

APPENDIX E. OSSE's, DCPS' RESPONSES TO DRAFT REPORT

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residency verification processes as part of their enrollment procedure, which include application and admission.

Recommendation 2:

Revise the District of Columbia Residency Verification form to include: 1) definitions for the terms "parent," "guardian," "custodian," and "other primary caregiver," as defined by D.C. Code § 38-301; 2) language requiring documentation to establish status as an "other primary caregiver," as required by D.C. Code § 38-310(a); and 3) an option to indicate the student is electing to self-identify as a non-resident of the District.

OSSE's Response:

Agree. In fact, OSSE has already partially implemented this recommendation. The District of Columbia Residency Verification form (DCRV) is updated each year with new versions released in the month of March preceding the intended school year. Language requiring documentation to establish status as an other primary caregiver was one of many changes made to the 2019-20 school year DCRV (released in March 2019). OSSE engaged the The Lab @ DC to enhance the DCRV for better comprehension and user experience. Similarly, the other primary caregiver form also received extensive edits. Updates included additional guidance on the definition of another primary caregiver, a checklist for school officials to complete in order to confirm other primary caregiver status, and an enhanced layout for a better user experience. Both forms are attached in Appendix 1.

The next DCRV form will be released in March of 2020 for the 2020-21 school year and will contain the two other recommended changes:

1. Definitions for parent, guardian, custodian, and other primary caregiver will be added to the DCRV form. The definitions used are those defined in 5-A DCMR § 5099; and
2. An option to identify as a non-resident student.

Recommendation 3:

Implement internal written policies and/or procedures for 1) managing tuition payments that reflect updated processes; and 2) reviewing and analyzing Tuition Agreements for sufficiency and completion prior to allowing non-resident students to enroll in District public schools.

OSSE Response:

Agree. In fact, OSSE has already fully implemented this recommendation. OSSE has completed a tuition collection standard operating procedure manual that details all policies and procedures for issuing tuition agreements and collecting tuition payments. Starting in the 2019-20 school year, OSSE utilized SeamlessDocs - a third party document collection platform – for distributing and collecting all non-resident tuition agreements. This platform allowed for electronic distribution and collection of the tuition agreements, removal of handwritten agreements, and an expedited process for completing the agreements by both non-resident families and OSSE. Errors in the agreements were spotted quickly by OSSE staff and could be referred back to non-resident families to be addressed.

The updated process and new platform require the Director of Enrollment and Residency to create the agreement and a final review of the completed agreement by both the Tuition Collection Analyst and the Director. There are now two points for the Director to review the eligibility of the non-resident family, as well as a secondary reviewer. In addition, OSSE worked closely with LEAs as early as March of 2019 to make sure that LEAs understood that a non-resident was not eligible to attend

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school until the LEA received notification from OSSE. LEAs were also instructed to notify OSSE when they intended to enroll a non-resident student as well as instruct the non-resident parent to contact OSSE. With two parties responsible for contacting OSSE, all non-residents could be identified and engaged earlier in the enrollment process. These two changes ensured that no non-residents started school in the 2019-20 school year without a signed agreement and initial tuition payment.

Lastly, while some non-resident students began the 2018-2019 school year without completed tuition agreements, all non-resident students were ultimately held accountable for completing the agreement and paying tuition in full or were excluded and notified as ineligible for the following school year.

Recommendation 4:

Update the OIG on OSSE's progress toward implementing the new tuition management application into its tuition collection processes by September 30, 2019.

OSSE Response:

The tuition management application, internally referred to as the Tuition Payment Application (TPA) was rolled out during the 2018-19 school year. The application was used to assess tuition amounts and store tuition agreements for that school year. During the first implementation of the TPA, a number of enhancements were identified and OSSE is working on those requirements and subsequent developments. OSSE has updated its standard operating procedure manual to reflect this change in process. This manual will be updated when the TPA is re-introduced after the enhancements are completed. For the 2019-20 school year, the SeamLessDocs platform referenced in response to Recommendation 3 is used to track and store agreements during the school year. These agreements are also saved in PDF format on OSSE agency drive for record retention. In addition, payments are tracked through the DirectBill electronic payment portal as well as an internal accounting spreadsheet. Each month, payments are reconciled with the Office of the Chief Financial Officer.

For the 2018-19 school year, the total amount of tuition assessed was \$687,849.43. As of July 31, 2019, OSSE collected \$659,159.15 resulting in an outstanding balance of \$28,690.28. As a point of comparison, under the old structure, as of June 1, 2017, OSSE only had collected \$23,423 out of the \$564,526 owed.

Recommendation 5:

Revise the Tuition Agreement Form to include the student's date of enrollment.

OSSE Response

Tuition paying non-resident students are required to complete the tuition agreement and make an initial tuition payment before they are eligible to enroll in a District public school. Since this action occurs before the start of school, the enrollment date is not needed on the agreement. In cases where a student enrolls after the start of school, the dates used to calculate the prorated tuition amount are added to Appendix B of the tuition agreement. In cases where the student transitions from resident to non-resident, and is eligible to remain enrolled, the dates used to calculate the prorated tuition amount are added to Appendix B of the tuition agreement. In all cases, the agreement's Appendix B can be updated to reflect changes in enrollment. This specific design change allows the agreement to be updated as needed, and not just when enrollment and residency status changes, but also if the educational services the student receives change (for example, receipt

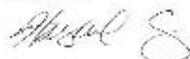
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of special education or English language services). A copy of the new tuition agreement is attached in Appendix 2.

Again, thank you for the opportunity to respond to the draft report. As we have shared with you, OSSE has made significant changes to the DC resident verification as well as improved our documentation of agreements, payments, and standard operating procedures. OSSE also recognizes that our continued focus on continuous quality improvement is necessary to support the important and complex work of enrollment and residency. If you have any questions, please do not hesitate to contact me.

Sincerely,



Hanseul Kang
State Superintendent
Office of the State Superintendent of Education

APPENDIX E. OSSE's, DCPS' RESPONSES TO DRAFT REPORT

APPENDIX 1

APPENDIX E. OSSE's, DCPS' RESPONSES TO DRAFT REPORT



DC Residency Verification Form

Use this form to verify that you are a District resident and therefore you or your student is eligible to enroll in a DC public or public charter school.

Step One: Choose the residency verification method that best applies to you.

Details of all the available methods for verifying your DC residency are provided on page two. Choose ONE after completing sections 2 and 3 below. To be eligible to enroll in a DC public or public charter school: 1) the person enrolling the child must be the parent or the valid legal guardian, custodian or Other Primary Caregiver with proper documentation; 2) the person has established a physical presence in the District of Columbia; and 3) the person has submitted valid and proper documentation that establishes residency as set forth in law and regulations.

Step Two: Provide information about your family.

Student First Name:		Student Last Name:		DOB:
Name of SY18/19 School:			Name of SY19/20 School:	
Person enrolling the student > First Name:			Last Name:	
I am the: <input type="checkbox"/> adult student		<input type="checkbox"/> student's parent/guardian/custodian		
<input type="checkbox"/> minor parent and completed the sworn statement		<input type="checkbox"/> student's other primary caregiver and completed the OPC Form		
Address of person enrolling the student:				
City:	State:	ZIP:	Email:	Phone:

Step Three: Certification of Residency Requirements

- I certify that I am the parent or the valid guardian, custodian, or other primary caregiver and am submitting valid and proper documentation accordingly;
- I certify that I have established and will maintain a physical presence in the District, defined as the "actual occupation and inhabitation of a place of abode with the intent to dwell for a continuous period of time"; and I am submitting valid and proper documentation to verify residency, as set forth in 5-A DCMR § 5004.
- I understand that enrollment of the above-named student in District of Columbia public schools, public charter schools, or other schools providing educational services funded by the District of Columbia is based on my representation of bona-fide DC residency, including this sworn statement of physical presence and my submission of valid and proper documentation verifying residency.
- I understand that even if the documentation I provide appears to be satisfactory, OSSE or school officials, with reasonable basis, may seek further information to verify the student's residency or the other primary caregiver status of the adult enrolling the student.
- If the District of Columbia, through the Office of the State Superintendent of Education, determines that I am not a resident, I understand that I am liable for payment of retroactive tuition for the student, and that the student may be withdrawn from school.
- I understand that if I provide false information or documentation, I can be referred to DC Office of the Inspector General for criminal prosecution or to the DC Office of the Attorney General for prosecution under the False Claims Act and under D.C. Code § 38-312 which provides that any person who knowingly supplies false information to a public official in connection with student residency verification shall be subject to payment of a fine of not more than \$2,000 or imprisonment for not more than 90 days, but not both a fine and imprisonment.
- I understand that all supporting documentation to this form will be retained by the school and made available to OSSE, external auditors, and other agencies including but not limited to the DC Office of the Inspector General and the DC Office of the Attorney General, upon request.
- I am aware that the District of Columbia may use whatever legal means it has at its disposal to verify my residence and may share with appropriate local authorities for verification and/or investigation.
- I agree to notify the school of any change of residence for myself or the student within three (3) school days of such change.

Signature of Person Enrolling Student: _____ Date: _____

Step Four: Bring this completed form and applicable documentation to your school.

SCHOOL OFFICIAL USE ONLY The following method was used and/or presented as proof of District of Columbia residency. Choose ONE.

I certify, under the penalties of perjury, that I have personally reviewed all the documents presented and affirm that the information represented above is true to the best of my knowledge, information, and belief. I also affirm that all supporting documentation to this form will be retained by the school and made available to OSSE, external auditors, and other agencies, including but not limited, to the DC Office of the Inspector General and the DC Office of the Attorney General, upon request.

School Official Name (print): _____ Signature: _____ Date: _____

<input type="checkbox"/> Method A: School official verified	<input type="checkbox"/> Method C: One document	<input type="checkbox"/> Method C: Two documents	<input type="checkbox"/> Method D: Home visit
<input type="checkbox"/> DC financial assistance verification	<input type="checkbox"/> Pay stub	<input type="checkbox"/> DC motor vehicle registration	
<input type="checkbox"/> Homeless liaison has provided homeless verification	<input type="checkbox"/> DC Gov financial assistance	<input type="checkbox"/> DC driver's license/non-driver ID	
<input type="checkbox"/> Ward of DC	<input type="checkbox"/> Embassy letter	<input type="checkbox"/> Lease with payment	
<input type="checkbox"/> Method B: Office of Tax Revenue	<input type="checkbox"/> DC Tax Form-D40	<input type="checkbox"/> Utility bill with payment	
	<input type="checkbox"/> Military housing orders		

