique entity identification numbers (i.e., data universal numbering system (DUNS) numbers), OSSE collects and verifies DUNS numbers during the grant application process. Prior to submitting a grant application, all subrecipients must complete a central data application that includes provision of an active DUNS number. OSSE staff is then required to verify the status of each subrecipient DUNS number through the System for Award Management (SAM.gov) prior to approval of a subaward application. OSSE has also provided guidance to subrecipients regarding the importance of obtaining and maintaining an active DUNS number.

L.

CHARTER SCHOOL AUTHORIZATION AND OVERSIGHT



REQUIREMENT SUMMARY

The SEA provides information on OSS programs (i.e., allocations; applications; and requirements, including requirements for proper disposition of equipment and property) to all charter schools and LEAs and Charter Management Organizations (CMOs) or Education Management Organizations (EMOs) that oversee charter schools, has established internal controls related to the charter schools' relationships with their CMOs/EMOs, and has clear procedures that are systematically monitored for orderly closure, where applicable.

ESEA §1122(c) and 1125A(g)(3)

EDGAR 34 C.F.R. §74.42, §74.45-46, §74.48, §75.525(a), §75.525(b), and §80.36(b)

Uniform Guidance 2 C.F.R. §200.318(c)

Final Audit Report: ED-OIG/A02M0012



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

OSSE communicates grant funding opportunities, application requirements, and post-award requirements to charter LEAs in the same manner it communicates with DCPS. There is no distinction made in the types of guidance and support given between charter LEAs and DCPS. OSSE maintains weekly communications with charter LEAs via OSSE's "LEA Look Forward" email communications.

When charter management organizations (CMOs) or education management organizations (EMOs) partner with a charter LEA, a data sharing certification must be submitted allows charter schools to work directly with CMOs and EMOs. In these instances, the charter LEA still maintains the primary responsibilities for meeting all obligations and requirements.

M.

RESERVATIONS AND CONSOLIDATION



REQUIREMENT SUMMARY

The SEA shall ensure that the amount of program funds reserved for administration and other State activities does not exceed statutory limits for each program. SEAs are permitted to consolidate the administrative set-asides from several ESEA programs (Title I, Title IIA, Migrant Education Program, Negligent and Delinquent Youth Program, Rural and Low Income Schools Program, and the 21st Century Community Learning Centers Program) in order to administer them collectively.

ESEA §1003(a), §1003(g)(8), §1004(a)(1), §2113(c), §2113(d), §3111(b)(3), and §9201(a)

EDGAR 34 C.F.R. 299.4



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

OSSE demonstrated that the amount of funds reserved from each of the covered programs for administration and State activities were in accordance with applicable requirements and that their allocation policy describes administrative procedures for reserving and allocating Federal program funds. OSSE does not consolidate administrative reservations; instead, it uses individual administrative reservations for each program and ensures reservation amounts are properly coded through close collaboration between the program staff and OSSE's Office of the Chief Financial Officer staff.

N.

BUDGETING AND ACTIVITIES



REQUIREMENT SUMMARY

An SEA and its subrecipients can only use program funds for allowable costs, as defined in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements (2 C.F.R. §200), which include, among other things, the requirement that costs be reasonable and necessary for the accomplishment of program objectives.

Uniform Guidance 2 C.F.R. §200.403-408 and §200.420-475

EDGAR 34 C.F.R. §76.530



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

OSSE uses a two phased application process when LEAs complete grant applications (phase 1 is the “assurance” phase and phase 2 is the “programmatic application and budget” phase.) OSSE conducts three levels of review to ensure alignment of spending to budget. An LEA may not submit a reimbursement request until the phase II application has been approved. OSSE provides subrecipients with written guidance around both the general considerations affecting the allowability of costs contained in the Uniform Guidance, as well as program specific requirements around the uses of funds including specific information pertaining to required and allowable program activities. LEAs are required to submit documentation and ensure that budget and allocations are aligned. OSSE coordinates efforts and activities across programs by examining the scope of work needed. OSSE then examines whether the activities can be funded by multiple sources. Before moving forward, the OSSE fiscal team ensures that planned activities and expenditures meet all Federal rules and regulations for each source determined. During monitoring, OSSE reviews invoices to ensure that expenditures are consistent with the approved budget.

