
MESSAGE FROM CHARLES J. WILLOUGHBY INSPECTOR GENERAL

On behalf of the District of Columbia Office of the Inspector General (OIG), I am pleased to present the Report on the Activities of the Office of the Inspector General for the fiscal year (FY) ending September 30, 2008. The purpose of this report is to provide a comprehensive accounting of matters addressed by the OIG during the past year. Full versions of all audit and inspection reports noted herein, as well as selected other issuances, such as this annual report, can be downloaded from our website, www.oig.dc.gov.

The OIG is established by law to provide independent and objective reporting to the Mayor, City Council, the Congress, District residents, and other stakeholders. It is the mission of this Office to promote economy, efficiency, and effectiveness in government programs and operations through the elimination of fraud, waste, and abuse.

The activities of each of our four divisions are highlighted as follows:

Audit Division (AD). For FY 2008, the Audit Division issued 56 reports with total potential monetary benefits of approximately \$55 million. Comparing these to Audit Division costs of approximately \$3.1 million results in a return on investment for audits performed by OIG audit staff that exceeds \$18 for each dollar invested. All annual performance measures were met or exceeded.

FY 2008 presented the city's leadership with significant fiscal challenges that we believe will continue into the foreseeable future, given the national downturn in the economy. A tightening of revenue streams due to falling real estate values, combined with increasingly higher demands on social services and support, will place added stress on the city's limited resources and heightens the importance of ensuring the efficiency and effectiveness of operations and costs of goods and services. Additionally, based on our work during the year and the apparent serious breaches of basic payment controls and fiscal mismanagement in the Office of Tax and Revenue and in the Department of Employment Service's Summer Youth Programs, we identified the Payment Process as an additional risk area that requires heightened oversight attention.

In FY 2008, we issued five performance audit reports that addressed such procurement issues as the Department of Motor Vehicles ticket processing services, the Department of Parks and Recreation (DPR) oversight of capital projects, the Anacostia Waterfront Corporation's procurement and contract administration, the Department of Health's (DOH) procurement of the bio-safety laboratory level 3 modular laboratory and learning management system, and operations within the Department of Small and Local Business Development. We will continue to concentrate our efforts in this area until improvements are recognized, controls are strengthened, risks are mitigated, and reported deficiencies are corrected.

The Audit Division also assists the Inspector General (IG) with oversight of the accounting firm that conducts the annual city financial audit. With the issuance of the FY 2007

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Comprehensive Annual Financial Report (CAFR) on March 31, 2008, the city received its eleventh consecutive unqualified opinion on its financial statements.

Inspections and Evaluations Division (I&E). During FY 2008, the Inspections and Evaluations Division (I&E) completed two comprehensive inspections of District agencies and a special evaluation at the request of the Executive Office of the Mayor, and issued eight Management Alert Reports. I&E's inspection of the Department of Consumer and Regulatory Affairs (DCRA), which constituted the final part of a three-part inspection of DCRA, focused on the agency's responsibilities in the areas of building and land regulation and addressed issues that affect many District stakeholders, such as the inspection and licensing of elevators and escalators, and the issuance of building permits. The Division's inspection of the Office of Administrative Hearings (OAH), an independent administrative tribunal that hears cases involving over 25 District agencies, boards and commissions, assessed OAH's efficiency in handling cases, human resource management, security in OAH facilities, and fiscal oversight.

I&E's work during FY 2008 resulted in 133 findings and 179 recommendations to District agency managers. I&E's recommendations to District agencies contributed to increased performance, greater accountability, improved working conditions, and enhanced service delivery.

Investigations Division (ID). During the past fiscal year, special agents from the ID investigated a wide variety of allegations of criminal and administrative misconduct by District employees, including the following: receiving bribes to issue fraudulent drivers' licenses; engaging in fraudulent conduct to issue false tax refund checks; abuse of food stamp benefits and unemployment insurance compensation; using a District government electronic mail account to send harassing electronic mail; and theft. Our agents often conducted these investigations jointly with the Office of the United States Attorney (USAO) and other investigative entities, including the Federal Bureau of Investigation, the Internal Revenue Service, the U.S. Department of Labor OIG and other federal OIGs, and local police departments from a variety of jurisdictions including the Metropolitan Police Department and the City of Alexandria Police Department. A number of these investigations resulted in criminal charges against corrupt District employees in several agencies, including the D.C. Department of Motor Vehicles, the D.C. Office of the Chief Financial Officer, the D.C. Public Schools, the D.C. Child and Family Services Agency, and the D.C. Department of Human Services.

During FY 2008, ID presented 90 cases to the USAO and 28 cases to the D.C. Office of the Attorney General (OAG) for prosecution under laws within the jurisdiction of those offices. Twenty-six cases were accepted by the USAO for further investigation and nine cases were accepted by the OAG for further investigation. ID investigations resulted in 30 convictions during FY 2008 and terms of imprisonment totaling 333 months. ID investigations also resulted in restitution orders totaling \$4,952,806.79 and asset forfeitures totaling

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\$36,467,759.34. ID investigations resulted in additional fines, special assessments, and recoveries totaling \$512,634.21.

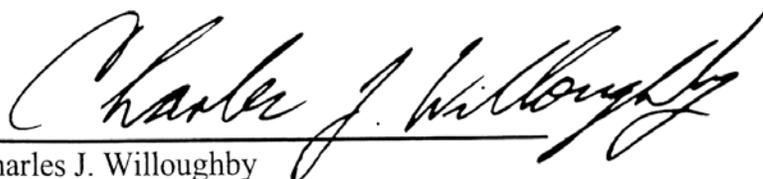
Medicaid Fraud Control Unit (MFCU). The Medicaid Fraud Control Unit (MFCU) was established in 2000. The MFCU has a dual mission, investigating and prosecuting Medicaid providers who engage in fraudulent billing, and the investigation and prosecution of abuse, neglect, and financial exploitation of persons who reside in Medicaid-funded facilities.

In FY 2008, the MFCU initiated 260 investigations and closed 289 matters. Through trial or settlement, the MFCU attained 17 substantive dispositions of outstanding fraud, abuse, neglect, and sexual assault cases. The MFCU obtained eight criminal convictions through trials and plea agreements. Additionally, the MFCU resolved nine civil settlements, some local to the District of Columbia alone and some global, which included D.C. and other states. The total recovery from these settlements exceeded \$5.5 million for the Medicaid program, recouping almost \$9 for every dollar funding the MFCU.

The MFCU continued to demonstrate a high level of activism and community outreach. MFCU staff members are members of task forces, make presentations to the community, and participate in training opportunities all over the country.

The U.S. Department of Health and Human Services and the District of Columbia, which jointly fund the Unit, increased the MFCU's budget last year allowing the hire of five new full-time employees.

In closing, as I have stated on other occasions, an entity is no more effective than those who participate in it. This is particularly true and of greater significance today with respect to the District government, in light of the current economic times and recent events in the city during the current fiscal year. So while we each, District employee and citizen alike, continue to play a role in ensuring the District government's effectiveness, this role has become all the more significant. For this reason, it is crucial for each of us to fully appreciate the import of his or her role, as well as commit our energy and talents toward the achievement of a District government that truly does the most good for all of its residents.



Charles J. Willoughby
Inspector General

December 1, 2008

CONTACT INFORMATION:

LOCAL: (202) 724-TIPS (8477)

HOTLINE: 1-800-521-1639

E-MAIL: HOTLINE.OIG@DC.GOV

WEBSITE: [HTTP://WWW.OIG.DC.GOV](http://WWW.OIG.DC.GOV)

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RISK ASSESSMENT



RISK ASSESSMENT

The OIG continues to devote significant resources to audits, inspections, and investigations of programs and initiatives that pose serious challenges and risks for District executives, managers, citizens, and stakeholders. FY 2008 presented the city's leadership with significant fiscal challenges that we believe will continue into the foreseeable future, given the national downturn in the economy. A tightening of revenue streams due to falling real estate values, combined with increasingly higher demands on social and support services, will place added stress on the city's limited resources and heightens the importance of mitigating the risks of financial losses. To this end, our goals remain focused on evaluating risk areas and programs that represent issues of critical concern to the Mayor and City Council. For FY 2008, risk areas included Public Education Programs, Medicaid Programs, Vulnerable Populations, Procurement and Contracting, Citizen Safety and Protection, and Workforce Administration. Additionally, based on our work during the year and the apparent serious breaches of basic payment controls and fiscal mismanagement in the Office of Tax and Revenue and in the Department of Employment Service's Summer Youth Programs, we identified the Payment Process as an additional risk area that requires heightened oversight attention.

In looking for ways to mitigate the various risks facing the District, we fashion audits and inspections to assess the results of budgeted programs, including the economy, efficiency, and effectiveness of management actions taken to address those results. On a continuing basis, we work with District officials by advising them early in the review process of recently discovered problems and audit/inspection findings. When necessary, we will issue a Management Alert Report to obtain prompt resolution and corrective action on particular emergent and time-sensitive issues. When we find a problem that potentially has systemic impact among several District agencies, we issue a Management Implication Report to the heads of all District agencies alerting them of the deficiencies so that they can take preemptive action to determine if the problem exists in their agencies and initiate the appropriate corrective measures.

Public Education Programs

District of Columbia Public Education Programs continue to pose significant financial and performance risks for the District. The District of Columbia Public Schools (DCPS) initiated program changes in FY 2008 and employed new strategies for mitigating some long-standing risks. During FY 2008, the OIG was actively involved in DCPS audits and maintained an onsite audit team in DCPS; worked continuously with the CAFR oversight committee to assess and track progress in mitigating risks posed by reportable conditions and material weaknesses; and held interactive meetings with school and legislative officials to discuss audit agenda and priorities. Ongoing and completed audits at DCPS covered such issues as student residency requirements, contracting for teacher education, notification procedures at the Public Charter School Board and Board of Zoning Adjustment, and a DCPS payroll verification audit. Late in FY 2008, the DCPS audit team also began an in-depth audit of the

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Summer Youth Program, managed by the Department of Employment Services, amid concerns about uncontrolled spending, fiscal mismanagement, and cost growth.

With the DCPS budget totaling about \$1 billion, there is a significant risk of waste and misuse of public education dollars. Accordingly, our DCPS audit plan for FY 2009 contains audits that address fiscal, management, and academic risk areas. A sampling of our proposed audits includes topics that will focus on service contracts, grant revenue, the DCPS athletics program, special education programs, and management of truancy. Through the auspices of the CAFR Committee, the OIG continues to oversee actions taken by DCPS, the Office of the Chief Financial Officer (OCFO), the Office of the State Superintendent of Education, and other officials to initiate the appropriate corrective measures and program improvements to reduce the risks associated with several programmatic areas, including personnel, procurement, and Medicaid. We are committed to continue our work with key school and agency officials to identify and address issues that could have an immediate fiscal impact on school operations.

Medicaid Program

As in past years, the District has devoted considerable resources, in terms of local and federal dollars, to provide healthcare for the Medicaid eligible segment of the District population. For FY 2009, the District budgeted more than \$1.5 billion for Medicaid covered services. With such a large planned expenditure and the fact that national healthcare experts estimate that about 10 percent of Medicaid covered dollars are lost to fraud, the potential financial loss to the District is significant. The OIG has consistently addressed the risks posed by the Medicaid program and, in FY 2008, devoted one segment of its Audit Division solely to review Medicaid program systemic weaknesses and internal controls. The OIG also maintains a Medicaid Fraud Control Unit (MFCU) to conduct investigations of Medicaid fraud and patient abuse issues.

The MFCU vigorously investigates allegations of fraud, abuse, and neglect regarding the Medicaid program and its recipients. When allegations can be substantiated, MFCU pursues criminal prosecution and civil enforcement efforts directed at individual instances of fraud, abuse, or neglect. Moreover, we believe criminal and civil litigation will deter Medicaid abuse throughout the healthcare community.

Beyond law enforcement, the MFCU engaged in a number of long-term efforts to reduce risks. They worked closely with stakeholders and initiated frequent informal contacts to make programs more resistant to fraud. Outreach was a key aspect of their deterrent efforts. Contact with the healthcare industry, other law enforcement agencies, and the public in general was fundamental.

RISK ASSESSMENT

In FY 2008, the Audit Division completed an audit of the Department of Mental Health's management of provider reimbursements. The audit found that a process did not exist for reworking and resubmitting denied Medicaid claims. With a framework for processing such claims, the District could attempt to recover as much as \$30 million on previously denied Medicaid claims. Continuing with work that began in FY 2008, we are performing a multi-agency Medicaid Research Project that will focus on rate setting methods for the reimbursement of Medicaid services and related issues associated with eligibility determinations, provider certifications, claim approvals, provider payments, and drawdowns of applicable federal funds. In addition, we have ongoing efforts in the Intermediate Care Facilities for Persons with Mental Retardation (ICF/MR) and the Community Health Administration. For FY 2009, we will continue our vigorous oversight of the Medicaid program, focusing on such areas as third party liability, nursing home reimbursements, Medicaid recordkeeping and documentation, Medicaid funded durable medical equipment, and other related issues.

Vulnerable Populations

As the nation's capital, the District government serves a diverse population of about 563,000 residents. Nearly one quarter or 141,000 residents are registered as eligible for Medicaid coverage and an assortment of social services. Included in the District's vulnerable population are the elderly; abused; disadvantaged; foster care children; individuals with physical or mental disabilities; and residents affected by poverty, homelessness, unemployment, and crime. Mindful of this population in need, the OIG continues to evaluate a number of the District's programs that present District managers with both risks and challenges in meeting individual needs.

In FY 2008, many audits touched on aspects of social need. However, one audit, published in the first quarter of FY 2008, specifically addressed a high-risk program involving the District's HIV/AIDS population. We also completed an audit of the Workforce Development Program at the University of the District of Columbia. Audit plans for FY 2009 will continue to focus on vulnerable population issues such as healthcare services, public libraries, community outreach and extension services, the family and maternal administration, the District of Columbia jail, and other social service issues.

Procurement and Contracting

District law requires that the OIG review procurements annually. For FY 2008, District agencies placed more than \$3.7 billion in contract actions to procure a variety of goods and services. To address the continual high risk of financial loss posed by District procurements, we created an audit procurement division in FY 2008 to place added emphasis on persistent procurement problems and allegations of procurement abuse.

RISK ASSESSMENT

Contracting problems experienced by the District continue to be exacerbated by the structural deficiencies and ineffective methodologies used to award and administer contracts. An absence of basic systems for contract records management and data retrieval present formidable challenges for managing procurement functions spread over 80-plus agencies, and for planning procurements, fostering competition among prospective bidders, and ultimately obtaining best value in terms of price and quality.

In FY 2008, we issued five performance audit reports that addressed such procurement issues as the Department of Motor Vehicles ticket processing services, the Department of Parks and Recreation (DPR) oversight of capital projects, the Anacostia Waterfront Corporation's procurement and contract administration, the Department of Health's (DOH) procurement of the bio-safety laboratory level 3 modular laboratory and learning management system, and operations within the Department of Small and Local Business Development. Audits ongoing at the end of FY 2008 include Fire and Emergency Medical Services ambulance billing contracts and contracting actions at the Office of the Chief Technology Officer. For FY 2009, a sampling of the planned procurement-related audits include the vendor/provider payment process, contracting and procurement operations at the Office of the Chief Financial Officer, and the District of Columbia Supply Schedule.

Citizen Safety and Protection

While the District has made recent strides in local policing and security programs, public safety remains a significant concern to District residents, elected officials, and the community of police, fire, and emergency response personnel. In FY 2008, four audits addressed citizen safety issues. The audit of non-emergency transportation provider compliance with licensing and certification requirements addressed concerns that passenger safety could be comprised because DOH did not ensure that transportation providers complied with driver safety requirements. The audit of DPR oversight of capital projects also focused on concerns about the unsafe conditions at some recreation centers. The audit of the Metropolitan Police Department's Evidence Control Branch (ECB) addressed concerns about inadequate heating, ventilation, and cooling of the facility and hazardous working conditions for ECB personnel. Lastly, our review of the DOH procurement of the bio-safety laboratory level 3 modular laboratory and learning management system found delays in the development and building of the laboratory that may have jeopardized the safety of District residents. For FY 2009, citizen safety and protection issues will be addressed in planned audits of community policing, Homeland Security/Emergency Management Agency after-action reports, building security services provided by the Office of Property Management, the Department of Consumer and Regulatory Affairs inspection of residential property, and several other audits.

RISK ASSESSMENT

Workforce Administration

The District operates in one of the most competitive markets for acquiring and retaining professional and support personnel. With a career workforce of more than 30,000 people, District leaders and managers are challenged to provide a wide range of services to residents and be accountable to those same residents who are also taxpayers. In recent years, the issue of workforce accountability has presented the District with a level of financial risk that we believe needs closer management scrutiny and oversight. This concern was heightened with the recent scandal involving a District Office of Tax and Revenue employee working collusively with others to misappropriate millions of dollars. Thus, workforce management entails not only acquiring reliable individuals to fill vacant positions but also ensuring that job responsibilities are adequately segregated and that internal controls and oversight are operationally active and effective to prevent fraud, waste, and abuse.

During FY 2008, several audits addressed workforce administration issues. Prominent among these audits was the Management Implication Report on internal control deficiencies, which cited numerous instances of ineffective management oversight and ineffective controls to prevent or detect fraud. Workforce administration internal control deficiencies included ineffective supervision and leadership, high turnover in top management positions, ineffective segregation of duties, and a lack of adequate policies and procedures governing certain personnel practices. We also issued an audit on workforce development programs at the University of the District of Columbia, which questioned the effectiveness of the program and its ability to meet program goals and objectives. For FY 2009, our audit plan includes audits that will examine various workforce administration issues such as employee qualifications and background checks, educational requirements for District positions, processes for competitive hiring and promotions, District employee suspensions with pay, and other personnel issues.

Payment Process

New for FY 2009, we added the Payment Process as an additional high risk area. The Payment Process encompasses payments made to vendors/providers for acquired goods and services, payroll payments made to District employees, third party payments made on behalf of the District, tax refunds and refunds for other overpayments, and any other payments authorized by law or regulation. The Payment Process is not restricted to any one audit and will be part of numerous audits, (e.g., procurement, Medicaid, and public education programs) planned for FY 2009. One major Payment Process audit we undertook late in FY 2008 was a complete payroll verification audit at DCPS. We also plan to evaluate the DCPS personnel and payroll system and the vendor/provider payment process in FY 2009.



GENERAL ACTIVITIES



GENERAL ACTIVITIES

MISSION

Under its authorizing statute in D.C. Code § 2-302.08(a-1) (Supp. 2007), the District of Columbia Office of the Inspector General (OIG) is required to act independently in carrying out the following objectives:

- To inspect, audit, and investigate District government programs and operations within departments and agencies, including independent agencies;
- To lead, coordinate, and recommend policies that promote economy, efficiency, and effectiveness, and seek to prevent and detect waste, fraud, abuse, corruption, and mismanagement in District government programs and operations; and
- To keep the Mayor, D.C. Council, and other District government agencies and departments informed of problems and deficiencies in the administration of District government programs and operations as well as the need for corrective actions and the progress of the same.

STATUTORY RESPONSIBILITIES

Although the OIG acts independently in carrying out its official duties, as with other subordinate agencies in the District government, the OIG reports administratively to the Executive Office of the Mayor (EOM). The OIG must be able to conduct its audits, investigations, and inspections at other agencies without either actual or the appearance of outside influence or interference. As such, independence is both fundamental and critical to the OIG's mission because it ensures veritable and credible findings and recommendations.

Another distinguishing characteristic of the OIG is its budget autonomy. According to the OIG's governing statute, D.C. Code § 2-302.08, neither the Mayor nor the D.C. Council may revise the OIG's annual budget estimates. Rather, these executive and legislative entities may only comment on or make recommendations to the OIG's budget estimates when they are submitted for approval each year.

As stated above, the OIG is required by law to perform audits, inspections, and investigations as requested by the Mayor or that are deemed necessary or desirable by the Inspector General. Any finding or evidence of criminal misconduct must be reported by the Inspector General to the U.S. Department of Justice in cases where the OIG has reasonable grounds to believe a violation of federal or District criminal law has been committed. In these instances, the OIG also forwards to the Mayor any report regarding the evidence, if appropriate, within a reasonable time period. The OIG has jurisdiction over allegations of administrative

GENERAL ACTIVITIES

misconduct and, at the conclusion of any such investigation, the Inspector General refers the evidence to the Mayor or the appropriate agency head. Finally, the OIG forwards any audit, inspection, or investigative report of misconduct or unethical behavior to the appropriate authorities.

In furtherance of its mission, OIG investigators, auditors, and inspectors must routinely review the records of other government agencies. In support thereof, the OIG relies upon several statutory provisions set forth in D.C. Code § 2-302.08, which provide legal access to the records, accounts, documents, and property of other agencies within the executive branch of the District of Columbia government. The statute also mandates that both D.C. government employees and contractors cooperate with an OIG request for documents or testimony. If there is a failure to comply, the Inspector General may recommend administrative or adverse action against the employee or contractor, including termination of employment or the contractual relationship. Where the source of information is an individual or entity outside of the D.C. government, the OIG has the authority through the Superior Court of the District of Columbia to issue subpoenas compelling witness testimony and documentation in connection with any matter under investigation.

The D.C. Code assigns several other statutorily mandated responsibilities to the OIG. These responsibilities include the following:

- Independently initiating and conducting fiscal and management audits of District government operations;
- Serving as the principal liaison between the District government and the U.S. General Accountability Office and as the liaison representative for all external audits of the District government;
- Conducting an annual operational audit of District government procurement activities; and
- Contracting with a private auditing firm to perform the Comprehensive Annual Financial Report (CAFR) of the District government for the previous fiscal year.

The OIG's current set of responsibilities resulted from a series of local and federal legislative efforts. Beginning in 1986, the D.C. Procurement Practices Act of 1985 (D.C. Law 6-85, effective Feb. 21, 1986) established the OIG's statutory duties, which were substantially modified by Congress in 1995 through the D.C. Financial Responsibility and Management Assistance Act of 1995, Pub. L. No. 104-8, § 303 (adopted Apr. 17, 1995). The D.C. Council subsequently passed the Office of the Inspector General Law Enforcement Powers Amendment Act of 1998 (D.C. Law 12-190, effective Mar. 26, 1999), which enlarged the OIG's law enforcement authority by empowering OIG criminal investigators to: a) carry

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firearms in the District of Columbia while engaged in the performance of official duties; b) make arrests without a warrant for felony violations committed in their presence in the District; and c) execute search warrants issued upon probable cause.