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Parents/Guardians, follow ONE of the methods (A-D) to verify your DC residency.				
Method A	<p>Verify with a school official. If you are homeless, a ward of the District, and/or a participant of a District public benefits program, such as Medicaid, Supplementation Nutrition Assistance Program, or Temporary Assistance for Needy Families – your school may already have your information. Check with your school official or the school’s homeless liaison.</p>			
Method B	<p>Verify through the Office of Tax and Revenue’s website. Re-enrolling families/students are often able to verify residency using OTR residency verification process. The person enrolling the student or the adult student must have paid taxes in DC during the previous fiscal year and have the student’s social security number. Login to the system at ossedctx.com. Your information will then be sent directly to your school.</p>			
Method C	<p>Verify by submitting supporting documentation. Provide hard copies. The address and name on each of the items must be the same as on the completed form.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px; vertical-align: top;"> <p style="text-align: center;">ONE item is needed from this list to verify residency.</p> <ul style="list-style-type: none"> A valid pay stub issued within forty-five (45) days of providing proof of residency. Must contain the name of person enrolling the student or the name of the adult student showing his/her current DC home address and withholding of only DC personal income tax for the current tax year and no other states listed. Unexpired official documentation of financial assistance from the Government of the District of Columbia, issued to the person enrolling the student or the adult student and current at the time presented to the school, including, but not limited to, Temporary Assistance for Needy Families (TANF), Medicaid, the State Child Health Insurance Program (SCHIP), Supplemental Security Income, housing assistance or other programs. Certified copy of Form D40 by the DC Office of Tax and Revenue, with the name of person enrolling the student or the name of the adult student as evidence of payment of DC taxes for the current or most recent tax year. Current military housing orders or statement on military letterhead, both of which shall include the name of the person enrolling the student or the name of the adult student, and the residing District address. Embassy letter issued within the past twelve (12) months. Must contain the name of the person enrolling the student or the adult student and an official embassy seal. Must indicate that the caregiver and the dependent student or the adult student currently live on embassy property in DC or will reside on DC property during the relevant school year. </td> <td style="width: 5%; text-align: center; vertical-align: middle;">OR</td> <td style="width: 45%; padding: 5px; vertical-align: top;"> <p style="text-align: center;">TWO items are needed from this list to verify residency.</p> <ul style="list-style-type: none"> Valid and unexpired DC motor vehicle registration showing the name of the person enrolling the student or the name of the adult student and his/her current District home address. Valid and unexpired lease or rental agreement with a separate proof of payment of rent, in the name of the person enrolling the student or the name of the adult student, for a period within two (2) months immediately preceding the submission of this form, for the current DC address at which the person enrolling the student actually resides. Valid and unexpired DC motor vehicle operator’s permit or official government issued non-driver identification in the name of the person enrolling the student or the name of the adult student showing his/her current DC home address. Utility bill (only gas, electric, and water bills are acceptable) with a separate paid receipt showing payment of the bill, from a period within the two (2) months immediately preceding the submission of this form, listing the name of the person enrolling the student or the name of the adult student and his/her current DC home address. </td> </tr> </table>	<p style="text-align: center;">ONE item is needed from this list to verify residency.</p> <ul style="list-style-type: none"> A valid pay stub issued within forty-five (45) days of providing proof of residency. Must contain the name of person enrolling the student or the name of the adult student showing his/her current DC home address and withholding of only DC personal income tax for the current tax year and no other states listed. 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Must contain the name of the person enrolling the student or the adult student and an official embassy seal. Must indicate that the caregiver and the dependent student or the adult student currently live on embassy property in DC or will reside on DC property during the relevant school year. 	OR	<p style="text-align: center;">TWO items are needed from this list to verify residency.</p> <ul style="list-style-type: none"> Valid and unexpired DC motor vehicle registration showing the name of the person enrolling the student or the name of the adult student and his/her current District home address. Valid and unexpired lease or rental agreement with a separate proof of payment of rent, in the name of the person enrolling the student or the name of the adult student, for a period within two (2) months immediately preceding the submission of this form, for the current DC address at which the person enrolling the student actually resides. 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Method D	<p>Verify through an alternative method. If you are unable to verify through one of the above methods, speak with your school official about a home visit.</p>			

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Other Primary Caregiver (OPC) Form

Use this form to verify that the enrolling student is under the care of "other primary caregiver." School officials should only collect this form if the person enrolling the student is *NOT* the parent, legal guardian, or court appointed custodian of the student.

Step One: Determine if you are an Other Primary Caregiver.

An "other primary caregiver" is a person other than a parent or court-appointed custodian or guardian who is the primary provider of care or control and support to a student who resides with him or her, and whose parent, custodian, or guardian is unable to supply such care and support. Other primary caregivers must establish DC residency as required on the DC Residency Verification Form, in addition to establishing his/her status as an "other primary caregiver." See reverse for definition of care or control and substantial support.

Step Two: Provide information about your Other Primary Caregiver status.

Student First Name:		Student Last Name:		
OPC First Name:		OPC Last Name:		
OPC Address		City:	State:	ZIP:

Relationship to enrolling student:	Date student started residing with OPC:
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Verify Other Primary Caregiver status (check any that apply):

<input type="checkbox"/> Enrolling student resides with me, the other primary caregiver	<input type="checkbox"/> I provide care or control for the enrolling student
	<input type="checkbox"/> I provide substantial support for the enrolling student

Full Name of Parent/Legal Guardian:

Address of Parent/Legal Guardian:	City:	State:	ZIP:
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The parent or legal guardian is unable to provide primary care and substantial support because (check any that apply):

<input type="checkbox"/> he/she has an active military assignment	<input type="checkbox"/> he/she does not live with the child due to neglect and/or abuse
<input type="checkbox"/> he/she suffers from a serious illness	<input type="checkbox"/> he/she has abandoned the child
<input type="checkbox"/> he/she is deceased	<input type="checkbox"/> Serious family hardship (verified by LEA staff and OSSE):
<input type="checkbox"/> he/she is incarcerated	Explain _____

Step Three: Confirmation of Other Primary Caregiver Status

By signing below, I swear and attest that I am the Other Primary Caregiver. I further accept that all provisions set forth in "Step Three: Certification of Residency Requirements" on the DC Residency Verification Form are incorporated and merged herein.

Signature of Other Primary Caregiver: _____ Date: _____

SCHOOL OFFICIAL USE ONLY Complete the area below to confirm school verification of other primary caregiver status.

I reviewed the other primary caregiver status as specified above and the OPC meets all three (3) criteria.

The above identified Other Primary Caregiver provided one of the following documents to verify OPC status:

<input type="checkbox"/> Records from the previous school year	<input type="checkbox"/> Sworn Statement
<input type="checkbox"/> Immunization or medical records	<input type="checkbox"/> Attestation for Other Primary Caregiver
<input type="checkbox"/> Unexpired official documentation from the federal government or the Government of the District of Columbia	

I certify, under the penalties of perjury, that I have personally reviewed all the documents presented and affirm that the information represented above is true to the best of my knowledge, information, and belief. I also affirm that all supporting documentation to this form will be retained by the school and made available to OSSE, external auditors, and other agencies, including but not limited, to the DC Office of the Inspector General and the DC Office of the Attorney General, upon request.

School Official Name (print): _____ Signature: _____ Date: _____

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Other primary caregiver must submit one of the documents identified below to verify the other primary caregiver status.	
Methods	<ul style="list-style-type: none"> • Records from the previous school year indicating that the student is in the care of the caregiver, including, but not limited to, a signed report card • Immunization or medical records issued within the last twelve (12) months immediately preceding the school’s review of the residency documentation, indicating that the student is in the care of the caregiver. • Unexpired official documentation from the federal government or the Government of the District of Columbia with an issue date within the last twelve (12) months immediately preceding the school’s review of residency documentation, indicating that the caregiver receives public or medical benefits on behalf of the student, including, but not limited to, Supplemental Security Income annual benefits notification or TANF verification of income notice or recertification approval letter. • An Attestation for Other Primary Caregiver completed and signed by a legal, medical or social service professional attesting to the caregiver’s status relevant to the student and issued within the last twelve (12) months immediately preceding the school’s review of residency documentation. • A completed and signed Sworn Statement indicating that he/she is the primary caregiver for the student.

Am I an Other Primary Caregiver?	
5-A DCMR § 5099 states that an Other Primary Caregiver (OPC) is a person, other than the enrolling student’s parent or court appointed custodian or guardian. The enrolling student must <i>reside</i> with the OPC and the OPC <i>must provide the child with guidance, maintenance, physical care and support</i> . If you do not provide guidance, maintenance, and physical care, you probably do not qualify as an Other Primary Caregiver. Do you provide the following items in the table below?	
Support	When the OPC is exercising <i>primary</i> responsibility to provide the child with financial resources for the child’s livelihood.
Guidance	When the OPC participates in the responsibility for the child’s development on a daily basis <ul style="list-style-type: none"> • Attending school conferences • Disciplining the child • Participating in decisions concerning the child’s well-being • Involvement in the child’s extracurricular activities
Maintenance	When the OPC is providing necessities: <ul style="list-style-type: none"> • Food • Clothing • Shelter
Physical care	When the OPC is providing continuous care for the child by performing tasks required in the child’s daily life. Bathing <ul style="list-style-type: none"> • Feeding • Dressing • Assuring medical attention will be received by the child • Preparing meals • Supervising the child’s activities • Assisting with other physical care needs

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APPENDIX 2

APPENDIX E. OSSE's, DCPS' RESPONSES TO DRAFT REPORT


SY 2019-2020

NON-RESIDENT TUITION AGREEMENT FOR SCHOOL YEAR 2019-2020

This agreement outlines the requirements for payment of non-resident tuition to attend a District of Columbia public school pursuant to D.C. Official Code § 38-302 and 5-A DCMR § 5014. Tuition is set by the Office of the State Superintendent of Education (OSSE) in accordance with the Uniform Per Student Funding Formula, the per pupil facilities allowance for public charter schools and other allowances as further set forth in Appendix A. Please note that tuition amounts can be reassessed throughout the year and are subject to change based on the educational services the student receives. Payments must be on-time in order to maintain enrollment. Non-resident students are not eligible for feeder rights and must re-apply to continue attending a District public school.

INSTRUCTIONS FOR COMPLETION
 All sections of this document shall be completed in order to be valid. This document must be typed. Handwritten documents will not be accepted.

If the non-resident student is new to the District public school or re-enrolling in a District public school, this completed form *and* initial payment must be received before the student is eligible to attend the school.

If the student is currently attending and transitioning to non-resident status, this completed form *and* payment must be received within 10 business days of notification or the student will be excluded from the school.

Once completed, the Office of Enrollment and Residency will provide instructions on creating an account and making tuition payments. If you have any questions, please email osse.residency@dc.gov.

I. STUDENT INFORMATION:
 Please complete the following section with the student's information.

Student's First Name:	Student's Last Name:	Student's Date of Birth:
School:	School Final Grade:	SY19-20 Student Grade:
Student's Street Address:		
City:	State:	Zip Code:

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		SY 2019-2020
II. RESPONSIBLE PARTY CONTACT INFORMATION:		
Primary Responsible Party		
First Name:		Last Name:
Street Address:		
City:	State:	Zip Code:
Primary Contact Number: <input type="checkbox"/> Home <input type="checkbox"/> Work <input type="checkbox"/> Cell	Emergency Contact Number: <input type="checkbox"/> Home <input type="checkbox"/> Work <input type="checkbox"/> Cell	Email Address:
Relationship to Student: <input type="checkbox"/> Parent <input type="checkbox"/> Guardian <input type="checkbox"/> Other Primary Caregiver <input type="checkbox"/> Adult Student		
Other Responsible Party (if applicable):		
First Name:		Last Name:
Street Address:		
City:	State:	Zip Code:
Primary Contact Number: <input type="checkbox"/> Home <input type="checkbox"/> Work <input type="checkbox"/> Cell	Emergency Contact Number: <input type="checkbox"/> Home <input type="checkbox"/> Work <input type="checkbox"/> Cell	Email Address:
Relationship to Student: <input type="checkbox"/> Parent <input type="checkbox"/> Guardian <input type="checkbox"/> Other Primary Caregiver <input type="checkbox"/> Adult Student <input type="checkbox"/> Other If Other, please explain:		
III. TUITION PAYMENT OPTION Indicate the payment frequency. For more details about the monthly payment option, refer to Appendix B.		
Mark One	Frequency	
	One-time Payment - All tuition is paid in one "lump sum" payment.	
	Monthly - An initial payment is made with subsequent payments occurring on the 1 st of each month for no more than 9 months.	

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SY 2019-2020



IV. ASSURANCES

I/We have been advised by the school listed in Section I that tuition is required under D.C. Official Code § 38-302 and 5-A DCMR § 5013, for the enrollment and attendance of the student identified in Section I of this agreement.

I/We acknowledge that the student’s bona-fide residence is outside of the District of Columbia at the address listed in Section I of this agreement.

I/We agree to pay the **total non-resident tuition** as assessed in the most recent Appendix A.

I/We understand that the tuition amount may increase or decrease at a later date, in accordance with the Tuition Payment Scale and Tuition Costs included in this document, and will be reflected in an updated Appendix A.

I /We agree to pay the required tuition as specified by the payment option selected above and on the timeline outlined in Appendix B. It is further my/our understanding that:

- All payments are due on the first of each month, but no later than the fifth of each month that payment is due; and
- If I/we become delinquent by 90 days or more, OSSE may exclude my/our student from attending public school in the District based on non-payment; and
- If I /we fail to pay the required tuition as non-residents during the 2019-20 school year, the student referenced above will be excluded from attending any public school within District of Columbia for the subsequent school year as a non-resident student.