O.

ALLOCATIONS**REQUIREMENT SUMMARY**

SEAs shall ensure that, when subawarding funds to LEAs or other subrecipients, it makes subawards in accordance with applicable statutory requirements (including requirements related to the process for subawarding funds and the amounts to be subawarded to individual subrecipients).

ESEA §1124, §1124A, §1125, §1126(b), §2121, §2122(a), §2132, §3111(b) (1), §3114, §3116(a), §1003(g) (5), and §1003(g) (7)

EDGAR 34 C.F.R. §76.50-51, §76.300, and §76.789

**DESCRIPTION OF SATISFACTORY IMPLEMENTATION**

OSSE uses a clearly documented process to calculate and verify subaward amounts for each of the covered programs, including steps to ensure that reservation and hold harmless requirements have been met. OSSE conducts three sets of review before making allocations, including review by an Assistant Superintendent. OSSE notifies LEAs of key deadlines and activities related to the application process through a series of communications to LEA leaders and grant managers using OSSE's EGMS, OSSE's webpage, and a weekly LEA newsletter.

P.

MAINTENANCE OF EFFORT**REQUIREMENT SUMMARY**

An SEA shall ensure that each LEA shall have an amount of funding not less than 90% of the amount available the preceding year.

ESEA §9521

EDGAR 34 C.F.R. 299

**DESCRIPTION OF SATISFACTORY IMPLEMENTATION**

At the time of the review, the District of Columbia Charter Reform Act, as amended by the ESEA, exempted charter schools in the District of Columbia from maintenance of effort (MOE) requirements; however, DCPS is subject to the MOE requirements. DCPS performs the MOE calculations and then OSSE reviews the calculations to ensure compliance. OSSE reviews the data provided by DCPS to ensure that the LEA has met MOE requirements. SEA calculations determine how much the LEA's allocation for each covered program is reduced. OSSE has in place policies and procedures to reduce DCPS' allocation if the MOE requirement is not met.

Q.

COMPARABILITY



REQUIREMENT SUMMARY

The SEA may only provide Title I, Part A funds to an LEA if State and local funds will be used in schools served by Federal programs to provide services that, on the whole, are at least comparable to services in schools that are not receiving Title I funds.

ESEA §1120A(c)



DESCRIPTION OF SATISFACTORY IMPLEMENTATION

OSSE has one LEA, DCPS, that meets the conditions for required annual determination of comparability. Annually, OSSE requires DCPS to provide student enrollment and staffing data to enable the SEA to perform comparability determinations. OSSE provides clear instructions for DCPS regarding the submission of data to be used for comparability reports and how to determine comparability. The initial test is conducted by the end of October; if the initial test fails, OSSE allows DCPS to conduct additional tests to correct any problems.

R.

SUBRECIPIENT MONITORING**REQUIREMENT SUMMARY**

An SEA shall monitor local educational agencies (LEAs) and any other entities, including external providers, receiving Federal funds from programs covered in the Consolidated State Plan to ensure that performance goals are achieved and that subawards are used for authorized purposes and in compliance with Federal statutes, regulations, and the terms and conditions of Federal awards.

Uniform Guidance 2 C.F.R. §200.331(d)

**DESCRIPTION OF SATISFACTORY IMPLEMENTATION**

OSSE's risk-based monitoring takes two forms – on-site monitoring and desktop monitoring. OSSE conducts on-site and desktop compliance monitoring for a select group of LEAs based on a calculation of risk as aligned with OSSE's monitoring policy. The process includes record reviews, document reviews and interviews to identify noncompliance and to assess progress toward Federal and local targets. Monitoring is conducted on-site for high risk LEAs and via desktop for medium risk LEAs. Each LEA receives a checklist that it must complete and for which it must provide supporting evidence. All OSSE grant managers are a part of a risk-based monitoring team, which holds bi-weekly meetings to review new issues raised upon input from the OSSE office of general counsel and other offices within the SEA.