Approximately 1 year later, the OIG's enabling statute was amended again with the passage of the Office of the Inspector General Powers and Duties Amendment Act of 1999 (D.C. Law 13-71, effective Apr. 5, 2000). With its enactment, the D.C. Council codified the OIG's mission statement; required the OIG to comply with generally accepted auditing, inspection, and investigation standards; and provided that every third year, the OIG must undergo a peer review to thoroughly assess the OIG's audit, inspection, and investigative standards, policies, procedures, and quality controls. Additionally, the Act gave the OIG access to the papers, documents, and other property belonging to, or in use by, District government subordinate and independent agencies (excluding the D.C. Council and the District of Columbia courts); and provided that the OIG could recommend administrative sanctions against employees or contractors who refuse to cooperate with official OIG investigations. Finally, the legislation codified the OIG's policy of non-disclosure of the identity of complainants or individuals providing information to the OIG, unless the Inspector General determines that disclosure is unavoidable or necessary to further the ends of an investigation.

In fiscal year (FY) 2003, the Inspector General Qualifications Amendment Act of 2003 (D.C. Law 15-026, effective Jul. 30, 2003) (Qualifications Act) expanded the necessary qualifications for the Inspector General. Currently, the Inspector General must: a) possess a minimum of 7 years aggregate experience in law, accounting, auditing, financial management analysis, public administration, or investigations; b) be a graduate of an accredited law school; c) be a member in good standing of the D.C. Bar for at least 7 years immediately preceding appointment; and d) possess 7 years experience in the practice of law. The legislation does allow the Inspector General to substitute the legal experience prerequisite with either: a) certified public accountant licensure for 7 years immediately preceding his/her appointment and 7 years aggregate experience in accounting, tax consulting, or financial consulting; or b) possession of a certified public accountant certificate from the District of Columbia Board of Accountancy, membership with the Greater Washington Society of Certified Public Accountants, and 7 years experience in the practice of public accounting.

In FY 2004, the D.C. Council added two new sections to the OIG statute via the Inspector General Appointment and Term Clarification Amendment Act of 2004 (D.C. Law 15-212, effective Dec. 7, 2004). This legislation provided that the Inspector General appointed after November 4, 2003, will serve until May 19, 2008, and that the terms of each succeeding Inspectors General will expire every 6 years thereafter. In any non-control year, the Inspector General shall be removed only for cause by the Mayor with the approval of two-thirds of the Council.

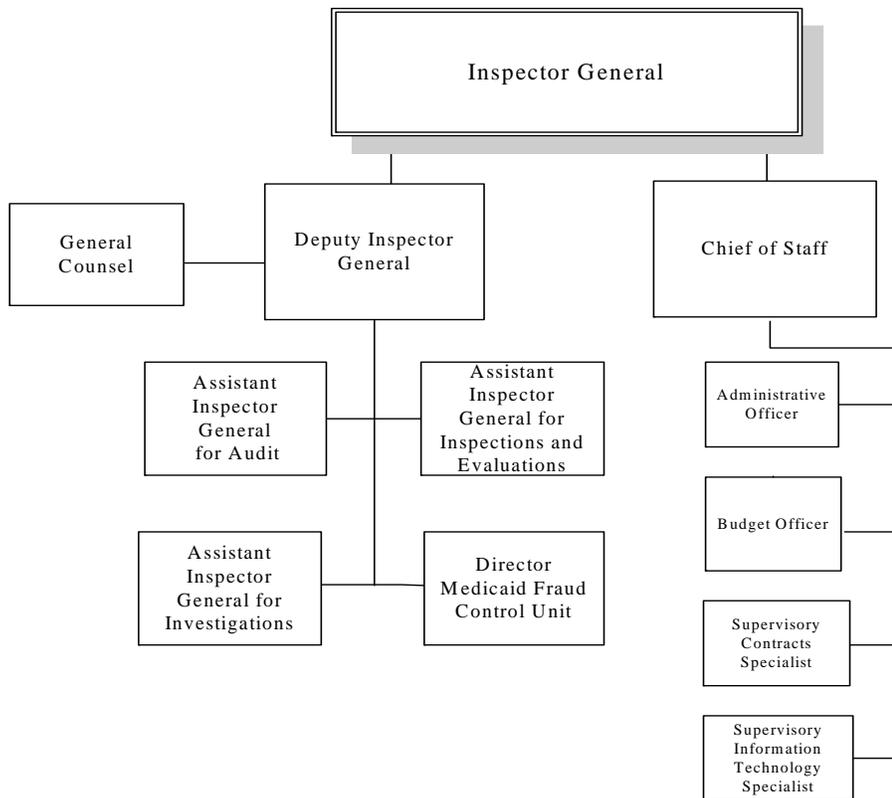
GENERAL ACTIVITIES

Finally, in FY 2007, the D.C. Council enacted the Rate of Pay for the Position of Inspector General for the Office of the Inspector General Amendment Act of 2005 (D.C. Law 16-267, effective Mar. 14, 2007). Prior to this legislation, the OIG statute granted the Mayor authority to set the annual rate for the Inspector General's salary so long as the rate did not exceed level IV of the Executive Schedule. The Act removed the Executive Schedule cap and allows the Mayor to determine the Inspector General's annual salary, subject to the review and approval of the D.C. Council.

ORGANIZATION

The OIG is comprised of the Inspector General (IG), the Deputy Inspector General, the General Counsel, the Chief of Staff, and four divisions, which are: the Audit Division; the Investigations Division; the Inspections and Evaluations Division; and the Medicaid Fraud Control Unit (MFCU). An Assistant Inspector General (AIG) leads each division and a Director leads the MFCU. All executives report directly to the Deputy Inspector General, except for the Chief of Staff, who reports to the IG. Reporting to the Chief of Staff are the Budget Officer, the Supervisory Contracts Specialist, the Administrative Officer, and the Supervisory Information Technology Specialist. The following organizational chart depicts the reporting hierarchy.

OIG Organizational Chart – as of September 30, 2008



GENERAL ACTIVITIES

BUDGET AND PERSONNEL

The Office of the Inspector General's Fiscal Year 2008 approved operating budget from all sources was \$16.1 million. Of this amount, \$2.4 million was allocated for the Comprehensive Annual Financial Report. There were 124 full-time positions supported by this budget. The Office received 88 percent of its budget (\$14.1 million) from local funding, which supported 102 full-time positions, (including 5 positions funded by a 25 percent local contribution to the federal grant that supports the MFCU. The Office received 12 percent (\$2.0 million) of its budget from federal funding, which supported 75 percent of the 21 full-time positions for the MFCU.

TRAINING

The OIG recognizes that the quality and effectiveness of its products are dependent upon a professionally trained staff. To this end, the OIG allocates a portion of its resources to ensure continuing professional education for its staff. The following is a summary of the types of training taken by personnel within the OIG divisions for FY 2008:

- Audit
- Investigative
- Inspections
- Medicaid and Healthcare Fraud
- Computer Applications
- Legal
- Human Resource Management
- Leadership Management
- Procurement and Contracting
- Fundamental Skills
- Professional Development

SENIOR STAFF

Senior staff positions were occupied as follows:

7/18/05 – present: **Inspector General**
Charles J. Willoughby

2/28/00 – present: **Deputy Inspector General**
Austin A. Andersen

6/1/06 – present: **Chief of Staff**
Roger W. Burke, Jr.

GENERAL ACTIVITIES

General Counsel
12/31/00 – present: Karen E. Branson

Deputy General Counsel
12/31/00 – present: Victoria L. Lucchesi

Assistant Inspector General for Investigations
5/14/06 – 3/14/08: Leonard C. Odom
3/17/08 – 8/15/08: Alfred Miller (Interim)
8/18/08 – present: Stacie Pittell

Deputy Assistant Inspector General for Investigations
5/15/98 – present: Alfred Miller

Assistant Inspector General for Audits
6/18/00 – present: William J. DiVello

Deputy Assistant Inspector General for Audits
7/16/00 – present: Cheryl L. Ferrara

Assistant Inspector General for Inspections & Evaluations
6/21/99 – present: Alvin Wright, Jr.

Deputy Assistant Inspector General for Inspections & Evaluations
3/6/06 – present: Edward J. Farley

Director of Medicaid Fraud Control Unit
4/18/04 – present: Susan B. Kennedy

Deputy Director of Medicaid Fraud Control Unit
6/25/07 – present: Jacqueline Schesnol

Administrative Officer
3/12/93 – present: Grace Y. Price

Budget Officer
3/16/98 – present: Raneé Phillips

Supervisory Contracts Specialist
9/9/01 – present: Russell Symons

GENERAL ACTIVITIES

Supervisory Information Technology Specialist

2/17/98 – present: Lesly Valentin

FISCAL YEAR 2008 TESTIMONY BY THE INSPECTOR GENERAL

As a result of OIG audits, inspections, and investigations, we are often asked to provide information to our stakeholders. Copies of the testimonies delivered in FY 2008 can be accessed on our website. Appendix A contains the topics and dates of OIG testimony presented before the City Council.

FISCAL YEAR 2008 PRESS HIGHLIGHTS

The OIG's work in District agencies is often recognized and reported on by local news organizations. It is our hope that media coverage will increase public awareness about the OIG's mission and our efforts to fulfill this mission, as well as encourage government efforts to correct reported deficiencies. Appendix B contains a selection of media highlights covering the OIG's work during FY 2008.

WEBSITE

The OIG website (www.oig.dc.gov) is a key resource that provides information about our operations and access to public documents, which include audit and inspection reports, press releases, notices regarding completed investigations, annual reports, testimony, and requests for proposals. The website also explains the OIG's legislative authority, describes our organizational structure, and includes the biographies of key personnel. It also explains procedures for submitting Freedom of Information Act (FOIA) requests to the OIG.

A key feature of the website is an online service entitled "Ask the Inspector General," which invites the public to submit comments or questions electronically to the OIG. The website additionally suggests the type of information individuals should provide to us when reporting fraud, waste, abuse, and mismanagement. The website further sets forth the OIG "hotline" telephone number, and advises that individuals reporting information can elect to remain anonymous.





FISCAL YEAR 2008 AUDIT AND INSPECTION PLAN





FISCAL YEAR 2008 AUDIT AND INSPECTION PLAN

The annual audit and inspection plan (Plan) includes descriptions of mandated audits and discretionary audits and inspections to be conducted in the upcoming fiscal year, based on: risk assessments of vulnerable programs and issues; input from the District's executive and legislative leadership, agency officials, and other stakeholders; and requirements of law. The FY 2009 Plan includes audits and inspections ongoing as of September 1, 2008. A copy of our annual plan can be accessed via our website at www.oig.dc.gov.

In an effort to sharpen the focus of our audits and inspections, the OIG continuously assesses programs and activities that pose the greatest risk to the District. Statutory mandates govern many of our activities; however, the majority of our activities are discretionary. Responsible use of our audit and inspection resources has become increasingly important as the District seeks to maintain financial integrity and fiscal stability, despite known limitations for revenue growth. District stakeholders have emphasized their continuing commitment to avoid risks that could trigger the re-emergence of budget deficits and management inefficiencies.

In formulating the Plan, we identified agencies and programs considered material in terms of service delivery and fiscal impact. Additionally, we considered risk factors, which include the following:

- material internal control weaknesses;
- potential fraud, other criminal acts, or improper practices;
- substantial violations of program directives or poor management practices that could seriously affect program accomplishment;
- major inefficiencies in the use of resources or management of operations; and
- significant program performance issues.

The OIG continues to play a role in assisting District management address areas of risk. As such, we have developed six strategic themes that will govern our operations, help us achieve our mandated mission, and further the Mayor's strategic initiatives. These themes are:

- I. Revenue Enhancement
- II. Spending and Efficient Use of Resources
- III. Delivery of Citizen Services
- IV. Support Services
- V. Audits Required by Law
- VI. District of Columbia Public Education Programs

FISCAL YEAR 2008 AUDIT AND INSPECTION PLAN

As has been our practice, formulation of the Plan began with the initiation of our annual planning conference held in June 2008. To ensure that FY 2009 audits and inspections focused on issues that pose the greatest challenge to the District, we solicited participation from a group of District agency officials to speak about their concerns or provide discussion on critical topics and emerging issues facing the District. Guest speakers included: Vincent Gray, Chairman, Council of the District of Columbia; Carol Schwartz, Chairperson, Committee on Workforce Development and Government Operations, Council of the District of Columbia; and Dennis L. Rubin, Chief, District of Columbia Fire and Emergency Medical Services. These individuals provided valuable insight into their individual programs and challenges facing the city, their evaluation of our audit process, and provided an unbiased assessment in several important audit areas. Additionally, we were honored to have Colonel A. Hodges of the U.S. Marines Corps attend, who spoke on leadership attributes, and, to help improve coordination between our Office and the D.C. Auditor's Office, Lawrence Perry, Deputy City Auditor spoke at our planning conference.

We have undertaken an ambitious Plan, shaped in part by concerns raised by District stakeholders. Accordingly, our Plan reflects ideas and suggestions from the Executive Office of the Mayor, Council members, District agency officials, and others. The listing of a particular audit or inspection in the Plan does not necessarily mean that problems exist or guarantee that a review will be undertaken. The reality of having limited resources and the unknown priorities arising from exigencies throughout the year often determine which audits or inspections can ultimately be initiated in any fiscal year. The Plan is designed to address audit areas that transcend a given fiscal year until identified risks facing the District are mitigated. It is our hope that District managers will use the Plan to help further identify risk areas within their respective agencies so that they may begin to address issues identified in the Plan, or previously reported, and begin to take actions to improve operational efficiencies before our audit or inspection.

ACTIVITIES OF THE AUDIT DIVISION

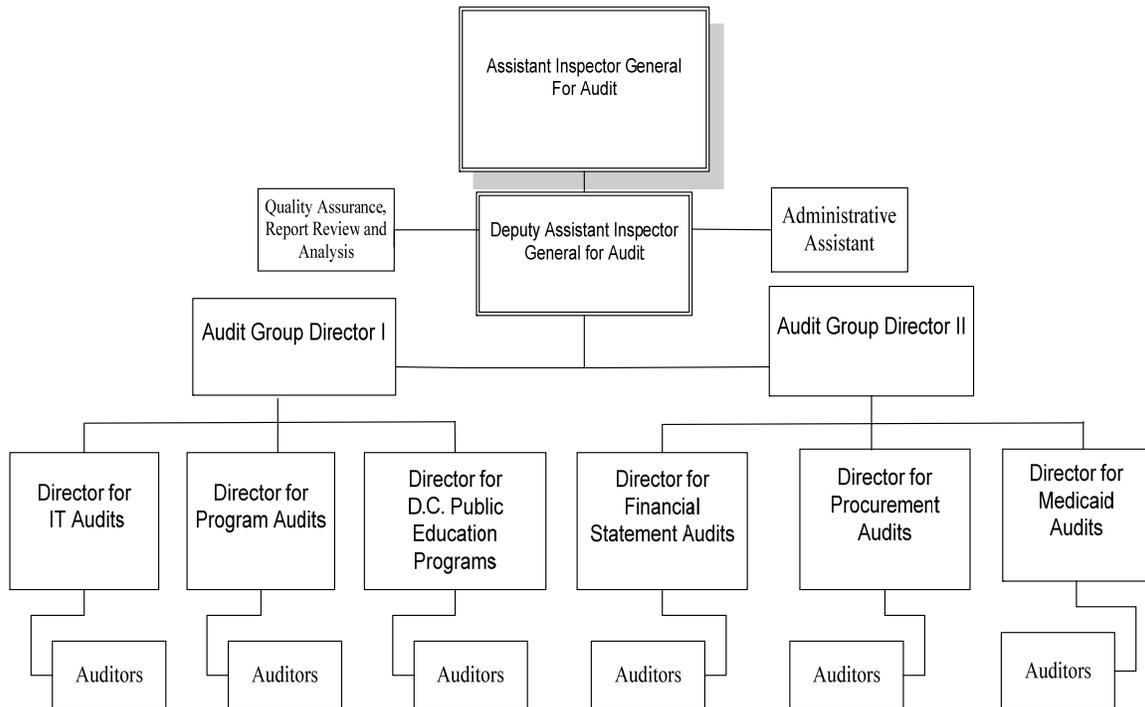


ACTIVITIES OF THE AUDIT DIVISION

ORGANIZATION

The OIG Audit Division, comprised of a staff of professional auditors, is headed by an Assistant Inspector General for Audits (AIGA), a Deputy AIGA, two Audit Group Managers, and six Directors. The AIGA sets policy and, through the Deputy AIGA and Audit Group Directors provide leadership and direction for the Division. The Directors manage the day-to-day projects and activities of the auditors. The audit directorates are: (1) Information Technology Audits; (2) Program Audits; (3) DCPS Resident Audit Site; (4) Financial Statement Audits; (5) Procurement Audits; and (6) Medicaid Audits. Our Audit Directorates are aligned to address the major risks facing the District.

**OIG Audit Division Organizational Chart
September 30, 2008**



The Audit Division is responsible for conducting audits of District organizations, programs, functions, and activities. These audits complement other elements of management evaluations and are aimed at providing reliable and constructive recommendations for improved administration of operations. Audits provide management with an independent appraisal of whether desired results and objectives are achieved efficiently, economically, and in accordance with prescribed laws, regulations, policies, and procedures. Key elements of our audits are the independence of the OIG from the management of such programs, and

ACTIVITIES OF THE AUDIT DIVISION

the OIG's responsibility to report to District management and other stakeholders the results of such audits.

The Division is staffed to perform the full spectrum of engagements, e.g., financial, attestation, and performance audits. Financial audits assess whether the financial statements of an entity are presented fairly, in all material respects, in conformity with generally accepted accounting principles. Attestation audits or engagements concern examining, reviewing, or performing agreed-upon procedures on a subject matter or assertion. Performance audits entail an objective and systematic examination of evidence to provide an independent assessment of a program or entity and typically assess program results and/or the entity protecting or using its resources in the most productive manner. Two important purposes of performance audits are to improve accountability and facilitate effective decision-making.

CREDENTIALS AND QUALIFICATIONS

OIG auditors possess a 4-year degree from an accredited college or university. Additionally, many of our auditors hold advanced degrees and certifications, including the following:

- Certified Fraud Examiner
- Certified Government Financial Manager
- Certified Information System Auditor
- Certified Inspector General
- Certified Inspector General Auditor
- Certified Internal Auditor
- Certified Public Accountant
- Masters Degree in Business Administration
- Masters Degree in Public Administration
- Doctorate in Accounting

ACQUIRING, DEVELOPING, AND RETAINING TALENT

Human resource management is critical to the organization's future success. The Audit Division's Quality Assurance Function, as well as individual Directors, continually work to identify the best ways to address the staff's educational needs and identify core-training programs. Through training and employee development, we strive to acquire, develop, and retain talent. We also consult with private-sector corporations, academic institutions, and other experts to identify best practices. For example, our Assistant Inspector General for Audits (AIGA) was a presenter at the Association of Inspectors General Certified Inspector General Institute.

ACTIVITIES OF THE AUDIT DIVISION

PROFESSIONAL ASSOCIATIONS AND ORGANIZATIONS

The OIG has joined a number of educational and professional organizations such as the Association of Local Government Auditors (A.L.G.A.) and the Association of Inspectors General to enhance audit performance and broaden the audit staff's perspective. Likewise, members of our staff are active in professional organizations to include the American Institute of Certified Public Accountants, Association of Government Accountants, Association of Local Government Auditors, National Association of Certified Fraud Examiners, Information Systems Audit and Control Association, Association of Inspectors General, and the Institute of Internal Auditors.

In addition to being members of and participating in professional organizations, the staff has submitted articles on various audit topics and emerging audit issues. Abstracts of various audits conducted in FY 2008 were published in professional newsletters and journals. A list of these publications is contained in Appendix C.

ASSOCIATION OF INSPECTORS GENERAL AUDITOR INSTITUTE

During the week of August 11-15, 2008, the Association of Inspectors General held its first Certified Inspector General Auditor (CIGA) Institute at American University, located in Washington D.C. The 5-day curriculum covered 21 specific topics such as: professional standards; forensic auditing techniques; contract auditing; auditing for monetary benefits; auditors and investigators working together; and report writing. The course culminated with a certification exam. Participants representing eight federal, state, and local government agencies attended this inaugural institute.

Much hard work went into the development of the CIGA Institute from conception, planning, and vetting of materials and related test questions, to the development, refining, and presentation of the topics. We greatly appreciate the efforts of William J. DiVello, Cheryl Ferrara, and Khaled Abdel Ghany of our own audit staff who worked with other dedicated professionals around the country to advance and improve the audit profession.

AUDIT FOLLOW-UP

The Comptroller General's Government Auditing Standards emphasize the importance of follow-up on significant findings and recommendations from prior audits to determine if corrective actions have been implemented. In accordance with this standard, we have organizationally emphasized this important function by tracking audit recommendations and assessing the progress of corrective actions. Audit recommendations cannot produce the desired outcomes unless they are implemented.

ACTIVITIES OF THE AUDIT DIVISION

CONTINUATION OF LIAISON ACTIVITY

Pursuant to the statutory mandate contained in D.C. Code §§ 2-302.08(a)(3)(B) and (C) (2001), the OIG is required to act as liaison representative to external organizations conducting audits of the District of Columbia government. The President's Council on Integrity and Efficiency is aware of this requirement and has asked member organizations to notify the OIG of any planned or future audits of District agencies. As a result, federal inspector general organizations and the Governmental Accountability Office (GAO) have coordinated their work with the OIG. Reciprocally, we continually coordinate audit efforts with the GAO, the District of Columbia Auditor, and federal inspector general offices.

Additionally, the Audit Division has forged strong working relationships with other outside organizations such as numerous federal, state, and local inspector general offices. These working relationships provide for sharing information between our organizations so that we may better identify and address fraud, waste, and abuse. Moreover, the AIGA is often called upon to lecture on IG functions for professional organizations, state and local IG offices, and visiting foreign delegations.

AUDIT PERFORMANCE MEASURES TO EVALUATE PROGRESS

With regard to our audit performance and productivity standards, we currently report on two performance measures: the number of audit reports issued and the potential monetary benefits reported in final audit reports. We continue to work toward process improvements in measuring our productivity and performance. In this regard, because of the importance we place on audit follow-up, we also track internally the status of recommendations made and District agency coverage. We track audit recommendations so that we can assess the progress of corrective actions. Additionally, the Comptroller General's Government Auditing Standards emphasize the importance of follow-up on significant findings and recommendations from prior audits to determine if corrective actions have been implemented. The results of our performance measures are shown in Appendix D.

SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDITS

For FY 2008, we issued 56 reports with total potential monetary benefits of approximately \$55 million. Comparing these to Audit Division costs of approximately \$3.1 million shows that a return on investment for audits performed by OIG audit staff exceeded \$18 for each dollar invested.

