

**AUDIT OF THE MANAGEMENT
OF FINANCIAL OPERATIONS AT
THE CHILD AND FAMILY
SERVICES AGENCY**



OIG

**DANIEL W. LUCAS
INSPECTOR GENERAL**

Mission

The mission of the Office of the Inspector General (OIG) is to independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District administration and operations; and
- recommend and track the implementation of corrective actions.

Vision

To be a world class Office of Inspector General that is customer-focused, and sets the standard for oversight excellence!

Report Fraud, Waste, Abuse, or Mismanagement



OIG

Email: hotline.oig@dc.gov

Telephone: (202) 724-TIPS (8477) or
(800) 521-1639



OIG

Why the OIG Did This Audit

The OIG conducted this audit at the request of a District of Columbia council member. This audit covered fiscal years (FYs) 2007-2013.

What the OIG Recommends

The OIG made 11 recommendations to the Child and Family Services Agency (CFSA). Key recommendations include:

- Ensure that all contract records are properly maintained in accordance with DCMR requirements.
- Develop formal training policies and procedures to ensure all grant monitors receive proper grants management training.

We considered the CFSA's actions taken or planned to be responsive and meet the intent of 10 of our 11 recommendations.

A summary of all findings and recommendations from this audit is included in Appendix A. Verbatim comments from the CFSA are included in Appendix B.

AUDIT OF THE MANAGEMENT OF FINANCIAL OPERATIONS AT THE CHILD AND FAMILY SERVICES AGENCY

What the OIG Found

The audit objective was to determine whether the CFSA adequately managed controls over business operations, including payments to vendors and providers, grant funds, and financial transactions.

The audit found that the CFSA did not maintain adequate supporting documentation and did not have adequate administrative controls in place to support and monitor its contract actions and grant operations.

CFSA's Contracting and Procurement Administration (CPA) lacked effective controls to ensure proper maintenance of required supporting documents and record retention practices. As a result, the OIG was unable to substantiate whether the District received all contract deliverables.

Further, the CPA did not properly manage its grant operations. The CPA lacked adequate records management controls to ensure compliance with District regulations and internal policies related to grants administration. Without effective grant management, the CFSA could not ensure that District funds are distributed properly so that District residents could obtain the services stipulated in the grant agreements.

The CFSA needs to address these issues to ensure that District funds are used for intended purposes while preventing fraud, waste, and abuse. Without effective contract and grant administration controls in place, the CFSA's business operations could not have a reasonable assurance that the agency received best value for its money in connection with the administration of its contracts and grants.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General



Inspector General

October 1, 2015

Mr. Raymond Davidson
Director
Child and Family Services Agency
200 I Street, S.E.
Washington, D.C. 20003

Dear Mr. Davidson:

I am issuing the enclosed final report of the Office of the Inspector General's (OIG) *Audit of the Management of Financial Operations at the Child and Family Services Agency (OIG No. 11-1-01MA)*. My Office performed this requested audit as a part of our ongoing efforts to proactively address fraud, waste, abuse, and mismanagement risks in the District.

We conducted this audit in accordance with generally accepted government auditing standards (GAGAS). These 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.

On December 3, 2014, my Office conducted an exit conference to discuss the draft of this report. Following the exit conference, on December 19, 2014, your agency provided written comments regarding the draft report's findings, conclusions, and recommendations, as well as any planned corrective actions.

In total, we made 11 recommendations to the Child and Family Services Agency (CFSA) for actions deemed necessary to correct the identified deficiencies. The full text of your office's written response is located in Appendix B.

CFSA actions taken or planned for Recommendations 1, 2, 4, 5, 6, 7, 8, 9, 10, and 11 are considered responsive and/or appear to meet the intent of the recommendations. However, we consider CFSA's comments to Recommendation 3 to be nonresponsive; therefore, this recommendation remains unresolved.

Mr. Davidson, Child and Family Services Agency
OIG 11-1-01MA
October 1, 2015
Page 2 of 4

We appreciate the cooperation and courtesies extended to my staff during this audit. If you have any questions concerning this report, please contact me or LaDonia M. Wilkins, Acting Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,



Daniel W. Lucas
Inspector General

DWL/tda

Enclosure

cc: See Distribution List

DISTRIBUTION:

The Honorable Muriel Bowser, Mayor, District of Columbia, Attention: Betsy Cavendish (via email)

Mr. Rashad M. Young, City Administrator, District of Columbia (via email)

Mr. Brian Kenner, Acting Deputy Mayor for Planning and Economic Development, District of Columbia (via email)

Ms. Brenda Donald, Deputy Mayor for Health and Human Services (via email)

The Honorable Phil Mendelson, Chairman, Council of the District of Columbia (via email)

The Honorable Jack Evans, Chairperson, Committee on Finance and Revenue, Council of the District of Columbia (via email)

The Honorable Yvette Alexander, Chairperson, Committee on Health and Human Services, Council of the District of Columbia (via email)

Mr. John Falcicchio, Chief of Staff, Office of the Mayor (via email)

Mr. Michael Czin, Director, Office of Communications (via email)

Mr. Matthew Brown, Budget Director, Mayor's Office of Budget and Finance

Ms. Nyasha Smith, Secretary to the Council (1 copy and via email)

The Honorable Karl Racine, Attorney General for the District of Columbia (via email)

Mr. Jeffrey DeWitt, Chief Financial Officer, Office of the Chief Financial Officer (1 copy and via email)

Mr. Timothy Barry, Executive Director, Office of Integrity and Oversight, Office of the Chief Financial Officer (via email)

Ms. Kathy Patterson, D.C. Auditor, Office of the D.C. Auditor, Attention: Candace McCrae (via email)

Mr. Jed Ross, Director and Chief Risk Officer, Office of Risk Management (via email)

Mr. Gary Engel, Managing Director, FMA, GAO, (via email)

The Honorable Eleanor Holmes Norton, D.C. Delegate, House of Representatives, Attention: Bradley Truding (via email)

The Honorable Jason Chaffetz, Chairman, House Committee on Oversight and Government Reform, Attention: Howie Denis (via email)

The Honorable Elijah Cummings, Ranking Member, House Committee on Oversight and Government Reform, Attention: Mark Stephenson (via email)

The Honorable Ron Johnson, Chairman, Senate Committee on Homeland Security and Governmental Affairs, Attention: Patrick Bailey (via email)

The Honorable Thomas Carper, Ranking Member, Senate Committee on Homeland Security and Governmental Affairs, Attention: Holly Idelson (via email)

The Honorable James Lankford, Chairman, Senate Subcommittee on Regulatory Affairs and Federal Management. Attention: John Cuaderes (via email)

The Honorable Heidi Heitkamp, Ranking Member, Senate Subcommittee on Regulatory Affairs and Federal Management, Attention: Eric Bursch (via email)

The Honorable Harold Rogers, Chairman, House Committee on Appropriations, Attention: Amy Cushing (via email)

The Honorable Nita Lowey, Ranking Member, House Committee on Appropriations, Attention: Shalanda Young (via email)

The Honorable Ander Crenshaw, Chairman, House Subcommittee on Financial Services and General Government, Attention: Amy Cushing (via email)

Mr. Davidson, Child and Family Services Agency

OIG 11-1-01MA

October 1, 2015

Page 4 of 4

The Honorable José E. Serrano, Ranking Member, House Subcommittee on Financial Services and General Government, Attention: Shalanda Young (via email)

The Honorable Thad Cochran, Chairman, Senate Committee on Appropriations, Attention: Ben Hammond (via email)

The Honorable Barbara Mikulski, Ranking Member, Senate Committee on Appropriations, Attention: Kali Matalon (via email)

The Honorable John Boozman, Chairman, Senate Subcommittee on Financial Services and General Government, Attention: Dale Cabaniss (via email)

The Honorable Chris Coons, Ranking Member, Senate Subcommittee on Financial Services and General Government, Attention: Marianne Upton (via email)

Table of Contents

Table of Contents	2
Audit Overview	3
Objectives, Scope, and Methodology	3
Background	4
Finding 1: Contract Administration	7
Synopsis	7
Discussion	7
Finding 2: Grant Management	12
Synopsis	12
Background	12
Discussion	14
Recommendations and Comments	19
Appendix A – Summary of Audit Findings and Recommendations	25
Appendix B – Correspondence	29
CFSA’s Response to the Draft Audit Report	29
OIG’s Initial Engagement Letter to CFSA	35
OIG’s Re-Engagement Letter to CFSA	36
OIG’s Letter to CFSA on Scope Expansion	37
Appendix C – OIG and CFSA Comments	38
Office of the Inspector General Comments to the District of Columbia Child and Family Services Agency’s Response to the Draft Report	38
Acronyms and Abbreviations	42

Audit Overview

The District of Columbia Office of the Inspector General (OIG) has completed the *Audit of the Management of Financial Operations at the Child and Family Services Agency* (OIG No. 11-1-01-MA).

Objectives, Scope, and Methodology

The original audit objectives were to determine whether the Child and Family Services Agency (CFSA): (1) adequately managed controls over business operations, including payments to vendors and providers, grant funds, and financial transactions; (2) effectively processed and managed Medicaid claims; and (3) implemented internal controls to safeguard against fraud, waste, and abuse.