S.

SUPPLEMENT NOT SUPPLANT**REQUIREMENT SUMMARY**

The State and its subgrantees must ensure that funds from the Title I, Part A, Title II, Part A and Title III, Part A programs are used to supplement not supplant State and local funds (as well as other Federal funds for the Title III, Part A program).

ESEA §1114(a)(2)(B), §1120A(b), §2113(f), §2123(b), and §3115(g)

EDGAR 34 C.F.R. §200.79

**DESCRIPTION OF SATISFACTORY IMPLEMENTATION**

Supplement, not supplant is intended to ensure that Federal program funds are not used to replace or make up for shortfalls in State and local funding for schools. The Title I program, section 1120A(b) of the ESEA, as amended by NCLB, requires an SEA or LEA to use program funds only to supplement the funds that would, in the absence of such funds, be made available from non-Federal sources for the education of students participating in programs funded by the Title I program, and not to supplant such funds.

The SEA provided a timeline of its work to support LEAs to meet the new Title I, Part A supplement not supplant requirements under the ESSA. DC OSSE required LEAs to submit supplement, not supplant methodologies as part of the ESEA consolidated application process, and provided technical assistance and support to LEAs regarding this.

T.

EQUITABLE SERVICES**REQUIREMENT SUMMARY**

An SEA shall ensure that LEAs use Federal funds to provide benefits to eligible children enrolled in private schools and to ensure that teachers and families of participating private school children participate on an equitable basis.

ESEA §1117, §8501

ESEA Regulations 34 C.F.R. 299.6, 34 C.F.R. 299.9

Title I Regulations 34 C.F.R. 200.62-67

EDGAR 34 C.F.R. 76.661

**DESCRIPTION OF SATISFACTORY IMPLEMENTATION**

OSSE has one LEA, DCPS, which is subject to the equitable services requirement. OSSE requires DCPS to attach evidence of compliance with equitable services consultation and planning requirements by submitting an Affirmation of Consultation with the annual application that is signed by officials of each private school with participating children or appropriate representatives of the private school officials with which the required consultation has occurred. OSSE also requires DCPS to provide an assurance that it engaged in timely and meaningful consultation with private school officials to determine services for eligible private school students, their teachers, and families. Further, OSSE requires DCPS to explain the process used to determine the amount to be reserved for equitable services and the allocation to each school. OSSE reviews DCPS' compliance with the equitable services requirements during the monitoring review.

U.

LEA SUPPORT AND GUIDANCE**REQUIREMENT SUMMARY**

An SEA shall have procedures for providing technical assistance and evaluating how project funds were spent, if they were spent in compliance with statutes and regulations, and if expected outcomes were achieved as a result of spending.

EDGAR 34 C.F.R. 76.770

**DESCRIPTION OF SATISFACTORY IMPLEMENTATION**

OSSE provides annual training to LEAs on core grant requirements and its risk-based monitoring process. Training session participants complete a survey to assess the quality of the training and OSSE solicits the opinions of LEA staff when developing new training or processes. The SEA also holds pre-event calls with LEAs identified for desktop and on-site monitoring and surveys each LEA for feedback after an on-site monitoring visit. Additional guidance includes hands on training, webinars, office hours, and LEA institutes. OSSE ensures that all communications related to the grant allocation and application process include contact information related to each LEA's dedicated grant manager to ensure ongoing access to technical assistance and support. When opening new charter LEAs, OSSE conducts an orientation and maintains a cross-functional support team to train LEA staff and help the LEA navigate OSSE's systems and requirements in its first year.

V.

TRANSPARENCY AND DATA REPORTING



REQUIREMENT SUMMARY

An SEA and its LEAs are required to prepare and annually disseminate report cards that include all required elements to the public in a timely manner.

