

Audit Report: 2004 Statewide Accountability Report

Finding Number: 04-11

Finding: The Office of Superintendent of Public Instruction did not comply with state and federal requirements when contracting for services paid with federal Title I funds.

Resolution: OSPI concurs with the State Auditor that the School Improvement Facilitator (SIF) contracts were classified and procured as 'client services.' OSPI relied on conversations with the Office of Financial Management (OFM) regarding the classification of the contracts. OSPI concurs with the State Auditor that the SIF contract language was vague regarding how many hours constitutes a day. OSPI further concurs that for the first two months of each quarter, payments made to the SIF contractors lacked proper monitoring and inadequate supporting documentation to ensure services were received prior to payment.

OSPI took the following corrective action to address the issues raised in this audit finding:

OSPI reclassified all 2005-2006 SIF Contracts from 'client services' to 'personal services' effective July 1, 2005.

The Director of Agency Financial Services instructed staff to carefully review all contracted services to ensure agency contracts are correctly classified and procured. The Contracts Administrator, who has the centralized responsibility for the contracting process, issued verbal directions and written instruction to all staff involved in contracts management. These directions included:

1. For the purpose of contracting, OSPI has only two clients - K-12 students and their families/parents.
2. All new contracts and any renewal of existing contracts will be classified as personal services unless they provide direct services to K-12 students and/or families/parents.
3. All contracts classified as personal service contracts will be subject to all rules and regulations of the Revised Code of Washington (RCW) 39.29 including, but not limited to, provisions for planning, open competition, filing and filing period.

In addition, OSPI immediately established a clear definition on how many hours constitutes a day. All existing affected contracts were amended to reflect this clarified definition and the involved contractors were notified of the change. For the new contracts for Fiscal Year 2006, OSPI included the revised definition. All monthly payment requests for work performed, as received from the contractors, are supported by a timekeeping and accountability application as an additional control. This will ensure OSPI has received appropriate services prior to payment and prior to requests for federal reimbursement. This documentation is being collected in addition to the quarterly performance reports submitted by each contractor indicating the work completed to date.

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