During the course of the audit, we amended the objectives identified in our original engagement letter to the CFSA as follows:

- Objective (2) was removed from the audit scope and not addressed in the Draft of this report. The OIG did not include this objective because CFSA's process change to billing Medicaid claims through the Federal Foster Care Program rendered the OIG's findings for this objective obsolete. In 2009, the Director of the Department of Health Care Finance (DHCF) decided to cease all Medicaid claiming activity due to billing issues among the CFSA, DHCF, and the Centers for Medicaid and Medicare Services (CMS). In March of 2009, the Director, External and Internal Affairs at the CFSA, informed the Office of the City Administrator that they would no longer be submitting claims to CMS for Medicaid Targeted Case Management (TCM) and the Rehabilitative Service Option (RSO). The current Business Administrator stated that although the CFSA stopped submitting Medicaid claims to the CMS, the CFSA began and was currently billing those services through 42 U.S.C.S. Part E, §§ 670 - 679c, "Federal Payments for Foster Care and Adoption Assistance." This change rendered the OIG finding, conclusions, and recommendations related to the Medicaid claims process obsolete.
- Objective (3) was incorporated into objective (1) because during the course of the audit, many of the findings attributable to objective (1) were also attributable to objective (3).

Our audit scope covered fiscal years (FYs) 2007-2013. We conducted this performance audit from February 2011 to December 2014 under project OIG No. 11-1-01MA.

Throughout the course of the audit, the OIG experienced significant delays due to internal staffing changes and enhancements to the original scope. We discuss these delays, including the CFSA's concerns over the timeliness of this report, in Appendix C.

To accomplish our audit objective, we:

- conducted interviews with CFSA management and personnel;
- reviewed activities for compliance with relevant laws, policies, and procedures;
- documented operating processes;
- reviewed contracts, grants, service provider agreements, invoices, payment vouchers, and supporting documentation;
- conducted site visits to contractors, grantees, and service providers;
- reviewed a sample number of clients served and relevant treatment records;
- compared providers' claims against paid services rendered to CFSA, ensuring patients actually received treatment; and,
- determined whether internal controls were in place to prevent or detect material errors and irregularities.

We relied on computer-processed data from the Procurement Automated Support System, the System of Accounting and Reporting, FACES, and the Payment Provider Web used by the CFSA to pay invoices submitted by contractors, grantees, and service providers. The CFSA provided purchase orders, requisitions, invoices, and voucher payments for our review. Although we did not perform a formal reliability assessment of computer-processed data, we performed audit procedures to verify the accuracy of the information.

We conducted this audit 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.

Background

The CFSA is the District of Columbia's public child welfare agency responsible for protecting child victims and those at risk of abuse and neglect, and assisting their families. Its mission is to improve the safety, permanence, and well-being of abused and neglected children in the District, and to strengthen families. As of January 2014, the CFSA had 1,184 children in its custody.

In carrying out its mission, the CFSA: (1) receives and investigates reports of known or suspected child abuse and neglect of children up to age 18 in the District; (2) works with families of identified child victims of abuse or neglect by using trained social workers from CFSA and private contractors to keep children safe; (3) provides out-of-home care in a safe

setting when there is danger at home; and (4) works to ensure every child and youth is returned safely to parents, goes to a permanent home with relatives or others through guardianship, or joins a new forever family through adoption.

The CFSA provides a wide range of services, including foster care, adoption, supportive community-based services, and medical assistance to children in its custody. These services are facilitated through: (1) the Contracting and Procurement Administration (CPA); (2) partnerships with collaboratives; (3) grant management; and (4) Medicaid healthcare programs.

Contracting and Procurement Administration. The CFSA has independent procurement authority and its CPA is responsible for awarding and monitoring contracts and overseeing the grant process. The CFSA awards sole-source, competitively negotiated, and sealed bid contracts of various types (e.g., Indefinite Quantity-Indefinite Delivery; cost reimbursable; labor hour; or firmed fixed price). To fulfill its mission, the CFSA procures support services, including, but not limited to: court monitoring; nursing; consulting; administrative support; community-based child welfare services; traditional and kinship foster care studies; and foster parent support services. The CPA adheres to Title 27 of the District of Columbia Municipal Regulations (DCMR), which governs the agency's processes for contracting and procurement activities.

During the period under review, the CFSA awarded contracts for court monitoring; nursing; consulting; administrative support; community-based child welfare services; traditional and kinship foster care studies; foster parent support services; and Medicaid rehabilitative service option services for children with medical needs that require placement in therapeutic or specialized homes and congregate care facilities.

In FYs 2007-2013, CFSA funding sources for contracts derived from appropriated local funds, Title-IV E foster care funds, and federally-appropriated funds. The Chief Contracting Officer calculates and prepares the overall amounts for each contract to be formulated within CFSA's budget. The budget includes dollars for the agency's services in demand on an aggregate level. The Agency Fiscal Officer is responsible for certifying funds for each contract. The funds for contracts are requested prior to execution of the contract or at the beginning of a new FY when discussing plans for contracting and procurement. Table 1, on the following page, lists CFSA's budgetary data for FYs 2007-2013.

Table 1. CFSA BUDGETARY DATA

CFSA Budget				
Fiscal Year	Approved Budget	Local Funds	Approved Federal Grant Funds	Intra-District Transfers
2007	\$259,138,000	\$173,702,000	\$33,470,000	\$51,966,000
2008	\$280,944,000	\$188,306,000	\$29,884,000	\$62,754,000
2009	\$290,557,000	\$196,825,000	\$30,998,000	\$62,734,000
2010	\$269,962,000	\$194,161,000	\$58,203,000	\$17,598,000
2011	\$269,670,000	\$191,596,000	\$61,048,000	\$17,026,000
2012	\$265,296,000	\$191,596,000	\$61,382,000	\$12,318,000
2013	\$257,067,000	\$191,153,000	\$53,910,000	\$12,004,000

Partnerships With Collaboratives. The CFSA works in conjunction with nonprofit Collaboratives operating within the District of Columbia. The Collaboratives draw on unique capabilities offered by service providers in their networks for at-risk youth and families. Each Collaborative provides a set of core neighborhood-based prevention services and base their work on shared principles of commitment to children; respect for families; community partnership; accountability; and high quality, flexible, and responsive services.

In 1996, the Healthy Families Thriving Communities (HFTC) Collaborative Council partnered with the CFSA to address the overwhelming need of services for vulnerable children and families before they were in crisis. They developed a new model of community-based prevention services in the District to serve at-risk families in their respective neighborhoods. The HFTC Collaborative Council offers technical assistance, advocacy, and resource development for a network of seven neighborhood-based Collaboratives in Washington, D.C., offering an array of prevention and family support services across the District.

All of the Collaboratives were established to build networks of support that are accessible to families before a crisis occurs. These seven Collaboratives, together with their partner agencies, promote healthy families and supportive communities in which children, young people, and adults can reside and thrive safely and productively. The CFSA awards contracts and grants to the Collaboratives to provide community-based welfare services.

Grant Management. The CFSA receives grant funds through local and federal funding sources and becomes the grantor to Community Based Organizations (CBOs), also known as grantees, after receiving and disbursing those funds. The CBOs provide services such as volunteer mentor services; urgent housing solutions; parenting education and support; training for supervisors addressing teaming, coaching, and mentoring; workshops for the prevention of child abuse and neglect; court-appointed advocate services; and teen-parent conflict resolution and respite care services.

Finding 1: Contract Administration

Synopsis

The CFSA did not have adequate supporting documentation and administrative controls¹ to support and monitor its contract actions. Our review of 43 randomly sampled contract files indicated: (1) inadequate contract records management; (2) a lack of deliverables² and supporting contract documentation; and (3) contracts that were not formally closed out in accordance with District procurement laws and regulations.

Principal causes of these conditions were:

- The CFSA did not have adequate policies and procedures in place to ensure proper maintenance of contract files and relevant supporting documents.
- The CFSA did not provide adequate oversight of the contract administration process.

As a result, we were unable to determine whether the CFSA actually received all contract deliverables and required reports were submitted timely. Further, these conditions increased the risk that eligible District residents were not receiving proper and adequate services in accordance with applicable District regulations and contract agreements.

We discuss these conditions in detail in the next section. Our recommendations to correct them begin on page 19.

Discussion

In this section, we discuss these four areas:

- Contract File Maintenance.
- Contractor Invoices and Payments.
- Closeout of Contract Files.
- Contract Monitoring.

Contract File Maintenance. We found that the CFSA had contract files that were either missing or incomplete. Of the 47 files from FYs 2007-2013 that we requested for review, the contract specialist was unable to locate 4 (9 percent) contract files. Further, the remaining

¹ Administrative controls consist of various policies, procedures, and other requirements that are established at an administrative level to promote compliance with applicable laws, regulations, and contract agreements.

² Deliverables are reports or items that must be completed and delivered under the terms of a contract or an agreement.

contract files did not have all required supporting documents, including receipt records for contract deliverables and copies of required reports. Two contract files contained misfiled documents for contracts excluded from our sample. Finally, we found that employees did not forward their files to the responsible supervisors as required. For example, four COs and six CAs left CFSA without forwarding their files to a supervisor.

These conditions were not in compliance with 27 DCMR § 1203.2,³ which prior to December 23, 2011, required the head of each District office performing contracting or contract administrative functions to maintain documentation in each contract file sufficient to constitute a complete history of the transaction. We discussed this condition with the CFSA current contracting officer who indicated that the missing or incomplete contract files occurred prior to her tenure. Also, the CO indicated that there was no need for retroactively locate the missing or incomplete files. As a result of inadequate contract file maintenance, the CFSA could not demonstrate compliance with applicable contract terms and District regulations.

To address the inadequate performance related to contract file maintenance, the CFSA should require a contracting officer (CO) to meet with the contractor and contract administrator (CA) on a quarterly basis to review all required reports and ensure the contractor complies with the terms and conditions of the contract. Additionally, the CFSA should require the CO to include copies of the minutes from quarterly annual evaluations in each contract file. Finally, the CFSA should ensure that all contract records are properly maintained in the agency contract files in order to facilitate a smooth transition of contracting responsibility when an employee resigns, retires, or transfers.