I/We agree to use OSSE’s electronic payment system for all tuition payments.

I/We acknowledge that if the student referenced above is withdrawn from the school, only the actual days of enrollment at the calculated daily rate as determined by OSSE will be charged, as outlined in Appendix C.

I/We agree to notify OSSE immediately of any changes in residency status.

In the event the residency status of the student changes, I/we agree to comply with the requirements set forth in Appendix C.

I/We understand that the information in this tuition agreement is collected through [SeamlessDocs](#), a 3rd party document collection service, and the information provided is only used for the District of Columbia’s tuition collection purposes.

Pursuant to 5A DCMR §5000, et seq., FAILURE TO ADHERE TO THE TERMS OF THIS AGREEMENT, shall result in the exclusion of the student from a District public school and, if appropriate, referral of this matter to the D.C. Office of the Attorney General for collection of all outstanding tuition owed.

X

Signature of Parent, Guardian, Other
Primary Caregiver or Adult Student

Date

X

Signature of Other Responsible Party

Date

APPENDIX E. OSSE's, DCPS' RESPONSES TO DRAFT REPORT



SY 2019-2020

APPENDIX A – Tuition assessment for the 2019-20 school year.

Tuition Payment Scale for Non-resident Students – School Year 2019-20

Grade Level	Allocation for District Public Schools
Pre-Kindergarten 3	\$14,713
Pre-Kindergarten 4 and Kindergarten	\$14,274
Grades 1, 2, 3, 4, 5	\$10,980
Grades 6, 7, 8	\$11,858
Grades 9, 10, 11, 12	\$13,396
Alternative	\$15,811
Special Ed Schools	\$12,847
Adult	\$9,772

Additional Tuition Costs for Non-resident Students – School Year 2019-20

Additional Cost Categories*	Allocation for District Public Schools
Special Education	
Level 1	\$10,651
Level 2	\$13,176
Level 3	\$21,631
Level 4	\$38,320
At-Risk (Overage and under-credited)	\$2,471
English Language Learners*	\$5,380
Facilities fee for Public Charter Schools	\$3,335
Residential	Contact OSSE for details

*Fees where applicable, and can be added at any point

To Calculate Total Fees:

- Add Non-Resident Tuition Payment for the appropriate grade
- If they are enrolled at a Public Charter School, add an additional **\$3,335** for the facilities fee
- If the student is in a residential program, identified as an English Language Learner, identified as At-Risk, and/or receiving special education services, add additional relevant fees

OSSE has determined the total non-resident tuition owed for _____ is set forth in the table below:

	Category	Amount
Grade		
Special Education Level (if applicable)		
At-Risk		
English Learner		
Facilities Fee (for Public Charter Schools only)		
Residential		
Total Tuition Due for SY2019-20*		

*Fees where applicable, and can be added at any point

APPENDIX E. OSSE’s, DCPS’ RESPONSES TO DRAFT REPORT

SY 2019-2020



APPENDIX B – Payment schedule for the 2019-20 school year

Payment Options:

Frequency	# of Payments	Initial Payment	Other Due Dates	Final Payment
One-time	1	<ul style="list-style-type: none"> First-time enrollment or re-enrolling – Prior to starting school Transition from resident to non-resident status – within 10 business days of notification 	NA	NA
Monthly	See Monthly Payment Schedule Examples		First of each month	April 1 st for any agreements signed prior to February 1 st . After February 1 st , it depends on the month the agreement was signed ¹

Monthly Payment Schedule Examples

The monthly payment schedule can change depending on the date of the signed agreement and changes in residency status. In all cases, an initial payment is due with the signed agreement and then subsequent payments are due on the 1st of the month immediately following the signed agreement date, no matter what day the signed agreement and initial payment were received.

Example 1 – School starts on Aug. 19 and the Initial Payment and agreement are received by OSSE on Aug. 13. The student can start school on the Aug. 19 and the next payment is due on Sept 1. The following rates are for a 9th grade student with a total tuition amount of \$13,396.

Initial Payment (August)	Sept. 1	Oct. 1	Nov. 1	Dec. 1	Jan. 1	Feb. 1	Mar. 1	Apr. 1
\$1,488.44	\$1,488.44	\$1,488.44	\$1,488.44	\$1,488.44	\$1,488.44	\$1,488.44	\$1,488.44	\$1,488.48

Example 2 – The initial payment and agreement are not received by OSSE until Sept 26. The student can start on Sept. 27 and next payment will be due on Oct. 1. The following monthly rate is for the 9th grade tuition amount of \$13,396, but pro-rated to \$11,323.69 based on school days enrolled, and then evenly distributed across the remaining months.

Initial Payment (September)	Sept. 1	Oct. 1	Nov. 1	Dec. 1	Jan. 1	Feb. 1	Mar. 1	Apr. 1
\$1,488.44		\$1,405.03	\$1,405.03	\$1,405.03	\$1,405.03	\$1,405.03	\$1,405.03	\$1,405.07

¹ All outstanding debts must be paid by July 15th of that school year in order to be eligible to re-enroll for the following school year without re-application.

APPENDIX E. OSSE's, DCPS' RESPONSES TO DRAFT REPORT

SY 2019-2020



APPENDIX C – Change in Residency Status or Enrollment

In the event the residency status of the student changes, the following outlines the details of how tuition payments are assessed.

Transition process for when a non-resident student becomes a DC resident

In order for a tuition paying non-resident to become a resident student, the following must occur:

- a) The person enrolling the student must complete the DC Residency Verification Form and submit supporting residency documentation², to the school.
- b) The person enrolling the student and school official must contact OSSE (osse.residency@dc.gov) regarding the submission of documents.
- c) OSSE reserves the right to request additional documentation, beyond the items listed as acceptable documents.
- d) OSSE will assess any pro-rated tuition amount based on the date the student's District residency is verified by the school.
- e) The pro-rated amount may result in an outstanding debt that will need to be paid or a refund. This depends on how much tuition has been paid as of the date the student's District residency is verified by the school.

Transition process for when a DC resident student becomes a non-resident student.

In order for a resident student to continue enrollment at a District public school as a non-resident, the following must occur:

- a) The student must be enrolled in the final grade of the school, or the summer prior to the final grade, or attending during the school year prior to the final grade; OR
- b) The school must be open to non-resident students, which requires:
 - i. The non-resident applies for enrollment to the District of Columbia public school via the traditional enrollment process.
 - ii. The non-resident is accepted to the school after all District residents on the waitlist are accepted for the same grade at the relevant school location; AND
 - iii. The non-resident has a fully executed tuition agreement for the school year with OSSE and made an initial tuition payment.

Enrollment is always subject to the payment of non-resident tuition. Both the tuition agreement and initial payment must be received within 10 business days of notification or the student may be excluded from attending the District public school.

Non-resident withdraws from District public school

In the event that a tuition paying non-resident student withdraws from the District public school, they are eligible for a reassessment of tuition based on the actual days of enrollment at the calculated daily rate, as determined by OSSE. The date the non-resident student completes the withdrawal forms will be the date used to reassess the owed tuition amount.

² Details on acceptable documentation for DC residency can be found online at the following link:
<https://osse.dc.gov/page/office-enrollment-residency>

APPENDIX E. OSSE's, DCPS' RESPONSES TO DRAFT REPORT



DISTRICT OF COLUMBIA
PUBLIC SCHOOLS

Office of the Chancellor

VIA EMAIL AND FIRST-CLASS MAIL

September 25, 2019

Daniel W. Lucas
Inspector General
717 14th St., N.W.
Washington, DC 20005

Dear Inspector General Lucas:

The District of Columbia Public Schools (DCPS) is in receipt of your office's September 12, 2019 draft report entitled: *Office of the State Superintendent of Education, District of Columbia Public Schools: Evaluation of Enrollment, Residency Verification, and Tuition Agreement Procedures at Duke Ellington School of the Arts for School Year 2018-2019*. Thank you for providing this feedback as well as allowing us the opportunity to respond and provide input.

Finding: We recommend Duke Ellington; the Chancellor, DCPS; and the State Superintendent, OSSE:

1. Develop application and admissions policies for Duke Ellington that implement 5A DCMR §5001.2 and aim to admit as many District resident students as capacity allows.

DCPS agrees with this recommendation.

While regulations and application/admission policies are clear for schools that qualifying District residents should be prioritized first and foremost, there are opportunities for DCPS to be more explicit in its standard operating procedures and guidance documents to ensure that the expectation with the school and the public is clear. Currently, the school does not rank non-residents over qualifying District residents. DCPS is committed to working with the school to ensure transparency in how we determine eligibility for all applicants. DCPS commits to the following by March 2020:

- Development of detailed standard operating procedures for the admission process that include the creation and development of waitlists and ensure that qualifying District residents have priority over non-resident students.
- Development of public facing admissions rubrics on how eligibility decisions are made.

Thank you for conducting this evaluation, allowing DCPS to respond, and continuing to partner with us to improve residency verification in our schools. Please do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in blue ink that reads "Lewis D. Ferebee".

Lewis D. Ferebee, Ed. D.
Chancellor
District of Columbia Public Schools

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

DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

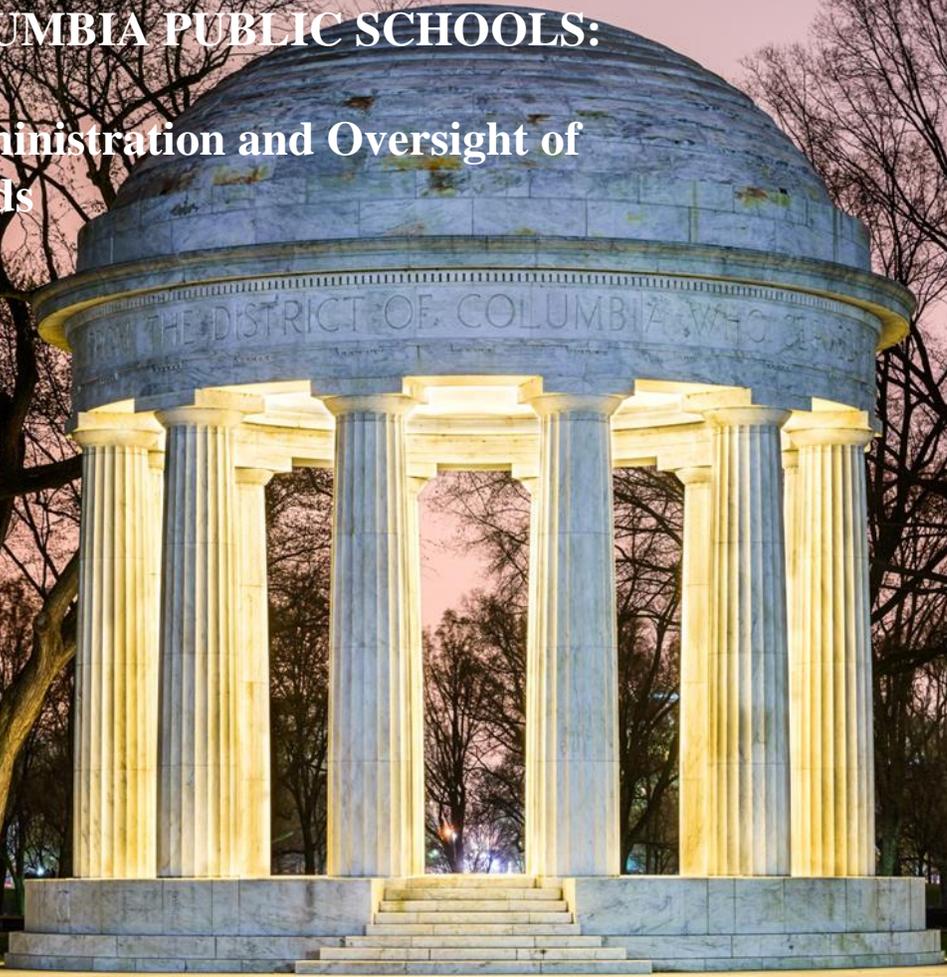
OIG Project No. 19-I-05GA

September 2019



DISTRICT OF COLUMBIA PUBLIC SCHOOLS:

Inspection of the Administration and Oversight of Student Activity Funds



Guiding Principles

*Workforce Engagement * Stakeholders Engagement * Process-oriented * Innovation
* Accountability * Professionalism * Objectivity and Independence * Communication * Collaboration
* Diversity * Measurement * Continuous Improvement*

Mission

Our mission 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 programs and operations; and
- recommend and track the implementation of corrective actions.

