



Audit of the Administration of District Funds to the D.C. Children and Youth Investment Trust Corporation

February 12, 2014

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A Report by the Office of the District of Columbia Auditor
Yolanda Branche, District of Columbia Auditor



Office of the District of Columbia Auditor

February 12, 2014

Included herein is the District of Columbia Auditor's report entitled "Audit of the Administration of District Funds Awarded to the District of Columbia Children and Youth Investment Trust Corporations." This audit was conducted at the request of Councilmembers Muriel Bowser and Mary Cheh. The objectives of this audit were to determine whether the D.C. Children and Youth Investment Trust Corporation (CYITC) complied with applicable laws, regulations and District policies during the pre-award, award and monitoring process for grantees and sub-grantees; determine whether CYITC established and implemented adequate internal controls over the grant competition, award and monitoring processes; and determine whether CYITC properly used District appropriated funds for specified uses.

We would like to thank CYITC's staff for their assistance and cooperation during this audit. All of their valuable time and efforts spent on providing us information was greatly appreciated.

Sincerely

Yolanda Branche
for Yolanda Branche, Deputy Auditor
District of Columbia Auditor



February 12, 2014

Audit of the Administration of District Funds Awarded to the D.C. Children and Youth Investment Trust Corporation

Why ODCA Did This Audit

The audit was conducted per the requests of Councilmembers Muriel Bowser and Mary Cheh.

What ODCA Recommends

1. We recommend that CYITC ensure documentation standards and controls are consistently applied within the grant-making processes.
2. We recommend CYITC consistently monitor all grantees and ensure that grant monitoring documentation is maintained in grant files.
3. We recommend that CYITC ensure all District funds are properly accounted for and readily identifiable.

What ODCA Found

The D.C. Children and Youth Investment Trust Corporation (CYITC) was established in 1999 to enhance the approach taken to provide services to the children and youth in the District of Columbia. Since its inception, CYITC has provided grants, technical assistance, youth worker training, capacity building, learning opportunities, and policy support in the District using District funds.

Overall, we are unable to confidently conclude whether CYITC complied with all applicable governance and internal controls for the sample selected from the past several fiscal years. Specifically, we found that CYITC could not provide sufficient evidence or documentation regarding grants and payments to make this determination. We are also unable to conclude whether CYITC properly used District funds that were provided for specified purposes.

For more information regarding this report, please contact Anovia Daniels, Communications Analyst/ANC Outreach, at Anovia.Daniels@dc.gov or 202-727-3600.

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Background

The D.C. Children and Youth Investment Trust Corporation (CYITC) is an independent non-profit organization incorporated in June 1999 with a purpose including, but not limited to:

- Implementing policies and priorities in accordance with the needs of children and youth in the District by allocating, distributing, and monitoring the use of funds among various community organizations;
- Acting as the recipient of grant-making dollars and leveraging such dollars to ensure perpetual grant-making capacity;
- Allocating and disbursing funds through performance-based contracts or agreements, and monitoring such contracts according to specific outcome measures;
- Receiving funds from the District of Columbia and federal government, private foundations, and other private entities and individuals; and
- Serving as fiduciary agent for the receipt, disbursement, and oversight of funds and resources.

CYITC's current mission is to:

- Increase resources and invest in the people, programs, and systems that serve children, youth, and their families in the District of Columbia;
- Support the development of strategic alliances to strengthen the quality and accessibility of services and opportunities that foster the healthy development of children and youth; and
- Create an evaluation framework designed to measure the effectiveness of individual programs and youth-serving agencies throughout the District of Columbia.

CYITC is a primary resource for developing partnerships that expand and improve services and opportunities for children and youth in the District of Columbia. CYITC partners with individuals and organizations across the District to service the children and parents of the District by providing grants and other assistance and opportunities. CYITC works with District public schools, city agencies, non-profit organizations, and employers in providing grants, technical assistance, youth worker training, capacity building, learning opportunities, and policy support.