Contractor Invoices and Payments. We did not find copies of invoices in any of the 43 contract files reviewed. Subsequently, we requested copies of invoices, timesheets, and payment vouchers from CFSA's Fiscal Operations Administration (FOA). FOA provided invoices and payments for 35 of the 43 contracts (81 percent) in our sample for FYs 2007-2013. The invoices we received from the CFSA for four contracts did not list the contract number on the invoices, but listed an ID number.⁴ The ID number could not be linked to the contract number. FOA could not provide any of the requested documentation, or a reason for the lack of documentation for eight contracts. Consequently, we were unable to verify whether contractors submitted invoices in a timely manner and in accordance with contract requirements.

Due to the lack of documentation, we were unable to determine whether: (1) invoices were properly approved by responsible personnel for payment in accordance with the terms and conditions of the contract; (2) invoice amounts were accurate and verified by an appropriate staff member; and (3) line items on the invoices agreed with the unit prices stated in the contract. Overall, we could not determine whether the CFSA approved the contractor

³ We note that effective December 23, 2011, 27 DCMR § 1203 is reserved. Title 27 DCMR § 1204.1 currently requires the OCP Director to determine which documents should be included in the contract file, which must contain original, fully executed documents.

⁴ FOA maintains contract invoices by the contractor's name rather than by the contract number.

invoices for payment as prescribed in the contract and 27 DCMR § 1209.02(c). We discussed this condition with the responsible CFSA official who indicated that the Official provided all contractors' invoices in possession. The official was not aware of these missing invoices.

As a result of the lack of contractor invoices and payment information, the CFSA was unable to identify duplicate payments, refunds from overpayments, and other financial irregularities. Additionally, because of the lack of contractor invoices and payment information, the CFSA was unable to determine whether payments rendered were properly made within the contract time period for these eight contracts.

To address the inadequate performance related to contractor invoice and payment issues, the CFSA should develop and implement written policies and procedures that require CAs to provide copies of contract deliverables to the CPA for each contract file.

Closeout of Contract Files. We found that contracts had not been closed out and the CO did not prepare a statement documenting the completion of all required contractual actions as required by District regulations. Prior to December 23, 2011, 27 DCMR § 1204.6 required the CO to prepare a statement documenting the completion of all required contractual actions, and make this statement a part of the official contract file. Of the 43 contract files reviewed, we found that 25 (58 percent) of the contracts should have been closed out, and the CO did not prepare a statement documenting the completion of all required contractual actions.

Additionally, we found that the CFSA did not perform a contract closeout when it elected to terminate the contract or chose not to exercise a contract option year in accordance with Section G (Contract Administration). Pursuant to this provision, the contractor was required to complete and submit a contractor's closing statement as part of the closeout process. However, we found that only 12 of the 43 contracts (28 percent) reviewed included this contract closeout clause. None of the contracts where the CFSA declined to exercise a contract option year appeared to have a formal close-out with the required contractors' closing statements.

As a result of the CFSA not formally closing out a completed contract, there was no indication that District funds had been properly used to pay for all completed contract actions.

To address this condition, the CFSA should ensure the COs formally close out all completed contracts.

Contract Monitoring. We found that the CFSA did not have policies and procedures in place to monitor ongoing contracts. According to language in the contracts reviewed, "monitoring" involved: (1) accepting, reviewing, and maintaining reports or deliverables; (2) conducting quarterly and annual evaluations of contractor performance; and (3) performing site visits to ensure the contractor is complying with the requirements of the contract. We discuss each of these three items in the sections below.

Deliverables. We found that the CAs were unable to provide the contract deliverables⁵ for 34 of the 43 (79 percent) contracts reviewed. We requested CFSA's CAs to provide copies of the deliverables for the contracts under our review to determine whether the CFSA monitored the contractors' performance for compliance with contract requirements. The CAs were only able to provide a limited number of deliverables. As a result, we were unable to determine whether the contractors submitted all required reports in a timely manner.

Without proof that the CFSA received required contract deliverables, the CAs could not monitor and timely report potential and actual slippages in contract delivery schedules as required by 27 DCMR § 1209.2(f).

Performance Evaluations. We found that 9 out of 43 (21 percent) contract files did not contain documentation to substantiate contractor performance evaluations. CFSA contractual agreements specified the terms and conditions for performance evaluations in 19 of the 43 contracts reviewed (44 percent). During the performance of the contracts, service providers were required to meet quarterly/annually with their assigned CFSA CA.

The CA could only monitor contractors' performance through the submission of deliverables and periodic evaluations. In addition, Section G of the standard contract indicated that the CFSA Program Monitor (i.e., the CA) is responsible for: (1) performing quality assurance reviews; (2) verifying whether supplies or services conform to contract requirements; (3) implementing written instructions from the CO; (4) reporting deficiencies in performance to the CO; and (5) recommending necessary changes to contract specifications, instructions, and other requirements to the CO. We discussed this condition with the CFSA official who indicated that CFSA will prepare an agency wide policy prior to the end of the fiscal year 2015.

As a result of failing to document contractor performance, relevant information regarding a contractor's actions under previously awarded contracts could not be evaluated in future source selections.

Site Visits. We found that 17 out of 43 contracts (40 percent) specified the number of site visits the CFSA was to perform in order to assess contractor compliance.⁶ However, a lack of file documentation prohibited us from confirming that the CFSA conducted the number of site visits required for each of these 17 contracts.

These conditions were inconsistent with District regulations and stated CA responsibilities set forth in Section G (Contract Administration) of the standard contract. Title 27 DCMR § 1209.2(m) (eff. Dec. 23, 2011) required the CO/CA⁷ to monitor the contractor's compliance with specifications or other contractual requirements.

⁵ Contract deliverables are the results or outcomes required by the contract in relation to products or services.

⁶ CFSA CAs informed us that site visits were a requirement for all contracts.

⁷ Sections 1209.1 and .2 allow the CO to appoint and delegate certain duties to the CA.

Also, best practices suggested that site visits be routinely conducted at the contractor's place of business to assess compliance with contract requirements. At site visits, CAs should use an assessment tool to document findings, and the results should be compiled into a written report for review and comment to be shared with applicable staff members.

To address these three contract monitoring deficiencies, CFSA should:

- Develop and implement a policy for record maintenance and retention of contract files similar to its internal policy for case and investigative records.
- Implement management controls to ensure personnel consistently comply with District regulations and agency policies and procedures governing contract file administration.

Finding 2: Grant Management

Synopsis

The CFSA did not properly manage its grant operations. Our review of 19 grant files found instances of non-compliance with: (1) District laws and regulations governing grants; (2) reporting requirements and maintenance of grant deliverables; (3) record maintenance and retention policies; and (4) formal closeout procedures.

Principal causes of these conditions were:

- Grant monitors had not reviewed programs, functions, or activities to ensure adherence to grant agreements.
- Grantee records were not maintained to detail the significant history of the award.
- Grant files were not formally closed out.
- Grant monitors did not receive proper training.

As a result of the lack of accurate and complete records and ineffective monitoring, the CFSA could not ensure funds were disbursed only for authorized purposes. Without effective grant management, the CFSA could not ensure that District funds were distributed properly so that District residents could obtain the services stipulated in the grant agreements. Finally, without proper training, grant administration personnel could not efficiently and effectively discharge their responsibilities.

Our detailed discussion of these conditions begins on page 14. Our recommendations to correct them begin on page 19.

Background

The following information is provided as a foundation to understanding this finding.

Monitoring by Grantees. Title 29 DCMR §§ 8209.2 - .5 states:

Each grantee shall submit an annual performance report to Child and Family Services Agency unless the grant agreement requires more frequent reports[;]

The grantee's final performance report shall be due ninety (90) days after the expiration or termination of grant support[;]

The Grant Officer may waive the requirement for any performance report which is not needed, except the final report[; and]

The content of performance reports shall conform to any instructions issued by the Grant Officer including, to the extent appropriate to the particular grant, a brief presentation of the following for each program, function, or activity involved:

- (a) A comparison of actual accomplishments to the established goals for the period;
- (b) A statement of reasons why established goals are not being met;
- (c) An analysis and explanation of unexpectedly high costs; and
- (d) Any other pertinent information.

Best Practices in Grant Accountability. According to the Guide to opportunities for Improving Grant Accountability,⁸ effective management controls over grants administration include: (1) establishing appropriate policies and procedures to guide staff before issuing grants; (2) consolidating relevant records to assist in managing grants; (3) providing grant management training to staff and grantees; (4) assessing grantee capability to account for funds; (5) preparing work plans to provide a framework for grant accountability; (6) including clear terms and conditions in grant award documents; (7) monitoring the financial status of grants; (8) ensuring results through performance monitoring; (9) using audits to provide valuable information about grantees; (10) providing evidence of program success; and (11) identifying ways to improve grant administration.

⁸ In October 2005, the Domestic Working Group published the *Guide to Opportunities for Improving Grant Accountability*. Chaired by the Comptroller General of the United States, the Domestic Working Group was formed for the purpose of identifying current and emerging challenges of mutual interest to federal, state, and local audit organizations and to explore opportunities for greater collaboration within the intergovernmental audit community.

Discussion

In this section, we discuss these four areas:

- Monitoring of Agreed-to-Services.
- Maintenance of Grant Files.
- Formal Closeout Procedures.
- Training of Grant Monitors.

Monitoring of Agreed-to-Services. We found that the CFSA was not adequately monitoring agreed-to-services. Specifically, we found that grant monitors had neither ensured grantees adhered to the terms of the grant agreement nor evaluated the activities of each grantee. Additionally, we found that grant files did not include all required deliverables and supporting documentation. Table 2, presented below, summarizes the conditions discussed on the following pages.

