District of Columbia Tuition Assistance Grant Program

The District’s State Education Office (SEO) has taken actions to put program and financial management procedures in place, but DCTAG is at risk in the areas of student eligibility and program budgeting. The District of Columbia Tuition Assistance Grant program has effective controls for determining the eligibility of higher education institutions to participate in the program and for processing institutions' invoices for payment. Other controls, however, were less effective. SEO did not have sufficient documentation to demonstrate that some students approved for DCTAG program funds were eligible because documents required to be submitted by applicants were not available. The most commonly missing documents were those intended to establish domicile in the District. Moreover, SEO officials were not verifying applicants’ Social Security numbers, which should be used to establish citizenship. Furthermore, SEO did not have documentation or procedures for determining the eligibility of applicants with special circumstances. The SEO has experienced significant turnover at the top management levels since it was created by legislation in 2000. High management turnover affects an organization’s control environment and its ability to plan, direct, and control operations to effectively and strategically achieve its mission.

The District established dedicated cash accounts for the DCTAG program, separate from the District’s general fund, as required by law. Reconciliations between these dedicated bank accounts and the District’s financial management system, however, had not been performed prior to our review. At our request, the Office of Finance and Resource Management reconciled the dedicated bank accounts and discovered that the District’s general fund had not been reimbursed for approximately $8.3 million for prior-period cash expenditures made from the District’s general fund on behalf of the DCTAG program. Also, about $2.7 million in interest earned since the DCTAG-dedicated accounts were established had not been recorded as funds available for the program.

The District’s forecasting method to project the number of students eligible to receive DCTAG funds in current and future years has not been reviewed for methodological soundness. While projections are based on the numbers of students that apply for the first time and those who submit renewal applications during a fiscal year, these projections have not been measured against actual results to include the historical experience of the program.

While the District reported that it used 5.3 percent ($0.9 million) of the federal funds during fiscal year 2004 for DCTAG program administrative expenses, the District does not track the full amount of administrative expenses incurred for the program. District officials estimate that operating the DCTAG program costs more than the 7 percent legislatively set limit, and these additional costs were absorbed using District funds.