To more readily identify potential benefits, the OIG includes a schedule in each audit report that reports potential benefits resulting from the audit. The schedule provides each benefit by recommendation, a description of the identified benefit, and type of benefit. The benefits of each recommendation are described as economy and efficiency, internal control and

ACTIVITIES OF THE AUDIT DIVISION

compliance, or program results. The type of benefit is reported as either monetary or nonmonetary. Monetary benefits are categorized as either "Funds Put to Better Use" or as "Questioned Costs." "Funds Put to Better Use" are funds that could be used more efficiently should management implement the recommendations. This category includes de-obligation of funds from programs or operations and savings that result from implementation of recommended improvements. "Questioned Costs" are incurred costs questioned because of an apparent violation of a law, regulation, contract, or grant governing the expenditure of funds.

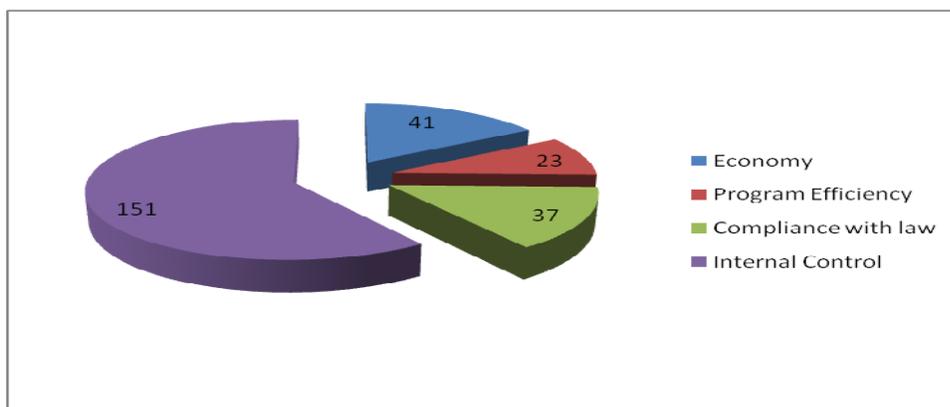
AUDIT AGENCY/OFFICE COVERAGE

The 56 reports the Audit Division issued in FY 2008 consisted of 32 final audit reports, 23 Management Alert Reports, and 1 Management Implication Report. Completed audits represented reviews undertaken as part of our FY 2008 Audit and Inspection Plan or emerging issues that required our immediate attention. Our audit reports to agency heads recommended corrective actions necessary to improve operations, address noted deficiencies, and ensure that agencies were in compliance with prescribed regulations, policies, procedures, and standards. Upon the issuance of our final reports, agencies described actions they had taken or planned to take to address our recommendations. Appendix E identifies the 27 District government agencies/offices audited during FY 2008.

FISCAL YEAR 2008 AUDIT RECOMMENDATIONS

For FY 2008, the Audit Division made a total of 252 recommendations to District management. As these reports have been recently issued, we plan to conduct follow-up reviews at these agencies in subsequent reporting periods, and will work in conjunction with the Executive Office of the Mayor to ensure that actions are taken to address recommendations made. Appendix F provides further information regarding audit recommendations for FY 2008. The following chart identifies the number of recommendations by category.

Analysis of Recommendations by Category



ACTIVITIES OF THE AUDIT DIVISION

THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

CAFR Oversight Committee. To oversee the CAFR, the OIG established the Comprehensive Annual Financial Report Oversight Committee (Committee). A charter identifying the Committee's purpose, composition, meeting schedule, and responsibilities governs the Committee. The Committee assists the OIG in fulfilling its oversight responsibility by monitoring the progress of the audit and addressing any issues that may arise from the audit or may prevent timely completion. The Committee's purposes include: (1) monitoring the reliability and integrity of the Office of the Chief Financial Officer's (OCFO) financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance; (2) monitoring the independence and performance of the District's independent auditors (Auditors); and (3) providing an open avenue of communication among the Auditors, Executive Office of the Mayor (EOM), Council of the District of Columbia (Council), OCFO, and other District management officials.

The Committee, chaired by the AIGA, is comprised of District officials, who are independent of the OCFO, including representatives from the OIG, the Council, and the EOM. The Committee also invites representatives from the GAO, as well as CFO representatives, and various agency representatives to attend select meetings, as appropriate.

In order to ensure adequate and timely actions are taken by management to recommendations, the Committee continued to meet throughout FY 2008. As part of these meetings we invited agency heads to present the status of work completed at their respective agencies to address deficiencies and open recommendations. Agencies which had representatives brief the Committee in FY 2008 included: DCPS, the Office of the State Superintendent of Education, OCFO, the Office of Contracts and Procurement, and the Medical Assistance Administration.

FY 2007 CAFR. On April 9, 2008, BDO Seidman, LLP issued an Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. With the issuance of the FY 2007 CAFR, the city received its eleventh consecutive unqualified opinion on its financial statements.

In connection with the audit of the District of Columbia's general purpose financial statements for fiscal year 2007, BDO Seidman, LLP submitted an Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. This report details identified significant deficiencies. Three of the significant deficiencies identified in the report are considered material weaknesses: (1) Office of Tax and Revenue – Refund Process; (2) Management of the Medicaid Program; and (3) District of Columbia Public Schools.

ACTIVITIES OF THE AUDIT DIVISION

SIGNIFICANT AUDIT FINDINGS

Our audits focus on areas that present the highest risks to maintaining the District's fiscal integrity and continued financial strength. To address these risks, we have designed our audits to concentrate on six themes that take into consideration the legislative triggers that could require the District's return to the operational control of the D.C. Financial Responsibility and Management Assistance Authority. When District leadership and the OIG identify and address such risks early, the likelihood of returning to a control period in the future is minimized. The six themes are as follows:

- I. Revenue Enhancement
- II. Spending and Efficient Use of Resources
- III. Delivery of Citizen Services
- IV. Support Services
- V. Audits Required by Law
- VI. District of Columbia Public Education Programs

A summary of FY 2008 reports is included at Appendix G. To show the results of our audits by their respective risk area, we have summarized a selection of significant audits by the themes identified above.

AUDIT HIGHLIGHTS BY THEME

REVENUE ENHANCEMENT

Audit of the District of Columbia Department of Mental Health's Program Management and Administration of Provider Reimbursements, 06-2-13RM, 12/11/2007

Our audit found that a process for reworking and resubmitting denied Medicaid claims is nonexistent. Denied Medicaid claims have not been reworked and resubmitted since the eCura system was brought to the Department of Mental Health (DMH) in FY 2001. Based on estimates provided to us by DMH personnel, the value of denied claims is approximated at \$30.1 million. This figure represents denied Medicaid claims since November 2002.

The audit also found that DMH's main information system application software for managing its business objectives needs improvement or replacement because of significant weaknesses regarding reliability, integrity of information reported, and the effectiveness of provider claims processing. This includes the claims processing function that interfaces with

ACTIVITIES OF THE AUDIT DIVISION

the Medical Assistance Administration (MAA) fiscal intermediary, Affiliated Computer Services (ACS). The information system currently in place does not produce timely and reliable monthly reports that summarize program statistics and accountability as to projected performance measures.

SPENDING AND EFFICIENT USE OF RESOURCES

Audit of the D.C. Department of Motor Vehicles Ticket Processing Services, 07-2-03MA, 12/5/2007

Based on the Motorist Services Modernization Program (MSMP) Project cancellation, the District incurred \$11 million more than it would have incurred had they awarded the eight corresponding contracts under the MSMP Project. Additionally, our audit found that OCP previously extended the ticket processing and collection services contract to the same contractor for approximately 31 months after the expiration of the original 5-year contract period, without soliciting competition or properly justifying the award of the sole source contract, resulting in an expenditure of approximately \$6.4 million more than may have been necessary to provide ticket processing and collection services during the period.

The audit also determined that OCP did not comply with existing regulations when it issued a contract in excess of \$1 million without first obtaining Council approval, as required by D.C. Code § 1-204.51(b)(1). OCP allowed the incumbent contractor to provide ticket collection and processing services for a brief period without a valid contract mechanism in place. This action may have violated the District's Anti-deficiency laws. Lastly, OCP failed to maintain complete contract files documenting procurement actions for the ticket processing services contract.

DELIVERY OF CITIZEN SERVICES

Audit of the Department of Parks and Recreation's Oversight of Capital Projects, 06-1-08HA, 5/13/2008

The audit disclosed that the Department of Parks and Recreation (DPR) did not effectively monitor the progress and status of its capital improvement projects (CIP). The lack of a viable project monitoring program precluded: timely detection of delays in starting and completing projects; timely detection of poor workmanship; and efficient use of government funds while projects languished as funds were expended. We attributed the lack of project monitoring to insufficient executive management and supervisory oversight for several years.

ACTIVITIES OF THE AUDIT DIVISION

The lack of effective management controls over capital projects was compounded by: (1) nonexistent or outdated policies and procedures delineating specific tasks DPR and the contractors needed to accomplish from the inception of a project to the completion of a project; and (2) the need to invest in human resources to perform inherent government duties such as contract monitoring, which is critical to effective and efficient operations.

During our visits to six DPR recreation facilities, we observed numerous conditions that we categorized as either: (1) potential code violations; (2) poor project planning; (3) poor material/equipment quality; (4) inadequate maintenance; or (5) a combination of these categories. Many of the conditions occurred or existed because DPR did not: hold contractors accountable for work performance; seek recourse against contractors for poor workmanship; provide required maintenance for equipment throughout its lifecycle; and ensure sufficient coordination between the District government and its contractors. We also believe that recreation facilities, in certain cases, were poorly designed or planned. As a result of these conditions, the risk to the health and safety of facility patrons is increased; the quality and utility of DPR's programs are diminished; and the cost to fix deficiencies resulting from potential code violations, poor planning, poor material quality, and degradation resulting from inadequate maintenance is increased.

SUPPORT SERVICES

Audit of the Department of Health's Procurement of the Biosafety Laboratory Level 3, Modular Laboratory and Learning Management System, 06-2-17MA, 7/24/2008

The Department of Health (DOH) incurred unnecessary delays in the procurement of a biosafety laboratory level 3 (BSL3) lab capable of handling select biological agents. Although the project was initiated in May 1999, as of the date of our report, the BSL3 lab had not been completed. The delays occurred, in part, because DOH and OCP officials did not develop a procurement plan that provided for coordination and continuity in the construction of a BSL3 lab from the initial stages to full operational capabilities. The lack of a procurement plan further contributed to delays with site identification and DOH's response to the turnover of agency staff responsible for the project. Procurement planning for construction and other contracted projects is required by the governing criteria of Title 27 of the District of Columbia Municipal Regulations. As a result, the District's response capabilities were negatively affected because laboratory samples had to be sent to Maryland and Virginia State Laboratories for analysis.

Also, OCP did not solicit competition in the procurement of the \$300,000 learning management system (LMS). Instead, OCP issued a sole-source purchase order to obtain the LMS without adequate justification. Further, the contractor used a subcontractor to provide

ACTIVITIES OF THE AUDIT DIVISION

the LMS and related services. Without competition, there is no assurance that the District received the most reasonable price.

AUDITS REQUIRED BY LAW

Various laws require the OIG to perform specific annual audits, some of which must be performed only by contracts with certified public accounting firms. Largest among the required audits is the Comprehensive Annual Financial Report (CAFR). In addition, the District's annual appropriation legislation often includes language that requires the OIG to conduct one-time audits.

DISTRICT OF COLUMBIA PUBLIC EDUCATION PROGRAMS

Audit of the District of Columbia Public Schools' Residency Requirements, 06-1-14GA, 1/24/2008

Our audit found that the District of Columbia Public Schools (DCPS) allowed students whose residency had not been established to remain enrolled in D.C. public schools, private, and out-of-state public facilities. Specifically, we found that school personnel at the 7 local public schools we visited did not have Residency Verification Forms or Residency Variance Forms for 56 students, and 43 of these students were enrolled in their schools at the time of our visits. Further, the DCPS Student Residency Office did not have Residency Verification Forms, Residency Variance Forms, or court orders for 166 students attending private and out-of-state public facilities, and 116 of these students were enrolled in their respective facilities. As a result, DCPS paid over \$2.7 million for 166 potentially ineligible students to attend private and out-of-state public facilities and may be entitled to recover funds through tuition reimbursement requests.

Additionally, we determined that DCPS has not developed written policies and procedures for collecting tuition payments from non-residents. The absence of written policies and procedures increases the risk that operational practices will not be consistent with organizational objectives.

SUMMARY OF MANAGEMENT ALERT REPORTS

During FY 2008, the Audit Division issued 23 Management Alert Reports (MARs), 22 of which resulted from our Triennial Follow-up of District Agencies Implementation of OIG Audit Recommendations. We issued the remaining MAR during an audit of the District of

ACTIVITIES OF THE AUDIT DIVISION

Columbia Metropolitan Police Department's (MPD) Management of Seized and Confiscated Property/Evidence. The MPD MAR focused on deteriorating and hazardous conditions that we observed at the Evidence Control Branch (ECB) facility that needed immediate attention. If left unresolved, the conditions could increase the risk of theft, misuse, or loss of evidence and potentially compromise the ability to execute successful criminal prosecutions. MPD took immediate action to correct the conditions noted, secured weapons and other hazardous materials, and moved other items in need of safeguarding to another undisclosed location.

The OIG Audit Division also issued one Management Implication Report (MIR) in FY 2008. This MIR identified systemic internal control deficiencies reported in performance and financial audit reports issued by the OIG during FYs 2004-2007. We prepared a cross-sectional analysis of the total number of internal control deficiencies by agency and FY reviewed. In addition, we prepared a time-series analysis by category and FY. The results of the cross-sectional analysis showed that the most common internal control deficiencies identified in both performance and financial audits of District agencies were the lack of effective policies and procedures at the agencies audited. Results of the time-series analysis showed that for performance audits, the number of internal control deficiencies decreased. Conversely, the number of internal control deficiencies reported in financial audits increased. If these deficiencies continue and remain uncorrected, they can adversely affect the District's overall financial condition. The information, data arrays, and analyses contained in this report were for informational and comparison purposes and may be useful to District leaders and other stakeholders in evaluating areas in which internal controls may need strengthening at their agencies.



**ACTIVITIES OF THE INSPECTIONS
AND EVALUATIONS DIVISION**



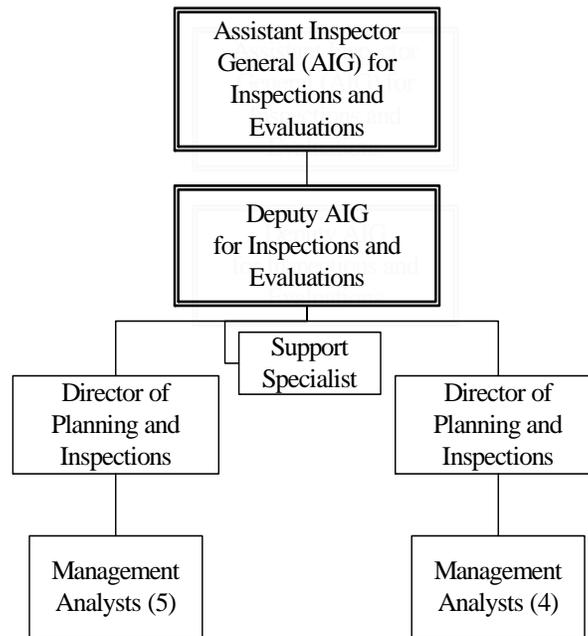
ACTIVITIES OF THE INSPECTIONS AND EVALUATIONS DIVISION

ORGANIZATION AND MISSION

The OIG Inspections and Evaluations Division (I&E) is managed by an Assistant Inspector General (AIG), a Deputy Assistant Inspector General (DAIG), and two Directors of Planning and Inspections (DPIs). The AIG sets policy and, through the DAIG, provides leadership and direction to the Division. The DPIs supervise the management analysts' inspection activities both in the field and at the OIG, and oversee the day-to-day administrative activities in the Division.

OIG INSPECTIONS AND EVALUATIONS DIVISION

SEPTEMBER 30, 2008



I&E is responsible for conducting inspections of District government agencies and programs. An OIG inspection is a process that evaluates, reviews, and analyzes the management, programs, and activities of a District department or agency in order to provide information and recommendations that will assist managers in improving operations, programs, policies, and procedures. Inspections provide senior managers with an independent source of factual and analytical information about vital operations, measuring performance, assessing efficiency and effectiveness, and identifying areas of mismanagement, fraud, waste, and

ACTIVITIES OF THE INSPECTIONS AND EVALUATIONS DIVISION

abuse. Inspection results are published in a Report of Inspection (ROI) and in Management Alert Reports (MARs). The OIG provides a MAR when the Inspector General believes that a matter which surfaced during an inspection requires the immediate attention of the head of an agency or department. The findings developed during inspections may also lead to recommendations for OIG investigations or audits. I&E also conducts re-inspections to follow-up on and monitor agency compliance with the Inspector General's previous recommendations.

CREDENTIALS AND QUALIFICATIONS

I&E has nine inspector positions and a support specialist. All employees, including managers, inspectors, and the support specialist, have 4-year degrees from an accredited college or university, typically in the fields of business and public administration, and most have graduate degrees. Senior inspectors must have significant experience working in or with state or federal government, or private industry, as inspectors, management analysts, auditors, managers, or program managers. Upon entering on duty, new inspectors receive both formal, job-specific training, as well as specific on-the-job training in the evaluation and analysis of District government organizations and their management.

INSPECTION STANDARDS

I&E inspectors adhere to the Quality Standards for Inspections promulgated by the President's Council on Integrity and Efficiency. Inspectors pay particular attention to the quality of internal control exercised by managers in inspected agencies.

PERFORMANCE MEASURES USED TO EVALUATE PROGRESS

The number of inspections conducted, findings identified, recommendations made and agreed to by inspected agencies, and subsequent improvements in agency operations as determined through re-inspections are indicators of the effectiveness of the overall performance of the OIG inspection program.

In order to meet its performance goal for FY 2008, the Division needed to complete five of the six projects assigned to it. I&E conducted only three of the five projects needed to meet its goal, due in large part to the assignment of a high profile special evaluation to the Division.¹ I&E performance statistics for FY 2008 are reported in Appendices H and I.

¹ I&E's performance statistic was also affected by the fact that the other three projects (two special evaluations and one re-inspection) were initiated at the end of the 3rd quarter of the FY but were not completed during the FY.

ACTIVITIES OF THE INSPECTIONS AND EVALUATIONS DIVISION

INSPECTIONS CONDUCTED

In FY 2008, I&E conducted one special evaluation, two inspections, and issued eight MARs. These projects generated approximately 133 findings and 177 recommendations.² The Division also worked to finalize three inspection reports and two re-inspection reports that will be issued in FY 2009. Inspections can take from 6 months to a year, depending on the size of the inspected agency, the complexity of the issues covered, and the inspection resources available. Recommendations made to agency and department heads call for corrective measures to improve operations, address deficiencies, and ensure that District and federal laws, regulations, and policies are followed.

The following summarizes the focus of the special evaluation, inspections, and MARs. The number of findings and recommendations resulting from each are reported in Appendix I.

Special Evaluation:
Services and Benefits Provided to
Banita Jacks, Nathaniel Fogle, and Their Children
Fieldwork completed in FY 2008
(Report to be issued in FY 2009)

On January 9, 2008, members of the U.S. Marshals Service (Marshals) arrived at 4249 6th Street, S.E., Washington, D.C., a rented row house occupied by Banita Jacks, to execute an eviction ordered by the D.C. Superior Court. When Marshals entered the house and went upstairs, they discovered what appeared to be the remains of three children lying face down on the floor of one bedroom, and a decedent in another bedroom. Marshals secured Jacks and eventually learned that the bodies were her four female children. Shortly after the discovery, the Mayor and City Administrator announced that Jacks, her daughters, and her partner, Nathaniel Fogle, had resided in the District for over 2 years and obtained assistance from several District government agencies and community-based service organizations.

At the request of the Mayor, the OIG conducted a special evaluation of all services provided to the Jacks/Fogle family by District agencies and community-based, nonprofit organizations. The timeframe of the special evaluation starts with the family's arrival in the District in December 2005 and concludes with the January 9, 2008, eviction proceedings. Fieldwork for the special evaluation was conducted between January and October 2008. The report is scheduled for release in FY 2009.

² These numbers may change as a result of the OIG's editing and review process prior to report issuance.

ACTIVITIES OF THE INSPECTIONS AND EVALUATIONS DIVISION

Department of Consumer and Regulatory Affairs
DCRA Part III: Building Permits, Plans Review, Zoning, and
Commercial Inspections Divisions
Fieldwork completed in FY 2008
(Report to be issued in FY 2009)

The Department of Consumer and Regulatory Affairs (DCRA) is responsible for regulating building and land use within the District to ensure safety and conformity with local and federal laws; issuing licenses and permits; conducting inspections; and educating citizens and other consumers. The objectives of this inspection were to assess the existence and quality of DCRA's policies, procedures, and internal controls pertaining to building and land regulation. The team focused on a number of operational areas, including: the inspection and licensing of elevators and escalators; DCRA's oversight of private "third party" engineering and construction inspection companies; and internal controls regarding permit issuance and revenue collection.

During its inspection, the team issued three MARs to DCRA (see Management Alert Reports Issued, *intra*). The report is scheduled for release in FY 2009.

Office of Administrative Hearings
Fieldwork completed in FY 2008
(Report to be issued in FY 2009)

The Office of Administrative Hearings (OAH) is an independent administrative tribunal that hears cases and adjudicative matters involving over 25 District agencies, boards, and commissions. Created in 2001, OAH seeks to provide citizens and persons doing business in the District with impartial, timely, and efficient hearings on cases involving agencies such as the Department of Health, Department of Mental Health, Department of Consumer and Regulatory Affairs, and Department of Public Works. The inspection focused on a number of areas of OAH operations, including: overall sufficiency and implementation of OAH's policies and procedures; administration of court business; judge safety; case volume and the timely resolution of cases; human resource management; and fiscal oversight. The report is scheduled for release in FY 2009.

RE-INSPECTIONS CONDUCTED

The OIG inspection process includes follow-up with inspected agencies to monitor the actions taken on OIG findings and recommendations. Compliance forms are issued to agencies at the end of the OIG's initial inspection so that agencies can report back on their progress in complying with recommendations over an established period of time. At the end of that period, re-inspections are scheduled and conducted to verify an agency's compliance with agreed upon recommendations.

ACTIVITIES OF THE INSPECTIONS AND EVALUATIONS DIVISION

During FY 2008, I&E initiated one re-inspection, but fieldwork was not finished as of the writing of this report. Fieldwork will be completed and a report of re-inspection issued during FY 2009.

MANAGEMENT ALERT REPORTS ISSUED

I&E issued eight MARs during FY 2008. The OIG issues a MAR when it believes a matter requires the immediate attention of a District of Columbia government official.