ESEA §1003(f) and §1111(h)(1)

Title I Regulations 34 C.F.R. §200.11, §200.19(b)

DESCRIPTION OF SATISFACTORY IMPLEMENTATION

OSSE provides information to LEAs regarding annual collections through a year-long data collection calendar. OSSE uses the calendar to monitor LEAs' data submission on a weekly basis. If LEAs submit information after the 30-day data collection window closes, OSSE follows up by email or phone and if necessary through on-site technical assistance. According to OSSE, serious issues are raised to senior management and OSSE uses data submission timelines and a risk-based matrix to follow up on these issues. OSSE requires coordination between the data collection team and publication team, and uses this internal structure to verify that all data issues have been resolved prior to publication.

The Department notes, however, that OSSE has not reported valid science assessment results for school years 2014-2015 through 2017-2018. The Department issued a letter to OSSE on February 7, 2018, placing the SEA's Title I, Part A award on high risk status due to the SEA's failure to administer a science assessment for the 2017-2018 school year and failure to report science assessment data that are valid and reliable for the 2014-2015, 2015-2016, or 2016-2017 school years. DC OSSE has developed a plan and timeline to develop and administer a new science assessment aligned with the Next Generation Science Standards in spring 2019 with a release of student results in fall 2019.

W.

DATA QUALITY**REQUIREMENT SUMMARY**

An SEA is required to have appropriate procedures in place to ensure that the data reported to the public and the Department are high quality (i.e., timely, complete, accurate, valid, and reliable).

ESEA §1111(h) (4)

Government Accountability Office's "Standards for Internal Control in the Federal Government" (GAO Green Book)

Uniform Guidance 2 C.F.R. 200.303 and 2 C.F.R. 200.328 (b)

OMB Circular A-133 Compliance Supplement: Department of Education Cross-cutting Section

Final Audit Report: ED-OIG/A0600001

**DESCRIPTION OF SATISFACTORY IMPLEMENTATION**

OSSE uses a data calendar to provide technical assistance to LEAs regarding data quality. The data calendar outlines when data are due, and monthly data meetings provide the opportunity for OSSE staff to talk about what collections are upcoming. A unified data error tool includes automated business rules and OSSE also uses their OSSE Support Tool as an electronic help desk, to identify specific data issues to OSSE data team resolution.¹¹

¹¹ Subsequent to the review, a data quality issue on graduation rate data that is beyond the scope of the review was made public. On January 26, 2018, OSSE published an audit report that identified policy violations related to graduation rates in the District of Columbia Public Schools. In response to the audit findings, OSSE has conducted additional monitoring of DCPS and required the LEA to complete a self-assessment and develop and implement a work plan addressing these findings for the 2018-2019 and upcoming school years. See https://osse.dc.gov/sites/default/files/dc/sites/osse/release_content/attachments/Report%20on%20DCPS%20Graduation%20and%20Attendance%20Outcomes%20-%20Alvarez%26Marsal.pdf

SECTION V

Met Requirements with Recommendation

A.

ACCOUNTING SYSTEMS AND FISCAL CONTROLS



ISSUE

Under Uniform Guidance §200.302(b)(7), an SEA must have written procedures for determining the allowability of costs in accordance with the Federal Cost Principles stated in Uniform Guidance Subpart E (2 C.F.R. 200.400-200.475) and the terms and conditions of Federal awards. (2 C.F.R. 200.302(b)(7)). The Federal Cost Principles contained in Uniform Guidance Subpart E include requirements for both basic considerations for the allowability of costs, as well as general provisions for selected items of cost.