Funding

CYITC is funded by the District, federal government, and private sources. A portion of the funds the District provides CYITC comes from federal funding that carries its own set of federal requirements. The District serves as a pass-through for these federal funds. The local dollars the District provides to CYITC also have their own set of requirements. Not all funds provided to CYITC are used for sub-grantee purposes.

The District provides CYITC with both discretionary and non-discretionary funding through District agencies via intra-district transfers, memorandums of understandings (MOU's), and Mayor's Orders. According to the Office of the Chief Financial Officer (OCFO), between fiscal years (FY) 2007 and FY 2012, the District provided CYITC with approximately \$124 million. Figure 1 illustrates the amounts disbursed by fiscal year between 2007 and 2012.

Figure 1

Funding Provided by the District to CYITC from FY 2007 through FY 2012

District Payments to CYITC as Provided By the Office of the Chief Financial Officer	
Fiscal Year	Amount
2007	\$24,447,589
2008	\$24,153,723
2009	\$25,703,701
2010	\$21,640,997
2011	\$14,988,650
2012	\$13,022,632
Total	\$123,957,292

Source: OCFO statement as of March 2013

Including funding from all sources, again noting that CYITC receives funding from sources outside of the District government, CYITC reported issuing 1,522 grant awards totaling \$97,488,091 between fiscal years 2007 and 2012. Figure 2 illustrates the number of grant awards and amounts for this funding.

Figure 2

CYITC Total Grant Award Count and Amount per Fiscal Year from FY 2007 through FY 2012

Fiscal Year	Total Number of Grantees	Total Grant Amount
2007	284	\$18,473,387
2008	303	\$18,788,957
2009	291	\$20,304,550
2010	308	\$17,768,035

2011	192	\$9,872,187
2012	144	\$12,280,975
Grand Total	1,522	\$97,488,091

Source: CYITC statement as of January 2013

Grant-making

CYITC's grantmaking function consists of four grant categories: out-of-school programs, parent centers, summer programs, and special grant initiatives. The programs have different areas of focus, but all are managed under CYITC's Grants Management and Training Team (GMT). This team is responsible for monitoring and developing policies and procedures that govern CYITC's grant making activities and developing and executing the grant making process and the grant life cycle.

CYITC awards grants through three processes: (1) continuation, (2) non-competitive, and (3) competitive. The continuation process is reserved for grantees that have received multi-year grants and involves a standard form and reporting requirements for the grantee. The non-competitive process is reserved for instances where there is a lack of qualified proposals or a directive issued by the President and CEO of CYITC for the program officer to submit a proposal to the Vice President of the GMT team. If the GMT Vice President approves, further solicitations are sent out. If a candidate is selected by the program officer, the candidate must receive recommendation or approval from the program officer, the GMT Vice President, President and CEO of CYITC, and possibly, depending on availability, the Board of Directors before final approval.

CYITC issued a Grants Management and Training Policies and Procedures Manual in FY 2012 that states CYITC should make all grant opportunities competitive outside of the two instances described above. The current competitive grant process includes a six-month timeline from confirmation of funding availability to the signing of the grant agreement designed to give both the grantor and the grantee an idea of pending deadlines and overall requirements and considerations. The process as outlined in the policies and procedures also defines and details key elements and documents in the competitive award process including notifications, staff selections, documentation requirements, and descriptions for review, selection, and feedback.

Oversight and Regulations

As the recipient of federal and local funding, CYITC is subject to a range of local and federal laws and regulations. With particular reference to funding CYITC receives from the federal government either directly or as passed through the District, CYITC is subject to

an annual federal review under an Office of Management and Budget (OMB) Circular¹. As of this report, the last annual external review and audit report completed for CYITC covered FY 2010. As a grantee receiving local District funds, CYITC is also subject to the provisions of District of Columbia Municipal Regulation Title 1, Chapter 50 – Subgrants to Private and Public Agencies and the Citywide Grants Manual and Sourcebook, where applicable.