Office of Administrative Hearings
Management Alert Report 08-I-001
Safety and Security Deficiencies at OAH Facilities
(Report Issued January 11, 2008)

Through interviews, observations, and surveys, the inspection team determined that OAH needed to improve safety and security measures in place at OAH facilities for Administrative Law Judges (ALJs), other OAH employees, and parties who have cases before OAH. ALJs cited the following needs: greater physical distance from parties before, during, and after hearings; secure and private entrances to hearing rooms for OAH employees; and increased security in office suites. Employees also provided the I&E team with information regarding security incidents that took place during FY 2007.

OAH management reported that the agency was in the process of finalizing an Emergency Response Plan that covered security procedures and appropriate responses to emergency situations. However, the team determined that the plan lacked specific details, including policies and procedures for ALJs and other OAH employees to follow if a safety or security emergency occurs during a hearing, or if an unauthorized individual enters a hearing room or an office area.

The OIG recommended, among other things, that OAH test all existing security equipment weekly; consider security enhancements for all hearing rooms; develop written policies and procedures regarding safety and security matters; ensure employees attend training on these matters; and develop incident reporting procedures.

Department of Consumer and Regulatory Affairs and
District Department of the Environment
Management Alert Report 08-I-002
Deficiencies in Oversight of Lead-Based Paint and Asbestos Removal
(Report Issued February 22, 2008)

During the course of its ongoing inspection of DCRA, the I&E team identified deficiencies in the District's regulation of lead-based paint and the quantity of information made available to

ACTIVITIES OF THE INSPECTIONS AND EVALUATIONS DIVISION

the public regarding lead-based paint and asbestos. The Centers for Disease Control (CDC) recommends banning specific unsafe methods for removing paint to protect children from lead poisoning; however, District law was unclear as to whether all of these methods are prohibited. In addition, the team found that District law did not apply to all projects that may create lead hazards. While DCRA has regular contact with program owners and contractors planning work that may disturb lead-based paint or asbestos, DCRA was not providing adequate information on safe work practices for lead-based paint and asbestos to its customers.

Because the District Department of the Environment (DDOE) is responsible for issuing permits for lead and asbestos abatement projects, the OIG recommended that DDOE propose revisions to District law regarding lead-based paint to clarify prohibited work practices. In addition, the OIG recommended that DCRA consult with DDOE to develop and implement a plan to inform DCRA customers of safe work practices for lead-based paint and asbestos.

**Department of Consumer and Regulatory Affairs and
Office of the Chief Financial Officer
Management Alert Report 08-I-003
Deficiencies in Permit and Certificate of Occupancy Processes May Reduce Revenue
(Report Issued February 28, 2008)**

While conducting the ongoing inspection at DCRA, the I&E team learned that the Office of the Chief Financial Officer (OCFO) was not reconciling DCRA records with records of revenue collected for payment of permit fees, Certificates of Occupancy (C of O) fees, Office of the Surveyor fees, and fines for construction and zoning violations. The team determined that controls to ensure payment of permit filing fees were inadequate, and verification of payment was not done prior to the issuance of permits and C of Os. DCRA procedures were unable to detect inconsistencies between permit applications and building plans, a condition that had the potential to affect permit issuance fees and the revenue ultimately collected by the District from these fees. The team also found that DCRA commercial inspections did not adequately detect construction work performed outside of the scope of issued permits.

The OIG recommended, among other things, that DCRA: (1) reconcile its records with OCFO records of payment; (2) require OCFO receipts from applicants as proof of payment and retain copies; (3) have supervisors regularly review samples of permit employees' work; and (4) implement a plan to ensure that sites inspected by "third party" companies have all required permits.

ACTIVITIES OF THE INSPECTIONS AND EVALUATIONS DIVISION

Department of Corrections
Management Alert Report 08-I-004
Case Managers' Safety at Risk Inside Cellblocks
(Report Issued March 14, 2008)

While conducting interviews and observations during an ongoing re-inspection of the Department of Corrections (DOC), the team learned that DOC case managers' safety was at risk when they were working with inmates. Frequently, case managers work alone with inmates in offices within the cellblocks of DOC's Central Detention Facility (D.C. Jail). Risky conditions observed by the I&E team included: case managers being out of sight from the correctional officers stationed in the cellblocks' central observation booths; and office doors, which are opened and closed remotely by the correctional officers, lacked a release mechanism for case managers to use in the event that they need to exit the office during an emergency. The team also observed that during a test of a personal alarm that DOC issued to its case managers, corrections officers could not hear the alarm. The team also found inoperative video monitoring equipment.

The OIG recommended, among other things, that DOC ensure that case managers' office doors controlled by correctional officers be equipped with an emergency release mechanism, and that surveillance cameras capture all activities in case managers' offices.

Department of Corrections and
Office of Human Rights
Management Alert Report 08-I-005
DOC Policy on Inmate Gender Identification May Violate District Regulations
(Report Issued April 4, 2008)

In response to current events, I&E reviewed DOC policy on inmate housing and gender identification and found possible violations of District human rights regulations. The team found that DOC policy and procedure may increase the risk of harassment or assaults against misidentified and transgender inmates, cause inmates to be housed or treated in a manner inconsistent with their gender identity, and put the District government at risk for legal liability.

The OIG recommended, among other things, that DOC consult with the Office of Human Rights and the Office of the Attorney General to develop clear policies and procedures regarding inmate gender classification and housing that are consistent with District regulations, and that DOC implement and enforce the resulting policies and procedures.

ACTIVITIES OF THE INSPECTIONS AND EVALUATIONS DIVISION

**D.C. Department of Housing & Community Development,
Addiction Prevention and Recovery Administration, and
The Community Partnership for the Prevention of Homelessness
Management Alert Report 08-I-006
*APRA Employee Improperly Certifying Substance Abuse Disabilities on
Federally-Funded “Shelter + Care” Program Applications
(Report Issued June 17, 2008)***

During the course of a special evaluation, an I&E team determined through interviews and record reviews that since 2006, an employee of the Department of Health’s Addiction Prevention and Recovery Administration (APRA) was improperly certifying substance abuse disabilities on applications for the federally funded Shelter Plus Care (S+C) program. S+C provides participants with both financial assistance for rental housing (e.g., permanent monthly rent payments) and supportive services (e.g., counseling, treatment, and education). The Community Partnership for the Prevention of Homelessness (TCP), a nonprofit organization that serves as the District’s lead administrator for homeless services, is responsible for oversight of the S+C program.

The OIG recommended, among other things, that APRA: (1) immediately suspend the practice of certifying substance abuse disabilities related to the S+C program application process, and meet with TCP to discuss their respective roles in the S+C program application and administration processes; and (2) work with TCP to determine whether APRA should resume certifying substance abuse disabilities S+C applicants.

**Department of Consumer and Regulatory Affairs
Management Alert Report 08-I-007
*Deficiencies Found in Boiler Inspection Operations
(Report Issued August 7, 2008)***

During its ongoing inspection of DCRA, an I&E team found deficiencies in DCRA’s administration and oversight of safety inspections for boilers. DCRA senior management and employees could neither confirm that initial boiler installation inspections and subsequent annual inspections were being conducted, nor provide data on the total number of boilers in the District. The team learned that the number of boiler inspectors employed by DCRA was insufficient in light of the agency’s duties and responsibilities. The team also noted a significant backlog of inspection reports submitted by insurance companies that had not been reviewed by DCRA as required by the DCMR.

The OIG recommended, among other things, that DCRA take steps to: (1) acquire an adequate number of boiler inspectors to conduct required inspections and enforce boiler regulations in the District; and (2) eliminate the backlog of inspection reports that had been submitted by insurance companies.

ACTIVITIES OF THE INSPECTIONS AND EVALUATIONS DIVISION

**Alcoholic Beverage Regulation Administration and
Office of Property Management
Management Alert Report 08-I-008
Sensitive Information Not Secure; Investigators' Identities Not Sufficiently Protected
(Report Issued August 29, 2008)**

During a special evaluation of ABRA, an I&E team identified two critical security concerns. First, ABRA was storing documents that contained personal, sensitive information in boxes in its hallways, which were accessible by personnel from another District agency and unescorted janitorial staff. Secondly, ABRA's office space configuration did not adequately protect the identities of its undercover investigators.

The OIG recommended that ABRA: (1) take immediate steps to identify all sensitive information and ensure that it is secure from unauthorized access; (2) obtain or reconfigure existing office space to protect the identity of its undercover investigators; and (3) issue policies and procedures regarding the security and storage of sensitive information.



ACTIVITIES OF THE INVESTIGATIONS DIVISION

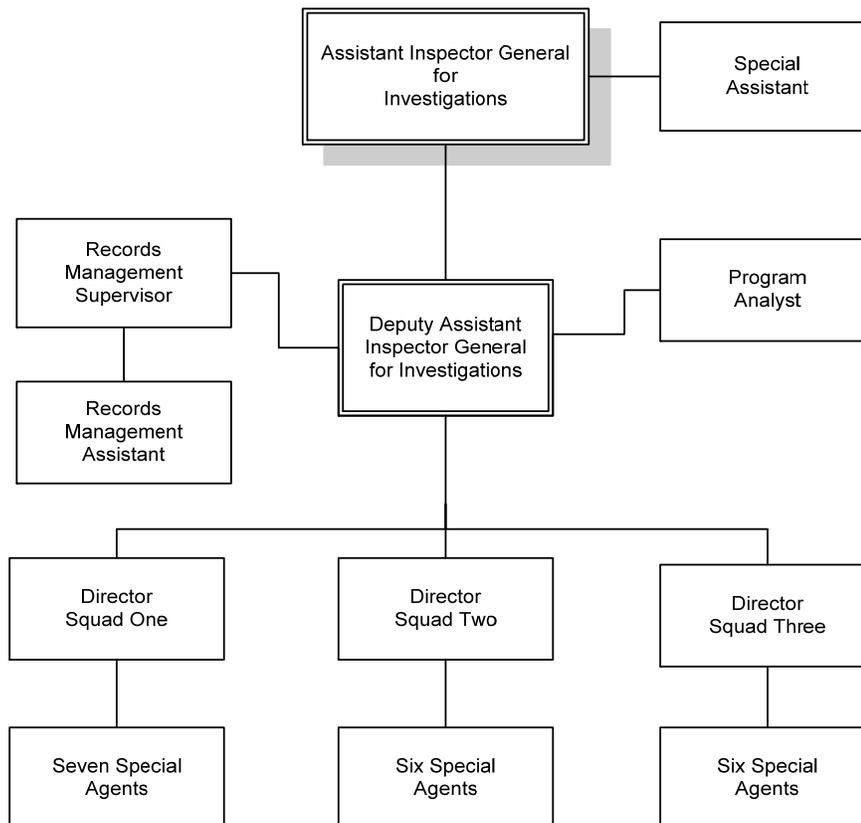


ACTIVITIES OF THE INVESTIGATIONS DIVISION

ORGANIZATION

The day-to-day operation of the Investigations Division (ID) is the responsibility of the Assistant Inspector General for Investigations (AIGI), who supervises a management team that consists of a Deputy AIGI, three squad Directors, and one Records Management Supervisor. Each Director is responsible for a team of special agents who are assigned both administrative and criminal investigations concerning District government operations, District government employees, and those doing business with the District government. The Records Management Supervisor, who reports directly to the Deputy AIGI, provides organization and accountability for the various records systems of the OIG. The ID also has a Program Analyst who is responsible for the effective operation of the Hotline and Referral Programs. The Hotline is staffed by special agents on a rotating basis. In FY 2007, as a customer service enhancement, the ID implemented a policy of issuing letters notifying individuals who were subjects of investigations when allegations against them were not substantiated. That policy remained in place in FY 2008.

OIG Investigations Division FY 2008



ACTIVITIES OF THE INVESTIGATIONS DIVISION

The ID consists of 28 employees, including 6 managerial/supervisory personnel, 19 special agents, 1 special assistant, and 2 support staff members. OIG special agents are sworn law enforcement officers. Many of our special agents hold advanced degrees and professional certifications. Newly hired special agents are required to meet firearm qualification standards of either a federal law enforcement agency or the Metropolitan Police Department (MPD). The ID staff includes former investigators and managers from law enforcement agencies such as the Federal Bureau of Investigation (FBI), Internal Revenue Service, federal OIGs, and major police departments. Special agents are authorized to carry firearms during the performance of their official duties, make arrests in limited situations, execute search warrants, and administer oaths.

RESPONSIBILITIES

The ID is responsible for conducting criminal and administrative investigations into allegations of waste, fraud, and abuse on the part of District government employees and contractors. In addition, the ID conducts investigations of District government employee conduct alleged to have violated the Standards of Conduct (D.C. Code § 1-618.01 and 60 CMR Chapter 18). When investigative findings solely indicate non-criminal employee misconduct or management deficiencies, a Report of Investigation (ROI) is prepared and forwarded to the responsible agency head. These administrative investigations typically uncover violations of District law, policy, and/or regulations. They also identify the individuals responsible for the violations and make recommendations for administrative action. Equally important to the investigative process, is the identification of program weaknesses, contracting irregularities, and other institutional problems that place a District government agency at risk for waste, fraud, and abuse. Therefore, the ROIs frequently make specific recommendations to correct the identified deficiencies, provide guidance on the applicable laws and regulations, and suggest employee training where appropriate.

When investigative findings are indicative of criminal conduct, they are presented to either the United States Attorney's Office for the District of Columbia (USAO) or the D.C. Office of the Attorney General (OAG) for prosecutorial opinion and action. When a case is accepted by either entity for prosecutorial consideration, the investigation will proceed under the guidance and direction of the prosecutors, often in conjunction with other law enforcement partners such as the FBI. The investigative findings also are used to determine whether civil action is appropriate in addition to or in lieu of criminal prosecution.

The Referral Program is important to the investigative work of the ID and allows the OIG to be responsive to citizen complaints of waste, fraud, and abuse. Complaints and allegations received by the OIG that do not warrant formal investigation by the ID are referred to the appropriate District or other government agency for consideration and resolution. In most cases that are referred to a District government agency, the responsible agency head is requested to respond to the ID's questions and concerns. Based on the adequacy of the

ACTIVITIES OF THE INVESTIGATIONS DIVISION

response, the ID determines whether further investigation is warranted. The Referral Program is an invaluable mechanism by which the OIG is able to ensure that District government agency heads are accountable to citizen concerns and responsive to the public interest.

The Hotline Program is an equally important component of the ID whereby the OIG is able, 24 hours a day, to receive telephonic complaints from District government employees and the general public. A special agent is on duty every working day during normal business hours to respond to telephonic complaints. All complaints received during non-business hours are recorded and processed on the next workday. In addition, the ID receives numerous complaints by electronic mail and some complaints by regular mail and by walk-ins.

The Records Management Unit (Unit) is responsible for maintaining the investigative files of the ID and for coordinating the development and retention of all OIG files in accordance with District law and policy. The Unit also is responsible for maintaining the chain-of-custody for all evidence and for protecting the identity of matters subject to the Grand Jury secrecy provisions of Rule 6(e) of the Federal Rules of Evidence. In addition, the Unit works closely with the OIG's Legal Division to identify and produce documents requested pursuant to the District of Columbia Freedom of Information Act (D.C. Code §§ 2-531-540). Consequently, the Unit also is responsible for maintaining a comprehensive database and case filing system that allows the ID to locate investigative information through the identity of complainants and subjects.

PERFORMANCE MEASURES TO EVALUATE PROGRESS

Performance measures are set by the Inspector General to assess ID's progress in processing complaints and referrals and conducting preliminary investigations. Appendix J provides a statistical comparison of actual FY 2008 performance of these functions with target goals. In FY 2008, the ID exceeded its target goals in all three performance measures. Appendix K reflects a separate statistical accounting of a variety of ID accomplishments and compares that accounting with the previous 3 fiscal years.

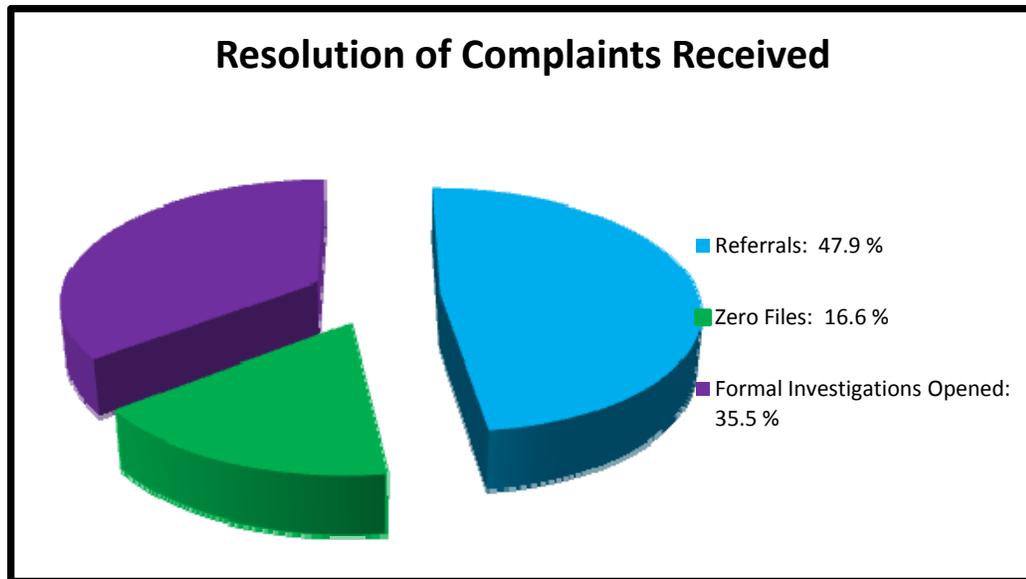
INVESTIGATIVE WORKLOAD AND PRIORITIES

During FY 2008, the ID processed 585 new complaints. Of those 585 new complaints, 208 were opened as formal investigations, including 98 criminal investigations, 36 administrative investigations, 53 preliminary investigations, and 21 miscellaneous matters. In addition, of the 585 new complaints, 280 were referred to agency heads for action, and 97 were closed without further action (or placed in a "Zero file"). During FY 2008, ID special agents conducted 12 searches pursuant to the OIG's administrative authority or a search warrant, and served 78 subpoenas. In addition to the prosecutorial activity resulting from ID investigations (described below), ID investigations resulted in the termination or non-renewal

ACTIVITIES OF THE INVESTIGATIONS DIVISION

of employment of 22 District government employees because of their criminal or inappropriate conduct.

The chart below reflects the proportionate resolution of 585 new complaints received in FY 2008.



Each special agent maintains an average caseload of between 10 to 15 formal investigations. This is a high workload in comparison to federal OIGs and other law enforcement agencies that investigate public corruption and government fraud. Consequently, the ID is required to prioritize the use of its investigative resources. Priority investigations include:

- matters referred from the Executive Office of the Mayor (EOM), D.C. Council, and Congress;
- allegations of serious criminal activity on the part of District government employees or contractors involving government fraud and public corruption;
- allegations of procurement fraud that are of a significant dollar value;
- allegations of misconduct on the part of agency heads and other high-ranking executives in the District government; and
- systemic program or management deficiencies that need immediate attention and correction.

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INVESTIGATIONS CLOSED

In FY 2008, the ID closed 130 formal criminal, administrative, and preliminary investigations. Appendix L details the number of cases closed by agency. These statistics are reflective of the size of the agency, the nature of its mission, and the proportionate frequency with which the ID receives allegations of waste, fraud, and abuse relating to that agency.

HOTLINE USAGE

Detailed OIG Hotline statistics are included in Appendix M. D.C. Code § 47-2881 (2001) requires the OIG to submit quarterly reports to Congress on the number and nature of calls placed to the OIG Hotline. The OIG Hotline numbers are (202) 724-TIPS (8477) and (800) 521-1639. Approximately 4,000 Hotline calls are received every year. The OIG Hotline is used to report a wide range of matters. Not all calls, however, result in the OIG opening an investigation. In some cases, the callers (many of whom elect to remain anonymous) do not report sufficient information to enable the OIG to initiate an investigation, and other calls concern matters that are not within the OIG's jurisdiction.

Numerous complainants call the OIG Hotline to report that District government agencies were not responsive to their initial calls. Many of these and other inquiries were successfully redirected to a responsive District government official or resolved informally with the caller.

During FY 2008, the OIG received a total of 183 calls on the OIG Hotline that required further action by the ID. While OIG Hotline calls represent just one of the ways in which government employees and concerned citizens provide information to the OIG, it is important to note that some of the most significant cases the OIG has investigated have resulted from calls placed to the OIG Hotline. The OIG also receives reports of government corruption, waste, fraud, and abuse via mail, e-mail, facsimile, in person, and by referral from other departments and agencies, the EOM, the D.C. Council, and Congress.

SUMMARY OF PROSECUTORIAL ACTIVITY

The OIG refers credible allegations of criminal conduct on the part of District government employees and contractors to the USAO for prosecutorial consideration. *See* D.C. Code § 2-302.08(a)(3)(F)(ii) (2006). In FY 2008, the OIG presented 90 cases to the USAO for possible prosecution. Of these, 26 cases were accepted for further investigation, 56 cases were declined, and 8 still are under consideration. In addition, the OIG presented 28 cases to the Office of the Attorney General (OAG) for possible prosecution under criminal statutes within the jurisdiction of that office. Of these, 9 cases were accepted for further investigation. These figures include investigations initiated in previous fiscal years. The investigations conducted by the OIG (in some cases jointly with other law enforcement

ACTIVITIES OF THE INVESTIGATIONS DIVISION

agencies) resulted in 30 convictions in FY 2008. The individuals who were convicted received sentences that included imprisonment, home detention, probation, fines, community service, and restitution. Sentences of imprisonment stemming from OIG investigations in FY 2008 totaled 333 months.

RESTITUTION AND RECOVERIES

During FY 2008, individuals convicted as a result of OIG investigations were ordered to pay a total of \$4,952,806.79 in restitution and an additional \$52,450.00 in fines and special assessments. FY 2008 asset forfeitures stemming from OIG investigations totaled \$36,467,759.34. There was an additional \$460,184.21 in recoveries of stolen District government money and property.

INVESTIGATIVE REPORTS

Formal ROIs are issued at the conclusion of significant administrative investigations of misconduct, waste, fraud, and abuse. In cases where the allegations are substantiated, the ROIs recommend administrative and/or remedial action where appropriate. These ROIs are then distributed to the responsible District government agency head, with executive summaries distributed to the Mayor, D.C. Council members, and, where necessary, to congressional oversight committees. The OIG issued 7 ROIs in FY 2008 containing a total of 15 recommendations.