During the review, the Department found that the SEA did not maintain formal written procedures for determining cost allowability as required under Uniform Guidance §200.302(b)(7). While OSSE maintains *2017-2018 Consolidated ESEA Programs Application Handbook* to assist OSSE and LEA staff in planning for and administering Federal programs that includes content related to requirements that costs are necessary and reasonable for the accomplishment of program objectives, the document does not include sufficient content related to the allowability of costs, either basic considerations for the allowability of costs or content related to the general provisions for selected items of cost. Instead, OSSE noted that it is the responsibility of individual OSSE staff members to have familiarity with the Federal Cost Principles and to apply them when evaluating program budgets and subgrantee expenditures.¹²

REQUIREMENT SUMMARY

An SEA shall expend and account for Federal funds in accordance with State laws and procedures for expending and accounting for State funds. State accounting systems must satisfy Federal requirements regarding the ability to track the use of funds and permit the disclosure of financial results. SEAs must have written procedures for determining cost allowability and must maintain effective control over all funds.

Uniform Guidance 2 C.F.R. 200.302

EDGAR 34 C.F.R. 76.702

¹² The Department also noted during the review that the LEAs interviewed also did not have written procedures for determining cost allowability as required under 2 C.F.R. 200.302(b)(7). Information related to this issue is included in the Subrecipient Monitoring section of this report.



RECOMMENDATION

In order to address the issues noted above, the Department recommends that OSSE:

1. Develop documented standard operating procedures (SOPs) for any process that requires the transfer of information (or other coordination) between the SOAR and EGMS systems. These SOPs should clearly note the process for transferring information between the two systems and steps for supervisory review and verification of the accuracy of the information after completion of any tasks.
2. Enhance its existing guidance on the uses of program funds to include content from the Uniform Guidance related to cost allowability, particularly around the provisions related to select items of cost (2 C.F.R. 200.420-475), as applicable.

I.

PROCUREMENT**REQUIREMENT SUMMARY**

An SEA shall ensure that all relevant State procurement procedures are followed when procuring goods and services using Federal funds. An SEA must also maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specification of their contracts.

Uniform Guidance 2 C.F.R. §200.317, §200.322, and §200.326

**ISSUE**

Under District of Columbia contracting procedures, procurement responsibilities are split between OSSE and the DC Office of Contracts and Procurement (OCP); while OCP is responsible for conducting most of the technical components of the procurement process (e.g., publishing solicitations for bids), OSSE staff are responsible for identifying contractual needs, creating statements of work (SOWs), providing any needed procurement justifications, and conducting certain elements of required market research. To protect against conflicts of interest, all OSSE employees annually submit attestations regarding potential conflicts, dual employment, professional associations, and other types of relationships with potential contracting entities.

OSSE also ensures that LEAs meet procurement requirements through its subrecipient monitoring process and by providing guidance to LEAs regarding applicable procurement requirements. During monitoring, OSSE staff review LEA procurement procedures to ensure that procurement procedures are documented and that processes meet applicable Federal and State requirements. OSSE staff also review sample transactions to determine whether an LEA follows its procurement procedures when executing contracts and other transactions.

However, OSSE was unable to provide copies of document procurement procedures. During the review, OSSE noted that it utilizes documented procedures when conducting procurement transaction, but failed to provide such documentation either before or after the review. Without documented procurement procedures, there is an increased risk that staff could fail to follow all applicable State procurement requirements, particularly during periods of transition, resulting in unauthorized or irregular transactions.

**RECOMMENDATION**

OSSE should develop documented internal procurement procedures that describe the full range of internal responsibilities for procurement transactions and the relationship between OSSE and the DC OCP regarding the procurement process. Formally documented internal procurement procedures should help OSSE ensure

that all applicable procurement requirements (district-wide and agency-specific) are followed for every transaction, and facilitate the identification of areas where additional or enhanced controls are needed.

SECTION VI

Action Required

B.

PERIOD OF AVAILABILITY AND CARRYOVER



REQUIREMENT SUMMARY

The SEA may only charge a grant program for allowable costs incurred during the period of availability and any pre-award costs that have been authorized by the Department. Unless the Department authorizes an extension, the SEA shall liquidate all obligation incurred under the award not later than 90 calendar days after the end date of the performance period. If the SEA fails to obligate all funds by the end of the award year, it can “carryover” the remaining funds for a period of one additional fiscal year. Any funds not obligated by the end of the carryover period shall be returned by the SEA to the Federal government as an unobligated balance.