Program Management

According to CYITC officials, CYITC has a Grants Management Training Policies and Procedures Manual, an Accounting Policies and Procedures Manual, an automated accounting system with limited access and sequential numbering, a management information system for grantee information, and explicit job descriptions for positions in its financial management division. Further, according to CYITC staff, the current grant making process includes explicit responsibilities and internal checks on authority, and CYITC has detailed processes for establishing agreements with grantees, the transfer of funding to grantees, and monitoring grantees and an established timeline for the award process.

¹ OMB Circular A-133

Objectives, Scope and Methodology

Objectives:

The objectives of this audit were to determine if the D.C. Children and Youth Investment Trust Corporation (CYITC):

- Complied with applicable laws, regulations, and District government policies during the pre-award, award, and monitoring process for grantees and sub-grantees;
- Established and implemented adequate internal controls over the grant competition, award, and monitoring processes; and
- Properly used District appropriated funds for specified uses.

Scope

The initial audit scope was from CYITC's inception in 1999 to fiscal year (FY) 2012; however, to ensure a more value-added audit report and recommendations, we revised our audit scope to FY 2007 to FY 2012. It is important to note that our review included approximately 62 percent of the total grant activity of CYITC since inception.

Methodology

In conducting the audit, we reviewed relevant documentation, interviewed key CYITC personnel, and tested a sample of grant files and grant expenditures to determine compliance with applicable legal, regulatory, and policy requirements and adherence to internal controls. More specifically, we reviewed:

- The District of Columbia Municipal Regulations Title 1, Chapter 50 – the governing set of rules regarding Subgrants to Private and Public Agencies;
- The Citywide Grants Manual and Sourcebook – the District's guide for all matters regarding proper grant management involving District funds;
- CYITC's applicable and available policies and procedures; and
- CYITC's applicable and available grant agreements.

We also reviewed other documentation to understand CYITC's organization and operations such as organizational charts, strategic plans, and flow diagrams.

First, to determine whether CYITC complied with applicable legal and regulatory requirements during the pre-award, award, and monitoring process for grantees, CYITC provided a list of grantees from FY 2007 through FY 2012, totaling 1,522 grantees. From the 1,522 grantees, we selected a random (representative) sample of 89 grants from this population to determine whether CYITC complied with specific elements regarding management and oversight for the grantees over the audit period. CYITC has had significant turnover during most of our audit scope; therefore, the Auditor could not rely on the accuracy of the total number grantees provided by CYITC. This may have affected the historical composition of the provided grant file list.

Second, in order to determine whether CYITC established and implemented adequate internal controls over the grant competition, award, and monitoring processes, we analyzed all CYITC grant-related expenditures over the audit period, totaling 8,058 transactions, and selected a random (representative) sample of 89 transactions. We attempted to review expenditure and grant files to ensure adequate and sufficient internal controls were followed prior to making a grant-related payment.

Finally, in order to determine whether CYITC appropriately used District appropriated funds for specified uses, we attempted to identify all appropriations from the District to CYITC over the audit period, totaling nearly \$124 million according to the OCFO.

Limitations on Audit Evidence

Generally Accepted Government Audit Standards, (2011 Revision) Section 7.15 requires government auditors to disclose limitations on audit evidence. In conducting this audit, we requested that CYITC provide grant and accounting files between FY 2007 and FY 2012; however, CYITC did not maintain or could not provide all grant files, and some grant files were incomplete for a number of fiscal years. In addition, CYITC could not locate the key for their off-site storage facility, which we were told contained the grant-related accounting files for FY 2007.² In the absence of grant and grant-related accounting files, the Auditor was unable to review original documentation for compliance with applicable controls for the complete audit scope. This posed a significant limitation on audit evidence and the Auditor's ability to confidently accomplish the audit objectives.