Vision

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

Core Values

Excellence * Integrity * Respect * Creativity * Ownership
* Transparency * Empowerment * Courage * Passion
* Leadership



GOVERNMENT OF THE DISTRICT OF COLUMBIA

Office of the Inspector General



Inspector General

September 30, 2019

Lewis D. Ferebee
Chancellor
District of Columbia Public Schools
1200 First Street, N.E.
Washington, D.C. 20002

Jeffrey S. DeWitt
Chief Financial Officer
Office of the Chief Financial Officer
1350 Pennsylvania Avenue, N.W., Suite 203
Washington, D.C. 20004

Dear Chancellor Ferebee and Chief Financial Officer DeWitt:

Enclosed is our final report entitled: *District of Columbia Public Schools: Inspection of the Administration and Oversight of Student Activity Funds* (OIG Project No. 19-I-05GA). The primary objective of this inspection, which was part of my Office's *Fiscal Year 2019 Audit and Inspection Plan*,¹ was to assess schools' compliance with Student Activity Fund (SAF) policies and procedures established by the District of Columbia Public Schools (DCPS) and the Office of the Chief Financial Officer (OCFO). This objective includes assessing DCPS' and OCFO's oversight and monitoring of SAFs. We conducted this inspection using quality standards promulgated by the Council of the Inspectors General on Integrity and Efficiency (CIGIE).²

The OIG sent a draft report for comment on August 23, 2019. DCPS' and OCP's responses, dated September 6, 2019, and September 25, 2019, respectively, are quoted in the final report and presented in their entirety in Appendix D. If you have questions about this report, please contact me or Edward Farley, Assistant Inspector General for Inspections and Evaluations, at (202) 727-2540. The OIG will follow up on the implementation status of each recommendation next fiscal year.

Sincerely,


Daniel W. Lucas
Inspector General

DWL/ef

cc: See Distribution List

¹ OIG website, available at <http://oig.dc.gov>.

² CIGIE website, available at <https://www.ignet.gov/sites/default/files/files/iestds12.pdf>.

DISTRIBUTION (via email):

The Honorable Muriel Bowser, Mayor, District of Columbia, Attention: Betsy Cavendish
Mr. Rashad Young, City Administrator, District of Columbia
Mr. Paul Kihn, Deputy Mayor for Education, District of Columbia
Mr. Barry Kreiswirth, General Counsel, Office of the City Administrator, District of Columbia
The Honorable Phil Mendelson, Chairman, Council of the District of Columbia
The Honorable David Grosso, Chairperson, Committee on Education, Council of the District of Columbia
Mr. John Falcicchio, Chief of Staff, Executive Office of the Mayor
Ms. LaToya Foster, Director of Communications, Office of Communications, Executive Office of the Mayor
Ms. Jennifer Reed, Director, Office of Budget and Performance Management
Ms. Nyasha Smith, Secretary to the Council
Mr. Timothy Barry, Executive Director, Office of Integrity and Oversight, Office of the Chief Financial Officer
The Honorable Kathy Patterson, D.C. Auditor, Office of the D.C. Auditor, Attention: Cathy Patten
Mr. Jed Ross, Director and Chief Risk Officer, Office of Risk Management
Ms. Berri Davis, Director, FMA, GAO, (via email)



Why the OIG Did This Inspection

This inspection was part of the OIG's *Fiscal Year 2019 Audit and Inspection Plan*, and was prompted in part by several complaints the OIG received related to the administration of Student Activity Funds (SAFs).

The objective of the inspection was to assess schools' compliance with SAF policies and procedures established by the District of Columbia Public Schools (DCPS) and the Office of the Chief Financial Officer (OCFO), and DCPS' and OCFO's oversight and monitoring of SAFs.

What the OIG Recommends

The OIG's recommendations focus on clearly defining DCPS and OCFO employees' responsibilities for investigating and resolving potential violations of SAF policy; and greater public visibility into SAF account activity to (1) supplement OCFO and DCPS oversight activity and (2) deter recurring non-compliant practices at DCPS schools.

Changes to Current System of Internal Control, Shared Oversight Needed to More Effectively Track and Resolve Potential SAF Policy Violations and Drive Accountability

What the OIG Found

Superintendent's Directive 623, dated September 14, 1992, authorizes DCPS Student Activity Funds (SAFs): "SAFs shall be raised and expended to promote the general welfare, education[,] and morale of the students, and to finance the recognized extra-curricular activities of student bodies of the District of Columbia Public Schools (DCPS)."

OCFO's Standard Operating Procedure Manual (OCFO Manual) for SAFs contains detailed criteria regarding the administration of these accounts, and both OCFO and DCPS personnel assess schools' compliance with OCFO policy. In general, a system of concurrent oversight can be beneficial, e.g., by establishing separation of duties, but concurrent oversight also creates the potential for gaps and misunderstanding. The OIG team observed weaknesses in DCPS' and OCFO's bifurcated oversight system, most notably a lack of shared understanding as to which entity should follow-through to investigate and remedy issues that have been identified, in particular those that may involve misconduct.

The OCFO Manual defines automatic and discretionary penalties when schools violate OCFO policy, but OCFO oversight personnel are more inclined to first work with school personnel to avoid imposing the penalties. The OIG appreciates OCFO's willingness to work with schools to avoid such penalties, but is also wary that perceived leniency may remove the element of deterrence from the penalties, and undermine the system of internal controls.

In addition to the findings detailed in this report, in March 2019, the OIG sent a Management Alert Report (MAR) to DCPS to inform them that revenue from renting Woodrow Wilson High School's (Wilson) building and grounds was being deposited into its SAF account, in violation of the D.C. Code and potentially the federal Anti-Deficiency Act (ADA). DCPS responded in April 2019, and agreed with all three recommendations in the MAR.³

³ The MAR and DCPS' response to it are in Appendix E.

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BACKGROUND

Superintendent's Directive 623, dated September 14, 1992, which authorizes DCPS Student Activity Funds (SAF), states, "SAFs shall be raised and expended to promote the general welfare, education[,] and morale of the students, and to finance the recognized extra-curricular activities of student bodies of the District of Columbia Schools Public Schools (DCPS)." OCFO's District of Columbia Public Schools Standard Operating Procedure Manual for SAFs (OCFO Manual) contains detailed criteria regarding SAFs, and states that SAF accounts are not required by DCPS policy or a District regulation, rather "[t]hey are provided as a means to finance and manage the extra-curricular activities that enhance the students' overall educational experience."¹ The school principal has the "ultimate responsibility for all SAF funds received and disbursed within the school,"² and principals and/or their designees "may be held personally and financially responsible for misuse of the SAF."

As of October 1, 2018, DCPS had 111 SAF accounts totaling \$1,265,661.³ Individual SAF account balances ranged from \$0.51 to \$96,619. The oldest account was opened on November 1, 1974,⁴ while the newest account was opened on February 13, 2017.

SAF Administration by School Employees

According to the OCFO Manual, five individuals at the school-level have SAF-related roles to help ensure segregation of duties.⁵ The principal must authorize SAF transactions and is ultimately responsible for SAF activity; the business manager's role involves disbursements; the banker generally deposits money; and two designated signatories sign checks. According to the OCFO Manual, all deposits and payments must be supported by proper documentation (e.g., receipts, invoices, checks, etc.), and all transactions (disbursements and deposits) must be documented in the SAF software system.

DCPS AND OCFO OVERSIGHT OF SAFs

Both OCFO and DCPS personnel serve SAF oversight roles. School business managers must submit monthly reports to OCFO, including deposits, disbursements, supporting documentation, a year-to-date report noting account balances, and a bank statement. OCFO accountants review these monthly reports to verify whether all SAF activity was allowable according to the OCFO Manual, and follow up with schools with questions about potentially unallowable disbursements

¹ D.C. OFFICE OF THE CHIEF FINANCIAL OFFICER, DISTRICT OF COLUMBIA PUBLIC SCHOOLS STANDARD OPERATING PROCEDURES MANUAL, STUDENT ACTIVITY FUND (SAF) (Rev. Aug. 23, 2018). This Manual contains policies and procedures regarding SAFs, including: general principles of internal control, such as record keeping and segregation of duties, specific accounting requirements pertaining to the deposit and disbursement of SAF funds, and the requirement for submission of monthly reports for review by OCFO personnel.

² *Id.* § 3(a).

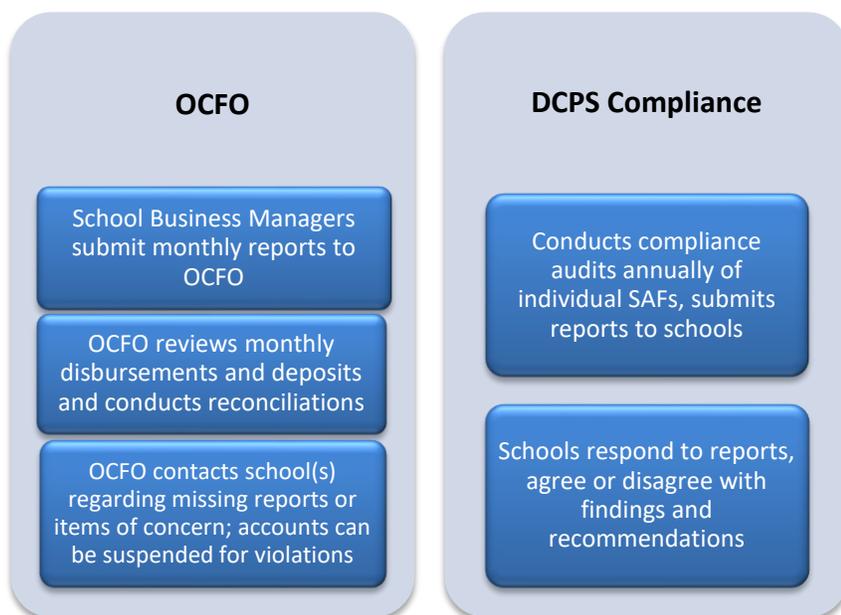
³ Money in the SAFs totaled \$1,551,625 on February 1, 2018, and \$1,540,392 on June 1, 2018.

⁴ The OIG team notes that this predates Superintendent's Directive 623.

⁵ "**Segregation of Incompatible Duties.** An 'incompatible' duty is one that would put a single individual in the position of being able to commit an irregularity and then to conceal it To achieve this separation of duties, the Principal shall designate one staff person to act as the SAF Business Manager, one staff person to act as the School Banker and two staff members to act as authorized signatories." The school principal is also a signatory on the SAF account. OCFO MANUAL, *supra* note 1, § 4(d).

or deposits to obtain additional information and clarification. Additionally, OCFO accountants compare bank statements to school records each month and perform a reconciliation. Concurrently with OCFO’s oversight, DCPS’ Division of Compliance and Policy (DCPS Compliance) conducts a limited number of compliance audits of SAFs that involve interviews with DCPS school staff and documentation reviews. DCPS Compliance publishes its findings and recommendations in reports and transmits them to schools. The schools then provide written responses wherein they agree or disagree with report findings and recommendations. This system of oversight is summarized in the figure 1 below.⁶

Figure 1: OCFO and DCPS Concurrent Oversight Roles



Source: OIG Illustration Based on Review of OCFO Documents

STANDARDS FOR INTERNAL CONTROL

To assess the SAF program, the OIG used the Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government* (GAO-14-704G, the Green Book).⁷ The Green Book sets internal control standards for federal entities, and may be adopted by state and local entities as a framework for an internal control system.⁸

⁶ Although the public can request DCPS audit reports through the Freedom of Information Act (FOIA), oversight information is not available on a public website.

⁷ U.S. GOV’T ACCOUNTABILITY OFFICE, GAO-14-704G, STANDARDS FOR INTERNAL CONTROL IN THE FEDERAL GOVERNMENT (Sept. 2014), available at, <https://www.gao.gov/products/GAO-14-704G> (last visited Jan. 8, 2019).

