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 Contact: [Diane.Shinn@dc.gov](mailto:Diane.Shinn@dc.gov), 202-727-8991

## Audit Cites Risks in DCPS Oversight of Title I Contract

*“Red flags” include contractor’s refusal to fully document invoices, non-compliance with D.C. CBE law, and teachers hired without background checks*

**WASHINGTON, July 13, 2021**—Performance Management Services (PMS), a contractor hired to provide Title I services to some of D.C.’s most vulnerable residents refused to provide documentation to support \$5.36 million in invoices but nonetheless continued to receive payment and even a new contract from District of Columbia Public Schools (DCPS), including \$421,585 in overbilling that DCPS did not detect, according to a new report by the Office of the D.C. Auditor (ODCA).

The audit was conducted after ODCA received information alleging that PMS did not have experience or staff to perform duties related to Title I educational services for children from low-income families attending private schools. In the District, Title I funding accounts for the largest source of federal dollars for education. The audit period covers April 2015 through August 2019. ODCA shared preliminary findings with DCPS in April 2020 and despite the earlier Management Alert published with today’s report, DCPS renewed its contract with PMS.

ODCA identified several high-risk areas in DCPS’s management and oversight of the contract, including:

- PMS’s refusal to provide deliverables to support invoices.** The report shows that DCPS approved nearly \$5 million to PMS without PMS providing supporting documentation. In addition, of the \$554,183 that DCPS paid PMS for equipment, ODCA found that 98% of this spending was not reflected in DCPS’s equipment logs, a key control to prevent theft or misuse.

Figure 4: DCPS Payments to PMS Without Supporting Documentation

Amount Unsupported by Documentation	Category	Notes
\$3,208,517	Instructional Costs (teacher salaries, fringe benefits)	Neither DCPS nor PMS provided copies of payroll records to prove the accuracy of these costs
\$1,212,403	Administrative Costs (management salaries, supplies, wireless)	Neither DCPS nor PMS provided copies of payroll records or receipts to prove the accuracy of these costs
\$554,183	Equipment (iPads, laptops, etc.)	Neither DCPS nor PMS provided copies of receipts for the specific equipment purchased
\$17,058	Parental Involvement (event costs)	Neither DCPS nor PMS provided supporting documentation
<b>\$4,992,161</b>	<b>Total</b>	

Source: ODCA analysis of PMS invoices and DCPS payments

- PMS’s noncompliance with CBE law.** D.C. Code requires all contracts for government-assisted projects larger than \$250,000 to subcontract 35% of the dollar volume of the contract to a qualified small business enterprise or certified business enterprise (CBE). ODCA found that DCPS extended the PMS contract by exercising a \$1,189,962 option year when PMS did not have an active CBE status, nor had PMS, alternatively, subcontracted 35% of the dollar volume of the contract to a qualified small business enterprise or CBE.

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- **DCPS's incomplete oversight of PMS teachers with regard to background checks and mandatory child abuse and neglect training increased risks to children.** Five PMS teachers (36%) did not have active background checks on the date of hire; four of the five received background checks after being hired, and the number of days after hire date ranged from 5 days to 44 days. One of the five teachers did not receive a criminal background check during their employment, a total of 223 days.

Other findings included:

- DCPS complied with procurement requirements and awarded the contract to the highest scoring bidder, PMS, but the report highlighted concerns about the process and information PMS submitted. For example, PMS made misrepresentations on its technical proposal and CBE application that DCPS did not detect, including claiming the firm's leader was a Certified Public Accountant.
- PMS did not comply with District resident hiring requirements. PMS did not comply with First Source requirements to ensure that 51% of all new hires were District residents. According to Department of Employment Services compliance reports, of PMS's 88 total hires for this contract, only 23 were District residents (29%).

The report recommends that:

- DCPS should develop policies and procedures to strengthen its proposal review process and its payment approval process.
- DCPS should strengthen controls over Title I contractor equipment purchases, teacher criminal background checks, and teacher child welfare training.
- DCPS should improve monitoring of contractor compliance with small, local, disadvantaged business (Certified Business Enterprise) requirements and District resident hiring (First Source) requirements.

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