Audit Standards

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we

² Given the age of the files and our Office's need to remain on schedule, we decided to move forward while noting the lack of accessibility.

plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Results

Overall, we are unable to confidently conclude whether CYITC complied with all applicable laws, regulations, policies, and internal controls during the pre-award, award, and monitoring processes given the limitations on audit evidence. Specifically, CYITC could not provide sufficient evidence for 66 percent of our sample to determine compliance with laws, regulations and policies and 55 percent of our sample to determine internal control implementation. Further, we are unable to conclude whether CYITC properly used District funds provided for specified purposes. CYITC could not provide an accurate listing of all funds received over our audit scope.

We recognize that CYITC has experienced significant leadership and staff turnover and is currently making significant changes to its operations regarding grant funding and monitoring; however, additional changes are needed to increase the likelihood of compliance with applicable laws, regulations and policies. Specifically, establishing and executing adequate internal controls can provide sound assurances that funds are used for specified purposes. We present our recommendations to ensure grant and accounting files are properly maintained, grantees are monitored and the resulting documentation is maintained, and District-provided funding is appropriately recorded.

1. We recommend that CYITC ensure documentation standards and controls are consistently applied within grant-making processes.

The Government Accountability Office (GAO) states that the lack of key documentation is an indicator of a fraud risk.³ CYITC's Grant Management Team's (GMT) policies and procedures state that the organization shall maintain files for either three years after the closure of a grant or three years after the completion of an audit. To the extent that grants awarded by CYITC include local dollars, applicable District of Columbia Municipal Regulations also require CYITC to maintain records for three years. If an audit is conducted within that three year period, records must be kept for three years from the date when the audit report is officially closed. Additionally, District regulations require archival retention for an additional four years.⁴

³ GAO Government Auditing Standards 2011 Revision

⁴ Title 1 DCMR §5004.4

We found that CYITC could not produce complete supporting documentation regarding its grant-making process for the grant awards over our audit scope from fiscal years 2007 through 2012. CYITC also lacked evidence of proper internal controls surrounding documentation for grant-related expenditures over the same period. The following paragraphs provide specifics pertaining to our grant-file and grant-related expenditure analyses.

Grant-file Analysis

Using CYITC's provided population of 1,522 awarded grants between FY 2007 and FY 2012, we selected a random (representative) sample of 89 grant-files, representing approximately \$4.9 million in grant awards, to test whether CYITC complied with applicable governance. In our review of the 89 grant files, CYITC could not provide any supporting file documentation for 2 grantees (1 from 2007 and 1 from 2008), for which CYITC disbursed more than \$125,000 to the grantees. CYITC could not produce grant agreements for 12 of the 87 grantees (5 in 2007, 3 in 2008, 3 in 2009, and 1 in 2010), for which CYITC disbursed more than \$800,000 to the grantees.

Of the 87 available grant files, we found that 57 (a majority) did not contain various critical supporting documentation, such as pre-award forms, Board meeting notes on the selection of grantees, and grant disbursement justifications. As a result, we could not confirm whether CYITC complied with applicable legal and regulatory requirements or the provisions of the individual grant agreements, totaling nearly \$3.8 million of the total \$4.9 million. Figure 3 illustrates the breakout of our findings for the grant files across respective fiscal years.

Figure 3 **Incomplete Grant Files and Award Amounts From our Sample - FY 2007 to FY 2012**

Fiscal Year	Unsupported Grant Files	Unsupported Award Amounts	Total Award Amount
2007	14 of 16	\$890,082	\$1,031,832
2008	12 of 17	\$671,180	\$994,580
2009	15 of 22	\$1,296,400	\$1,391,400
2010	11 of 17	\$659,900	\$769,900
2011	5 of 7	\$237,500	\$425,000
2012	0 of 8	\$0	\$295,000
Grand Totals	57 of 87	\$3,755,062	\$4,907,712

Source: ODCA analysis of CYITC files

It is important to note that we did not have any documentation concerns in 2012, and all 8 grant files reviewed appeared to comply with applicable laws, regulations and policies as did 22 other grant files across their respective fiscal years.