Table 2. Attribute Sheet of Grant Deliverables

Deliverables Attribute Sheet										
#	Grant Number	Agreed-to-Service	# of Evaluations in File	Mandatory # of Evaluations	# of Invoices in File	Supporting Documents	Correct # of Invoices	Site Visits	Meeting Minutes	Final Close Out Report
1	CPSA-7-G-0001	Parent-Teen Conflict Resolution and Respite Care Services	4	1	3	Yes	13	0	6	No
2	CPSA-7-G-0002	Health care, education and social services	3	1	3	No	12	0	0	No
3	CPSA-7-G-0003	Court Appointed Special Advocates/Mentors to youth	0	1	0	No	1	0	0	Yes
4	CPSA-8-G-0001	Case Management, Volunteer Management, Volunteer Training and outreach activities	0	0	0	No	0	0	0	No
5	CPSA-8-G-0009	Health care, education and social services	0	2	0	No	7	0	0	No
6	CPSA-8-G-0017	Bilingual and culturally sensitive services	0	0	0	No	0	0	0	No
7	CPSA-9-G-0004	Adoption Services	0	0	0	No	0	0	0	No
8	CPSA-9-G-0010	To assist child welfare systems to create, design and manage organizational change that results in improved practice and outcomes for children and their families	0	0	0	No	0	0	0	No
9	CPSA-10-G-0002	Adoption Services	0	0	0	No	0	0	0	No
10	CPSA-10-G-0004	Volunteer Mentor Services for children	0	0	0	No	0	0	0	N/A
11	CPSA-10-G-0006	Provide Urgent housing solutions for eligible individuals and families	0	2	8	No	9	0	0	No
12	CPSA-10-G-0009	Parenting, Education and Support for families	0	0	0	No	0	0	0	No
13	CPSA-10-G-0010	Parenting Education and Support	0	1	0	No	4	0	0	Yes
14	CPSA-10-G-0005	Mentoring Services	0	4	0	No	0	0	0	No
15	CPSA-10-G-0007	Mentoring Services	0	4	1	No	0	0	0	No
16	CPSA-10-G-0008	Citizen Review Panel	6	4	2	No	4	0	0	No
17	DCRL-2012-U-0066	Summer Programs	0	1	1	No	1	0	0	No
18	CPSA-08-G-0008	Mandated Reporter Online Training	0	0	4	No	4	0	0	N/A
19	DCRL-2012-U1-0062	Coordinator and Facilitation Services	0	0	0	No	0	0	0	N/A

We were unable to find evidence in grant files that grant monitors had reviewed programs, functions, or activities to ensure grantees adhered to terms of the grant agreements. We found that the grant monitors maintained all grant reports and deliverables at their desks, but did not submit copies of these documents to the CPA for inclusion in the grant files. We requested deliverables from grant monitors and were given documentation for 1 of the 19 (5 percent) grants reviewed. The CFSA could not locate and submit the deliverables for the remaining 18 grants.

Grant monitors did not adequately monitor grantees to ensure compliance with grant requirements and applicable law. For example, if a grantee was awarded a grant to provide counseling services to at-risk children, the CFSA did not adhere to the requirement of its grant policy or OPGS Citywide Grants Manual and Sourcebook for determining whether the grantee satisfactorily rendered the required counseling services.

Grant monitors failed to properly evaluate the activities of each grantee as required by the CFSA. Only 3 of 19 (16 percent) grantees received the proper number of evaluations from CFSA's grant monitors. None of the 19 files contained evidence that grant monitors conducted site visits. Only one grantee file contained meeting minutes. Further, we found that only one grantee file contained appropriate supporting documentation to facilitate evaluation of that grantee's performance.

Grant files did not include the required deliverables in 18 of the 19 (95 percent) grant files reviewed. According to CFSA's standard grant agreement, grantees were required to submit deliverables (e.g., program reports, meeting minutes, financial invoices, narrative reports, and evaluations) monthly, quarterly, and annually to help grant monitors assess grantee performance with agreed-to-services.

We found that none of the 19 grant files included all required supporting documentation. Our review included determining whether each grantee followed requirements specified in its respective grant agreement; reviewing submitted invoices, required evaluations, and final close-out reports; and reviewing records of site visits conducted and scheduled meetings. According to the grant agreements, each grantee must maintain monthly program reports, financial invoices with supporting documentation, minutes of meetings with the CFSA, and records of site visits.

A review of each file indicated that the grant deliverables were not being submitted and maintained. Without these deliverables, grant monitors could not determine whether the grantees complied with the agreed-to-services requirements stipulated in the grant agreements. In addition, the CFSA did not consistently use an independent verification process, such as site visits, to ascertain whether the required services were actually provided or performed. We discussed this condition with the CFSA official who indicated that CFSA will develop and implement training policies and procedures for all grant monitors prior to the end of the fiscal year 2015.

As a result of inadequate grant monitoring, we could not determine whether the District received all agreed-to services detailed in the Notice of Grant Awards. Additionally, as a result of not retaining deliverables in the grant files,⁹ the CFSA could not demonstrate compliance with applicable grant terms and District regulations. The CFSA was unable to provide assurance that its clients actually received the agreed-to services from the grantees.

To address the inadequate performance related to monitoring of agreed-to-services, the CFSA should conduct regular oversight activities that include periodic assessments of grants operations in accordance with applicable regulations, policies, and procedures.

Maintenance of Grant Files. We found that for the 3-year period following grant closeout, the CFSA did not maintain the required grantee records for 18 of the 19 (95 percent) grants. Specifically, we found that:

- official records of awarded grants were not properly maintained;
-
- monthly reports were missing from all grant files reviewed;
- invoices were missing from 13 (68 percent) grant files;
- the CFSA maintained two separate files for deliverables submitted by the grantee, neither of which contained full supporting documentation; and
- 17 (89 percent) grantees files did not contain the required close-out reports.

Section 5.5 (Records and Disputes) of the OPGS Citywide Grants Manual and Sourcebook requires the agency to maintain records sufficient to detail the significant history of each award. Where applicable, these records must include, at least, the following documents: solicitations; evaluation criteria and materials; rationale for the method of the award; selection of agreement type; grantee selection or rejection; and the basis for the award amount. In addition, the manual requires the agency to maintain these records for a period of 3 years or the time required by applicable law, regulation, or agreement, whichever is greater. We discussed this condition with the CFSA official who indicated that CFSA will assign an employee to perform quarterly assessments of grant monitors to ensure they are complying with District regulations and agency policies and procedures for grants prior to the end of the fiscal year 2015.

As a result, the CFSA did not comply with District regulations governing the retention and availability of grant records for effective monitoring of grants and audit by authorized District officials.

⁹ According to grant monitors we interviewed, the CFSA received the deliverables that were missing from the files; they just could not locate the documents.

To address the inadequate performance related to maintaining grant files, the CFSA should implement record keeping procedures that require grant monitors to monitor grant deliverables, closeout reports, invoices, and other files maintained by the CPA.

Formal Closeout Procedures. We found that the CFSA did not formally close out grant files for grants awarded during FYs 2007-2013. Of the randomly selected 19 grants (totaling \$1.4 million) reviewed, grant monitors did not properly ensure that a timely final closeout report of grant activities was submitted for 14 (74 percent) grants.

According to 29 DCMR § 8212.1, the Grant Officer is required to “close-out the grant when he or she determines that all applicable administrative actions and all required work of the grant have been completed.” Further, 29 DCMR § 8212.3 requires the grantee to submit all financial, performance, and other reports required within 90 days after expiration of the grant. We found that CFSA grant monitors failed to ensure that grantees submitted all required reports at grant close-out. Also, the CFSA did not abide by the grant agreements that contained a clause on how to properly close out a grant.

The CFSA provided required closeout reports for only 2 of the 19 (11 percent) grants. Our review of the two reports indicated that one report was incomplete because it did not include sufficient documentation to verify incurred expenses. We discussed this condition with the CFSA official who indicated that CFSA will assign an employee to perform quarterly assessments of grant monitors to ensure they are complying with District regulations and agency policies and procedures for grants prior to the end of the fiscal year 2015.

As a result of the absence of required grantee records, grant monitors could not reliably determine whether grant activities were actually and effectively performed in accordance with grant agreements. Additionally, because the CFSA did not maintain closeout reports and closing statements in grant files, the CFSA could not demonstrate compliance with District regulations on proper close-out of grants nor provide assurance that grant funds were properly used for intended purposes.

To address the inadequate performance related to formal grant closeout procedures, the CFSA should ensure grant monitors efficiently and effectively close out grants as required by 29 DCMR § 8212.

Training of Grant Monitors. We found that the CFSA did not properly train grant monitors in grant administration. The CFSA had a total of seven grant monitors. Four monitors did not receive grant training. The remaining three monitors received training that was not specific to grant administration. Additionally, none of the seven grant monitors were aware of CFSA’s grant-making policy (effective Mar. 5, 2010) or the OPGS Citywide Grants Manual and Sourcebook.

Best practices suggest that providing regular training to grant monitors can increase their understanding of the grant life cycle; emphasize the necessity for providing effective oversight after grant money is awarded; and ensure grant monitors continuously look for

specific grant fraud indicators. We discussed this condition with the CFSA official who indicated that CFSA will develop and implement training policies and procedures for all grant monitors prior to the end of the fiscal year 2015.

As a result of a lack of grant training, grant monitors did not have opportunities to discuss common questions and problem areas they experience with grant administration. By offering annual grants training to grant monitors, the CFSA would help reinforce administrative, financial, and programmatic requirements for the types of grants awarded and ensure that grant-related activities are properly monitored and controlled.

The grant monitors should be required to take annual grants training that covers financial and programmatic requirements, and fraud awareness.

To address the inadequate training for grant monitors, the CFSA should develop formal policies and procedures to ensure that grant monitors receive proper grants management training.