⁸ “Internal control comprises the plans, methods, policies, and procedures used to fulfill the mission, strategic plan, goals, and objectives of [an] entity. Internal control serves as the first line of defense in safeguarding assets. In short, internal control helps managers achieve desired results through effective stewardship of public resources.” *Id.* § OV1.03 at 5.

Internal control is “a process used by management to help an entity achieve its objectives.”⁹ Further, internal control helps assure accurate financial reporting and helps to prevent fraud, waste, and abuse. The Green Book explains that “[m]anagement is directly responsible for all activities of an entity, including the design, implementation, and operating effectiveness of an entity’s internal control system.”¹⁰ The internal control system comprises five components that “must be effectively designed, implemented, and operating, and operating together in an integrated manner, for an internal control system to be effective.”¹¹ A description of the five components of internal control is included in Table 1.

Table 1: Components of Internal Control

Component	General Description
Control Environment	The foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives.
Risk Assessment	Assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses.
Control Activities	The actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity’s information system.
Information and Communication	The quality information management and personnel communicate and use to support the internal control system.
Monitoring	Activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews.

Source: *Standards for Internal Control in the Federal Government* § OV2.04 (GAO-14-704G).

The components of internal control help an entity run its operations, report reliable information about its operations, and comply with laws and regulations.

FINDINGS

Our review of the SAF internal control system found weaknesses in control activities. Although OCFO often timely identified SAF-related violations through its review of monthly reports, and communicated many violations to school personnel and DCPS Compliance employees via email,¹² SAF-related violations recurred and automatic penalties articulated in the OCFO Manual were not applied. Additionally, DCPS Compliance identified SAF-related deficiencies through its performance audits but did not conduct adequate follow-through to ensure issues identified were resolved. This lack of follow-through creates an environment where OCFO and DCPS Compliance identify and communicate SAF-related violations to schools, but school personnel

⁹ U.S. GOV’T ACCOUNTABILITY OFFICE, *supra* note 4, TITLE Page.

¹⁰ *Id.* § OV2.14 at 12.

¹¹ *Id.* § OV2.04 at 7.

¹² DCPS employees were often copied on OCFO emails to school employees, alerting DCPS to issues that OCFO found. Additionally, DCPS employees told the OIG that they requested information from OCFO when conducting performance audits.

do not feel it is necessary to correct deficient practices and comply with SAF policies. The weaknesses in SAF program internal control activities increase the risk of recurring errors, mismanagement, abuse, and fraud.

Management Alert Report regarding Facility Rental Practices at Woodrow Wilson High School - In addition to the findings noted in this report, the OIG sent a Management Alert Report (MAR) to DCPS in March 2019 informing the Chancellor that revenue from renting Woodrow Wilson High School's (Wilson) building and grounds was being deposited into its SAF account, in violation of the D.C. Code and potentially the federal Anti-Deficiency Act (ADA).¹³ DCPS responded in April 2019, and agreed with the MAR's three recommendations, which advised the Chancellor, DCPS to: 1) direct Wilson to forward all requests for buildings and grounds to DGS, and for DGS to deposit the money into the proper fund; 2) implement a process at Wilson to ensure all disbursements and deposits conform to SAF policies and procedures; and 3) assess rental revenue practices at all DCPS schools to determine compliance with D.C. Code and SAF requirements.

CHANGES TO CONTROL ACTIVITIES NEEDED TO ADDRESS RECURRING DEFICIENCIES, TRACK AND RESOLVE MAJOR POTENTIAL SAF POLICY VIOLATIONS, AND HOLD NON-COMPLIANT SCHOOLS ACCOUNTABLE

Standards for Internal Control in the Federal Government (the "Green Book"), control activity component principles 16 and 17, delineate standards for performing monitoring activities, evaluation of issues, and remediation of identified deficiencies. These standards dictate that oversight should include the design and implementation of internal control system monitoring and an evaluation of results. Management should then timely remediate identified deficiencies by reporting issues, evaluating issues, and taking corrective actions.

Common recurrent issues

The OIG team analyzed 30 DCPS Compliance performance audit reports issued from January 2017 to October 2018 and identified the most common recurring issues. The most frequent performance audit findings across the 30 audits that the OIG team analyzed were as follows:

- 15 instances of money not being timely deposited;¹⁴
- 14 instances of missing, incomplete, or late monthly reports;
- 11 instances of unsigned bank statements;¹⁵
- 8 instances of missing SAF records;¹⁶
- 5 instances of unapproved transportation vendors used; and
- 5 instances in which there was a lack of segregation of duties among SAF-related functions.¹⁷

¹³ The MAR and DCPS' response are in Appendix E.

¹⁴ The OCFO Manual requires that, "bank deposits must be made, at a minimum, on every Wednesday and Friday of the week." OCFO MANUAL, *supra* note 1, § 6(i).

¹⁵ The OCFO Manual dictates that monthly reports must include a monthly bank statement signed by the principal, to show that the principal reviewed the statement.

¹⁶ The OCFO Manual dictates that SAF records must be maintained for 7 years.

Late/incomplete OCFO monthly reports: According to the OCFO Manual, School business managers must submit monthly reports to OCFO by the 15th of each month and include deposits, disbursements, supporting documentation, a year-to-date report noting account balances, and a bank statement. The OIG observed OCFO email communication with DCPS about instances of late/incomplete monthly reports; this is a recurring issue at multiple schools. Per the OCFO Manual, “[f]ailure to submit the report packages timely and accurately for 2 consecutive months will result in the immediate revocation of the SAF for the remainder of the school year.”¹⁸

Lack of supporting documentation for disbursements; unallowable expenses processed through the SAFs: OCFO’s Manual details allowable SAF expenditures (e.g., student awards, field trips, etc.), expenditures requiring OCFO pre-approval (e.g., purchase or lease of equipment attached to a school-building), and unallowable expenditures (e.g., laptops, gift cards, non-educational trips, compensation for DCPS employees, travel and training expenses for DCPS employees). Expenditures require completed SAF-23 forms and invoices detailing each transaction. The OIG reviewed evidence of repeated instances of unallowable expenditures from SAFs and identified expenditures that lacked supporting documentation (e.g., invoices). Regarding unallowable disbursements, the OCFO Manual states a written warning will be issued to the Principal on the first occurrence; a “second occurrence of a disbursement from the SAF that is not allowable per this Manual may result in revocation of the SAF account for the remainder of the school year.”¹⁹

Cash not deposited into SAF: The OCFO Manual states that “[c]ash receipts must be deposited intact; this means that all cash collected must be deposited in the SAF bank account. Disbursements must never be made from cash receipts **Failure to comply will result in immediate suspension of the SAF account.**”²⁰ A June 2015 email from OCFO to DCPS Compliance states that one school was not depositing all cash collected from its concession stand, school store, and fundraisers into its SAF, and instead used some of the cash to replenish the school store and concessions stand.

A 2017 DCPS Compliance audit report underscores the importance of depositing cash timely.

On May 14, 2016, a break-in occurred at [the school]. During this break-in, an unknown amount of SAF funds estimated to be between \$10,000 and \$20,000 were stolen from the school premises.... We acknowledge that [the school had] purchased a safe to hold funds until deposited as recommended by SAF policy and that the funds that remained on site were kept in the safe; however, we are compelled to note that had an effective and timely

¹⁷ The OCFO Manual delineates the requirements for the principal, BM, banker, and signatories. It notes that the segregation of duties “enhances the integrity of the accounting process and encourages accuracy.” OCFO MANUAL, *supra* note 1, § 4(d).

¹⁸ *Id.* § 9.

¹⁹ *Id.* § 7(e).

²⁰ *Id.* § 6(a).

*review of SAF transactions taken place, the former Principal would have known that deposits were not being made on a regular and recurring basis, thereby reducing the amount of funds lost, although he could not have prevented the break-in.*²¹

The fact that the school could not determine the exact amount of cash in the safe that was stolen is an additional concern.

Non-approved transportation vendors transported students and were paid through SAFs: DCPS' Office of Contracts and Acquisitions (OCA) periodically distributes a list of approved vendors that schools must use when transporting students.²² OCFO employees identified schools' use of unapproved transportation vendors, a practice that places the District of Columbia at risk because the city is not listed as an insured party on these vendors' insurance policies, and these vendors' employees may not be subject to background checks.²³

Instances where two signatories did not sign disbursement checks: The OCFO Manual requires that two authorized signatories sign disbursement checks. The OIG team observed an email from DCPS Compliance to OCFO about only one person signing checks at a DCPS school. An OCFO manager told the OIG team that OCFO does not review copies of disbursed checks as part of its review of monthly reports, which may result in this SAF-violation going unnoticed unless DCPS alerts OCFO to this issue during a DCPS performance audit.²⁴

²¹ D.C. PUBLIC SCHOOLS, DIVISION OF COMPLIANCE & POLICY, AUDITS & RISK MANAGEMENT TEAM, REPORT NO. 16-02 at 6 (Mar. 2017). The 2016 OCFO Manual stated: "In the event of a theft or break-in, the following persons/agencies must be notified immediately: (a) the Metropolitan Police Department; (b) the Security Division; and (c) the Office of the Chief Financial Officer. Failure to do so may result in the suspension or termination of the SAF." D.C. OFFICE OF THE CHIEF FINANCIAL OFFICER, DISTRICT OF COLUMBIA PUBLIC SCHOOLS STANDARD OPERATING PROCEDURES MANUAL, STUDENT ACTIVITY FUND (SAF), § 10(f) (Rev. Sept. 6, 2016). The audit report is silent on the issue of whether such a requirement was in place at the time of the break-in and whether the school took appropriate action.

²² The November 2016 Field Trips & Student Travel: Domestic and International, Chancellor's Directive 310.7 states that schools are responsible for the expense and contracting of ground transportation to field trips, and should use a bus transportation vendor approved by the DCPS Contracts and Acquisitions team. Additionally, Title 5E DCMR § 2306(b) states that "[t]hose planning and implementing field trips and student travel must ensure that these experiences: . . . (3) Ensure the safety, well-being, and protection of the rights of participating students at all times...."

²³ The OCFO Manual states that all vendors providing services to DCPS shall ensure that their employees submit to all background checks required by DCPS. The following footnote from a recent DCPS Compliance audit reiterates the importance of using only approved transportation vendors: "DCPS requires that schools only utilize transportation vendors whose drivers have been fingerprinted utilizing the [Federal Bureau of Investigation] background check system and who possess liability insurance naming DCPS as an additional insured to further reduce and/or eliminate risks to the District." D.C. PUBLIC SCHOOLS, DIVISION OF COMPLIANCE & POLICY, REPORT NO. 16-01 at 9 (Jan. 2017).

²⁴ DCPS Compliance auditors told us that they recently initiated the practice of reviewing a school's checks to determine whether they were signed by two authorized signatories.

Reimbursement for instructors' Reserve Officer Training Corps (ROTC) training was paid through the SAF: An OCFO manager explained how one school used its SAF account to reimburse ROTC coordinators for travel and training, that the reimbursements should be administered through normal DCPS travel and training procedures, and that federal ROTC funds should not be deposited into a school's SAF. The manager indicated this was an issue at other DCPS schools.

Lack of responsibility between OCFO and DCPS Compliance regarding which entity is responsible for tracking issues through to resolution

In principle, concurrent oversight by separate entities can be beneficial because it introduces redundancy and separation of duties to an oversight system. However, absent well-defined responsibilities, gaps in oversight can develop, e.g., where each entity believes the other is responsible for remediating a matter that may require corrective action. Although OCFO identified many SAF-related issues through its review of monthly reports and communicated these issues to the school(s) and DCPS Compliance, the OIG observed instances where neither OCFO nor DCPS Compliance followed through to determine whether the school remediated the issue.

Below are examples of potential major SAF-violations not thoroughly investigated when identified.