Grant-related Expenditure Analysis

In our effort to determine whether CYITC implemented adequate internal controls for grant-related payments, we selected a random (representative) sample of 89 grant-related expense transactions, representing approximately \$986 thousand, from the population of 8,058 grant-related expenditure transactions. These 8,058 grant-related expenditure transactions accounted for approximately \$156 million on CYITC's ledger from FY 2007 through FY 2012. We attempted to determine whether grant-related payments succeeded a proper internal control process. CYITC could not readily produce support for any of the 19 expenditure transactions in our sample for FY 2007. As a result, we reduced our scope from 89 to 70 expenditure transactions to test.

We attempted to review expenditure-supporting documentation and grant documentation for our 70 remaining expense transactions sampled. We could not identify a payee on five expenditure transactions. Further, we could not identify any supporting documentation for 25 of the remaining 65 expenditure transactions. Some of the 25 payments appeared to be incorrectly recorded as grant disbursements but had non-grantee descriptors (i.e. Target, an individual's name, etc.) and we were not able to locate documentation supporting these incorrectly recorded payments. We were, however, able to identify some supporting documentation (expenditure and grant) for the remaining 40 expenditure transactions in our sample, and we were able to detect that internal controls were implemented prior to grant-related disbursements for these transactions.

CYITC's Independent Auditors' (IA) Report for FY 2010 activities (issued in early 2013) included findings for missing documentation and releasing of funds before receiving proper documentation. CYITC responded to the IA that it would incorporate monthly reconciliations and reviews, review grant documents with staff to ensure that revenues and expenditures are properly coded prior to disbursement of funds, and maintain supporting documentation for a period of not less than 36 months.⁵

According to current CYITC staff, CYITC's filing and record retention system is incomplete due to significant organizational turnover and communication issues, along with CYITC's prior monitoring process. CYITC officials noted that prior to FY 2012, CYITC randomly selected

⁵ CYITC's Financial Statements, Schedule of Expenditures of Federal Awards and Independent Auditors' Reports Required by Government Auditing Standards and OMB Circular A-133 for the Year Ended September 30, 2010

only 25 percent of grantees to ensure supporting documentation was reviewed and on record. As of FY 2012, CYITC now requires that all grantees submit all related evidence on expenditures and maintains the evidence in the appropriate grant file. The absence of critical supporting documentation within grant files makes it impossible for the Auditor to determine if CYITC was in compliance with applicable laws, policies, and procedures and implemented internal controls regarding the selection of the grantee, the administration of the grant, and the disbursement of funds. Consistently maintaining documentation standards and controls will better improve management's assurance and accountability that effective management and oversight of the grant process is adhered to and internal controls are in place to protect against fraud, waste, and abuse.

2. We recommend CYITC consistently monitor all grantees and ensure that grant monitoring documentation is maintained in grant files.

The District's Citywide Grants Manual and Sourcebook states that "every grantee must be appropriately monitored." In addition, CYITC's Grants Management and Training policies and procedures describe a series of actions and related documentation for grantee monitoring. We found that CYITC did not maintain sufficient documentation to validate the monitoring of all grantees. Specifically, CYITC lacked monitoring documentation for 20 of the 89 grantees sampled (1 grantee in 2007, 5 in 2008, 7 in 2009, 5 in 2010, 1 in 2011, and 1 in 2012). CYITC disbursed more than \$750,000 to these 20 grantees. It is important to note that that 69 of the 89 grant files had monitoring documentation that complied with applicable governance.

The IA FY 2010 report (again, issued in early 2013) includes findings for missing information on grantee agreements including site visits.⁶ CYITC responded that it would implement policies to ensure continual monitoring of grantees.

As noted above in Recommendation #1, prior to FY 2012, CYITC only selected 25 percent of total grantees to ensure supporting documentation was reviewed and on record as part of the grant monitoring process. By CYITC not fully obtaining and maintaining all grantee expenditure documentation, it limited our review and ability to determine whether CYITC complied on a representative basis with applicable governance to reduce the risk that fraud, waste, and abuse goes undetected.

