



Highlights of [GAO-06-14](#), a report to congressional committees

## Why GAO Did This Study

Congress created the District of Columbia Tuition Assistance Grant (DCTAG) program in 1999 to provide D.C. college-bound residents with greater choices among institutions of higher education by affording them the benefits of in-state tuition at state colleges and universities outside the District of Columbia. Congress appropriated \$17 million annually for fiscal years 2000 through 2004 and \$25.6 million for fiscal year 2005. GAO was asked to assess whether (1) adequate controls exist over the use of federal funds, including processes to determine institution and student eligibility, manage the cash needs of the program, and pay administrative expenses; (2) funds for the DCTAG program are accounted for separately from the District's general fund; and (3) administrative expenses for the program charged against federal funds are within the 7 percent limit of the total amount appropriated for the program.

## What GAO Recommends

GAO recommends actions to improve internal controls over determining student eligibility, retaining required documents, routinely conducting reconciliations, and ensuring reimbursements are timely made. The Mayor and Chief Financial Officer generally agreed with our findings and recommendations and explained actions completed, underway, and planned.

[www.gao.gov/cgi-bin/getrpt?GAO-06-14](http://www.gao.gov/cgi-bin/getrpt?GAO-06-14).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Jeanette Franzel at (202) 512-9471 or [franzelj@gao.gov](mailto:franzelj@gao.gov).

# DISTRICT OF COLUMBIA

## Financial and Program Management Improvements Needed for Tuition Assistance Grant Program

### What GAO Found

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.