SAF account check disbursed to a school employee: An OCFO employee informed DCPS Compliance about a SAF check payable to a school employee in April 2018 (with an associated invoice for a company allegedly founded by that employee, and items delivered to the employee's residential address), a potential act of fraud. OCFO representatives told us that DCPS investigated and resolved the issue, while DCPS representatives said OCFO did. Neither agency followed through to ensure the matter was addressed. Further complicating the matter, a DCPS auditor believed this issue was referred to the OIG.²⁵ Only after the OIG team asked about this transaction in January 2019 did DCPS ask the employee for an explanation.

SAF account checks disbursed to a company owned by a DCPS instructor: In July 2018, an OCFO employee informed DCPS Compliance about four invoices paid from a school's SAF account to a company owned by a DCPS instructor. OCFO wrote the school's business manager had already been notified that "this is a direct violation of the SAF Policy and Procedure Manual. However, I wanted to alert Compliance due to the apparent conflict of interest." DCPS Compliance responded: "Thank you. We will keep [the school] in mind when preparing our audit plan for next school year."

When asked about this matter, an OCFO manager told us he/she was unsure whether DCPS had acted on the information it received. A DCPS Compliance manager opined that it was OCFO's responsibility to alert either the Board of Ethics and Government

²⁵ The OIG found no record of receiving a referral on this matter.

Accountability (BEGA)²⁶ or DCPS Labor Management and Employee Relations (LMER) because the issue is a potential misconduct/ethics violation. This manager also noted that “eventually” DCPS Compliance might conduct a performance audit of the school, but would not audit the school because of one possible violation. The DCPS manager noted that he/she did not know whether OCFO reported the potential violation.

OCFO consistently identifies potential SAF violations through its monthly report review and communicates its questions and concerns to the respective school(s) (often copying DCPS Compliance employees on these follow-up emails), but responsibility for following through to correct deficiencies is not clearly assigned to DCPS Compliance or OCFO. An OCFO employee expressed concern that DCPS does not vet and resolve issues that OCFO has identified. This individual speculated that what OCFO deems important or urgent, DCPS Compliance may not. The OCFO employee noted that he/she thinks DCPS Compliance should conduct performance audits more expeditiously when OCFO identifies a concern, and that DCPS Compliance should contact schools directly to inquire about issues that OCFO identifies. In contrast, a DCPS employee explained that DCPS Compliance employees will determine whether OCFO or DCPS should follow up on the issue. This manager explained that DCPS Compliance has many responsibilities besides SAF oversight and OCFO may need to follow up on issues directly. Both OCFO and DCPS employees appeared to believe that the other entity was responsible for following issues through to resolution after they are identified.

Additionally, the OIG is concerned that recommendations and referrals in DCPS Compliance’s performance audit reports are not shared with external oversight entities. For example, in October 2016, DCPS’ Office of Contracts and Acquisitions proposed reporting a questionable purchase card transaction to the OIG for “further investigation,” and forwarding a copy of the final DCPS Compliance report to the OIG simultaneously. The OIG team found no indication the matter was referred as proposed.

OCFO SAF Manual defines automatic and discretionary penalties for policy violations, but OCFO oversight personnel were more inclined to first work with school personnel to avoid imposing penalties

OCFO has the authority to enforce penalties against schools that habitually submit late or incomplete monthly reports. The OCFO Manual establishes an automatic penalty for late or inaccurate submissions of monthly reports to OCFO. The Manual states, “All monthly reports are reviewed by personnel of the OCFO. Schools will receive notification of any errors or policy violations upon review of the reports. Failure to submit the report packages timely and accurately for 2 consecutive months will result in immediate revocation of the SAF for the remainder of the school year.”²⁷ An OCFO official noted that if a school is late “a couple of months,” OCFO will restrict the school’s SAF account access.²⁸ This OCFO official knew the Manual requires the

²⁶ “The Board of Ethics and Government Accountability (BEGA) investigates alleged ethics laws violations by District government employees and public officials, provides binding ethics advice and conducts mandatory training on the DC Government’s Code of Conduct.” BEGA website, <https://bega.dc.gov/page/mission> (last visited Mar. 12, 2019).

²⁷ OCFO MANUAL, *supra* note 1, § 9.

²⁸ The current software system provides OCFO the ability to stop a school from issuing checks.

SAF account to be suspended after 2 months of late or incomplete monthly reports, but appeared to grant schools more leeway, stating that OCFO enforces these penalties “for the most part.”

The OCFO Manual also cites a discretionary penalty for repeated, unallowable disbursements from the SAF, stating, “A written warning will be issued to the Principal on the first occurrence of a disbursement from the SAF that is not allowable per this Manual. A second occurrence of a disbursement from the SAF that is not allowable per this Manual may result in revocation of the SAF account for the remainder of the school year.”

The OIG appreciates OCFO’s willingness and efforts to work with schools to correct deficient practices instead of simply imposing the penalties defined in the OCFO Manual. However, it is also reasonable to conclude that routinely choosing not to effect automatic penalties may remove the element of deterrence and undermine the system of internal controls. OCFO’s perceived leniency may also foster a permissive management culture at DCPS schools that appears to condone SAF policy violations or expose the account to fraud.

DCPS Compliance’s performance audit cycle results in infrequent oversight

DCPS Compliance conducts performance audits of SAF accounts to identify deficiencies and makes recommendations. These performance audits are more in-depth than OCFO’s monthly reconciliations, and involve interviews and document reviews. Although DCPS told the OIG and the D.C. Council (in response to a question for the Budget Support Act of 2016) that it tries to audit every school on a 3- to 5-year cycle (depending on the funds in the SAF accounts), in reality, it is a much longer cycle. In 2017, 3 individuals audited 19 SAFs. Extrapolating from calendar year 2017 and assuming that the total number of SAF accounts remains relatively stable over time, it would take DCPS Compliance approximately 5.8 years to audit all SAFs. At the time of fieldwork for this inspection, however, only 1 auditor expected to complete 10 performance audits during the year.²⁹ DCPS has yet to conduct a performance audit of every SAF account. A lengthy audit cycle means that DCPS Compliance does not regularly assess all schools’ SAFs to identify deficiencies and recommend improvements.

No external third-party conducts financial audits of SAFs

Superintendent’s Directive 623 states that SAFs “shall be audited annually by a firm of Independent Certified Public Accountants [CPA]” The OCFO Manual is less prescriptive and provides that “Student Activity funds may be audited annually by a firm of independent certified public accountants. This type of audit is conducted annually in connection with yearly preparation of the Comprehensive Annual Financial Report (CAFR).”³⁰ However, SAFs are not audited in conjunction with the preparation of the CAFR, and there is no other independent, third-party audit of the SAFs. An OCFO official noted that the aggregate balances of the SAF are reported in the D.C. System of Accounting and Reporting (SOAR) but OCFO has not selected SAF balances for further review in at least the past 6 years. Further, OCFO accountants who review school monthly reports are not CPAs, nor are the DCPS Compliance auditors who conduct DCPS’ performance audits.

²⁹ According to an interviewee, DCPS Compliance at times lacked auditors to audit SAFs in the past.

³⁰ OCFO MANUAL, *supra* note 1, at 14.

A DCPS manager told the OIG that an annual, third-party financial audit of SAFs is not done because the aggregate value of the SAFs is relatively low, and DCPS must conduct a cost/benefit analysis when deciding whether to audit these accounts. Other employees echoed that a third-party audit is not conducted because of the small amount of money involved in the SAFs. Although the balances in the SAFs are not large compared to DCPS' total budget, the cash transactions and previously identified instances of non-compliance in the accounts (as identified by both OCFO and DCPS) show that the risk of SAF misuse is significant. Further, although the aggregate balance of the SAF accounts may not be high at any point in time, a significant amount of money may flow through the accounts, which would justify an independent financial audit. Finally, the prospect of being the subject of an external audit could help to drive compliance with SAF requirements and deter misuse of funds.

Based on our findings and observations, we recommend that the Chancellor, DCPS and CFO, OCFO work together to:

- (1) Define and document DCPS and OCFO employees' roles and responsibilities for prioritizing, investigating, and resolving instances of potential SAF policy non-compliance, and distribute the guidance to all employees involved with SAF administration and oversight.

Agree _____ X _____ Disagree _____

DCPS' September 2019 Response to Recommendation 1:³¹ ***DCPS agrees with this recommendation.*** *Staff within DCPS' Office of Compliance serving as internal auditors will work with the Office of the Chief Financial Officer's (OCFO) Accounting Officer and other OCFO designated staff to initiate OCFO requests for compliance audits of Student Activity Fund (SAF) accounts due to instances of procedural non-compliance within 60 days of a request and issue associated reports³² within 90 days of a request from OCFO. OCFO staff should expeditiously direct instances of non-compliance that clearly suggest potential employee misconduct to DCPS's Office of Labor, Management and Employee Relations (LMER). DCPS' LMER division is charged with timely investigating and administering any required employment action(s) to DCPS employees. By December 31, 2019, DCPS will document this guidance and distribute it to the appropriate staff.*

In fiscal year 2020 (FY20), DCPS is committed to dedicating resources to the monitoring and enforcement of SAF compliance by incorporating resolution of procedural non-compliance with SAF policy within its Risk Management³³ department. In addition to enterprise risk functions, the Risk Management department staff will be charged with working with instructional superintendents and the chiefs of elementary and secondary schools to ensure that principals and school-based SAF responsible staff timely respond to and implement corrective actions designed to resolve procedural compliance issues

³¹ The full text of DCPS' September 2019 response is in Appendix D.

³² "90-day report issuance may vary depending on the complexity of circumstances identified during an audit."

³³ "One (1) position has been advertised and designated for hire in FY20. Once a hire is in place, the Risk Management department will commence these activities. DCPS will work to augment audit and risk management staffing as resources are identified or become available."

(OCOO) bi-annual Institute (OCOOi). OCOOi is a bi-annual training session which serves as a two-day professional development training series for non-instructional/operational staff throughout DCPS. At the July 16 and 17, 2019 sessions, DCPS' Compliance audit staff and OCFO staff held four (4) mandatory training sessions for individuals whose role included SAF related duties, specific to the function of business manager and banker. Staff in attendance included business managers, directors/managers of strategy and logistics, principals and assistant principals.³⁵ The trainings included detailed information regarding what DCPS' Compliance audit staff look for when conducting SAF audits, SAF policy review, other topics directly relevant to the day to day SAF operations, such as allowable and unallowable expenditures, and individual question and answer sessions. DCPS' Compliance audit staff will partner with OCFO to continue these trainings going forward on a bi-annual basis.

DCPS Compliance will also partner with OCFO to conduct an annual analysis of common findings and communicate the results to all schools. By December 31, 2019, DCPS will analyze the results of audit findings identified during SAF performance audits conducted during school year 2018-2019 (SY18-19) and communicate the results to all schools, instructional superintendents and the chiefs of elementary and secondary schools. Going forward, this analysis will be conducted and communicated out by September 30th of each year.

OCFO's September 2019 Response to Recommendation 2: *OCFO agrees with the recommendation. OCFO requires school staff involved in the administration of the SAF to read the Manual and complete training before gaining access to the SAF account. The Manual and training are both designed to educate SAF responsible staff, and to reduce recurring SAF deficiencies. DCPS Compliance has agreed to partner with OCFO to conduct an annual analysis of common findings and communicate the results to all schools. Additionally, OCFO issued a memorandum dated September 12, 2019 (Attachment II) addressed to Instructional Superintendents and Principals, stating that the procedures outlined in the SAF Manual will be consistently applied.*

Based on our findings and observations, we also recommend that the Chancellor, DCPS:

- (3) Implement a DCPS Compliance audit follow-up procedure to increase the likelihood that schools comply timely with audit report recommendations.

Agree X Disagree _____

DCPS' September 2019 Response to Recommendation 3: *DCPS agrees with this recommendation. DCPS agrees that conducting follow-up audits should increase the likelihood that schools comply with audit report recommendations. By August 31, 2020, DCPS' Compliance audit team will institute follow-up reviews of SAF audits into its'*

³⁵ "Some principals and assistant principals were in attendance, but not all. DCPS will hold a refresher SAF training with the support of instructional superintendents during cluster meetings as a mechanism for providing training to school leaders."