Recommendations and Comments

Recommendation 1

We recommend that the Director, CFSA:

Require the contracting officer to meet with the contractor and contract administrator quarterly to review all required reports and ensure the contractor is in compliance with the terms and conditions of the contract.

CFSA Response

The CFSA disagreed with this recommendation, stating that the agency uses the District-wide Contractor Performance program known as the e-VAL system for contracts that are not specifically monitored by the Contracts and Monitoring Division (CMD). The e-VAL system is an email driven Contractor Performance Evaluation program. Evaluations are performed by contract administrators and approved by the Contracting Officer. Contract administrators are required to complete Quarterly Certification Management (QCM) letters every 90 days from the date of contract award, which documents completion of all monitoring and oversight responsibilities.

Upon review of the QCM letter, if the contract officer notices an area of concern, the CFSA issues a notice to show cause. The e-VAL database contains completed evaluations and enables custom searches for all stakeholders. In addition, these interfaces for monitoring the Family Based contracts, Congregate Care contacts, and the Collaboratives are being performed on a quarterly basis.

OIG Comment

CFSA's comments appear to meet the intent of this recommendation. The CFSA indicated that the e-VAL system addresses our recommendation. During the audit engagement, the CFSA did not provide the contract files containing any evaluations. Additionally, we were made aware of the e-VAL database subsequent to the conclusion of our audit work.

Recommendation 2

We recommend that the Director, CFSA:

Require the contracting officer to include copies of the minutes from quarterly and annual evaluations in each contract file.

CFSA Response

The CFSA disagreed with this recommendation because evaluations are stored in the e-VAL system. Moreover, the CFSA asserted that all of the information for quarterly reviews is already contained within the e-VAL system.

OIG Comment

While CFSA's comments appear to meet the intent of this recommendation, we could not verify whether the e-VAL system contained evaluations during the course of the audit.

Recommendation 3

We recommend that the Director, CFSA:

Ensure that all contract records are properly maintained in agency contract files to facilitate a smooth transition of contracting responsibility in the event that an employee resigns, retires, or transfers to another program.

CFSA Response

The CFSA disagreed with this recommendation, stating that all contract files are maintained in the CPA central file room, which is secure. Additionally, all old, closed, or expired files are centrally located in a locked room.

OIG Comment

CFSA's comments are not responsive to this recommendation, which focuses on the maintenance of documentation within contract files. With regard to file storage, we found that the CFSA does not have a system in place to document when staff removes and returns contract files to their secured central file room. This condition indicates that the CFSA has weak controls over contract file maintenance and that CFSA's current recordkeeping system is not functioning effectively.

Recommendation 4

We recommend that the Director, CFSA:

Develop and implement written policies and procedures requiring contract administrators to provide copies of contract deliverables to the Contracting and Procurement Administration for each contract file.

CFSA Response

The CFSA agreed with this recommendation and will prepare an agency-wide policy prior to the end of FY 2015, where the agency will begin to perform annual audits for

deliverables provided to contract administrators. However, the CPA does not and will not require Contract Administrators to provide copies of deliverables to maintain in the contract file. Each Contract Administrator is trained and required to maintain individual files as opposed to placing them with the CPA. This accountability procedure will be reinforced in the written policy and in training.

OIG Comment

Action taken by the CFSA is responsive and meets the intent of the recommendation.

Recommendation 5

We recommend that the Director, CFSA:

Implement a policy for record maintenance and retention of contract files similar to the internal policy for case and investigative records.

CFSA Response

The CFSA disagreed with this recommendation, stating that the agency follows the District of Columbia government record retention policy, which is separate and distinct from abuse and neglect file case records.

OIG Comment

We consider this comment responsive to our audit recommendations. However, to enhance its internal controls, the CFSA could use this same policy for contract records to strengthen controls over record maintenance and retention.

As stated in our audit findings, the CFSA lacked effective controls to ensure proper maintenance of required supporting documents and record retention practices of its contract files. The CFSA was unable to provide all of the files we requested for review. In the files we reviewed, there were missing documents that were required and/or specified in the contract agreement.

The CFSA has an existing internal policy for case and investigative records that requires staff to retain the records for 5 years and supervisors obtain case records before any employee ends his/her tenure with the CFSA and ensure all record documentation is appropriate, the record is closed in FACES, and account for all records; and (4) supervisors must transfer the closed file to the CFSA's Central Filing Unit.

Recommendation 6

We recommend that the Director, CFSA:

Ensure that the contracting officer formally closes out all completed contracts.

CFSA Response

The CFSA disagreed with this recommendation because this is no longer required under 27 DCMR § 1209. However, the CFSA does maintain copies of emails or other correspondence indicating that the contract is no longer active in each file.

OIG Comment

We consider this comment responsive to our audit recommendations, however internal controls could be strengthened to assist the CFSA in its maintenance of its contract files. As noted in the draft report, a contract closeout is no longer a requirement for the CFSA as of December 23, 2011. However, during FYs 2007-2011, the closeout regulations were in effect and we identified 25 contracts that should have been closed out during that timeframe. In addition, 12 of these contracts contained a closeout clause but none of those contracts were formally closed out with the required contractors' closing statements.

The CFSA contends that the CPA maintains copies of emails or other correspondence indicating that the contract is no longer active; however, the contract files we reviewed did not contain this evidence.

Notwithstanding the change in 27 DCMR § 1209, we believe a closeout memorandum will provide the CFSA with assurance that the actual services requested by the District were received, inspected, and verified for full compliance with the contract agreement, and reduce the opportunity for malfeasance.

Recommendation 7

We recommend that the Director, CFSA:

Implement management controls to ensure that CFSA personnel consistently comply with District regulations and agency policies and procedures governing contract file administration in order to facilitate effective monitoring of all contracts and efficient contract records management.

CFSA Response

CFSA disagreed with this recommendation as this control is a part of the e-VAL system and part of the required training provided to each Contract Administrator. However, the CPA will add an additional control when it implements an audit prior to

the end of FY 2015 to ensure that Contract Administrators are effectively monitoring the contracts.

OIG Comment

While CFSA’s comments appear to meet the intent of this recommendation, we could not verify whether the e-VAL system will fix the ineffective monitoring of contracts as we were made aware of the e-VAL database subsequent to the conclusion of our audit work.

Recommendation 8

We recommend that the Director, CFSA:

Develop formal training policies and procedures to ensure that all grant monitors receive proper grants management training.

CFSA Response

The CFSA agreed with the recommendation and will implement training policies and procedures for all grant monitors prior to the end of FY 2015.

OIG Comment

Action taken by the CFSA is responsive and meets the intent of the recommendation.

Recommendation 9

We recommend that the Director, CFSA:

Conduct regular oversight activities that include periodic assessments of grant operations to ensure grant monitors comply with District regulations and agency policies and procedures relating to grants administration.

CFSA Response

The CFSA agreed with the recommendation and will assign an employee to perform quarterly assessments of grant monitors to ensure they are complying with District regulations and agency policies and procedures for grants prior to the end of FY 2015.

OIG Comment

Action taken by the CFSA is responsive and meets the intent of the recommendation.

RECOMMENDATION 10

We recommend that the Director, CFSA:

Ensure that grant monitors efficiently and effectively close out grants as required by 29 DCMR § 8212.

CFSA Response

The CFSA agreed with the recommendation and will train grant monitors to be in compliance with this regulation when it implements the aforementioned training sessions prior to the end of FY 2015.

OIG Comment

Action taken by the CFSA is responsive and meets the intent of the recommendation.

Recommendation 11

We recommend that the Director, CFSA:

Implement recordkeeping procedures requiring grant monitors to include grant deliverables, closeout reports, invoices, and other required records in the grant files maintained by the CPA.

CFSA Response

The CFSA agreed with the recommendation, and the same will be implemented when the agency's policies and procedures commence prior to the end of FY 2015.

OIG Comment

Action taken by the CFSA is responsive and meets the intent of the recommendation.

Appendix A – Summary of Audit Findings and Recommendations

Audit Objective	Sub-Finding	Recommendation	Description of Benefit	Amount and Type of Benefit	Estimated Completion Date	Status ¹⁰
Audit Objective (1): To determine whether the CFSA adequately managed controls over business operations, including payments to vendors and providers, grant funds, and financial transactions.	Contract Monitoring. <i>The CFSA did not provide adequate contract records management.</i>	(1) Require the contracting officer to meet with the contractor and contract administrator quarterly to review all required reports and ensure the contractor complies with the terms and conditions of the contract.	Compliance and Internal Controls. Ensures the contractor performs to the terms and conditions of the contract agreement.	Non-Monetary	TBD	Open
Audit Objective (1) Continued	Contract Monitoring. <i>The CFSA did not properly maintain deliverables and supporting contract documentation.</i>	(2) Require the contracting officer to include copies of the minutes from quarterly and annual evaluations in each contract file.	Compliance and Internal Controls. Provides a mechanism to ensure evaluations occur in accordance with contract requirements.	Non-Monetary	TBD	Open

¹⁰ This column provides the status of a recommendation as of the report date. For final reports, “**Open**” means management and the OIG are in agreement on the action to be taken, but action is not complete. “**Closed**” means management has advised that the action necessary to correct the condition is complete. If a completion date was not provided, the date of management’s response is used. “**Unresolved**” means that management has neither agreed to take the recommended action nor proposed satisfactory alternative actions to correct the condition.

