

District of Columbia Office of the State Superintendent of Education
Special Conditions
Federal Fiscal Year (FFY) 2014

PREAMBLE: These special conditions are imposed on all Federal fiscal year (FFY) 2014 grants made available by the U.S. Department of Education (Department) to the District of Columbia Office of the State Superintendent of Education (DC OSSE) on or after the date of these special conditions and on all grants previously awarded by the Department to DC OSSE that are still available for obligation or liquidation on the date of these special conditions. The special conditions are imposed to help ensure that funds granted to DC OSSE are expended in accordance with applicable legal requirements and the appropriate fiscal accountability measures and management practices and controls. They are also intended to help DC OSSE to continue to improve its implementation of financial and internal control systems and procedures sufficient to satisfy the applicable grant accountability requirements.

I. BACKGROUND:

In April 2006, DC OSSE's predecessor, the District of Columbia Public Schools (DCPS), was designated by the Department as a "high-risk grantee" under the authority in 34 CFR § 80.12 based on systemic problems identified through repeat findings of audits performed under the Single Audit Act for fiscal years 2003 through 2005, the fiscal year 2006 DC Government Consolidated Annual Financial Report audit, and unresolved findings of non-compliance from program reviews conducted in 2006. At that time, and since then, the Department has imposed special conditions on grants awarded to DCPS, and then its successor, DC OSSE, requiring the maintenance of a comprehensive high-risk corrective action plan (HRCAP) to be used as the basis for guiding and tracking progress in resolving fiscal management deficiencies, grants management deficiencies, and program non-compliance.

In June 2014, the Department made a decision to remove the Department-wide "high-risk grantee" designation from DC OSSE based on the substantial completion of action steps in its HRCAP and its demonstrated progress in making the improvements necessary to address the longstanding financial and grants management and program compliance issues that confronted it in administering Federal education grants. However, there are critical action steps that DC OSSE still must complete, and the Department also needs to monitor DC OSSE's continued implementation of the improvements that it has made to its administration of Federal education grants. Therefore, the Department is imposing these special conditions on DC OSSE's grant awards, requiring DC OSSE to submit a final indirect cost claiming policy and procedure document and templates, and a final time and effort distribution policy and training documents; develop and implement a subrecipient monitoring plan; and provide the Department with a quarterly report on the progress and full implementation of these special conditions.

II. SPECIAL CONDITIONS

A. Indirect Cost Claiming Policy and Procedure

DC OSSE shall submit to the Department for approval its final indirect cost claiming policy and procedure document along with templates that will ensure that (1) its methodology for calculating and charging indirect costs is based solely on allowable expenditures and (2) DC OSSE maintains supporting documentation for indirect costs charged to Federal grants consistent with its applicable approved Indirect Cost Rate Agreements. DC OSSE shall submit its final indirect cost claiming policy and procedure along with templates within 60 days of the issuance of these special conditions.

B. Time and Effort Distribution Policy

DC OSSE shall submit to the Department for approval, within 60 days of the issuance of these special conditions, its final time and effort distribution policy and training document along with electronic templates for semi-annual certification and personnel activity reports that satisfy the cost principles and allowability requirements governing salaries charged to Federal grants in accordance with OMB Circular A-87, Attachment B, Section 8(h). DC OSSE shall also submit to the Department, within 60 days of the issuance of these special conditions, a report on its progress in fully implementing the time and effort distribution policy, including the roll-out of the new templates for semi-annual certification and personnel activity reports and the extent to which staff have been trained regarding the new policy and templates.

C. Subrecipient Monitoring

DC OSSE shall develop and submit to the Department for review its detailed subrecipient monitoring plan that includes a description of detailed monitoring activities, timeline and disposition of monitoring results that will ensure that DC OSSE can accomplish effective monitoring of its subrecipients' activities to evaluate subrecipients' success in meeting performance standards and compliance with applicable Federal requirements. The monitoring plan should provide DC OSSE with the tools to determine whether subrecipients are administering Department awards in compliance with applicable Federal requirements. DC OSSE shall submit the monitoring plan within 60 days of the issuance of these special conditions.

D. Reporting Requirements

DC OSSE must continue to provide to the Department a detailed report on a quarterly basis that describes activities and progress for each special condition item during the reporting period, documentation of the actions that are completed during the reporting period, expected completion dates for unimplemented items, and any other data or documentation as specified or requested by the Department in order to verify full implementation and assess the sustainability of the improvements and controls established as a result of these special conditions.

The quarterly reports shall be certified by the DC OSSE State Superintendent as to the completeness and accuracy of the reports and submitted to the Department no later than thirty days after the end of each quarter.

E. Prompt Access to Records and Records Retention

DC OSSE shall promptly provide the Department or its representative access to any requested staff, locations, records, and information associated with the affected grant funds.

F. Program-Specific Conditions

Special conditions have been, and may be, imposed on FFY 2014 grant awards made under one or more Department programs to address areas in which DC OSSE is out of compliance with program requirements, and DC OSSE will continue to be designated a “high-risk grantee” under Part B of the Individuals with Disabilities Education Act (IDEA). Each program-specific special condition will be contained in an attachment to the grant award notification document in question that is provided by the Department to DC OSSE.

III. OTHER TERMS

A. Failure to Comply with Special Conditions

If a plan, report or documentation required under Section II above is not provided by DC OSSE on a timely basis or is not considered acceptable to the Department (for example, does not show substantial promise of correcting the problems identified in audit and program review findings), it may be considered a failure to comply with the special conditions.

Failure to comply with any of the special conditions above or any other applicable legal requirements will negatively impact DC OSSE’s ability to continue to receive grant funds from the Department. These terms and conditions do not preclude the Department from taking any authorized enforcement or other actions at any time, including reinstating DC OSSE’s status as a “high-risk grantee” under 34 CFR § 80.12.

B. Submission of Reports

All reports required to be submitted to the Department under these Department-wide special conditions shall be sent electronically or hand-delivered to:

Insuk Chinn
Senior Financial Risk Analyst
Risk Management Service
Office of the Deputy Secretary
U.S. Department of Education
550 12th Street, S.W., Room 11057
Washington, D.C. 20202
insuk.chinn@ed.gov

C. Reconsideration and Modifications

At any time, DC OSSE may request reconsideration of the above special conditions by contacting the Department and providing in writing the basis for DC OSSE's belief that one or more specific conditions are no longer needed.

The Department may impose additional special conditions or modify these special conditions, as the Department determines to be appropriate. The Department will remove the special conditions at such time as DC OSSE meets, to the Department's satisfaction, the conditions set forth above. The special conditions will remain in effect until removed or modified by the Department.

Dated: June 19, 2014