CONCLUSION

Under the current SAF account system of internal controls, it appears that both OCFO and DCPS are effective in identifying issues of non-compliance with SAF policy at individual schools. However, OCFO and DCPS must work together to improve their control activities so deficiencies that have been identified are ultimately corrected and do not recur; individual DCPS employees are held accountable for their actions when necessary; and schools with repeated policy violations are subject to appropriate consequences, such as suspension of SAF disbursements for the remainder of the school year.

The OIG recommends changes to the current internal controls, to include: reconciling which entity is responsible for properly vetting and resolving the various types of procedural issues identified by their two agencies; use of automatic penalties for actions or inactions that violate SAF policy; and greater transparency through more publicly available information about SAF account balances, deposits, and disbursements.

APPENDIX A. OBJECTIVES, SCOPE, METHODOLOGY

The primary objective of this inspection, which was part of the OIG's *Fiscal Year 2019 Audit and Inspection Plan*,⁴⁰ was to assess schools' compliance with SAF policies and procedures established by DCPS and the Office of the Chief Financial Officer (OCFO). This objective includes DCPS' and OCFO's oversight and monitoring of SAFs. OIG inspections are conducted under standards established by the Council of the Inspectors General on Integrity and Efficiency.

During this inspection, the OIG team assessed how OCFO reviews and analyzes SAF monthly reports and follows-up when anomalies are present or information is not provided by schools; this included a review of OCFO documentation and interviews with OCFO employees. The OIG team also analyzed how DCPS' Division of Compliance and Policy oversees SAF accounts. As part of this process, the OIG team reviewed 30 DCPS performance audit reports from January 2017 to October 2018, and asked what corrective measures were instituted because of audit report findings, and how DCPS verified that identified issues were rectified. The OIG team also conducted interviews with DCPS employees to learn more about oversight of SAF accounts. Finally, the OIG team reviewed email correspondence and documentation from OCFO and DCPS to analyze SAF monitoring processes and compliance with SAF policies.

⁴⁰ Available at <http://oig.dc.gov>.

APPENDIX B. RECOMMENDATIONS

We recommend the Chancellor, DCPS and CFO, OCFO:

1. Define and document DCPS and OCFO employees' roles and responsibilities for prioritizing, investigating and resolving instances of potential SAF policy non-compliance, and distribute the guidance to all employees involved with SAF administration and oversight.
2. Identify how OCFO and DCPS Compliance can reduce common recurring deficiencies in SAF account administration (e.g., conduct an annual analysis of OCFO and DCPS Compliance findings and communicate the results of the analysis to all schools), and, more consistently and effectively penalize schools according to existing provisions in the OCFO Manual.

We recommend the Chancellor, DCPS:

3. Implement a DCPS Compliance audit follow-up procedure to increase the likelihood that schools comply timely with audit report recommendations.
4. Engage an external accounting firm to the SAF program annually, and publish the audit report(s) on DCPS' website.
5. Establish a policy and practice for publishing school-specific SAF deposit, disbursement, and balance information and DCPS Compliance performance audit reports on its website.

APPENDIX C. ACRONYMS AND ABBREVIATIONS

CAFR	Comprehensive Annual Financial Report
CPA	Certified Public Accountant
DCPS	District of Columbia Public Schools
FOIA	Freedom of Information Act
OCFO	Office of the Chief Financial Officer
OIG	Office of the Inspector General
SAF	Student Activity Fund
SOAR	System of Accounting and Reporting

APPENDIX D. DCPS' AND OCFO'S RESPONSES TO DRAFT



BY EMAIL AND FIRST-CLASS MAIL

September 6, 2019

Daniel W. Lucas
Inspector General
717 14th Street, NW
Washington, DC 20005

Dear Inspector General Lucas:

The District of Columbia Public Schools (DCPS) is in receipt of the Office of the Inspector General's (OIG) August 23, 2019 draft report entitled, *District of Columbia Public Schools: Inspection of the Administration and Oversight of Student Activity Funds (OIG Project No. 19-I-05GA)*. Thank you for providing this feedback as well as allowing us the opportunity to respond and provide input.

Findings:

1. Define and document DCPS and OCFO employees' roles and responsibilities for prioritizing, investigating, and resolving instances of potential SAF policy non-compliance, and distribute the guidance to all employees involved with SAF administration and oversight.

DCPS agrees with this recommendation. Staff within DCPS' Office of Compliance serving as internal auditors will work with the Office of the Chief Financial Officer's (OCFO) Accounting Officer and other OCFO designated staff to initiate OCFO requests for compliance audits of Student Activity Fund (SAF) accounts due to instances of procedural non-compliance within 60 days of a request and issue associated reports¹ within 90 days of a request from OCFO. OCFO staff should expeditiously direct instances of non-compliance that clearly suggest potential employee misconduct to DCPS's Office of Labor, Management and Employee Relations (LMER). DCPS' LMER division is charged with timely investigating and administering any required employment action(s) to DCPS employees. By December 31, 2019, DCPS will document this guidance and distribute it to the appropriate staff.

In fiscal year 2020 (FY20), DCPS is committed to dedicating resources to the monitoring and enforcement of SAF compliance by incorporating resolution of procedural non-compliance with SAF policy within its Risk Management² department. In addition to enterprise risk functions, the Risk Management department staff will be charged with working with instructional superintendents and the chiefs of elementary and secondary schools to ensure that principals and school-based SAF responsible staff timely respond to and implement

¹ 90-day report issuance may vary depending on the complexity of circumstances identified during an audit.

² One (1) position has been advertised and designated for hire in FY20. Once a hire is in place, the Risk Management department will commence these activities. DCPS will work to augment audit and risk management staffing as resources are identified or become available.

APPENDIX D. DCPS' AND OCFO'S RESPONSES TO DRAFT



DCPS Response – OIG Inspection of Administration and Oversight of SAF
September 6, 2019
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corrective actions designed to resolve procedural compliance issues identified during DCPS Compliance's performance audits and OCFO's monthly monitoring activities.

2. Identify how OCFO and DCPS Compliance can reduce common recurring deficiencies in SAF account administration (e.g., conduct an annual analysis of OCFO and DCPS Compliance findings and communicate the results of the analysis to all schools), and more consistently and effectively penalize schools according to existing provisions in the OCFO Manual.

DCPS agrees with this recommendation. DCPS believes that regular and recurring training is the key to reducing common errors that occur and reoccur in day to day SAF operations. We have already implemented mandatory training sessions designed to better educate SAF responsible staff and to reduce recurring SAF deficiencies. On July 16 and 17, 2019, DCPS' Compliance audit staff partnered with OCFO to conduct refresher training sessions for school-based staff with SAF responsibilities. Going forward, DCPS will provide mandatory training sessions during the Office of the Chief Operating Officer's (OCOO) bi-annual Institute (OCOOi). OCOOi is a bi-annual training session which serves as a two-day professional development training series for non-instructional/operational staff throughout DCPS. At the July 16 and 17, 2019 sessions, DCPS' Compliance audit staff and OCFO staff held four (4) mandatory training sessions for individuals whose role included SAF related duties, specific to the function of business manager and banker. Staff in attendance included business managers, directors/managers of strategy and logistics, principals and assistant principals³. The trainings included detailed information regarding what DCPS' Compliance audit staff look for when conducting SAF audits, SAF policy review, other topics directly relevant to the day to day SAF operations, such as allowable and unallowable expenditures, and individual question and answer sessions. DCPS' Compliance audit staff will partner with OCFO to continue these trainings going forward on a bi-annual basis.

DCPS Compliance will also partner with OCFO to conduct an annual analysis of common findings and communicate the results to all schools. By December 31, 2019, DCPS will analyze the results of audit findings identified during SAF performance audits conducted during school year 2018-2019 (SY18-19) and communicate the results to all schools, instructional superintendents and the chiefs of elementary and secondary schools. Going forward, this analysis will be conducted and communicated out by September 30th of each year.

3. Implement a DCPS Compliance audit follow-up procedure to increase the likelihood that schools comply timely with audit report recommendations.

³ Some principals and assistant principals were in attendance, but not all. DCPS will hold a refresher SAF training with the support of instructional superintendents during cluster meetings as a mechanism for providing training to school leaders.

APPENDIX D. DCPS' AND OCFO'S RESPONSES TO DRAFT



DCPS Response – OIG Inspection of Administration and Oversight of SAF
September 6, 2019
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DCPS agrees with this recommendation. DCPS agrees that conducting follow-up audits should increase the likelihood that schools comply with audit report recommendations. By August 31, 2020, DCPS' Compliance audit team will institute follow-up reviews of SAF audits into its' SY20-21 audit plan. Follow-up audits will be conducted on a triennial basis, beginning with SAF audits conducted in SY17-18.

4. Engage an external accounting firm to audit the SAF program annually and publish the audit report(s) on DCPS' website.

DCPS agrees with this recommendation. We propose, however, that an annual audit of SAFs as recommended by the OIG is incorporated into the city's Comprehensive Annual Financial Report (CAFR) audit. Due to existing and projected budgetary constraints, DCPS is unable to finance an annual external audit of its SAFs at this time. DCPS believes that incorporating SAF financial activities with all other aspects of the District's financials will provide a complete picture of the financial position of the District as a whole, that does not currently exist.

5. Establish a policy and practice for publishing school-specific SAF deposit, disbursement, and balance information and DCPS Compliance performance audit reports on its website.

DCPS partially agrees with this recommendation. All financial activities within District of Columbia agencies are the responsibility of the OCFO. Accountants within OCFO are charged with monitoring, reviewing and reconciling school SAF accounts on a monthly basis. While DCPS agrees with some elements of this recommendation, DCPS believes that this recommendation should be a joint recommendation to DCPS and OCFO.

By January 31, 2020, DCPS will partner with OCFO to publish the SAF balances that OCFO reconciles as of September 30, 2019, on DCPS' website. After the initial publication of September 30, 2019 balances, DCPS will publish school specific SAF deposit, disbursement and balance information on its website on a quarterly basis, beginning with the balances reconciled as of December 31, 2019. We anticipate having each school's quarterly balance detailed on DCPS' website within 45 days after the end of the quarter⁴. By June 30, 2020, DCPS will establish, and post on our website, a policy that outlines our practice for publishing school-specific SAF deposit, disbursement, account balances and DCPS Compliance's internal performance audit process.

⁴ Note: This information is contingent upon OCFO's completion of its reconciliation of accounts. SAF information will be reported as of March 31, June 30, September 30 and December 31, annually.

APPENDIX D. DCPS' AND OCFO'S RESPONSES TO DRAFT



DCPS Response – OIG Inspection of Administration and Oversight of SAF
September 6, 2019
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Thank you for conducting this inspection, allowing DCPS to respond, and continuing to partner with us to improve oversight activities in our schools. Please do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Lewis D. Ferebee".

Lewis D. Ferebee, Ed.D.
Chancellor
District of Columbia Public Schools

APPENDIX D. DCPS' AND OCFO'S RESPONSES TO DRAFT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER



September 25, 2019

Mr. Daniel W. Lucas, Inspector General
Office of the Inspector General
717 14th Street, NW
Washington, DC 20005

Dear Inspector General Lucas:

Enclosed you will find a response to the draft report entitled: District of Columbia Public Schools: Inspection of the Administration and Oversight of Student Activity Funds (OIG Project No. 19-I-05GA). The DCPS AFO and Accounting Officer have consulted with DCPS Compliance Office in the formulation of the attached response. The response addresses recommendations (1 and 2) included in Appendix B of the report.

Thank you for bringing these issues to our attention and providing this opportunity to respond.

Sincerely,

A handwritten signature in black ink that reads "Jeffrey S. DeWitt".

Jeffrey S. DeWitt
Chief Financial Officer

APPENDIX D. DCPS' AND OCFO'S RESPONSES TO DRAFT

OCFO Response to OIG Project No. 19-I-05GA

Inspection of the Administration and Oversight of Student Activity Funds

RECOMMENDATIONS

We recommend the Chancellor, DCPS and CFO, OCFO work together to:

1. Define and document DCPS and OCFO employees' roles and responsibilities for prioritizing, investigating and resolving instances of potential SAF policy noncompliance, and distribute the guidance to all employees involved with SAF administration and oversight.