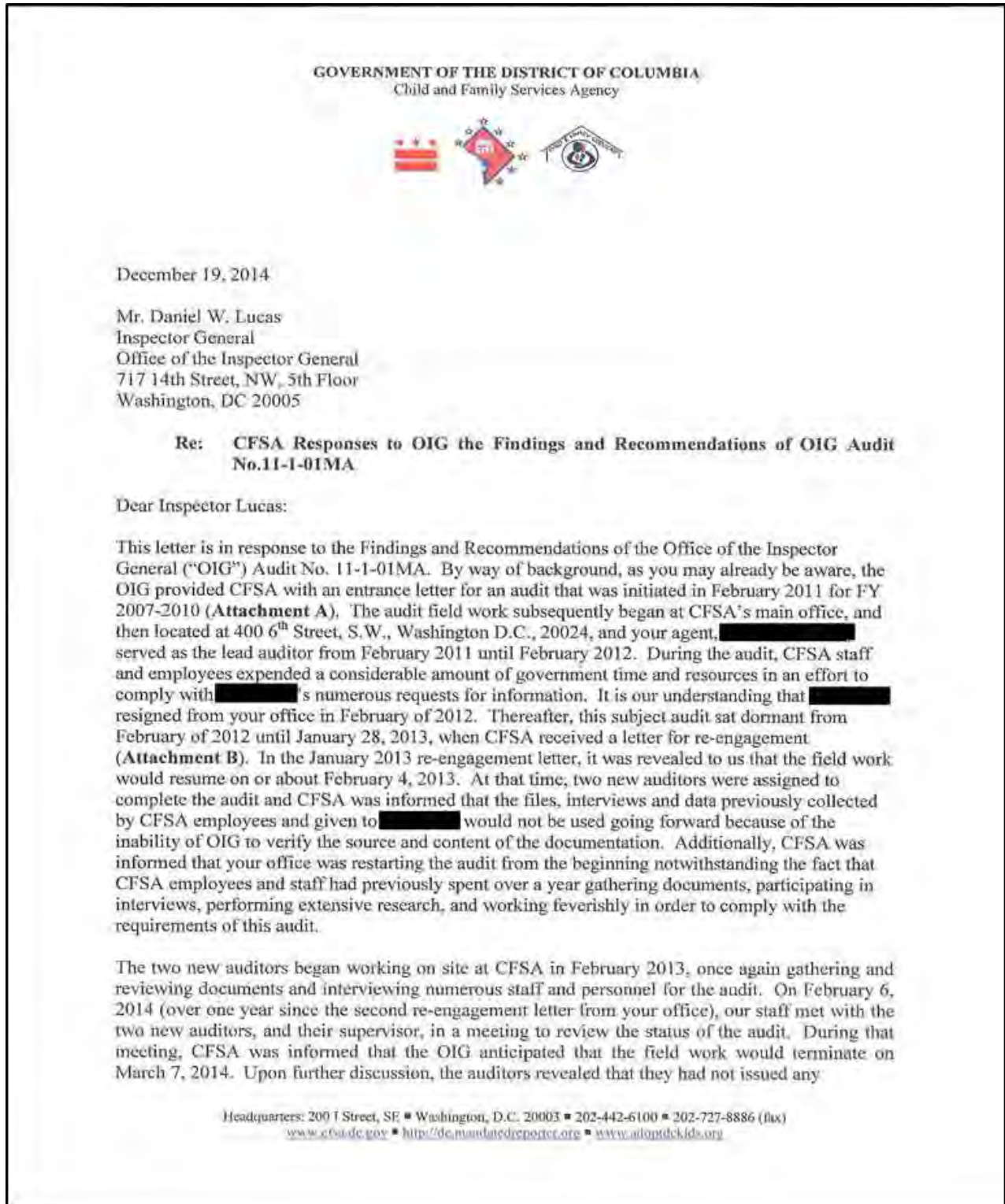
Audit Objective	Sub-Finding	Recommendation	Description of Benefit	Amount and Type of Benefit	Estimated Completion Date	Status ¹⁰
Audit Objective (1) Continued	Contract File Maintenance. <i>The CFSA did not provide adequate contract records management.</i>	(3) Ensure that all contract records are properly maintained in the agency contract files to facilitate a smooth transition of contracting responsibility if an employee resigns, retires, or transfers to another program.	Compliance. Provides assurance that the CFSA adheres to established policies and procedures for contract file maintenance.	Non-Monetary	TBD	Open
Audit Objective (1) Continued	Contract Monitoring. <i>The CFSA did not properly maintain deliverables and supporting contract documentation.</i>	4) Develop and implement written policies and procedures requiring contract administrators to provide copies of contract deliverables to the Contracting and Procurement Administration for each contract file.	Compliance and Internal Controls. Provides a mechanism to ensure evaluations occur in accordance with contract requirements.	Non-Monetary	TBD	Open
Audit Objective (1) Continued	Contract Monitoring. <i>The CFSA did not properly maintain deliverables and supporting contract documentation.</i>	(5) Implement a policy for record maintenance and retention of contract files similar to the internal policy for case and investigative records.	Compliance and Internal Controls. Ensures adequate record maintenance and that records are readily accessible for inspection, oversight, and review.	Non-Monetary	TBD	Open

Audit Objective	Sub-Finding	Recommendation	Description of Benefit	Amount and Type of Benefit	Estimated Completion Date	Status ¹⁰
Audit Objective (1) Continued	Closeout of Contract Files. <i>The CFSA did not formally close out contracts in accordance with District procurement laws and regulations.</i>	(6) Ensure that the contracting officer formally and effectively closes out all completed contracts.	Compliance. Provides assurance that contracts are closed out in accordance with District laws and regulations.	Non-Monetary	TBD	Open
Audit Objective (1) Continued	Contract Monitoring. <i>The CFSA did not provide adequate contract records management.</i>	(7) Implement management controls to ensure that CFSA personnel consistently comply with District regulations and agency policies and procedures governing contract file administration in order to facilitate effective monitoring of all contracts and efficient contract records management.	Compliance and Internal Controls. Ensures that the CFSA adheres to record retention and maintenance regulations.	Non-Monetary	TBD	Open
Audit Objective (1) Continued	Training of Grant Monitors. <i>The CFSA did not train grant monitors to properly manage grant operations.</i>	(8) Develop formal training policies and procedures to ensure that all grant monitors receive proper grants management training.	Internal Controls. Ensures grant monitors receive adequate grants management training.	Non-Monetary	TBD	Open

Audit Objective	Sub-Finding	Recommendation	Description of Benefit	Amount and Type of Benefit	Estimated Completion Date	Status ¹⁰
Audit Objective (1) Continued	Monitoring of Agreed-to-Services. <i>The CFSA did not comply with District laws and regulations governing grants.</i>	(9) Conduct regular oversight activities that include periodic assessments of grant operations to ensure grant monitors comply with District regulations and agency policies and procedures relating to grants administration.	Compliance. Ensures grant monitors comply with District regulations and agency policies and procedures for grant operations and administration.	Non-Monetary	TBD	Open
Audit Objective (1) Continued	Formal Closeout Procedures. <i>The CFSA did not perform formal grant closeout procedures.</i>	(10) Ensure that grant monitors efficiently and effectively close out grants as required by 29 DCMR § 8212.	Compliance. Provides assurance that grants are closed out in accordance with District laws and regulations.	Non-Monetary	TBD	Open
Audit Objective (1) Continued	Maintenance of Grant Files. <i>The CFSA did not monitor agency compliance with reporting requirements and maintenance of grant deliverables.</i>	(11) Implement recordkeeping procedures requiring grant monitors to include grant deliverables, closeout reports, invoices, and other required records in the grant files maintained by the CPA.	Compliance and Internal Controls. Provides a control mechanism to prevent lost and missing grant documentation.	Non-Monetary	TBD	Open

Appendix B – Correspondence

CFSA’s Response to the Draft Audit Report



Management Alert Reports, Management Implication Reports, or Fraud Alert reports, nor had there been any completed interim findings. Moreover, no allegations existed that CFSA, its employees and/or staff contributed to the delay in the finalization and completion of this audit. However, later that same day, OIG advised CFSA of the decision to expand the scope of this audit for an additional three years (FY 2007-2010 adding FY 2010-2013) (Attachment C). CFSA inquired as to the reason for the expanded audit and did not believe the same was necessary especially given that the audit field work at CFSA had languished for three years (2011-2014) due to no fault of CFSA.

Despite CFSA's noted objections, the OIG decided to expand the audit for the three additional years (FY 2010-2013). The auditors completed the field work on July 11, 2014, and a draft report including findings and recommendations was provided to CFSA on October 30, 2014¹. During the exit interview with the auditors, CFSA staff specifically asked for clarifying information regarding some of the findings in the draft report; however we have not received the requested information to date.²

Given that CFSA's request for clarifying information remains unanswered, CFSA continues to take issue with several items of significance that are listed in the draft report. For instance, the Findings and Recommendations for the "Contract Administration" do not identify the specific unit to which the recommendations apply. The auditors performed field work in both the "Contracts and Procurement Administration" and the "Contracts and Monitoring Division" of CFSA, yet the draft report reflects Findings and Recommendations for the "Contract Administration". Please note that the Contracts and Procurement Administration (CPA) partners with CFSA program areas to purchase quality goods and services in a timely manner at a reasonable cost while ensuring that all purchasing actions are conducted fairly and impartially consistent with procurement laws and practices. CPA does not perform any direct contract administration functions. Contract Administration functions are performed by individuals within various program areas in CFSA and the Contracts Monitoring Division (CMD). CMD is primarily responsible to assure that congregate and family based private agency providers, Collaboratives, and home licensing providers contracted with CFSA meet regulatory requirements and are consistently accountable to achieving the contracted agency and federal outcomes related to safety, well-being, and permanency for children. The findings in the report are ambiguous in that they do not distinguish between the functions of the Contracts and Procurement Administration and the Contracts Administration activities performed by CMD and other individuals within CFSA and therefore the recommendations are not helpful to CFSA going forward.