In addition, the ID prepares a variety of other investigative reports to respond to more immediate problems. Management Alert Reports (MARs) are issued to particular District government agency heads to alert them to an issue uncovered during the course of an ID investigation that requires immediate attention. In FY 2008, the ID issued 4 MARs. Significant Activity Reports (SARs) are issued to notify the Mayor of convictions and sentences of District government employees and contractors. In FY 2008, the ID issued 19 SARs. Fraud Alert Reports (FARs) are issued to agency heads to notify them of particular criminal schemes. During FY 2008, the ID issued 1 FAR. The OIG also completed 159 Administrative Closures, which are reports prepared when an investigation is closed without a substantiated finding.

PERSONNEL ACHIEVEMENTS

During FY 2008, ID Special Agent Bernadette Todd-Atwater received a U.S. Department of Justice award in recognition of her work on an investigation of the former Executive Director of the District of Columbia Office of Charter School Oversight. The award was presented at the United States Attorney's Office for the District of Columbia Twenty-Eighth Annual Law Enforcement Awards Ceremony.

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In addition, Special Agent Todd-Atwater and ID Special Agent Bryan Chase were accepted into the District of Columbia Certified Public Manager (CPM) Program. The CPM Program is nationally accredited and designed to enhance the skills of District employees and provide them with the tools to be more effective leaders. The CPM Program, which is administered by the District of Columbia Department of Human Resources in partnership with The George Washington University, consists of 300 hours of graduate-level instruction and includes exercises on team building, basic leadership, and real world management of municipal government.

Two ID squad Directors, Shelley Elliott and James Glymph, and one ID Special Agent, David Stupar, successfully completed the Certified Inspector General Investigator training given by the Inspectors General Institute. This training, which lasts a week, covers various topics related to conducting investigations, including professional standards for conducting investigations, legal issues, procurement fraud, computer crime, investigative techniques, and ethics. Finally, ID Special Agent Chase and ID Special Agent Lloyd Hodge successfully completed separate courses on contract and procurement fraud. Special Agent Chase received a certificate for successful completion of Contract and Procurement Fraud training given by the U.S. Department of Agriculture, and Special Agent Hodge received a certificate for successful completion of Contract and Procurement Fraud training given by the Association of Certified Fraud Examiners.

SIGNIFICANT INVESTIGATIONS

Numerous Participants in a Scheme to Obtain Fraudulent Drivers' Licenses Sentenced

The OIG and the FBI recently conducted an investigation which revealed that a former Department of Motor Vehicles (DMV) employee had accepted thousands of dollars in bribes in exchange for fraudulently issuing more than 200 drivers' licenses (DL) to ineligible foreign nationals. From August 2006 through January 2008, the former DMV employee issued facially valid DLs to ineligible individuals without verifying their names, social security numbers, immigration status, or D.C. residency. The former DMV employee also failed to ensure that the individuals had completed the DMV visual, knowledge, and road skills tests. On May 13, 2008, the former DMV employee pled guilty to Bribery of a Public Official (18 U.S.C. §§ 201 (b)(2)(A) and (C)) and was sentenced on August 14, 2008, to 18 months in prison, 24 months of supervised release, and 240 hours of community service. On May 13, 2008, one of the persons who paid bribes to the former DMV employee pled guilty to Bribery of a Public Official (18 U.S.C. §§ 201 (b)(1)(A) and (C)) and on August 12, 2008, was sentenced to 24 months in prison, 36 months of supervised release, and 250 hours of community service. As of this writing, three of those who paid bribes to obtain a fraudulent DL have pled guilty to Fraud in the Second Degree (D.C. Code § 22-3221 (b)) and were sentenced to 12 months of probation. Twelve more defendants who paid bribes to obtain

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fraudulent DLs have pled guilty to Fraud in the Second Degree (D.C. Code § 22-3221 (b)) and are expected to be sentenced before the end of 2008.

Former Office of the Chief Financial Officer (OCFO) Office of Tax and Revenue (OTR) Revenue Officer and Co-Conspirator Pled Guilty to Mail Fraud for Processing Fraudulent Tax Refund Checks Totaling \$184,021.03

Working jointly with other investigative agencies, the OIG conducted an investigation concerning a former OTR Revenue Officer who was engaged in a scheme to process fraudulent tax refund checks. As part of the scheme, the former OTR Revenue Officer filed a fictitious 2006 D.C. income tax return for a co-conspirator and then issued to the co-conspirator fraudulent tax refund checks totaling \$184,021.03. The former OTR Revenue Officer then split the money with the co-conspirator. To accomplish this fraudulent scheme, the OTR Revenue Officer exploited weaknesses in OTR's tax refund processing procedures and bypassed system safeguards. In 2007, however, OTR changed its procedures to require flagging income tax refunds in excess of \$10,000 for review. Because of this change in procedure, OTR reviewed one of the tax refund checks in this scheme and identified it as fraudulent. The Revenue Officer was terminated by OTR on June 16, 2008, as a result of her misconduct, and both the Revenue Officer and her co-conspirator pled guilty to Mail Fraud (18 U.S.C. § 1341) in the summer of 2008 in the U.S. District Court for the District of Columbia. On October 21, 2008, the co-conspirator was sentenced to 6 months in a halfway house, 4 years of probation, 200 hours of community service, and payment of \$184,000 in restitution. The former OTR Revenue Officer is scheduled to be sentenced on November 17, 2008.

Former District of Columbia Public School (DCPS) Employee Pled Guilty to Theft of \$46,742.94

As a result of a joint investigation with the FBI, the Internal Revenue Service, and the U.S. Department of Education OIG, a former DCPS Internal Audit Director pled guilty to theft concerning programs receiving federal funds (18 U.S.C. § 666). While employed by DCPS, the Internal Audit Director was tasked with closing the financial accounts of a charter school. Without authorization from DCPS, the employee became the sole signatory on a charter school debit card and two bank accounts. When terminated because of a Reduction-In-Force, the Internal Audit Director failed to relinquish control of the two bank accounts, as required. When interviewed by investigators, the employee admitted to using the debit card 114 times and stealing a total of \$46,742.94. In addition, funds in the amount of \$109,861.86, which had remained in one of the school's bank accounts, ultimately were recovered by the OIG and returned to the OCFO. On May 7, 2007, the Internal Audit Director was sentenced to 6 months in prison, 4 months of home confinement, 24 months of probation, and payment of \$46,742.94 in restitution.

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Former DCPS Employee Convicted of Harassment by Computer

The OIG conducted a joint investigation with the City of Alexandria, Virginia Police Department and the D.C. Metropolitan Police Department which revealed that a former DCPS employee used a District electronic mail account to send numerous harassing electronic mail messages containing pornographic materials to a former boyfriend. The District government electronic mail account had not been deactivated when the former DCPS employee left District government employment, and the former DCPS employee was able to access and use the account remotely. The former DCPS employee also harassed and stalked the former boyfriend through telephone calls and cellular telephone text messaging. In April 2008, the former DCPS employee was criminally charged in Virginia with Harassment by Computer (Va. Code Ann. § 18.2-152.7:1), a misdemeanor, and pled “No Contest,” which although not an admission of guilt, allows the court to impose judgment and sentence. On July 23, 2008, the former DCPS employee was sentenced to 12 months and 12 days in prison, and the District electronic mail account was deactivated.

Former District of Columbia Child and Family Services Agency (CFSA) Employee Pled Guilty to Fraud, Theft, and Making False Claims in Stolen Check Scheme

An OIG investigation revealed that a former CFSA Budget Analyst devised and implemented a scheme to steal checks submitted to the CFSA by businesses that owed money to the agency. The former Budget Analyst, whose duties included processing purchase orders and invoices and entering information into an accounting database, then deposited the stolen checks, which totaled \$25,609.87, into her personal bank account. The former CFSA Budget Analyst also filed false federal and District of Columbia income tax returns by providing her tax preparer with forged W-2 forms stating that another former employer had withheld large amounts of money from her salary for federal and District of Columbia taxes. Based on the forged W-2 forms, the tax preparer filed false tax returns on the former CFSA employee’s behalf, claiming more than \$58,000 in fraudulent tax refunds. On November 13, 2007, the former CFSA Budget Analyst pled guilty to Fraud in the First Degree (D.C. Code § 22-3221), Theft or Bribery Concerning Programs Receiving Federal Funds (18 U.S.C. § 666), and Making False Claims (18 U.S.C. § 287). On April 24, 2008, the former CFSA employee was sentenced in the U.S. District Court for the District of Columbia to 51 months in prison, 8 years of probation, and restitution in the amount of \$88,050.

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Former D.C. Government Employee Convicted of Fraud and Making False Statements to Obtain Federal Employees' Compensation Benefits

The OIG, working with the U.S. Department of Labor OIG, conducted an investigation of a former employee of the D.C. Department of Parks and Recreation (DPR) and the D.C. Department of Health (DOH) who received federal Employees' Compensation benefits while employed by the D.C. government. The investigation revealed that the former employee received federal Employees' Compensation benefits, based on a total disability, while employed by DPR from January 2002 to June 2004 and DOH from February 2006 through May 2006. The application for the DOH position asked if the applicant ever had applied for retirement, pension, or other pay based on D.C. government, federal civilian, or military service. The former employee checked the box marked "No," signed the application, and submitted it to the D.C. government. During interviews with the OIG, however, the former employee admitted knowingly providing a false answer on both the D.C. government job application form and a federal claim for Employees' Compensation benefits form. As a result of the false statements on the D.C. government job application and the federal claim for Employees' Compensation benefits form, the former employee received \$47,803 in Employees' Compensation benefits to which she was not entitled, for the periods January 2002 to June 2004 and February 2006 to May 2006.

On January 10, 2008, the former employee pled guilty to one count of False Statements or Fraud to Obtain Federal Employees' Compensation (18 U.S.C. § 1920), in the U.S. District Court for the District of Columbia. On March 20, 2008, the former employee was sentenced to 4 years of probation, including 6 months of home detention, and payment of \$47,803 in restitution.

Former Employees of the Department of Human Services (DHS) Income Maintenance Administration (IMA) Convicted for Their Roles in a Fraudulent Food Stamp Scheme

An OIG investigation revealed that between January 2004 and April 2006, IMA employees schemed to defraud the IMA of approximately \$10,000 in food stamp benefits. The former IMA employee used his position as a Social Service Representative at the DHS Fort Davis Service Center to process false and fraudulent food stamp benefits for himself and various people he knew in the community, in exchange for money and drugs. A second IMA employee assisted in the scheme by creating fraudulent residency verification documents in exchange for having the former IMA employee fraudulently provide her with food stamp benefits in the name of her boyfriend.

The former IMA employee was terminated on November 27, 2006, as a result of this scheme. On June 6, 2008, the former IMA employee was convicted by a jury in the Superior Court for the District of Columbia of five counts of False Representation (D.C. Code § 2-308.21), two counts of Fraud in Obtaining Public Assistance (D.C. Code § 4-218.01), two counts of

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Unlawful Food Stamp Usage (D.C. Code § 4-218.05), one count of Conspiracy to Commit Crime (D.C. Code § 22-1805a), and one count of Identity Theft (D.C. Code § 22-3227.02). On August 14, 2008, the former employee was sentenced to 5 years and 360 days in prison (which was suspended except for 660 days), 60 months of supervised probation, and payment of \$9,556 in restitution.

The second IMA employee was terminated on December 22, 2006, as a result of this scheme. On June 26, 2008, the second IMA employee pled guilty to two counts of False Representation (D.C. Code § 2-308.21), and one count each of Identity Theft (D.C. Code § 22-3227.02), Conspiracy to Commit Crime (D.C. Code § 22-1805a), Fraud in Obtaining Public Assistance (D.C. Code § 4-218.01), and Unlawful Food Stamp Usage (D.C. Code § 4-218.05). On September 9, 2008, the second IMA employee was sentenced to 18 months in prison (12 months of which was suspended), 3 years of probation, and payment of \$1,500 in fines.

Former DCPS Employee Stole Monies from the School Chess Club

The OIG conducted an investigation which revealed that a former DCPS employee forged signatures and withdrawal slips to steal approximately \$30,000 of privately donated monies from a school chess club. The former DCPS employee served as the business manager of the school and was responsible for documenting income and expenses and reconciling all accounting records. The school's chess club raised private funds to pay for expenses to compete in the National Elementary School Chess Tournament, but the former DCPS employee forged documents and used the school bank account debit card to steal a total of approximately \$30,000 in chess club funds between May and November 2003. On November 28, 2007, the former DCPS employee pled guilty in U.S. District Court to Bank Fraud (18 U.S.C. § 1344 (2)). On February 8, 2008, the former DCPS employee was sentenced to 3 years in prison (all but 25 days were suspended), 3 years of probation, and payment of \$30,000 in restitution. The DCPS employee resigned from the District position prior to conviction.

D.C. Department of Public Works (DPW) Employee Convicted of Bribery

The OIG conducted an investigation which revealed that a former DPW Community Services Coordinator accepted bribes from defendants who had been sentenced to perform community service in exchange for allowing the defendants to perform fewer hours or no hours of their community service. In 2006 and 2007, the former DPW Community Services Coordinator accepted at least six bribes ranging from \$50 to \$400 from offenders who were supposed to pick up trash around the District of Columbia to satisfy their court-ordered community service. The former DPW employee, who resigned in June 2007, pled guilty on October 27, 2007, in the U.S. District Court for the District of Columbia, to Bribery of a Public Official

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(18 U.S.C. § 201 (b)(2)(A)). On February 21, 2008, the former employee was sentenced by the U.S. District court to 13 months in prison and 2 years of supervised release.

Former Department of Health (DOH) Employee and Sibling Pled Guilty to Theft of Funds from the Summer Youth Program

The OIG investigation revealed that a former DOH Summer Youth Employment Program employee and his brother stole and forged District government paychecks made payable to various payees. The former DOH employee, who was assigned to the mail room during the summer of 2002, stole 15 checks totaling \$19,806.40 and gave them to his brother, who deposited the checks into his own bank account in Maryland. The brothers then divided the proceeds. On August 21, 2007, each brother entered a guilty plea in U.S. District Court to one count of Transportation of Stolen Goods, Securities, Moneys, Fraudulent State Tax Stamps, or Articles Used in Counterfeiting (18 U.S.C. § 2314). On December 18, 2007, the U.S. District Court sentenced the former DOH employee to 3 years of probation, 100 hours of community service, and payment of \$7,683.67 in restitution jointly and severally with his brother, who also was sentenced to 2 years of probation and 50 hours of community service to be served in a mental health program. The DOH employee was not rehired for the next year's Summer Youth Employment Program.

D.C. Emergency Management Agency (DCEMA) Failure to Safeguard Two-Way Emergency Radios Led to Sales on eBay

An OIG investigation revealed that two-way emergency radios stolen from DCEMA were being sold on the popular Internet website, eBay. The investigation and a subsequent audit ultimately revealed that 78 two-way emergency radios, valued at \$250,000, were missing from DCEMA inventory because of a lack of proper inventory procedures, internal controls, and safeguards. Fourteen of those two-way emergency radios were listed for sale on eBay and 12 were sold, ranging in price from \$700 to \$1,500 each. Possession of these radios by non-law enforcement personnel has potential security implications because it allows access to communications of emergency responders. The 12 radios sold were recovered from the purchasers and returned to DCEMA. In addition, one former DCEMA employee who was responsible for securing and maintaining the two-way radios was terminated because he failed to follow proper rules and procedures regarding safeguarding the two-way emergency radios (and because he had failed to follow District government guidelines on the use of District government computers). DCEMA also accepted and implemented additional security procedures recommended by the OIG.

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Former Employee of the D.C. Department of Parks and Recreation (DPR) Convicted of Fraud

An OIG investigation revealed that a former DPR employee, whose job duties included processing payments received for DPR summer camp participants, stole 12 checks totaling \$3,035 intended for the Summer Camp Program and deposited them into her personal bank account. The former employee was employed at the DPR from June 2006 until September 2007. On June 20, 2008, the former DPR employee pled guilty in the District of Columbia Superior Court to Fraud in the First Degree (D.C. Code § 22-3221). On the same day, the former employee was sentenced to 180 days in prison (suspended), 2 years of probation, 200 hours of community service, and payment of \$3,035 in restitution. The former employee also was terminated from DPR on September 13, 2007.

Three District of Columbia Residents Who Fraudulently Obtained Unemployment Insurance Benefits Convicted of Theft and Ordered to Pay Restitution Totaling \$54,520

The OIG conducted three separate investigations, each of which revealed that a D.C. resident fraudulently obtained unemployment insurance benefits from the Department of Employment Services (DOES). Two of the D.C. residents falsely certified their unemployment dates on the DOES mail-in claim cards and the third resident falsely claimed unemployment insurance benefits while working. The two D.C. residents who falsely certified their unemployment dates each pled guilty in January 2008 to Theft in the Second Degree (D.C. Code § 22-3211). One was sentenced on January 7, 2008, in the Superior Court for the District of Columbia, to 60 days in prison (suspended), 5 years of probation, and payment of \$17,264 in restitution. The other was sentenced on January 2, 2008, in the U.S. District Court for the District of Columbia, to 180 days in prison (suspended), 3 years of probation, and payment of \$18,945 in restitution. The D.C. resident who falsely claimed unemployment insurance benefits while working pled guilty on February 21, 2008, to Theft in the Second Degree (D.C. Code § 22-3211) and was sentenced on June 20, 2008, in the U.S. District Court for the District of Columbia, to 5 years of probation and payment of \$18,311 in restitution.

Former District of Columbia Contractor Who Falsely Certified That He Had No Prior Criminal Convictions Pled Guilty to Making False Statements

The OIG investigation revealed that between March and June 2004, a contractor falsely certified to the District of Columbia Office of Contracting and Procurement that its vice president had no prior criminal convictions in connection with bids on three construction contracts. However, the contractor's vice president had been convicted of fraud and racketeering in October 2003 and at the time of the false certifications in 2004, was awaiting sentence. On May 16, 2008, the contractor's vice president pled guilty in the Superior Court for the District of Columbia to Making False Statements (D.C. Code § 22-2405), a

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misdemeanor, and was sentenced to 20 days in prison and a \$500 fine. In addition, the contractor was barred from obtaining future District of Columbia government contracts.

Former DCPS Business Manager Pled Guilty to Second Degree Theft

The OIG conducted an investigation in response to a DCPS Office of Compliance Audit, which revealed that the former business manager for Eliot Junior High School stole \$6,089 from the Student Activity Fund account. During the investigation, the former business manager admitted that she had embezzled the money over time, between 2002 and 2006. On January 30, 2008, the former business manager pled guilty to Theft in the Second Degree (D.C. Code § 22-3211) in the Superior Court of the District of Columbia and was sentenced to 90 days in prison (suspended), 2 years of probation, 40 hours of community service, and payment of \$2,500 in restitution. The OCFO also recouped \$1,213.50 for the school from the former business manager's last DCPS payroll check.

D.C. Department of Fire and Emergency Medical Services (FEMS) Instructor Provided Students with Advance Test Questions

The OIG investigation revealed that a FEMS instructor gave advance test questions to approximately eight students who attended a 2006 FEMS arson training class. The FEMS instructor created a list of test questions specifically for this select group of FEMS firefighters and distributed the test questions in advance of the written test, giving these eight students an advantage over the rest of the students in the class. In addition, during the OIG investigation, the FEMS instructor made conflicting statements to OIG investigators regarding his conduct. The actions of the FEMS instructor violated several D.C. Personnel Manual regulations including: (1) Giving preferential treatment to any person; (2) Making a government decision outside official channels; and (3) Affecting adversely the confidence of the public in the integrity of government. Because of the conduct of the FEMS instructor, FEMS generated a new test, which was administered in June 2006, without incident. In November 2007, the OIG recommended that the Chief of FEMS take appropriate administrative action against the instructor. On December 7, 2007, the FEMS instructor was removed from his position and placed on limited duty pending the outcome of an internal disciplinary process, which ultimately resulted in a 3-day suspension.

REFERRALS

The OIG frequently refers administrative matters to other departments and agencies due to jurisdictional issues or because the matters can best be addressed by those agencies. For example, issues involving the electoral process are referred to the Office of Campaign Finance and Hatch Act allegations are referred to the U.S. Office of Special Counsel. In addition, the OIG has a Memorandum of Understanding with the MPD, which provides that allegations of traditional personal and property crimes, as well as all complaints involving

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controlled substances, are referred to the MPD. Most allegations of misconduct by MPD employees are referred to the MPD Chief or the MPD Internal Affairs Bureau.

In the majority of cases, the OIG monitors the responses to these referrals to ensure that the matters are handled appropriately. The focus of the Referral Program is to hold agency heads accountable for thoroughly addressing issues of mismanagement and inefficiency within their respective agencies. During FY 2008, the OIG referred a total of 280 matters to the District agencies set forth in Appendices N and O.

SIGNIFICANT RESULTS FROM THE OIG REFERRAL PROGRAM

The following are examples of significant outcomes for referrals sent to agency heads during FY 2008 or outstanding from FY 2007:

The Department of Public Works Determined Employee Created False Ticket

This referral to the Department of Public Works (DPW) concerned an allegation that an agency employee abused her authority by creating a false ticket. The agency substantiated the allegation and canceled the false ticket. As of this writing, the employee's disciplinary process has not been completed yet.

Referral Regarding Fraudulent Unemployment Insurance Benefits Led to Repayment of \$2,872 to D.C. Government

This referral to the Department of Employment Services (DOES) concerned an allegation that a subject fraudulently received unemployment insurance benefits from the District of Columbia government while employed in Maryland.

The agency's investigation revealed that the subject provided false information on an application for unemployment insurance benefits and claimed such benefits while employed. An administrative fraud penalty was imposed barring the subject from receiving additional benefits for 1 year, and DOES and the subject entered into a restitution agreement, which required that the subject repay approximately \$2,872 in unemployment insurance benefits improperly received.

Referrals to the Department of Consumer and Regulatory Affairs and OCFO Led to Resolution of Error on Citizen's Property Tax Bill

This referral to the Department of Consumer and Regulatory Affairs (DCRA) concerned an allegation that a citizen's property was classified inaccurately as a vacant property for taxation purposes. The DCRA had acknowledged the error but was unhelpful to the citizen in resolving the matter. The DCRA investigation confirmed that a typographical error on its

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part had resulted in the misclassification of the citizen's property. The DCRA corrected the error and reclassified the citizen's property.

The OIG's subsequent referral to OCFO concerned an allegation that the same citizen had received an inaccurate 6-month property tax bill. The OCFO's investigation confirmed that the property tax bill was inaccurate and corrected the error when it received an updated property classification from the DCRA. As a result, the citizen received a corrected property tax bill.

Department of Human Services Employee Borrowed Money and Personal Vehicles from Co-Workers

This referral to the Department of Human Services (DHS) concerned an allegation that an agency official routinely borrowed money from and used the personal vehicles of co-workers and/or subordinates.