⁶ CYITC's Financial Statements, Schedule of Expenditures of Federal Awards and Independent Auditors' Reports Required by Government Auditing Standards and OMB Circular A-133 for the Year Ended September 30, 2010

3. We recommend that CYITC ensure all District funds are properly accounted for and readily identifiable.

The Office of Management and Budget (OMB) requires that recipients of federal funding be able to account for, safeguard, and assure that all funds received are used solely for authorized purposes.⁷ CYITC receives an amount of federal funding from the District via pass-through. Some of this funding, as well as some other funding received from the District and private sources, is non-discretionary in that it must be used for specified purposes. During our analysis of CYITC's revenues, we found that CYITC's records did not readily identify all funds received from the District. Given this, the Auditor could not test to determine whether CYITC used District-appropriated funds for specified uses.

We received a list of disbursements to CYITC from the OCFO to compare with the information found in CYITC's listing of funds received from the District. The two documents, however, did not reconcile, by a large amount, in terms of number of payments or amounts on an annual or total payment basis.

We also obtained from CYITC a list of all grant awards from the District to CYITC for our audit period. This listing also did not reconcile with the list from the OCFO. Further, we obtained CYITC's accounting ledger reflecting revenue recorded for our audit period. We compared the applicable transaction listing to the OCFO's listing of disbursements made to CYITC, and were unable to agree the details or the total amounts. It is important to note that CYITC's accounting system, at the time of our fieldwork, did not clearly match revenues with related expenditures. We had the intention to identify a sample of CYITC's funds received from the District to determine whether CYITC used designated funds for specified purpose; however, due to the condition of CYITC's accounting records, we were unable to perform this test, given the various constraints.

The Independent Auditors' Report for FY 2010 included findings that CYITC kept all public and private funds in the organization's operating account and that CYITC did not have policies and procedures in place to ensure that expenses from federal and non-federal programs were tracked separately. The Independent Auditor's findings indicate that CYITC cannot distinguish activity by source nor can it track interest earned on some funding as required by regulations tied to some funding sources.

CYITC staff members stated that they were aware of the problem of commingling of funds. The condition of commingling funds, which includes poor fund identification, limited the Auditor's ability to

⁷ Office of Management and Budget (OMB) Circular A-110 Appendix A, Subpart C, 21.i.1

determine if CYITC complied with District funding restrictions and increases the risk of fraud, abuse, and mismanagement. CYITC should immediately implement the Independent Auditors' recommendation to implement policies and procedures between the accounting and grants departments and ensure funds are properly accounted for and easily identified.

Audit Results Summary

Our audit identified three recommendations to CYITC to strengthen the areas of concern we have identified. In order to ensure compliance with requirements, authorizations and best practices, we recommend that CYITC:

Recommendation	Finding
1. We recommend that CYITC ensure documentation standards and controls are consistently applied within grant-making processes.	• We found that CYITC could not produce complete supporting documentation regarding its grant processes. • We found that CYITC lacked evidence of internal controls surrounding documentation regarding its grant processes.
2. We recommend CYITC consistently monitor all grantees and ensure that grant monitoring documentation is maintained in grant files.	• We found that CYITC did not maintain sufficient documentation to validate the monitoring of all grantees.
3. We recommend that CYITC ensure all District funds are properly accounted for and readily identifiable.	• We found that CYITC did not record its District funding to ensure the related revenues were readily identifiable and associated with related expenditures.

Conclusion

Overall, we are unable to confidently conclude whether D.C. Children and Youth Investment Corporation (CYITC) complied with all applicable governance and internal controls for the sample selected from the past several fiscal years. Specifically, we found that CYITC could not provide sufficient evidence or documentation regarding grants and payments to make this determination. We are also unable to conclude whether CYITC properly used District funds provided for specified purposes.