As you will see in the responses below, some additional findings and recommendations in the report were not always specific and even ambiguous at times, nevertheless, CFSA made its best effort to respond to the audit accordingly. As such, it is requested that CFSA's response be incorporated by reference, in its entirety, into the Final Audit report that is released to the public.

¹ It must be noted that the recommendations garnered from the audit specifically state that they have no monetary benefit.

² The audit states on page 9 that the contract specialist could not locate 4 contract files. However, the Agency Contracting Officer disputes this finding and states that all contracts were provided to the auditors except for three files. The first file never developed into a contract as the request was cancelled and the other two files were transferred to a sister agency for implementation. The auditors were provided with all of this information at the time of the request. The audit states on page 6, each of the 43 files reviewed were missing required supporting documentation. The supporting documentation referenced in the report are documents that are maintained by each Contract Administrator and not maintained in the contract files housed in CPA.

RECOMMENDATIONS

Contract Administration

1. Require the contracting officer to meet with the contractor and contract administrator quarterly to review all required reports and ensure the contractor is in compliance with the terms and condition of the contract.

The Contract and Procurement Administration does not agree with this recommendation because CFSA uses the District wide Contractor Performance program known as e-VAL for those contracts that are not specifically monitored by the CMD. e-VAL is an e-mail driven Contractor Performance Evaluation program. Evaluations are performed by Contract Administrators and approved by the Contracting Officer. The e-VAL database contains completed evaluations and enables custom searches for all stakeholders. In addition to the annual evaluation, the Contract Administrators complete a Quarterly Certification Management (QCM) Letter. The QCM is a document that the Contract Administrators are required to complete every 90-days from the date of a contract award. The QCM documents that the Contract Administrator has faithfully completed all monitoring and oversight responsibilities, and communicated with the Contract Officer as necessary for the preceding period. The purpose of the QCM is to reinforce the roles and responsibilities of the Contract Administrator and prompt the Contract Administrator to address lingering issues and communicate with the Contract Officer as needed. Completion of the QCM minimizes the District's risk exposure and serves as a management control and evidence for audit purposes. The QCMs are executed by both the Contract Administrator and the Contract Officer on a quarterly basis from the execution of the contract. Once the Contract Officer reviews the evaluation and notices that there might be areas of concern a notice to show cause is issued for an appropriate response.

The Contracts Monitoring Division does not agree with this recommendation because these interfaces for monitoring the Family Based contracts, Congregate Care contracts and Collaboratives and the same are already being performed on a quarterly basis.

2. Require the contracting officer to include copies of the minutes from quarterly and annual evaluations in each contract file.

The Contract and Procurement Administration does not agree with this recommendation because evaluations are stored in the e-VAL system. Moreover, all of the information for quarterly reviews is already contained within the e-VAL system.

The Contracts Monitoring Division does not agree with this recommendation as the specific contracts monitored by this area in CFSA do not require minutes when performing quarterly and annual evaluations. Moreover, no added benefit will occur that will better assess contract compliance than the quarterly and annual evaluations that are already monitored and placed in the appropriate file.

OIG Note: Ordering of the Recommendations in CFSA's response were changed in the final report to enhance comprehension.

3. Ensure that all contract records are properly maintained in agency contract files to facilitate a smooth transition of contracting responsibility in the event that an employee resigns, retires, or transfers to another program.

The Contract and Procurement Administration does not agree with this recommendation as all of the files are maintained in the CPA central file room which is secure. Additionally, all old/closed/expired files are in a locked room on the 3rd floor of the Agency.

The Contracts Monitoring Division does not agree with this recommendation because all of the files are centrally located.

4. Develop and implement written policies and procedures requiring contract administrators to provide contract deliverables to the Contracting and Procurement Administration for each contract file.

The Contract and Procurement Administration and the Contracts Monitoring Division agrees with this recommendation and will prepare an agency wide policy prior to the end of fiscal year 2015 where it will begin to perform annual audits for deliverables provided to contract administrators. However, the CPA does not and will not require Contract Administrators to provide copies of deliverables to maintain in the contract file. Each Contract Administrator is trained and required to maintain individual files as opposed to placing them with the Contract and Procurement Administration. This accountability will be reinforced in the written policy and in training.

5. Implement a policy for record maintenance and retention of contract files similar to the internal policy for case and investigative records.

The Contract and Procurement Administration along with the Contracts Monitoring Division disagrees with this recommendation as CFSA follows the record retention policy followed by the District of Columbia. This policy is separate and distinct from abuse and neglect file case records.

6. Ensure that the contracting officer formally and effectively closes out all completed contracts.

The Contract and Procurement Administration does not agree with this recommendation as this is no longer required under 27 DCMR § 1209. However, CPA does maintain copies of emails or other correspondence indicating that the contract is no longer active in each file. This recommendation does not appear to be written for the Contracts Monitoring Division.

7. Implement management controls to ensure that CFSA personnel consistently comply with District regulations and agency policies and procedures governing contract file administration in order to facilitate effective monitoring of all contracts and efficient contract records management.

The Contract and Procurement Administration does not agree with this recommendation as this control is part of the e-VAL system and part of the training provided to Contract Administrators from the D.C. Office of Contracting and Procurement. Each individual assigned as a Contract Administrator is required to attend this training. However, the CPA will add an additional control when it implements an audit, as described above, prior to the end of fiscal year 2015 to ensure that the Contract Administrators are effectively monitoring the contracts.

The Contracts Monitoring Division (CMD) does not agree with this recommendation as it currently adheres to monitoring standards pursuant to District of Columbia regulations.

Grant Administration

8. Develop formal training policies and procedures to ensure that all grant monitors receive proper grants management training.

The Grants unit at CFSA agrees to this recommendation and will implement training policies and procedures for all grant monitors prior to the end of fiscal year 2015.

9. Conduct regular oversight activities that include periodic assessments of grant operations to ensure grant monitors comply with District regulations and agency policies and procedures relating to grants administration.

The Grants unit at CFSA agrees to this recommendation and it will assign an employee to perform quarterly assessments of grant monitors to ensure they are complying with District regulations and agency policies and procedures for grants prior to the end of fiscal year 2015.

10. Ensure that grant monitors efficiently and effectively close out grants as required by 29 DCMR § 8212.

The Grants unit at CFSA agrees to this recommendation and will train grant monitors to be in compliance with this regulation when it implements the aforementioned training sessions prior to the end of fiscal year 2015.

11. Implement recordkeeping procedures requiring grant monitors to include grant deliverables, closeout reports, invoices and other required records in the grant files maintained by the CPA.

The Grants unit at CFSA agrees to this recommendation and the same will be implemented when the agency's policies and procedures commence prior to the end of fiscal year 2015.

Sincerely,



Brenda Donald
Director
Child and Family Services Agency

OIG's Initial Engagement Letter to CFSA

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General



Inspector General

January 12, 2011

Roque R. Gerald, Psy.D.
Director
Child and Family Services Agency
400 6th Street, S.W., 5th Floor
Washington, D.C. 20024

Dear Dr. Gerald:

The purpose of this letter is to inform you that the Office of the Inspector General (OIG) plans to conduct an audit of the Management of Financial Operations at the Child and Family Services Agency (CFSA). We are conducting this audit at the request of Councilmember Tommy Wells to review CFSA's management of District funds awarded to subgrantees. This audit will be conducted under project code OIG No. 11-1-01MA. Please reference this project code in correspondence involving this audit. Our preliminary fieldwork will begin on or about February 14, 2011.

Our audit objectives are to determine whether CFSA: (1) adequately managed controls over business operations, including payments to vendors and providers, grant funds, and financial transactions; (2) effectively processed and managed Medicaid claims; and (3) implemented internal controls to safeguard against fraud, waste, and abuse.

[REDACTED] Director of General Audits, will call to arrange an entrance conference to discuss the audit process, the audit objectives, and to answer any questions that you may have. Should you have questions in the interim, please contact me or [REDACTED] Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

Charles J. Willoughby
Inspector General

CSW/tda

Enclosure

cc: Mr. Allen Y. Lew, City Administrator
The Honorable Kwame R. Brown, Chairman, Council of the District of Columbia
The Honorable Mary M. Cheh, Chairperson, Committee on Government Operations and the Environment, Council of the District of Columbia
The Honorable Tommy Wells, Chairperson, Committee on Human Services
Ms. Deborah K. Nichols, D.C. Auditor

717 14th Street, N.W., Washington, D.C. 20005 (202) 727-2540

OIG's Re-Engagement Letter to CFSA

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

★ ★ ★
██████████
██████████

Inspector General

January 28, 2013

Brenda Donald
Director
Child and Family Services Agency
200 I Street, S.E.
Washington, D.C. 20003

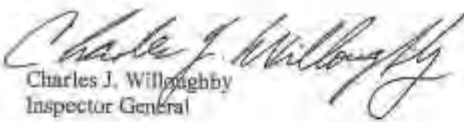
Dear Ms. Donald:

The purpose of this letter is to inform you that the Office of the Inspector General (OIG) plans to resume the audit of the Management of Financial Operations at the Child and Family Services Agency (CFSA). Our initial engagement started in February 2011, but due to unforeseen circumstances we had to suspend all audit activity. On March 11, 2012, we informed your designated point-of-contact about our decision to suspend all audit activity. We were conducting this audit at the request of Councilmember Tommy Wells to review CFSA's management of District funds awarded to subgrantees. This audit is being conducted under the project code, OIG No. 11-1-01MA. Please reference this project code in correspondence involving this audit. Our fieldwork will resume on or about February 4, 2013.

The audit objectives are to determine whether CFSA: (1) adequately managed controls over business operations, including payments to vendors and providers, grant funds, and financial transactions; (2) effectively processed and managed Medicaid claims; and (3) implemented internal controls to safeguard against fraud, waste, and abuse.