The DHS conducted a review and substantiated the allegations. The DHS official admitted that he had borrowed money and vehicles from other DHS employees. The DHS ensured that the debts were repaid, counseled the DHS official regarding the inappropriate behavior, and required that the DHS official attend ethics training conducted by the Office of the Attorney General. Subsequently, however, the DHS official committed another act of misconduct and was terminated by DHS.

Referral Regarding a Police Officer Who Struck and Injured a Pedestrian

This referral to the Metropolitan Police Department (MPD) concerned an allegation that a police cruiser struck and injured a minor pedestrian, that the minor's injuries were not recognized by the involved Police Officer at the time, and that the involved Police Officer failed to provide full and accurate information regarding the incident.

The MPD's internal investigation sustained the allegations and recommended disciplinary action against the involved police officer after obtaining prosecutorial declinations by both the Office of the United States Attorney for the District of Columbia and the Office of the Attorney General for the District of Columbia. In February 2008, the involved Police Officer resigned from his position at the MPD.

Department of Health Supervisor Supervised the Mother of One of His Children

This referral to the Department of Health (DOH) concerned an allegation that a DOH supervisor was responsible for supervising the mother of one of his children. The agency determined that while the DOH supervisor did not, in fact, have direct supervisory responsibility over his child's mother, he was in the employee's chain of command, which

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constituted a potential conflict of interest. The DOH addressed this issue by reassigning the DOH supervisor so that he is no longer in the chain of command of his child's mother.

Referral to the Department of Human Services Regarding \$130 in Fraudulent Public Assistance Benefits

This referral to the Department of Human Services concerned an allegation that a citizen fraudulently applied for, and received, public assistance benefits from both Maryland and the District of Columbia simultaneously.

The agency's review substantiated the allegation and determined that the value of the benefits fraudulently obtained (\$130) is to be pursued for collection, and the Office of Administrative Hearings will be petitioned for an Administrative Disqualification Hearing to deny the subject participation in the District of Columbia's food stamp program for a period of 12 months.

Referral to the Department of Housing and Community Development Led to Internal Policy Amendment

This referral to the Department of Housing and Community Development (DHCD) concerned an allegation that compensatory funds provided to homeowners whose residences were undergoing lead abatement were arbitrary and excessive in amount, and that there were no provisions for monitoring the expenditure of the funds or for recovering unspent funds.

The agency conducted a review of its process for awarding and monitoring lead abatement compensation funds, and determined that the awards were neither arbitrary nor excessive. The DHCD review did, however, find that while its written policy called for monetary awards to be made in full at pre-construction conferences, the actual practice was to make periodic payments in accordance with the lead abatement work schedule, to prevent premature overpayments. As a result of the review, the DHCD amended its policy to reflect its actual practice.

Referral to the OCFO Led to New Guidelines Regarding Work Schedule Adjustments

This referral to the OCFO concerned allegations of time and attendance fraud. The OCFO investigated and determined that no fraud had occurred. Instead, a schedule adjustment had been approved informally for one employee on a temporary basis. To address the potential appearance of impropriety, the OCFO implemented guidelines to ensure that, in the future, necessary work schedule adjustments for an extended period are approved by management and documented for the record with the timekeeper.

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The Office of Contracting and Procurement Takes Steps to Avoid the Appearance of Impropriety

This referral to the Office of Contracting and Procurement concerned an allegation that a contract monitor was romantically involved with one of the officials of a company the contract monitor was assigned to oversee. To address the appearance of impropriety, the contract monitor was reassigned to a different position so that there would be no potential ethical impropriety.

**ACTIVITIES OF
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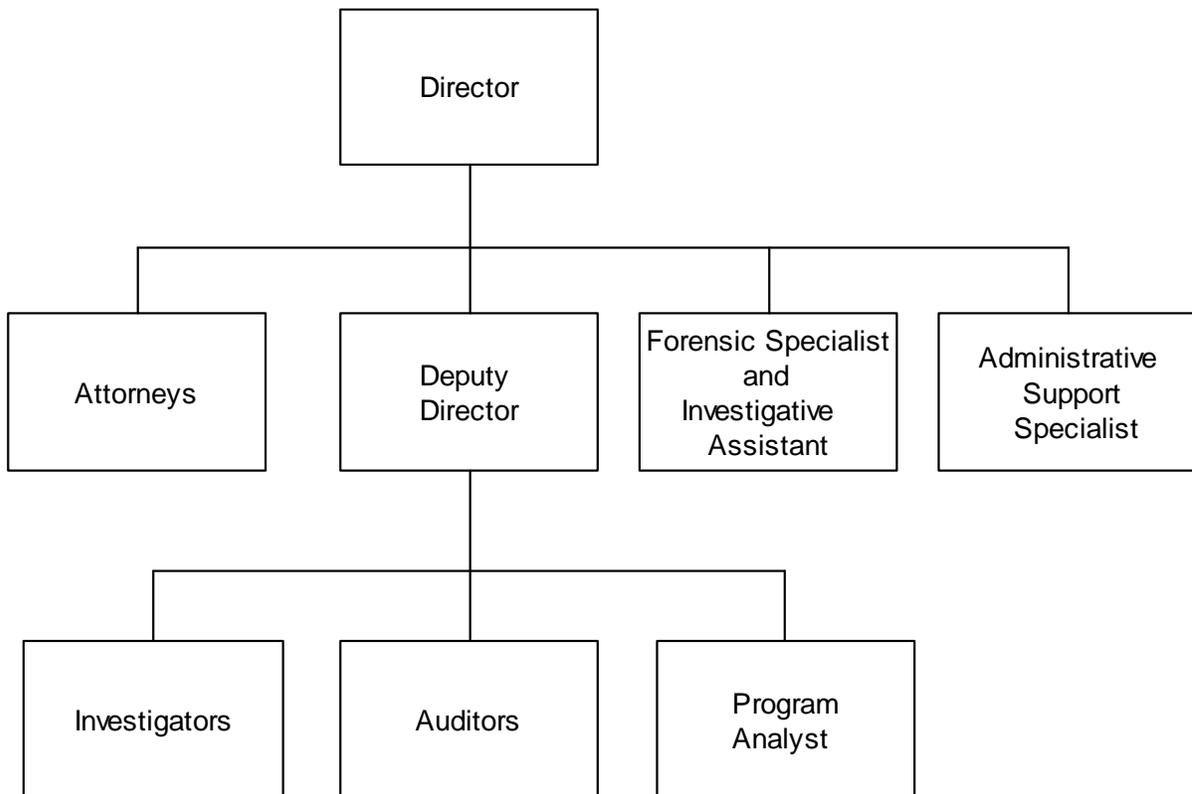


ACTIVITIES OF THE MEDICAID FRAUD CONTROL UNIT

ORGANIZATION

The United States Department of Health and Human Services (HHS) certified the Medicaid Fraud Control Unit (MFCU) on March 1, 2000, and FY 2008 was the eighth year in which the MFCU was completely operational. The MFCU's mission is to investigate and prosecute cases of fraud and abuse within the Medicaid program for the District of Columbia. Managed by a Director, the members of the MFCU bring a variety of skills and experience to the task. Of particular value is the healthcare industry background that members possess, including hospital billing, healthcare accounting, and healthcare investigations. The current Director, appointed in FY 2004, formerly worked as a Registered Nurse in long-term care and community health agencies and was a state prosecutor before joining the MFCU as Deputy Director in FY 2003. The Deputy Director, who joined the staff in June 2007, worked as an attorney for the previous 12 years, prosecuting violent and white collar crimes.

Medicaid Fraud Control Unit September 30, 2008



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MFCU cases are investigated from inception by prosecutor-led teams, comprised of an attorney, investigator, and, for financial fraud cases, an auditor. This method of organization presents significant advantages in that attorneys are able to provide legal analysis from the very beginning of each case and are familiar with the case long before litigation ensues. The team approach also has proven to be productive in that all members of the MFCU have a forum to share their expertise and creativity in the investigation and prosecution of cases. Team members view cases from different perspectives and use new approaches when investigating other cases. The team approach is especially helpful in building unity and cooperation among the MFCU staff members. MFCU staff members are frequently called to assist on cases that are not their primary responsibility. The team approach brings many matters to successful resolution.

Attorneys in the MFCU are sworn Special Assistant United States Attorneys and Special Assistant Attorneys General and, as such, are able to represent the OIG in Superior and federal District courts on matters investigated by the MFCU. MFCU attorneys work with their colleagues in the United States Attorney's Office for the District of Columbia (USAO) and the District of Columbia Office of Attorney General (OAG), acting as co-counsel during all phases of civil and criminal litigation on matters initiated by the MFCU.

The MFCU's enforcement efforts fall into two general categories: (1) financial fraud committed by providers against the Medicaid program; and (2) abuse, neglect, or financial exploitation of persons who reside in Medicaid-funded nursing homes and other institutional settings, or board and care facilities. Both of these areas involve investigations, litigation, outreach, and legislative components.

The MFCU is 1 of 50 certified MFCUs nationwide. The MFCU receives 75 percent of its funding in the form of a grant from the HHS Office of Inspector General. In order to remain eligible for these yearly grants, the MFCU must conform to a number of federal requirements described in the Code of Federal Regulations. The MFCU's policies, staffing, case management, and operations are reviewed annually by the Medicaid Fraud Oversight Division at HHS to earn recertification and continued funding. In addition to complying with all mandatory federal standards, the MFCU must provide quarterly and annual statistical reports demonstrating its continued productivity and a significant return on the investment of federal and District tax dollars.

OUTREACH

The MFCU is engaged in anti-fraud educational and outreach presentations in the private sector. The Director frequently receives requests for information and training on healthcare fraud and reporting, as well as investigating crimes against vulnerable citizens. The Director made numerous formal presentations in FY 2008 to introduce the MFCU and answer questions regarding the MFCU's work. In FY 2008, several presentations were made by

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MFCU staff members as well. Some of the audiences included: National Association of Medicaid Fraud Control Units (NAMFCU), Elder and Disability Law Center, AARP, Association of Inspectors General, and Samford University.

Other MFCU activities included the Director's participation as a member of the Mayor's Mental Retardation and Developmental Disabilities Fatality Review Committee, and the MFCU's Patient Abuse Investigator participated as a member of the District of Columbia Adult Abuse Prevention Committee and the NAMFCU Resident Abuse Committee.

During FY 2008, the MFCU continued its initiative to encourage staff members to research and write articles with the goal of publishing articles on topics believed to be of interest to other MFCUs and the law enforcement community. These articles are based on issues that we have become aware of during the performance of our work. In the January 2008 Health Care Fraud Report published by the Bureau of National Affairs (BNA), a MFCU attorney was recognized by being quoted in an article on healthcare fraud and physician compliance within the Medicaid program.

GOVERNMENT LIAISONS

The MFCU works closely with industry groups on problems of common concern. Collaborating with other District and federal law enforcement agencies in the investigation and prosecution of fraud cases is mutually beneficial. In particular, the MFCU is working on a number of ongoing investigations with the Federal Bureau of Investigation (FBI), the HHS Office of Inspector General, the Drug Enforcement Administration (DEA) of the Department of Justice, and the Metropolitan Police Department (MPD). Additionally, the MFCU is an active participant in a local healthcare fraud task force with the HHS Office of Inspector General, the FBI, and many other local and federal law enforcement entities. This generated investigations during FY 2008, and we expect that it will continue to generate referrals for FY 2009. The MFCU is also a participant in a local drug diversion task force consisting of representatives from the HHS Office of Inspector General, the FBI, DEA, the United States Food and Drug Administration, the Department of Health, and the MPD. The task force meets monthly to discuss current cases and other topics of interest.

Staff of MFCU are members of anti-fraud organizations such as: the Association of Inspectors General, the National Healthcare Anti-Fraud Association (NHCAA), the Association of Certified Fraud Examiners, the National Association of Drug Diversion Investigators, the International Association of Financial Crimes Investigators, the American Health Lawyers Association, the High Technology Crime Investigation Association, the Federal Criminal Investigators Association, the Reid Institute, and the Association of Government Accountants.

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The Director of MFCU served as a member of the Evaluation and Selection Panel for the 2007 NHCAA Medical Director Award. One of the staff attorneys is the Vice Chair of the American Health Lawyers Association HMOs and Health Plans Practice Group, a member of the Steering Committee for the Health Law Section of the D.C. Bar, a member of the Advisory Board for the *BNA Health Care Fraud Reporter*, and the Chair of the Business Law and Governance Practice Group of the American Health Lawyers Association.

These memberships permit staff to interact with colleagues who are performing similar anti-fraud activities and learn about schemes that may be perpetrated in other communities. Memberships in professional organizations also enhance the MFCU's visibility in investigative and law enforcement communities which, in turn, increase the number of cases referred to the MFCU for investigation.

A key aspect of the MFCU's continuing efforts against waste, fraud, and abuse in the District's Medicaid program is its continuing partnership with the Medical Assistance Administration (MAA). This partnership with MAA includes, among other things, discussions and meetings to review particular cases and projects. Pursuant to federal law (42 CFR § 455.15(a) (1)), the Surveillance and Utilization Unit (SUR) is required to refer cases of suspected fraud to the MFCU. The MFCU has provided MAA with frank and substantive suggestions to maximize the productivity of the SUR in this regard.

Another aspect of the partnership between the agencies is the MFCU's ability to identify overpayments made to Medicaid providers. During the course of investigations, the MFCU sometimes discovers overpayments made to providers by the Medicaid program. Although the MFCU typically does not collect overpayments by the Medicaid program on behalf of the District, it is aggressive in assisting MAA in identifying overpayments and referring them to MAA for administrative action and collection. We anticipate an overpayment collection of approximately \$80,000.00 in FY 2009 based on efforts carried out in FY 2008.

The MFCU has limited direct online access to MAA's computerized database, the Medicaid Management Information System (MMIS), an automated claims payment and information retrieval system that tracks Medicaid providers, recipients, and claims made to Medicaid. MFCU staff members can readily retrieve Medicaid data without requesting such information from MAA. This access to MAA's computerized database ensures that investigations can proceed more effectively, with fewer burdens on both MAA and MFCU personnel.

During FY 2008, the MFCU continued to build relationships with other law enforcement agencies by participating in educational programs as well as organizing training and giving presentations at conferences. Every member of the MFCU staff attended training conferences related to their particular profession or the mission of the MFCU, averaging nearly five trainings per staff member. Conferences attended included the NAMFCU Annual Conference; Special Victims' Issues; Introduction to Medicaid Fraud; Practical Skills for

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Investigating and Prosecuting Medicaid Fraud Cases; Elder Abuse Investigation; Global Case Training; Kinesic Interview and Interrogation; and the Reid Technique for Interviewing.

ANTI-FRAUD EFFORTS

The MFCU's anti-fraud efforts consist of investigations of two types of fraud: fraud solely impacting the District of Columbia and fraud affecting many jurisdictions, resulting in a global impact. The MFCU conducts intensive investigative activity in the area of fraudulent practices by individuals and corporations that provide Medicaid-covered services to citizens of the District of Columbia. Ongoing investigations involve allegations of fraud committed by a broad range of healthcare providers, from nationally known institutions to solo practitioners. Medical professionals and organizations involved in our cases include physicians, podiatrists, pharmacies, medical equipment suppliers, mental health clinics, nursing homes, and transportation providers. Investigations can lead to the filing of criminal, civil, and/or administrative charges. In fact, whenever appropriate, consideration is given to the possibility of simultaneously working a case on parallel criminal, civil, and/or administrative tracks. In this way, we can obtain the powerful deterrent effect that comes with criminal convictions and also maximize our potential for recovering funds improperly taken from the Medicaid program. Although healthcare fraud cases can take up to 3 or 4 years to progress from receipt of an allegation to the filing of charges, the MFCU currently has a significant number of matters that have been presented to our colleagues at the USAO or the OAG for prosecution or other resolution, and many of those matters will be resolved in FY 2009.

Local Anti-Fraud Efforts

In FY 2008, MFCU resolved several criminal and civil local fraud cases. MFCU recovered nearly \$3 million as a result of the civil settlements.

Civil:

In *U.S. v. Rural Metro*, the company agreed to reimburse over \$950,000 to the District of Columbia for over-billed claims submitted to the Medicaid program. The defendant, an ambulance transportation company, billed Medicaid for services not medically necessary, not authorized, and at times not rendered at all. The company settled the case pursuant to the Federal False Claims Act.

In *U.S. v. Grant Park Care Center*, the company agreed to pay \$2,000,000 to the federal government and the District of Columbia for improper billing. From 1998 through 2007 Grant Park billed Medicaid and Medicare for services to its residents. The services failed to meet the needs of the residents, including improper nutrition, hydration, medication

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management, and treatment of wounds. The company settled the case pursuant to the False Claims Act.

Criminal:

In *U.S. v. Henry*, the defendant pled guilty to Making a False Statement to Medicaid. The defendant owned a mental health clinic and submitted claims to Medicaid asserting it provided mental health services and received payments exceeding \$500,000 for services that were not actually rendered. The defendant was sentenced to 20 months of incarceration and 2 years of supervised probation upon release. The defendant also forfeited cash, bonds, and a car.

In *U.S. v. Hackney*, the defendant pled guilty to one count of Health Care Fraud. The defendant, a medical doctor, used personal information of Medicaid recipients to obtain narcotic drugs that were not actually distributed to those patients and billed Medicaid for the drugs. The defendant was sentenced to 3 years of supervised probation and ordered to pay nearly \$1,800 to Medicaid.

National Anti-Fraud Efforts:

The MFCU is a member of the NAMFCU and regularly coordinates with its counterparts in 49 states, sharing information and strategies, and cooperating in multi-jurisdictional matters. An important aspect of the MFCU's involvement in national healthcare fraud activities is its participation in global settlements. On occasion, healthcare providers, typically pharmaceutical manufacturers, engage in fraudulent activities and schemes in multiple states. The MFCU has joined with other MFCUs, under the auspices of NAMFCU, to more efficiently and effectively resolve cases of this nature. The use of multi-state teams representing the interests of all aggrieved states allows each state to recoup monies without duplicating the efforts of the others.

In FY 2005, the MFCU became a member of NAMFCU's *qui tam* sub-committee, consisting of representatives from the MFCUs of all states that have enacted false claims act statutes containing *qui tam* or whistleblower provisions. Currently, the District and 21 states have such statutes. During FY 2008, the MFCU continued to participate in monthly conference calls during which state MFCU representatives discuss issues in pending lawsuits as well as how to investigate and prosecute these cases in the most efficient manner. The MFCU has found the committee to be a valuable resource. During FY 2006, the committee instituted a process for drafting intake memoranda for all newly-filed *qui tam* lawsuits. All representatives share responsibilities by volunteering to draft intake memoranda that contain analyses of the allegations of improper conduct, theories of liability, anticipated defenses, and recommendations regarding how to proceed with the matters. The recommendations are shared with the President of NAMFCU who, if a lawsuit has merit, appoints an investigative

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or global settlement team. The *qui tam* sub-committee is committed to the team approach so that no single MFCU becomes overburdened with time-consuming and costly investigations. The MFCU is currently involved in approximately 90 false claims act lawsuits that are in various stages of investigation and prosecution. The MFCU continues to participate in multiple global settlement negotiations and anticipates receiving significant monetary settlements in FY 2009.

In FY 2008, an attorney in the D.C. MFCU was appointed to a *qui tam* case team. This is the first time a member of the D.C. MFCU has been appointed on a national case.

Global Settlements

In FY 2008, the District was involved in several global settlements, including Merck and CVS Corporation. As a result of these cases, the District of Columbia's total recovery exceeded \$2.5 million.

In a settlement with Medicis, the District of Columbia recovered over \$1,000 as part of a \$9.8 million national settlement to compensate state Medicaid programs. The company promoted the use of a topical skin preparation for use on children under the age of 10, without approval by the Food and Drug Administration.

In a settlement with Aventis Corporation, the District recovered over \$44,000 as part of a \$22.7 million settlement to compensate state Medicaid programs. The company settled the claim that it defrauded the Medicaid program through drug pricing and marketing practices, by inflating the wholesale price of its drugs.

In a two separate settlements with Merck, Inc., the District recovered over \$1,090,000 as part of a combined \$649 million settlement to compensate state Medicaid programs. The company failed to report discounted prices and pay rebates based on those prices to state Medicaid programs.

In a settlement with CVS, Inc., the District recovered over \$514,000 as part of a \$36.7 million settlement to compensate state Medicaid programs. The company switched capsules for tablets causing Medicaid to pay the company substantially more money with no greater medical benefit to the patients.

In a settlement with Glaxo Smith Kline, Inc., the District recovered over \$5,300 as part of a \$4.9 million settlement to compensate state Medicaid programs. The company improperly inflated the wholesale cost of its drug, causing Medicaid to pay more than other customers.

In a settlement with Bristol Myers Squibb, Inc., the District recovered over \$923,000 as part of a \$389 million settlement to compensate state Medicaid programs. The company engaged

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in improper marketing and pricing, including reporting inflated prices, paying illegal remuneration, promoting drugs for non-approved FDA purposes, and misreporting sales resulting in a reduction in rebates paid to state Medicaid programs.

ABUSE AND NEGLECT

A vital aspect of the MFCU's work is in the area of abuse and neglect. The MFCU has jurisdiction to investigate and prosecute cases of abuse and neglect in hospitals, nursing homes, group homes for citizens with mental retardation and mental illness, and board and care facilities. Cases of physical abuse generally involve an intentional assault on a person. In contrast, neglect cases typically focus on inadequate care rendered to the person, including substandard medical care, poor nutrition or sanitation, or a failure to properly supervise living conditions.

The District of Columbia has one of the most progressive laws in the nation regarding the abuse of vulnerable adults. The Criminal Abuse and Neglect of Vulnerable Adults Act of 2000 criminalizes both the abuse and the neglect of vulnerable adults. The law includes prohibitions of abuse by assault or threats of assault, verbal harassment, or involuntary confinement. Neglect includes the failure to provide the care necessary to maintain the physical and mental health of a vulnerable adult. This law expands the options available to prosecutors in abuse cases and allows for filing charges specifically targeted at this type of abusive behavior. The MFCU utilizes this law whenever appropriate.

Abuse cases are among the most disturbing matters handled by the MFCU. These cases are generally assigned to personnel with a specialized background who can handle them in a diligent and expeditious, yet sensitive, manner. They require investigators and prosecutors to sort through voluminous medical records and documents, often while working with emotional and distressed persons, their families, and medical staff. The victims in these cases are among the most vulnerable of our citizens, those who are dependent on others for their care and safety. In addition, such investigations can be challenging because the same limitations that make the victims vulnerable can impede their ability to assist authorities. Allegations of abuse must be reported and investigated quickly and thoroughly before recollections and evidence disappears.