We formulated recommendations to address these weaknesses and strengthen the program, bearing in mind that the organization has undergone significant personnel and policy changes since the beginning our period of review. We feel this turnover provides CYITC with a valuable opportunity to encourage and implement changes including, but not limited to, our recommendations that will improve the agency's ability to serve its mission.

We are pleased that CYITC has taken our recommendations into consideration and is taking steps towards their implementation. Implementation of the recommendations are needed to increase the likelihood of compliance with applicable governance. We feel the changes will improve service to and assist all of CYITC's stakeholders, specifically for the District of Columbia government. Establishing and executing adequate internal controls can provide better assurance that District funds are used for specified purposes.

Sincerely,

 Deputy Auditor

 Yolanda Branche
District of Columbia Auditor

Agency Comments

On October 22, 2013, the Office of the District of Columbia Auditor submitted the draft report titled, “Audit of the Administration of District Funds to the D.C. Children and Youth Investment Corporation” for review and comment to the D.C. Children and Youth Investment Corporation (CYITC).

The Auditor received written comments from CYITC on November 12, 2013. CYITC agreed with our recommendations and has taken steps to begin the implementation of these recommendations. The CYITC response is included with this report.

DC Children and Youth
Investment Trust Corporation



November 12, 2013



Ms. Yolanda Branche
District of Columbia Auditor
Office of the District Columbia Auditor
717 14th Street, NW
Suite 900
Washington, DC 20005

Dear Ms. Branche,

The DC Children and Youth Investment Trust Corporation (Trust) has received the Office of the District of Columbia Auditor's draft of the "Audit of the Administration of District Funds to the D.C. Children and Youth Investment Corporation." Thank you for the opportunity to review and respond to the audit draft. Per your letter and instructions accompanying the audit draft, you will find enclosed the completed response form your office provided.

I would like to state that while we agree with the audit findings, many of the findings refer to a period of financial oversight and management of District funds that predates the current leadership and management team of the Trust. Our current Director of Grants Management joined the organization mid-FY12, a time period which the draft audit notes had far less grants management issues. Our Senior Director of Finance and Operations and I joined the organization in early FY13 and have since implemented many of the changes the draft audit recommends. We will continue to improve our financial management of District funds and our grantmaking in part due to the findings in your audit.

Lastly, we found your audit team to be more than fair and patient as we tried to locate many files that predated our tenure and control of the requested files. We look forward to receiving your final audit report. Please let me know if you have any questions.

Sincerely,

Ed Davies
Executive Director

cc: Sterling Thomas
Dexter Monroe

**Audit of the Administration of District Funds to the D.C. Children and Youth
Investment Corporation**

Recommendation	Agency Agrees Date Agency will Implement Recommendation	Agency Disagrees Alternative Recommendation
1. We recommend that CYITC ensure documentation standards and controls are consistently applied within grant-making processes.	This recommendation has already been implemented in accordance with findings from CYITC's independent audits for FY10-12. A corrective action plan detailing specific steps to implement the stated recommendation will be presented by December 1, 2013.	
2. We recommend CYITC consistently monitor all grantees and ensure that grant monitoring documentation is maintained in grant files.	This recommendation has already been implemented in accordance with findings from CYITC's independent audits for FY10-12. A corrective action plan detailing specific steps to implement the stated recommendation will be presented by December 1, 2013.	
3. We recommend that CYITC ensure all District funds are properly accounted for and readily identifiable.	This recommendation has already been implemented in accordance with findings from CYITC's independent audits for FY10-12. A corrective action plan detailing specific steps to implement the stated recommendation will be presented by December 1, 2013.	

Auditor's Response to Agency Comments

The Auditor appreciates the comments provided by the D.C. Children and Youth Investment Corporation (CYITC). We are pleased to learn CYITC agrees with our recommendations and has taken steps toward implementing these recommendations. We believe effective implementation of these recommendations will contribute significantly towards ensuring that CYITC complies with existing governance, establishes internal controls as needed, and properly and effectively uses District funds in providing services to the youth of the District of Columbia.