Uniform Guidance 2 C.F.R. §200.309 and §200.343(b)

EDGAR 34 C.F.R. §76.707 and §76.709



ISSUE

Under Uniform Guidance §200.343, LEAs must liquidate all obligations incurred under the Federal award no later than 90 calendar days after the end of an award’s period of availability, unless the Department or OSSE authorizes an extension. (2 C.F.R. 200.343). While an SEA has some discretion to request that subrecipients submit final payment requests in advance of the 90 days allowed under the Uniform Guidance in order to allow time for processing, such requests must be reasonable and allow subrecipients sufficient time to ensure that all claims are able to be submitted for repayment.

During the review, OSSE noted that the deadline for subrecipients to submit payment requests for expiring awards is November 15th, which reflects a 45-day liquidation period following the expiration of the period of availability on September 30th. OSSE noted that this date was intended to allow sufficient time for processing payments prior to the close of the liquidation period and to allow for timely preparation of required financial reports. While the Department recognizes the importance of timely financial reporting and the burden associated with processing high numbers of subrecipient payment requests, reducing the liquidation period by 45 days is an excessive restriction of the liquidation period. Conversations with LEAs confirmed that the November 15th liquidation date provides challenges in obtaining needed invoices and other information from contractors, with the end result having been the need to pay for activities with non-Federal funds that would otherwise have been paid for using Federal funds.

**REQUIRED ACTION**

Within 30 business days of receiving this report, OSSE must provide the Department with evidence that it has amended its processes to allow subrecipients greater time to submit payment requests during the liquidation period. While OSSE has the discretion to select a date for submission of final payment requests to ensure sufficient time for processing all payment requests prior to the expiration of the liquidation period, such a date must allow the maximum time feasible for subrecipients to submit payment requests. OSSE must also provide evidence that it has communicated the new liquidation period dates to all subrecipients.

D.

INTERNAL CONTROLS



REQUIREMENT SUMMARY

The SEA shall establish and maintain a system of effective internal controls over Federal awards that provides reasonable assurance that the SEA is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of Federal awards. These internal controls should be in accordance with guidance stated in the "Standards of Internal Control in the Federal Government" (GAO Green Book) or the "Internal Controls Integrated Framework" (Treadway Commission).

Uniform Guidance 2 C.F.R. §200.303



ISSUE

Under Uniform Guidance §200.303, an SEA must establish and maintain effective internal control over a Federal award that provides reasonable assurance that the SEA is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. (2 C.F.R. 200.303(a)). An SEA's internal controls should be in compliance with guidance contained in the "Standards for Internal Control in the Federal Government" (GAO Green Book) or the "Internal Control Integrated Framework" (Treadway Commission/COSO). One of the key elements of a sufficient internal control system under both frameworks is an internal risk identification and assessment process.

During the review, OSSE was unable to provide documentation of or adequately describe a sufficient internal risk assessment process. OSSE noted that internal auditors perform periodic reviews of OSSE operations, but did not provide evidence of any formalized, periodic (i.e., annual, biennial) internal risk assessment process designed to identify internal risks affecting the operation or performance of the agency. Because an internal risk assessment process is a key component of an entity's internal controls framework, the lack of such a process reflects a failure to comply with the requirements of Uniform Guidance §200.303. (2 C.F.R. 200.303(a)).

REQUIRED ACTION

Within 30 business days of receiving this report, OSSE must provide the Department with a plan for the development of an internal risk assessment process that aligns with the guidance contained in either the GAO Green Book or the Treadway Commission/COSO Integrated Framework. This plan should outline a timeline for the various steps in the development process – including milestones for completion of various aspects of the process (including identification of included functions and identification of risk indicators) and development of draft

risk assessment tools – and an identification of responsible staff. OSSE has the discretion to allow its internal auditors to design and perform such a task, so long as the result is the development of a formal, regular and consistent internal risk assessment process. After the plan is approved by the Department, OSSE must provide periodic status reports until the internal risk assessment tool and process are completed.