Prosecution of abuse and neglect cases, subsequent press and media attention, and discussions industry-wide with caregivers, family members, providers, and other professionals provide a deterrent effect. We believe publicizing these cases sends a strong message to the professionals throughout the industry that due care must be taken to protect the safety and welfare of their vulnerable charges and that abuse will not be tolerated. In addition, all persons convicted of crimes against the Medicaid program can be excluded from working in programs, institutions, and entities nationwide that receive federal funds of any

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kind, including Medicare and Medicaid. The MFCU always seeks to have these individuals excluded.

In FY 2008, the MFCU obtained 6 convictions in the areas of abuse, neglect, sexual assault, or financial exploitation of vulnerable adults.

Abuse

The MFCU obtained four convictions in FY 2008 in cases of abuse. Of these convictions, three were obtained after trial, and one defendant entered into a guilty plea agreement. In addition, the appeal of a 2006 MFCU conviction was decided by the D.C. Court of Appeals.

In U.S. v. Nkop, Appellant was a certified nursing assistant in a nursing home accused of touching the vaginal area of two of his patients. After a bench trial, Appellant was convicted on all four counts, two each of attempted misdemeanor Sexual Assault and misdemeanor Assault. The Court of Appeals determined that misdemeanor Assault is a lesser included offense of Sexual Assault. Since one count is the lesser included offense of the other, it was an error to convict Appellant of both, because the offenses arose out of the same incident. The Court of Appeals remanded the case solely for sentencing purposes.

In U.S. v. Kanu, the defendant was found guilty at trial of Criminal Abuse of a Vulnerable Adult, misdemeanor Assault, and Attempted Possession of a Prohibited Weapon. The defendant, an employee at a group home for persons with mental retardation and developmental disabilities, repeatedly struck the victim in the face with her shoe in retaliation after the victim used an open hand to hit the defendant on the forearm. The victim was unable to defend himself during the attack. On the first count, the defendant was sentenced to 120 days in prison, with all days suspended. On the second count, the defendant was sentenced to 100 days jail, all days suspended. On the third count, the defendant was sentenced to 80 days jail, all days suspended. The sentences included 18 months of probation and prohibited the defendant from working with vulnerable populations. All the sentences were ordered to run concurrently to one another, and included anger management and no contact with the victim. The MFCU submitted necessary documents to HHS to exclude the defendant from working in all federally funded healthcare programs.

In U.S. v. Andrews, the defendant was found guilty at trial of Criminal Abuse of a Vulnerable Adult. The defendant, a caregiver in an intermediate care facility for persons with mental retardation and developmental disabilities, dragged the victim across the floor after the victim refused to go to bed. The defendant was sentenced to 180 days in prison, with all but 15 days suspended. The sentence included 2 years of probation, and defendant was ordered to stay away from the victim, and required her to pay \$50 to the Victims of Violent Crime Compensation Fund. The MFCU submitted necessary documents to HHS to exclude the defendant from working in all federally funded healthcare programs.

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In *U.S. v. Andrews*, the defendant was found guilty at trial of Criminal Abuse of a Vulnerable Adult. The defendant, a caregiver in an intermediate care facility for persons with mental retardation and developmental disabilities, was left alone with a resident. When others returned home, they saw several bruises on the victim's arms and neck. This was defendant's second criminal conviction for Criminal Abuse of a Vulnerable Adult. The defendant was sentenced to 180 days in prison, with all but 90 days suspended. The sentence included 2 years of probation, an order for defendant to stay away from the victim, and required her to pay \$50 to the Victims of Violent Crime Compensation Fund. The MFCU submitted necessary documents to HHS to exclude the defendant from working in all federally funded healthcare programs.

In *U.S. v. Eubanks*, the defendant pled guilty to one count of Assault. The defendant, a counselor at a residential facility for individuals with developmental disabilities, struck a minor child several times on the neck, back, and stomach. The defendant was sentenced to 180 days incarceration, with all but 45 days suspended. The sentence included 2 years of supervised probation and defendant was ordered to pay \$100 to the Victims of Violent Crime Compensation Fund. The MFCU submitted necessary documents to HHS to exclude the defendant from working in all federally funded healthcare programs.

Neglect

The MFCU obtained one conviction for neglect after a plea agreement.

In *U.S. v. Chaney*, the defendant pled guilty to Criminal Negligence. The defendant, a support associate in a residential group home for individuals with developmental disabilities, dragged the victim on the floor, which resulted in carpet burns to one of his thighs. The defendant was sentenced to 180 days in prison, with all days suspended. The sentence included 2 years of supervised probation, an order to perform 16 hours of community service, and the defendant was ordered to pay \$50 to the Victims of Violent Crime Compensation Fund. The MFCU submitted necessary documents to HHS to exclude the defendant from working in all federally funded healthcare programs.

Sexual Assault

The MFCU also investigates and prosecutes sexual assaults committed against vulnerable adults. Physical and cognitive impairments make elderly and other vulnerable adults especially vulnerable to predators who search for such individuals to victimize. Vulnerable adults are seen as easy to overpower or manipulate and less likely to report sexual assaults. Beginning in FY 2005, the MFCU noticed an increase in the reporting of sexual assaults against these individuals. As in prior years, it remains crucial that the MFCU allocate resources to investigate and prosecute all types of abuse and neglect cases, including sexual assaults.

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In FY 2008, the MFCU obtained one conviction in a case involving sexual assault after the defendant entered into a plea agreement.

In *U.S. v. Weeden*, the defendant pled guilty to one count of Misdemeanor Sexual Abuse. The defendant, a driver for a transportation company, drove a woman with a developmental disability in his care to his home, showed her pornography, and fondled her. The defendant was sentenced to serve 20 days in jail. The MFCU submitted necessary documents to HHS to exclude the defendant from working in all federally funded healthcare programs.

Financial Exploitation

The MFCU prosecutes cases involving the financial exploitation of individuals living in Medicaid-funded facilities, including the theft of patient funds. Currently, MFCU is investigating seven financial exploitation matters.

SUMMARY OF MANAGEMENT ALERT REPORT ISSUED

The MFCU periodically issues Management Alert Reports (MARs) to District agencies that are involved with the Medicaid program. These are based on potential problems or weaknesses in the Medicaid program as viewed from the perspective of the MFCU. In FY 2008, MFCU issued a MAR to the Department of Health (DOH). The MAR was issued to bring the agency's attention to concerns regarding regulations of Free Standing Mental Health Clinics. The MFCU is concerned regarding the lack of legislation over the mandate to keep progress notes for each and every mental health session and that such notes are required for obtaining reimbursement. Based on those concerns, MFCU suggested a change in the text to the regulations governing Free Standing Mental Health Clinics to conform to issues set forth above. The DOH Director responded, informing the IG that a copy of the MFCU's MAR was forwarded to the Department of Mental Health (DMH) for review and comment. In addition, the DOH Director stated that DOH and DMH would work to establish a plan of action and target completion dates.

STATISTICAL SUMMARY

Throughout the year, hospitals, nursing homes, community residence facilities, day treatment programs, and group homes for persons with mental retardation and mental illness provide the MFCU with a steady stream of unusual incident reports (UIR). Although many of these reports describe medical conditions or accidents that have no connection to abuse or neglect, some reports contain serious allegations of abuse and neglect requiring a rapid response. In FY 2008, 3,985 unusual incident reports were received, ranging from reports of changes in medical conditions of nursing home residents, to reports of alleged assaults of residents by employees of the facilities. This represents an increase of more than 400 reports from FY 2007 in which 3,575 UIR's were received. The number of unusual incident reports received

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by the MFCU has substantially increased every succeeding year. In FY 2008, the MFCU received approximately 333 unusual reports every month. These reports must be evaluated and investigated in a timely fashion.

The MFCU FY 2008 performance-based budget goal was to resolve 10 cases. The MFCU greatly exceeded that goal by resolving 17 cases in FY 2008. The MFCU is currently investigating over 100 abuse or neglect matters, 67 of which were initiated in FY 2008. Further, the MFCU is currently working on approximately 80 matters involving allegations of provider fraud, 34 of which were initiated in FY 2008. In FY 2008, the MFCU received over \$5.5 million in settlements of fraud cases, thereby recouping nearly \$9 for every District dollar funding the MFCU.

The MFCU continues to reach out to providers to inform them of the unusual incident reporting process and its importance to the well-being of residents. In FY 2005, the MFCU created a database, with the assistance of the OIG's Information Systems Division, which captures data regarding abuse and neglect of residents in healthcare facilities in the District. The MFCU began using this database in FY 2006. Since that time, the database has and will continue to assist the MFCU in investigating its cases as well as identifying problem areas and trends that need to be addressed in the future.

In FY 2009, MFCU will continue to excel. The District of Columbia and HHS increased the MFCU's budget, enabling the Director to hire 5 additional full-time employees, for a staff of 21. All of those positions have been filled. The increased budget also allowed for the physical expansion of the MFCU. Additional office space was acquired and renovated, permitting personnel to have adequate working space. Although the MFCU is fulfilling its mission and objectives – as demonstrated by the fact that it significantly exceeded its performance goal – the MFCU will be even more productive with an increased staff. The MFCU's performance measure for 2008 is shown in Appendix P.

CONCLUSION

In FY 2008, the MFCU initiated 260 investigations and closed 289 matters. Through trial or settlement, the MFCU attained 17 substantive dispositions of outstanding fraud, abuse, neglect, and sexual assault cases, significantly surpassing its goal. It obtained eight criminal convictions and recovered substantial monies in restitution to the Medicaid program in nine civil settlements. In addition, the MFCU continued to demonstrate a high level of activism and gained prestige through its membership in task forces, invitations to make presentations, and participation in other writing and training opportunities. It is clear that the MFCU is hitting its stride in its investigations against fraud, abuse, and neglect cases. Moreover, a number of pending cases in which the MFCU has invested significant resources are expected to reach resolution in FY 2009.

APPENDICES



**FISCAL YEAR 2008 TESTIMONY
BY THE INSPECTOR GENERAL**

Listed below are the topics and dates of OIG testimony presented before the D.C. Council and other official statements and remarks made during FY 2008.

- September 18, 2008 Testimony Before the Committee on Workforce Development and Government Operations – Public Oversight Hearing on the 2008 Summer Youth Employment Program
- June 19, 2008 Testimony Before the Committee on Workforce Development and Government Operations – Public Roundtable on PR 17-0802, Inspector General Charles James Willoughby Confirmation Resolution of 2008
- June 10, 2008 Testimony Before the Committee on Workforce Development and Government Operations – Public Oversight Roundtable on the Office of the Inspector General’s Report of Inspection of the D.C. Department of Human Resources – Part I
- April 14, 2008 Testimony Before the Committee of the Whole – Issuance of the Comprehensive Annual Financial Report for Fiscal Year 2007
- April 7, 2008 Testimony Before the Committee on Workforce Development and Government Operations – FY 2009 Budget Review
- February 11, 2008 Testimony Before the Committee on Workforce Development and Government Operations – Fiscal Year 2007 Performance Review
- November 26, 2007 Testimony Before the Committee on Workforce Development and Government Operations – Public Oversight Roundtable on Contracting and Procurement in the District of Columbia



FISCAL YEAR 2008 PRESS HIGHLIGHTS

Listed below is a sampling of the media highlights published in local news publications covering work conducted by the Office of the Inspector General.

“D.C. Charges Bank Worker in Tax Scandal”
December 4, 2007 (Examiner) – ID

“Contracting Office Erred in Canceling Bidding and Overspent, Report Says”
December 7, 2007 (WP) – A

“Audit Finds Problems at Police Evidence Warehouse”
January 16, 2008 (DCW) – A

“Six Charged in Probe of Illegal Licenses”
January 17, 2008 (WP) – ID

“Georgetown DMV Raid Nets 5 Arrests”
January 17, 2008 (WT) – ID

“D.C. Fails to Check Student Residency”
January 26, 2008 (WT) – A

Report: D.C. Homeland Security Agency Loses Emergency Radios”
February 20, 2008 (Examiner) – ID

“Tab in Scam at Tax Office in D.C. Nears \$50 Million”
February 20, 2008 (WP) – ID

“Medicaid Drivers Not Checked, Audit Says”
February 26, 2008 (WP) – A

“IG: Lack of Regulation Threats of Lead, Asbestos”
April 14, 2008 (Examiner) – I&E

References: *The Washington Post* – **WP** · *The Washington Times* – **WT** · *The Washington Examiner* – **Examiner** · DC Watch – **DCW** · W*USA 9 and Gannett Companies, Inc. – **WUSA** · WJLA ABC 7 News/Allbritton Communications Company – **WJLA** · United States Department of Justice – **DOJ** · Audit Division – **A** · Investigations Division – **ID** · Inspections and Evaluations Division – **I&E** · Medicaid Fraud Control Unit - **MFCU**

FISCAL YEAR 2008 PRESS HIGHLIGHTS

“Report Questions Qualifications of City Engineers”
April 24, 2008 (Examiner) – I&E

“Audit Blasts D.C. Parks and Recreation’s Building Program”
May 22, 2008 (Examiner) – A

“Jail Alters Transgender Inmate Policy”
May 29, 2008 (Examiner) – I&E

“Two Charged in Another Scam Against D.C. Tax Office”
June 5, 2008 (WUSA) – ID

“Report Finds Shortfall in D.C. Highway Trust Fund”
June 9, 2008 (WJLA) – A

“Former Transportation Driver Sentenced for Sexual Abuse of a Vulnerable Adult”
June 16, 2008 (DOJ Press Release) – MFCU

“Former Employee of Residential Program is Convicted and Sentenced for
Assaulting a 10-year old Child”
June 27, 2008 (DOJ Press Release) – MFCU

“Federal and Local Authorities Announce \$951,602 Settlement with Rural/Metro
Corporation Regarding False Medicaid Billings”
June 27, 2008 (DOJ Press Release) – MFCU

“Report Cites Wasted Funds, Failed Services in UDC Program”
July 18, 2008 (Examiner) – A

“District of Columbia Participates in Bristol-Myers Squibb Settlement for \$389M
to Resolve Medicaid Pharmaceutical Pricing and Marketing Allegations”
July 29, 2008 (OIG Press Release) – MFCU

References: *The Washington Post* – **WP** · *The Washington Times* – **WT** · *The Washington Examiner* – **Examiner** · DC Watch – **DCW** · W*USA 9 and Gannett Companies, Inc. – **WUSA** · WJLA ABC 7 News/Allbritton Communications Company – **WJLA** · United States Department of Justice – **DOJ** · Audit Division – **A** · Investigations Division – **ID** · Inspections and Evaluations Division – **I&E** · Medicaid Fraud Control Unit - **MFCU**

FISCAL YEAR 2008 PRESS HIGHLIGHTS

“D.C. Boiler Inspections Lacking, Leaving Public at Risk”
September 26, 2008 (Examiner) – I&E

“Auditor Accused of Taking Bribe from Company”
September 30, 2008 (WP) – ID

References: *The Washington Post* – **WP** · *The Washington Times* – **WT** · *The Washington Examiner* – **Examiner** · DC Watch – **DCW** · W*USA 9 and Gannett Companies, Inc. – **WUSA** · WJLA ABC 7 News/Allbritton Communications Company – **WJLA** · United States Department of Justice – **DOJ** · Audit Division – **A** · Investigations Division – **ID** · Inspections and Evaluations Division – **I&E** · Medicaid Fraud Control Unit - **MFCU**



AUDIT ARTICLES AND ABSTRACTS PUBLISHED IN FISCAL YEAR 2008

Khaled Abdel Ghany, *Auditing Derivative Instruments for State and Local Government*, LOCAL GOVERNMENT AUDITING QUARTERLY, December 2007, at 16.

Khaled Abdel Ghany, *Accounting for Environmental Remediation Liability*, PENN CPA JOURNAL, Summer 2008, at 24.

Khaled Abdel Ghany, *Accounting for Long-Term Debt Investment: The Fair Value Option*, TENN. CPA JOURNAL, June 2008, at 23.

Khaled Abdel Ghany, *The Effect of Fund Balance Reclassification on Financial Reporting Consistency*, LOCAL GOVERNMENT AUDITING QUARTERLY, Fall 2008 at 25.

Abstract, *Review of Homicide Closure Rates within the Metropolitan Police Department*, LOCAL GOVERNMENT AUDITING QUARTERLY, December 2007, at 52.



**FISCAL YEAR 2008 AUDIT DIVISION
PERFORMANCE MEASURE STATISTICS**

| Activity | FY 2008 Target | FY 2008 Actual |
|---|----------------|----------------|
| Final Audit Reports Issued ¹ | 24 | 32 |
| District Agencies provided with audit coverage/presence | 15% | 27% |
| Potential monetary benefits identified by OIG audits | \$15 Million | \$55.5 Million |

¹ This total does not include the 23 MARs and 1 MIR issued in FY 2008.



FISCAL YEAR 2008 AUDIT COVERAGE

| Fiscal Year 2008 Audit Coverage | |
|---------------------------------|---|
| 1 | Anacostia Waterfront Corporation |
| 2 | D.C. Office of Risk Management |
| 3 | D.C. Sports and Entertainment Commission |
| 4 | Department of Consumer and Regulatory Affairs |
| 5 | Department of Health |
| 6 | Department of Mental Health |
| 7 | Department of Motor Vehicles |
| 8 | Department of Small and Local Business Development |
| 9 | Department of Transportation |
| 10 | Deputy Mayor for Planning and Economic Development |
| 11 | District of Columbia Department of Parks and Recreation |
| 12 | District of Columbia Public Schools |
| 13 | Executive Office of the Mayor |
| 14 | Fire and Emergency Medical Services Department |
| 15 | Housing Finance Agency |
| 16 | Metropolitan Police Department |
| 17 | Office of Budget and Planning |
| 18 | Office of Contracting and Procurement |
| 19 | Office of Property Management |
| 20 | Office of the Attorney General for the District of Columbia |
| 21 | Office of the Chief Financial Officer |
| 22 | Office of Unified Communications |
| 23 | Tobacco Settlement Corporation |
| 24 | Unemployment Compensation Fund |
| 25 | University of the District of Columbia |
| 26 | Washington Convention Center Authority |
| 27 | Washington Metropolitan Transit Authority |



FISCAL YEAR 2008 AUDIT COST AND RECOMMENDATION SUMMARY

| No. | Audit Title, Number, Date Issued | Cost ¹ | Recommendations | |
|-----|---|--------------------------|-----------------|---------------------|
| | | | Made | Status ² |
| 1 | Professional Engineers' Fund Financial Statement Audit for the Fiscal Year Ended September 30, 2006, 07-1-07CR, 11/5/2007 | 51,148 | 0 | N/A |
| 2 | Audit of the D.C. Department of Motor Vehicles Ticket Processing Services, 07-2-03MA, 12/5/2007 | 54,454 | 10 | 10 - closed |
| 3 | Audit of the District of Columbia Department of Mental Health's Program Management and Administration of Provider Reimbursements, 06-2-13RM, 12/11/2007 | 100,966 | 16 | 16 - closed |
| 4 | Office of the Inspector General's Observations at the Metropolitan Police Department's Evidence Control Branch, 07-1-21FA(a), 1/4/2008 | 41,496 | 4 | 4 - closed |
| 5 | Office of the Attorney General Antifraud Fund for the Year Ended September 30, 2006, 7-1-23CB, 1/18/2008 | 15,124 | 0 | N/A |
| 6 | Audit of the District of Columbia Public Schools' Residency Requirements, 06-1-14GA, 1/24/2008 | 154,812 | 9 | 9 - closed |
| 7 | Highway Trust Fund Financial Statement Audit For The Fiscal Year Ended September 30, 2007, 07-1-26KA, 2/1/2008 | 97,242 | 0 | N/A |
| 8 | Audit of Non-Emergency Transportation Provider Compliance with License and Certification Requirements, 05-2-18HC(d), 2/22/2008 | 15,276 | 8 | 8 - closed |
| 9 | 2007 Comprehensive Annual Financial Report, 3/31/2008 | 2.6 Million | 0 | N/A |
| 10 | Independent Auditors' Report on Internal Control and Compliance Over Financial Reporting – Fiscal Year Ended September 30, 2007, 08-1-08MA, 4/9/2008 | Included in cost of CAFR | 40 | 40 - closed |

¹ The cost of audits by OIG staff were calculated as the number of hours charged multiplied by the Audit Division's hourly composite rate. The cost of audits conducted by external auditors are reported at the contract price.

² This column provides the status of a recommendation as of the report date. For final reports, "Open" means management and the OIG are in agreement on the action to be taken, but action is not complete. "Closed" means management has advised that the action necessary to correct the condition is complete.