OCFO Response

OCFO agrees with the recommendation. The Student Activity Fund (SAF) Standard Operating Procedure Manual (the Manual) provided by the Office of the Chief Financial Officer defines and documents DCPS and OCFO employees' roles and responsibilities. The Manual details policies and procedures for use and administration of SAF accounts. The Principal has the ultimate responsibility for all SAF funds received and disbursed within a school. The Principal designates one staff person to act as the SAF Business Manager, one staff person to act as the School Banker, and two staff persons to act as authorized signatories (in addition to the Principal). All school staff involved in the administration of the SAF must complete training before gaining access to the account. It is the responsibility of the Principal to ensure that all staff, including business managers, school bankers and authorized signatories, complete training and read the Manual. As part of the annual SAF account Activation Process, OCFO documents that designated school personnel have received the Manual and training materials that delineate various roles and responsibilities, and relevant documents and forms. Prior to granting access to the account, OCFO requires all designated employees involved with SAF administration and oversight to complete a SAF Manual Receipt and Acknowledgement form (Attachment I). The OCFO does not conduct audits and compliance reviews. DCPS-AFO met with DCPS' Deputy Chief, Compliance on September 12, 2019, and agreed that OCFO will communicate with Principals, DCPS Compliance Office, and DCPS' Office of Labor, Management and Employee Relations (LMER) when it becomes aware of instances of noncompliance with SAF policy. Additionally, OCFO issued a memorandum dated September 12, 2019 (Attachment II) addressed to Instructional Superintendents and Principals, stating that the procedures outlined in the SAF Manual will be consistently applied.

2. Identify how OCFO and DCPS Compliance can reduce common recurring deficiencies in SAF account administration (e.g., conduct an annual analysis of OCFO and DCPS Compliance findings and communicate the results of the analysis to all schools), and, more consistently and effectively penalize schools according to existing provisions in the OCFO Manual.

OCFO Response

OCFO agrees with the recommendation. OCFO requires school staff involved in the administration of the SAF to read the Manual and complete training before gaining access to the SAF account. The Manual and training are both designed to educate SAF responsible staff, and to reduce recurring SAF deficiencies. DCPS Compliance has agreed to partner with OCFO to conduct an annual analysis of common findings and communicate the results to all schools. Additionally, OCFO issued a memorandum dated September 12, 2019 (Attachment II) addressed to Instructional Superintendents and Principals, stating that the procedures outlined in the SAF Manual will be consistently applied.

APPENDIX D. DCPS' AND OCFO'S RESPONSES TO DRAFT

ATTACHMENT I

APPENDIX D. DCPS' AND OCFO'S RESPONSES TO DRAFT



DISTRICT OF COLUMBIA
PUBLIC SCHOOLS

Office of the Chief Financial Officer

MEMORANDUM

Date: August 28, 2019
To: Principals
District of Columbia Public Schools
From: [REDACTED]
Accounting Officer, District of Columbia Public Schools
Subject: School Year 2019-2020 Instructions and Requirements for Student Activity Fund (SAF) Activation

As a result of the changes in personnel at the schools and the requirement to maintain current documentation on staff assigned to manage the SAF, all schools must complete the following in order to gain access to the SAF account for SY19-20:

- i. Identify the five individuals who will be responsible for the SAF account
- ii. These individuals complete the required training, and
- iii. An updated bank signature card is submitted and filed with the Office of Finance and Treasury (OFT) – this is only if there has been a change in the authorized signatories from SY18-19

Please follow the steps below to ensure that the SAF account is ready and available to you for its intended purpose. The steps below must be complete no later than Thursday, September 26, 2019. If the requirements are not met by September 26, 2019 the next window for SAF account activation will be January 2020.

Forms and Training:

1. Please read the Student Activity Fund (SAF) Policy Manual, revised August 2019
2. Please complete the Designated Personnel Worksheet (DPW) – this form identifies the five individuals assigned to manage the SAF. Please use a discernible signature on this form.
3. Please have each person listed on the Designated Personnel Worksheet (DPW) complete a SAF Manual Receipt and Acknowledgement Form
4. Please have each person listed on the Designated Personnel Worksheet (DPW) view the PowerPoint policy and procedure training presentation appropriate for their role and provide the unique confirmation code on the DPW

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APPENDIX D. DCPS' AND OCFO'S RESPONSES TO DRAFT



DISTRICT OF COLUMBIA
PUBLIC SCHOOLS

Office of the Chief Financial Officer

Please send the completed forms electronically to DCPS.SAF@dc.gov

The package must include:

- 1 Designated Personnel Worksheet (DPW) complete with 5 signatures and 5 accurate confirmation codes
- 5 SAF Manual Receipt and Acknowledgment Forms -- 1 receipt for each person listed on the DPW

Once this package is submitted, we will forward a new Wells Fargo bank signature form if necessary; this form is only necessary if there has been change in the authorized signatories from SY18-19. Also, we will offer hands on training sessions for the School Funds Online (SFO) software for new and existing users. SAF Business Managers can register for this training via Quick base.

SY18-19 Outstanding Issues

Any school that has negative activity account balances in SFO or is delinquent with any monthly report packages (this includes uploading documentation in SFO) from SY18-19 will not gain access to the SAF for SY19-20 until all reporting requirements are current and complete.

Please send an email to [REDACTED] for any school specific questions or concerns about your SAF account. Please put the name of your school in the subject field and include your full name and title in the electronic email signature.

Accounting Department Staff

[REDACTED]
[REDACTED]
[REDACTED]

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APPENDIX D. DCPS' AND OCFO'S RESPONSES TO DRAFT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER



DISTRICT OF COLUMBIA PUBLIC SCHOOLS
STANDARD OPERATING PROCEDURE MANUAL
STUDENT ACTIVITY FUND (SAF)

Purpose

The purpose of this Manual is to document the procedures for use and administration of Student Activity Fund (SAF) accounts within the District of Columbia Public School system. The policies and procedures set forth in this Manual with an effective date of August 26, 2019 supersede any previous versions of this Manual.

Policy

Recognizing the responsibility placed upon the School Principal in the management of Student Activity Fund (sometimes referred to as Non-Appropriated General Fund), the Chancellor has directed the Office of the Chief Financial Officer (OCFO) to establish policies for administering the Student Activity Funds (SAFs) within the District of Columbia Public Schools (DCPS).

Any entity, be it a government agency, a for-profit business or a non-profit organization, exists to achieve its' mission and purpose. It is the role of the Principal to provide the leadership needed for the schools to realize their purpose. The Principal is not free simply to act in any way to achieve the SAF goals. Rather, the Principals' options and actions are circumscribed by constraints and expectations. Principals, Business Managers, Activity Sponsors, and Central Office Personnel responsible for the monitoring of SAFs must be familiar with the provisions of this manual. Principals and/or their designees may be held personally and financially responsible for misuse of the SAF.

SAF accounts are not required by any DCPS policy or regulation. Rather, they are provided as a means to finance and manage the extra-curricular activities that enhance the students' overall educational experience. Use of the SAF for reasons other than those expressly stated herein is strictly prohibited. All SAFs in DCPS must be maintained in the manner prescribed in this Manual. **FAILURE TO DO SO MAY RESULT IN DISCIPLINARY ACTION UP TO AND INCLUDING TERMINATION.**

APPENDIX D. DCPS' AND OCFO'S RESPONSES TO DRAFT

1) Purpose of the Student Activity Fund (SAF)

- a) To finance the recognized extra-curricular activities of the student body, as authorized by the Principal, for which there is no allocation of funding from the annual appropriated budget.
- b) The SAF must not be used to support or supplement the appropriated budget for normal school operations. All collections for and disbursements from the SAF account must be in accordance with supporting the recognized extra-curricular activities, as listed in this Manual, of the school.

2) General Principles Governing the Use of the Student Activity Fund (SAF)

- a) The SAF of the school belongs to the student body which is comprised of the pupils currently in that school.
- b) Staff owned funds may be included in the SAF, but they must be clearly segregated from student owned funds.
- c) School staff and organizations must not use such devices as gambling, including raffles, lotteries, pinball machines, pool, bingo and other games of chance, as a means of raising funds.
- d) Funds derived from the student body as a whole must be used to benefit the student body as a whole. This includes school wide fundraising activities and ticket sales from school sponsored activities.
- e) The management of SAFs must be in accordance with sound business practices, sound accounting procedures and adequate internal controls.
- f) PTA, PTO, and HSA funds must be handled by those organizations and must not be mixed with the funds of the school. The SAF must never be co-mingled with PTA, PTO, HSA or any other auxiliary group funds.
- g) Private grant funds cannot be deposited in the SAF. All private grants must be set up in the financial system of record, SOAR, and processed under existing policies & procedures for private grant administration.
- h) Unsolicited donations greater than \$500 cannot be deposited in the SAF. All solicited donations must be set up in the financial system of record, SOAR, and processed under the existing city-wide process for solicitation and acceptance of private donations. Unsolicited or "Drop Off" donations less than \$500 may be deposited into the SAF account and credited to Unsolicited Donations. See Appendix for complete Donations Handbook.
- i) All school staff involved in the administration of the SAF must complete training before gaining access to the SAF. It is the responsibility of the Principal to ensure that all staff, including business managers, school bankers and authorized signatories, complete training and read the SAF Policy and Procedure Manual provided by the Office of the Chief Financial Officer.

APPENDIX D. DCPS' AND OCFO'S RESPONSES TO DRAFT

3) Responsibilities for the Management of Student Activity Fund

- a) The Principal has the ultimate responsibility for all SAF funds received and disbursed within the school.
- b) Neither a school nor school activity fund shall be held responsible for an expenditure made by a pupil, teacher, or any other school staff member who has not received prior written authorization from the Principal.
- c) Principals must not use the SAF account as a supplement to the schools' operating budget. The SAF account is provided to make small dollar purchases in support of the students' extra-curricular activities i.e. payment to a bus company for field trips; refreshments for an honor roll assembly, etc. Classroom supplies, professional development, repair of leased equipment, office supplies, materials for CTE programs, Enrollment Fair expenses, PAARC testing expenses and all other expenditures associated with normal school operations cannot be paid from the SAF. Also, fees for classroom activities/supplies i.e. science lab fees cannot be collected from the students and deposited in the SAF. This is equivalent to supplementing the schools' operating budget. Principals are encouraged to work with the Budget Office to identify all funding sources available in the operating budget to finance school operations.
- d) Principals are required to seek prior approval from the Chief of Schools before making a commitment for purchases more than \$10,000.00.
- e) The Principal must investigate the cause of any negative balance in the SAF account and take corrective action to eliminate the negative balance. All negative balances must be resolved monthly.

4) Control of Student Activity Funds

Principles of Internal Control: The Principal is primarily responsible for the effectiveness of the internal controls for the SAF. The SAF is accounted for, by DCPS, as a trust fund, and it operates in a similar manner. The SAF makes the same presumptions as a trust fund: the beneficiaries (i) do not have financial or legal capacity to carry out the operations of the SAF, and (ii) do not have training and ability to preserve the SAFs assets and resources for the current and future use and needs of the students. These presumptions place the Principal, SAF Business Manager, and School Banker in a position similar to the trustees of a trust fund, in this case the SAF. A complete accounting of all funds received and disbursed through the SAF is required. The purpose of this accounting is to document that the funds have been properly expended and the assets and resources have been preserved.

Basic principles of good management and internal controls assure the following:

- a) **Authorization.** All transactions must be properly authorized by the Principal in accordance with SAF policies. No school personnel are permitted to make obligations for the SAF of the school without the prior, written approval of the Principal.
- b) **Properly designed records.** All deposits and disbursements must be supported by sequential pre-numbered receipts and checks respectively. The School Funds Online software is the Book of Record (ledger) for the SAF. This software must be used by all schools. The SAF ledger must be maintained on an "as you go basis" meaning all transactions must be recorded in School Funds Online as they occur. Failure to record all transactions in School Funds Online may be construed as misuse or fraud and prompt revocation of the SAF. All checks must be printed from the School Funds Online software to ensure timely and accurate recording on the ledger. **Manual or hand-written checks are strictly prohibited.**