██████████ Director of General Audits, will call to arrange a meeting to discuss the logistics for resuming our audit, the audit process, audit objectives, and to answer any questions that you may have. Should you have questions in the interim, please contact me or ██████████ Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,


Charles J. Willoughby
Inspector General

CJW/tda

Enclosure

cc: Mr. Allen Y. Lew, City Administrator
The Honorable Phil Mendelson, Chairman, Council of the District of Columbia
The Honorable Kenyan McDuffie, Chairperson, Committee on Government Operations, Council of the District of Columbia
The Honorable Tommy Wells, Chairperson, Committee on the Judiciary and Public Safety, Council of the District of Columbia
Ms. Yolanda Branche, D.C. Auditor

717 14th Street, N.W., Washington, D.C. 20005 (202) 727-2540

OIG's Letter to CFSA on Scope Expansion

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



February 6, 2014

Brenda Donald
Director
Child and Family Services Agency
200 I Street, S.E.
Washington, D.C. 20003

Dear Ms. Donald:

The purpose of this letter is to inform you that the Office of the Inspector General (OIG) plans to expand the scope of our ongoing audit of the Management of Financial Operations at the Child and Family Services Agency (CFSA). The scope of our audit was to review operations at your organization for fiscal years (FYs) 2007-2010. However, due to unforeseen circumstances, we had to suspend all audit activity in March 2012. We resumed audit work on February 4, 2013, under project code OIG No. 11-1-01MA.

Given the time lapse between the initial audit engagement in February 2011 and our resuming audit fieldwork, we have expanded the scope of the audit to include transactions for FYs 2011, 2012, and 2013 to ensure that we present a report that will be beneficial and reflect current CFSA operations.

The plan is for my staff to be minimally disruptive to CFSA operations and to conduct their reviews expeditiously. We appreciate the cooperation and courtesies extended to audit staff to date. If you have questions or concerns, please contact me or [REDACTED] Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

Charles J. Willoughby
Inspector General

CJW/tda

717 14th Street, N.W., Washington, D.C. 20005 (202) 727-2540

Appendix C – OIG and CFSA Comments

Office of the Inspector General Comments to the District of Columbia Child and Family Services Agency’s Response to the Draft Report

CFSA’s written response to the draft report included concerns that were related to the audit process, findings, and recommendations, which are addressed below.

Audit Background

CFSA RESPONSE (page 1): The OIG provided CFSA with an entrance letter for an audit that was initiated in February 2011 for FYs 2007-2010. The first OIG auditor served as the lead auditor from February 2011 until February 2012. During the audit, CFSA staff expended a considerable amount of government time and resources in an effort to comply with the auditor’s requests for information. It is our understanding that the auditor resigned from the OIG in February of 2012. Thereafter, the subject audit sat dormant from February 2012 until January 28, 2013.

OIG COMMENT: We acknowledge that the audit took a considerable amount of time to complete due to circumstances beyond our control. However, we kept the CFSA abreast of changes with the audit in accordance with OIG audit policies and procedures. *See* Appendix B. All parties involved at the time were fully aware of the circumstances surrounding the conduct of this audit.

Re-engagement Letter and Assignment of Two New Auditors

CFSA RESPONSE (pages 1-2): In the re-engagement letter, it was revealed to us that field work would resume on or about February 4, 2013. At that time, two new auditors were assigned to complete the audit and CFSA was informed that the files, interviews, and data previously collected by CFSA employees and given to the previous auditor would not be used going forward due to the inability of the OIG to verify the source and content of the documentation. Additionally, CFSA was informed that the OIG was restarting the audit from the beginning notwithstanding the fact that CFSA employees spent over a year gathering documents, participating in interviews, performing extensive research, and working feverishly in order to comply with the requirements of this audit.

Two new auditors began working on site at CFSA in February 2013, once again gathering documents and interviewing numerous staff and personnel for the audit. On February 6, 2014, CFSA staff met with the two new auditors and their supervisor to discuss the status of the audit. During that meeting, CFSA was informed that the OIG anticipated the field work would terminate on March 7, 2014. The auditors revealed that they had not issued any Management Alert Reports, Management Implication Reports, or Fraud Alert Reports, nor had there been any completed interim findings. Moreover, no allegations existed that CFSA, its employee and/or staff contributed to the delay in the finalization and completion of this audit.

OIG COMMENT: After the issuance of the re-engagement letter dated January 28, 2013, the two new auditors began fieldwork on February 28, 2013. In areas where the two new auditors could not locate information or verify the source and full contents of the previous auditor's documentation, we believed it was necessary to extract a new contract sample, and interview CFSA staff directly involved with soliciting, awarding, and monitoring the contracts in the audit sample. We reviewed and verified the work the previous auditor performed on the grant sample and increased the number of grants in the sample to ensure accurate and complete testing. The audit procedures we conducted were essential to provide the CFSA with a precise assessment of results in accordance with our audit objectives and generally accepted government auditing standards.

The topic of interim findings was not discussed at the meeting on February 6, 2014. At the meeting, CFSA's only concern was how long the auditors were going to remain onsite. While it is true that there were no allegations that contributed to the delay in the finalization of this audit, CFSA's delays/impediments in providing requested documents and conducting interviews were contributing factors. On average, the CFSA took 4 to 6 weeks to fulfill our requests or provide requested documents, if at all. Despite our numerous requests, CFSA's Fiscal Officer never provided invoices and receipts of contract payments to enable us to complete our review of selected contracts awarded during FYs 2011-2013. CFSA's lack of cooperation in this regard significantly delayed the completion of the audit.

In addition, we requested 40 targeted case management records for review. However, after 4 weeks of waiting for the CFSA to provide the requested records, we were unable to conduct an effective review because the CFSA provided only 9 of the 40 records. Further, it was difficult at times for our auditors to conduct interviews due to the coordination of several employees' schedules, including that of the General Counsel, because it was mandatory for CFSA's General Counsel to attend every meeting. These conditions contributed to delays in finalizing the audit.

Expansion of Audit Scope

CFSA RESPONSE (page 2): On February 6, 2014, the OIG advised CFSA of the decision to expand the scope of this audit for an additional 3 years. CFSA inquired as to the reason for the expanded audit and did not believe the scope expansion was necessary, especially given that the audit field work at CFSA had languished for 3 years due to no fault of CFSA. Despite CFSA's noted objections, the OIG decided to expand the scope for the 3 additional years.

OIG COMMENT: The prior Inspector General prepared a letter dated February 6, 2014, informing the CFSA Director of our intentions to expand the audit scope. The decision to expand the audit scope centered on ensuring our audit process produced a report reflecting CFSA's current operations. The audit team completed its review of the expanded scope (FYs 2011-2013) of contracts, grants, and Medicaid within 5 months, and the draft report was issued 3 months later.¹¹

Clarifying Information

CFSA RESPONSE (page 2): During the exit conference held on December 1, 2014, with the auditors, CFSA staff specifically asked for clarifying information regarding some of the findings in the draft report; however CFSA has not received the requested information to date. Given that CFSA's request for clarifying information remains unanswered, CFSA continues to take issue with several items of significance that are listed in the draft report.

OIG COMMENT: During the exit conference with the CFSA on December 3, 2014, the OIG Director of Program Audits requested that the CFSA send a formal request to the OIG for the information the CFSA wanted to review. However, to date, the CFSA has not made a formal request. In addition, the CFSA requested information that it already received, as we previously supplied CFSA's audit liaison with the contract numbers and names of contractors so that we could obtain the selected contracts for our review.¹²

¹¹ We note that audit report recommendations may not always garner monetary benefits. Sometimes OIG audit recommendations assist District government agencies with measures to prevent, detect, and deter fraud, waste, abuse, and mismanagement of government resources. The OIG also conducts audits in the areas of human capital and delivery of citizen services.

¹² CFSA's Agency Contracting Officer disputes that the contract specialist could not locate four contract files. However, during the course of the audit, the four contract files were never provided for our review. In addition, the CFSA did not offer an explanation for the missing files about which we informed CFSA management on December 3, 2014; rather, the Agency Contracting Officer stated that three of the four contracts were issued before her tenure.

Contract Administration

CFSA RESPONSE (page 3): The Findings and Recommendations for contract administration do not identify the specific unit to which the recommendations apply. The auditors performed field work in both the Contracts and Procurement Administration (CPA) and the Contracts and Monitoring Division (CMD) of CFSA, yet the draft report reflects findings and recommendations for Contract Administration. The findings in the report are ambiguous in that they do not distinguish between the functions of CPA and contract administration activities performed by CMD and other individuals within CFSA and, therefore, the recommendations are not helpful to CFSA going forward.

OIG COMMENT: During the course of our audit, the CFSA only informed us about the CPA. Therefore, the findings and recommendations related to contract administration were specific to the CPA. CFSA management and staff never mentioned the CMD or its role to us. Consequently, we did not know about CMD's existence until we were introduced to the Administrator for the Contracts and Monitoring Division at the exit conference on December 3, 2014. Our subsequent discovery of CMD's existence has no bearing on our audit findings and recommendations.

Acronyms and Abbreviations

AFDC	Aid to Families with Dependent Children
BSA	Business Services Administrator
CA	Contract Administrator
CBO	Community Based Organization
CFSA	Child and Family Services Agency
CMS	Centers for Medicaid and Medicare Services
CO	Contracting Officer
CPA	Contracting and Procurement Administration
DCMR	District of Columbia Municipal Regulations
DHCF	Department of Health Care Finance
FOA	Fiscal Operations Administration
FY	Fiscal Year
HFTC	Healthy Families Thriving Communities
OIG	Office of the Inspector General
OLM	Office of Licensing and Monitoring
OPGS	Office of Partnerships and Grant Services
RSO	Rehabilitative Service Option