FISCAL YEAR 2008 AUDIT COST AND RECOMMENDATION SUMMARY

| No. | Audit Title, Number, Date Issued | Cost | Recommendations | |
|-----|---|---------|-----------------|--------------------------|
| | | | Made | Status |
| 11 | Sports and Entertainment Commission Financial Statements and Management's Discussion and Analysis, and Independent Auditor's Report – Fiscal Years Ended September 30, 2007, 08-1-15SC, 5/12/2008 | 65,434 | 0 | N/A |
| 12 | District of Columbia Housing Finance Agency Financial Statements (With Independent Auditors' Report Thereon) Fiscal Years Ended September 30, 2007, and September 30, 2006, 08-1-14HF, 5/12/2008 | 19,007 | 0 | N/A |
| 13 | Washington Convention Center Authority Financial Statements and Management's Discussion and Analysis, and Independent Auditor's Report Fiscal Years Ended September 30, 2007, and September 30, 2006, 08-1-16ES, 5/12/2008 | 81,415 | 0 | N/A |
| 14 | Audit of the Department of Parks and Recreation's Oversight of Capital Projects, 06-1-08HA, 5/13/2008 | 354,882 | 32 | 11 - open 21 - closed |
| 15 | Washington Metropolitan Area Transit Commission Financial Statement Audit for Transit Fiscal Year Ended June 30, 2006, 07-1-04KC, 5/13/2008 | 25,726 | 0 | N/A |
| 16 | Tobacco Settlement Financing Corporation Financial Statements and Management's Discussion and Independent Auditors' Report Fiscal Year Ended September 30, 2007, 08-13TT, 5/14/2008 | 39,179 | 0 | N/A |
| 17 | Lottery and Charitable Games Control Board Financial Statements and Management's Discussion and Analysis (With Independent Auditors' Report Thereon) Fiscal Years Ended September 30, 2007, and September 30, 2006, 08-1-11DC, 5/14/2008 | 65,434 | 0 | N/A |
| 18 | District of Columbia Unemployment Compensation Fund Financial Statements and Management's Discussion and Analysis (With Independent Auditors' Report Thereon) Years Ended September 30, 2007 and September 30, 2006, 08-1-12BH, 5/14/2008 | 52,410 | 0 | N/A |

FISCAL YEAR 2008 AUDIT COST AND RECOMMENDATION SUMMARY

| No. | Audit Title, Number, Date Issued | Cost | Recommendations | |
|-----|--|--------------------------|-----------------|-------------------------|
| | | | Made | Status |
| 19 | Audit of the District of Columbia Metropolitan Police Department's Management of Seized and Confiscated Property/Evidence, 071-21FA, 5/19/2008 | 14,782 | 11 | 7 - open 4 - closed |
| 20 | Report on the Examination of the District of Columbia's Highway Trust Fund Forecast Statements for Fiscal Years 2008-2012 With Actual Audited Figures for FY 2007, 07-1-26KA(a), 5/30/2008 | 154,356 | 0 | N/A |
| 21 | University of the District of Columbia Financial Statements and Management's Discussion and Analysis Fiscal Years Ended September 30, 2007, and September 30, 2006, 08-1-21GF, 6/6/2008 | 170,562 | 0 | N/A |
| 22 | District of Columbia Public Schools Budgetary Comparison Schedule for Fiscal Year 2007, 08/1/20GA, 6/6/2008 | 196,717 | 0 | N/A |
| 23 | E911/E311 Special Revenue Fund Schedule of Revenues and Expenditures and Independent Auditor's Report Fiscal Year Ended September 30, 2007, 08-1-24UC, 6/20/2008 | 41,870 | 0 | N/A |
| 24 | District of Columbia Anacostia Waterfront Corporation Financial Statements, Management's Discussion and Analysis, and Independent Auditor's Report Fiscal Year Ended September 30, 2007, 08-1-285AW, 6/20/2008 | 81,170 | 0 | N/A |
| 25 | District of Columbia Public Schools Report on Internal Control Over Financial Reporting and Advisory Comments for the Year Ended 2007, 08/1/20GA(a), 6/20/2008 | Included in cost of CAFR | 10 | 10 - closed |
| 26 | University of the District of Columbia Independent Auditor's Report on Internal Control Over Financial Reporting and Management Letter Comments Fiscal Year Ended September 30, 2006, 08/1/21GF(a), 6/20/2008 | Included in cost of CAFR | 6 | 1 - open 5 - closed |
| 27 | Audit of the Workforce Development Program University of the District of Columbia, 07-2-33GF, 7/9/2008 | 37,088 | 20 | 17 - open 3 - closed |
| 28 | District of Columbia Memorandum of Recommendations Fiscal Year 2007, 08-1-27MA, 7/10/2008 | Included in cost of CAFR | 67 | 67 - closed |

FISCAL YEAR 2008 AUDIT COST AND RECOMMENDATION SUMMARY

| No. | Audit Title, Number, Date Issued | Cost | Recommendations | |
|-----|--|---------------|-----------------|---------------------------|
| | | | Made | Status |
| 29 | Audit of the Department of Health's Procurement of the Biosafety Laboratory Level 3, Modular Laboratory and Learning Management System, 06-2-17MA, 7/24/2008 | 146,832 | 2 | 2 – closed |
| 30 | Audit of the Anacostia Waterfront Corporation's Procurement and Contract Administration, 08-2-35EB, 7/31/2008 | 28,538 | 9 | 9 - closed |
| 31 | Audit of Operations Within the Department of Small and Local Business Development, 06-1-12MA, 8/7/2008 | 77,444 | 4 | 1 - open 3 - closed |
| 32 | District Department of Transportation Highway Trust Fund Management Advisory Letter For Fiscal Year Ended September 30, 2007, 07-1-26KA(b), 8/21/2008 | 10,792 | 4 | 1 open 3 - closed |
| | Totals: | \$4.8 Million | 252 | 38 - open 214 - closed |

FISCAL YEAR 2008 AUDIT REPORT SUMMARIES

Professional Engineers' Fund Financial Statement Audit for the Fiscal Year Ended September 30, 2006, 07-1-07CR, 11/5/2007

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Consumer and Regulatory Affairs-Professional Engineers' Fund as of September 30, 2006, and the results of its operations for the year then ended, in conformity with Generally Accepted Accounting Principles.

Our audit did not identify any major issues of internal control weaknesses or noncompliance with regulations that we consider material or reportable conditions during our FY 2006 audit. However, we issued a management letter covering areas (such as, client waivers and cash receipts), where improvements can be made in the administration of the fund.

Audit of the D.C. Department of Motor Vehicles Ticket Processing Services, 07-2-03MA, 12/5/2007

See narrative provided in Audit Highlights by Theme Section of this report.

Audit of the District of Columbia Department of Mental Health's Program Management and Administration of Provider Reimbursements, 06-2-13RM, 12/11/2007

See narrative provided in Audit Highlights by Theme Section of this report.

Office of the Inspector General's Observations at the Metropolitan Police Department's Evidence Control Branch, 07-1-21FA(a), 1/4/2008

Our audit found that the ECB facility is in need of vital repairs. Our observation of the facility disclosed problems such as an inadequate heating, ventilation, and air conditioning (HVAC) system, a poor electrical system, leaky pipes and roof, severe overcrowding in storage areas, and poor physical security. In addition, the ECB facility does not meet all required health and safety code regulations. These facility-related conditions increase the risk of theft, misuse, or loss of evidence, which may compromise the District's ability to successfully prosecute criminal cases, thereby hindering the ECB's mission. Further, these conditions pose a hazardous working environment for ECB personnel. We attribute the conditions noted in this report, in part, to MPD's and the Office of Property Management's (OPM) long term failure to adequately secure the ECB facility or acquire a suitable alternate facility.

FISCAL YEAR 2008 AUDIT REPORT SUMMARIES

Office of the Attorney General Antifraud Fund Financial Statement Audit for the Fiscal Year Ended September 30, 2006, 7-1-23CB, 1/18/2008

In our opinion, the financial statements for the Antifraud Fund presented fairly, in all material respects, the financial position of the Fund as of September 30, 2006, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Audit of the District of Columbia Public Schools' Residency Requirements, 06-1-14GA, 1/24/2008

See narrative provided in Audit Highlights by Theme Section of this report.

Highway Trust Fund Financial Statement Audit for the Fiscal Year Ended September 30, 2007, 07-1-26KA, 2/1/2008

In our opinion, the financial statements for the Highway Trust Fund presented fairly, in all material respects, the financial position of the Fund as of September 30, 2006, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Audit of Non-Emergency Transportation Provider Compliance with License and Certification Requirements, 05-2-18HC(d), 2/22/2008

MAA-OPO officials did not effectively manage the NET Program. Specifically, officials did not adequately determine whether all Providers: (1) were authorized to provide motor vehicle carrier services; (2) complied with federal safety regulations; (3) hired reputable, responsible drivers before receiving approval to participate in the NET Program; and (4) clearly marked vehicles with identifying information. As a result, the safety and well-being of NET Program participants were jeopardized, which increases the Districts' liability.

2007 Comprehensive Annual Financial Report, 3/31/2008

See narrative provided in Audit Highlights by Theme Section of this report.

Independent Auditors' Report on Internal Control and Compliance Over Financial Reporting Fiscal Year Ended September 30, 2007, 08-1-08MA, 4/9/2008

In connection with the audit of the District of Columbia's general purpose financial statements for fiscal year 2007, BDO Seidman, LLP submitted an Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.

FISCAL YEAR 2008 AUDIT REPORT SUMMARIES

This report details identified significant deficiencies. Three of the significant deficiencies identified in the report are considered material weaknesses: (1) Office of Tax and Revenue – Refund Process; (2) Management of the Medicaid Program; and (3) District of Columbia Public Schools.

Sports and Entertainment Commission Financial Statements and Management’s Discussion and Analysis, and Independent Auditors’ Report Fiscal Years Ended September 30, 2007, and 2006, 08-1-15SC, 5/12/2008

As part of our contract for the audit of the District of Columbia’s general purpose financial statements for fiscal year (FY) 2007, the independent auditor issued a final report on the District of Columbia Sports and Entertainment Commission (Commission).

The independent auditor opined that the financial statements present fairly, in all material respects, the financial position of the Commission for the year ended September 30, 2007, and 2006 in conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Accounting Standards*, the independent auditor also issued its report on consideration of the Commission’s internal control over financial reporting and on its tests of the Commission’s compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The Independent Auditor did not identify any major issues of internal control weaknesses or noncompliance with regulations during their audit.

District of Columbia Housing Finance Agency Financial Statements (With Independent Auditors’ Report Thereon) Fiscal Years Ended September 30, 2007, and 2006, 08-1-14HF, 5/12/2008

As part of our contract for the audit of the District of Columbia’s general purpose financial statements for FY 2007, the independent auditor issued a final report on the District of Columbia Housing Finance Agency Financial Statements.

The independent auditor opined that the financial statements present fairly, in all material respects, the financial position of the Agency for the years ended September 30, 2007, and 2006, in conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Accounting Standards*, the independent auditor also has issued its report on consideration of the Agency’s internal control over financial reporting and on its tests of the Agency’s compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

FISCAL YEAR 2008 AUDIT REPORT SUMMARIES

Washington Convention Center Authority Financial Statements and Management's Discussion and Analysis, and Independent Auditors' Report Fiscal Years Ended September 30, 2007, and 2006, 08-1-16ES, 5/12/2008

As part of our contract for the audit of the District of Columbia's general purpose financial statements for fiscal year (FY) 2007, the independent auditor issued a final report on the District of Columbia Washington Convention Center Authority (Authority).

The independent auditor opined that the financial statements present fairly, in all material respects, the financial position of the Authority for the years ended September 30, 2007, and 2006, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Accounting Standards*, the independent auditor also has issued its report on consideration of the Authority's internal control over financial reporting and on its tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The Independent Auditor did not identify any major issues of internal control weaknesses or noncompliance with regulations during their audit.

Audit of the Department of Parks and Recreation's Oversight of Capital Projects, 06-1-08HA, 5/13/2008

See narrative provided in Audit Highlights by Theme Section of this report.

Washington Metropolitan Area Transit Commission Financial Statement Audit for Transit Fiscal Year Ended June 30, 2006, 07-1-04KC, 5/13/2008

In our opinion, the financial statements for the Washington Metropolitan Area Transit Commission (the Commission) presented fairly, in all material respects, the financial position of the Commission as of June 30, 2006, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Accounting Standards*, we also issued a report on consideration of the Commission's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report identifies no material weaknesses in internal control over financial reporting required to be reported.

FISCAL YEAR 2008 AUDIT REPORT SUMMARIES

Tobacco Settlement Financing Corporation Financial Statements and Management's Discussion and Independent Auditors' Report Fiscal Year Ended September 30, 2007, 08-1-13TT, 5/14/2008

As part of our contract for the audit of the District of Columbia's general purpose financial statements for fiscal year (FY) 2007, Thompson, Cobb, Bazilio & Associates, PC (TCBA) prepared the final report on the Tobacco Settlement Financing Corporation (TSFC).

TCBA opined that the financial statements present fairly, in all material respects, the financial position of TSFC for the year ended September 30, 2007, in conformity with accounting principles generally accepted in the United States of America.

Lottery and Charitable Games Control Board Financial Statements and Management's Discussion and Analysis (With Independent Auditors' Report Thereon) Fiscal Years Ended September 30, 2007, and 2006, 08-1-11DC, 5/14/2008

As part of our contract for the audit of the District of Columbia's general purpose financial statements for fiscal year (FY) 2007, Thompson, Cobb, Bazilio & Associates, PC (TCBA) submitted the final report on the District of Columbia Lottery and Charitable Games Control Board (Board).

TCBA opined that the financial statements present fairly, in all material respects, the financial position of the Board for the years ended September 30, 2007, and 2006, in conformity with accounting principles generally accepted in the United States of America. The independent auditor also has issued its report on consideration of the Commission's internal control over financial reporting and on its tests of the Lottery Board's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

District of Columbia Unemployment Compensation Fund Financial Statements and Management's Discussion and Analysis (With Independent Auditors' Report Thereon) Years Ended September 30, 2007, and 2006, 08-1-12BH, 5/14/2008

As part of our contract for the audit of the District of Columbia's general purpose financial statements for fiscal year (FY) 2007, the independent auditor issued a final report on the District of Columbia Unemployment Compensation Fund (Fund).

The independent auditor opined that the financial statements present fairly, in all material respects, the financial position of the Fund for the years ended September 30, 2007, and

FISCAL YEAR 2008 AUDIT REPORT SUMMARIES

2006, in conformity with accounting principles generally accepted in the United States of America.

Audit of the District of Columbia Metropolitan Police Department's Management of Seized and Confiscated Property/Evidence, 07-1-21FA, 5/19/2008

Our audit found that the MPD's ECB is not achieving its mission relative to preserving the integrity of evidence in its custody. Specifically, we found property records in disarray, unmanageable levels of property ready for disposition, and ECB personnel with unregulated access to property vaults and records. As a result, ECB is at risk of failing to accomplish its primary responsibility to manage, secure, and dispose of property in its custody.

We also found serious risks to the integrity of ECB's property database. We found no oversight or monitoring of the property database. Specifically, MPD's Information Technology Bureau (ITB) could identify neither those with access nor the level of each user's access to the property database. In addition, ITB had no policies and procedures instructing how access would be assigned to users and the level of access those users would have in the property database. As a result, there is a high risk that individuals may have inappropriate access and the ability to alter data without detection.

Lastly, we found no one at ITB responsible for overseeing and backing-up the property database. Consequently, data was lost when ITB experienced a power outage on November 4, 2007, that resulted in two hard drives with critical data being destroyed. We attribute these conditions to ITB's failure to establish controls that would provide reasonable assurance over the accuracy, integrity, and security of the property database.

Report on the Examination of the District of Columbia's Highway Trust Fund Forecast Statements For Fiscal Years 2008-2012 With Actual Audited Figures For FY 2007, 07-1-26KA(a), 5/30/2008

We opined that the forecasted statements were presented in conformity with guidelines for presentation of forecasted information established by the American Institute of Certified Public Accountants. Additionally, we found that the underlying assumptions made and methodologies used to develop the statements provided a reasonable basis for the 5-year forecast.

FISCAL YEAR 2008 AUDIT REPORT SUMMARIES

University of the District of Columbia Financial Statements and Management's Discussion and Analysis Fiscal Years Ended September 30, 2007, and 2006, 08-1-21GF, 6/6/2008

As part of our contract for the audit of the District of Columbia's general purpose financial statements for fiscal year (FY) 2007, the independent auditor issued a final report on the University of the District of Columbia.

The independent auditor opined that the financial statements present fairly, in all material respects, the financial position of the University of the District of Columbia for the year ended September 30, 2007, and 2006 in conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Accounting Standards*, the independent auditor also has issued its report on consideration of the University's internal control over financial reporting and on its tests of the University's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

District of Columbia Public Schools Budgetary Comparison Schedule for Fiscal Year 2007, 08-1-20GA, 6/6/2008

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2007, BDO Seidman, LLP prepared a final report on the District of Columbia Public Schools (DCPS) Budgetary Comparison Schedule – Governmental Funds.

BDO Seidman, LLP opined that the Schedule presents fairly, in all material respects, the original budget, final budget, and actual revenues, expenditures, and other sources/uses of the DCPS - which represents a portion of the District of Columbia's General Fund and Federal and Private Resources Fund - for the year ended September 30, 2007, in conformity with Generally Accepted Accounting Principles.

E911/E311 Special Revenue Fund Schedule of Revenues and Expenditures and Independent Auditor's Report Fiscal Year Ended September 30, 2007, 08-1-24UC, 6/20/2008

As part of our contract for the audit of the District of Columbia's general purpose financial statements for fiscal year (FY) 2007, the independent auditor issued a final report on the District of E911/E311 Special Revenue Fund (Fund).

The independent auditor opined that the financial statements present fairly, in all material respects, the financial position of the Fund for the fiscal year ended September 30, 2007, in

FISCAL YEAR 2008 AUDIT REPORT SUMMARIES

conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Accounting Standards*, the independent auditor also has issued its report on consideration of the Fund's internal control over financial reporting and on its tests of the Fund's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The Independent Auditor did not identify any major issues of internal control weaknesses or noncompliance with regulations during their audit.

District of Columbia Anacostia Waterfront Corporation Financial Statements, Management's Discussion and Analysis, and Independent Auditor's Report Fiscal Year Ended September 30, 2007, 08-1-25AW, 6/20/2008

In connection with the audit of the District of Columbia's general purpose financial statements for FY 2006, BDO Seidman, LLP prepared a Management Letter, which reported that over the last 5 fiscal years there has been a marked improvement in the management of the District's financial affairs.

BDO Seidman, LLP set forth recommendations for correcting reportable conditions and other deficiencies. While we continue to assess District agencies' implementation of recommendations, it is the responsibility of District government management to ensure that agencies correct the deficiencies noted in audit reports. This Office will work with managers, as appropriate, to help them monitor the implementation of recommendations.

District of Columbia Public Schools Report on Internal Control Over Financial Reporting and Advisory Comments for the Year Ended 2007, 08-1-20GA(a), 6/20/2008

In conjunction with the audit of the District of Columbia Public School's (DCPS) Budgetary Comparison Schedule – Governmental Funds and Supplemental Information (With Independent Auditor's Report Thereon) for the fiscal year ended September 30, 2007, BDO Seidman, LLP prepared a report on material weaknesses and significant deficiencies in internal control over financial reporting and advisory comments. This report provides recommendations, a summary of management responses, and the status of actions planned/taken to resolve noted deficiencies at DCPS.

University of The District of Columbia Independent Auditor's Report on Internal Control Over Financial Reporting and Management Letter Comments Fiscal Year Ended September 30, 2007, 08-1-21GF(a), 6/20/2008

As part of our contract for the audit of the District of Columbia's general purpose financial statements for fiscal year (FY) 2007, the independent auditor issued a final report on the University of the District of Columbia.

FISCAL YEAR 2008 AUDIT REPORT SUMMARIES

The independent auditor opined that the financial statements present fairly, in all material respects, the financial position of the University of the District of Columbia for the years ended September 30, 2007, in conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Accounting Standards*, the independent auditor also has issued its report on consideration of the Commission's internal control over financial reporting and on its tests of the University's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The Independent Auditor did not identify any major issues of internal control weaknesses or noncompliance with regulations during their audit.

Audit of the Workforce Development Program University of the District of Columbia, 07-2-33GG, 7/9/2008

We determined that although the University of the District of Columbia (UDC) has sufficient human and financial resources allotted to the Workforce Development Program (WDP), the overall quality and ultimate success of the WDP is in jeopardy. The effectiveness of the WDP has been diminished because of ineffective management and poor internal controls over operations. Accordingly, corrective measures are warranted in several areas to improve WDP operations. These areas include: (1) Management of Program Operations; (2) Attainment of Program Goals; and (3) Analysis of Program Data.

Additionally, our review of expenditures found that: (1) persons charged their time to the WDP, when their work duties encompassed activities outside of the WDP; (2) persons performed services for the WDP that were duplicative of services already performed by WDP staff and, therefore, unnecessary; (3) the program hired faculty as full-time instructors to teach only one class, rather than using adjunct professors at significantly reduced amounts; (4) there were unused materials and supplies; and (5) there were questionable payments for contract services.

District of Columbia Memorandum of Recommendations Fiscal Year 2007, 08-1-27MA, 7/10/2008

In connection with the audit of the District of Columbia's general purpose financial statements for fiscal year (FY) 2007, BDO Seidman, LLP (BDO) submitted a Memorandum of Recommendations, in previous years known as the Management Letter. This report details certain control deficiencies that require continued management attention. In this regard, BDO set forth suggestions for improving existing internal controls. However, BDO did not consider these matters to be significant deficiencies or material weaknesses. Further, these matters did not affect the fair presentation of the financial statements.

FISCAL YEAR 2008 AUDIT REPORT SUMMARIES

While the Office of the Inspector General will continue to assess the District's implementation of recommendations, it is the responsibility of District government management to ensure that agencies correct the deficiencies noted in audit reports. This Office will work with managers, as appropriate, to help them monitor the implementation of recommendations.

Audit of the Department of Health's Procurement of the Biosafety Laboratory Level 3, Modular Laboratory and Learning Management System, 06-2-17MA, 7/24/2008

See narrative provided in Audit Highlights by Theme Section of this report.

Audit of the Anacostia Waterfront Corporation's Procurement and Contract Administration, 08-2-35EB, 7/31/2008

Our audit identified conditions that were contrary to sound procurement practices. We found that: (1) AWC's Procurement Rules (Procurement Rules) were not comprehensive and could be waived at the discretion of the Chief Executive Officer; (2) senior management and the AWC Board of Directors provided insufficient oversight of the contracting office's activities; (3) the Procurement Rules were violated in the contract award process on several occasions, resulting in improper contracting practices; (4) analysis of one contract revealed several procurement rule violations and undesirable contract practices for AWC; and (5) adequate contract file documentation to support the history of the respective procurements was not maintained.

We believe that inadequate management scrutiny of the contracting office award process, the absence of written procurement policies and procedures implementing the Procurement Rules, and the lack of effective procurement internal controls led to the deficiencies identified throughout this report.

Audit of Operations Within the Department of Small and Local Business Development, 06-1-12MA, 8/7/2008

Our audit found that the DSLBD did not have standard operating procedures to ensure consistency among staff when providing requirements to CBE applicants necessary to obtain CBE certification. Specifically, staff duties and responsibilities need to be promulgated to provide uniform interpretation of office policies and procedures. Lastly, we determined that the CBE On-Line Information System did not capture and/or provide adequate information that is relevant in providing support to CBEs. As a result, of these conditions, the DSLBD could not assure that it provided services to the business community in an adequate manner and that CBE opportunities were consistently provided to businesses seeking CBE status.

FISCAL YEAR 2008 AUDIT REPORT SUMMARIES

District Department of Transportation Highway Trust Fund Management Advisory Letter For Fiscal Year Ended September 30, 2007, 07-1-26KA(b), 8/21/2008

Our audit found that the Office of the Chief Financial Officer (OCFO) did not always properly record, in accordance with Generally Accepted Accounting Principles (GAAP), accounting events related to federal highway projects. Expenses/funding sources were overstated or understated because: (1) accrued expenses were charged in total to the Highway Trust Fund (HTF) whereas only 20 percent should have been charged; (2) an accrual for estimated legal liability costs was not budgeted and recorded in the proper fund; (3) advance construction projects were initially charged in full to the HTF; (4) charges were made to the HTF that should have been charged to the Local Roads Construction and Maintenance Fund (LRCMF); and (5) budget authority did not exist in the proper fund. As a result, based on our test sample, some transactions recorded in the HTF for FY 2007 overstated expenditures by \$6.7 million and other transactions understated expenditures by \$5.5 million.



**FISCAL YEAR 2008 INSPECTIONS AND EVALUATIONS DIVISION
PERFORMANCE MEASURES STATISTICS**

| Activity | FY 2008 Target¹ | FY 2008 Actual |
|--|---------------------------------------|---------------------------|
| Number of Inspections, Re-inspections, and Special Evaluations Conducted | 5 | 3 |

¹ I&E's performance goal, which is defined prior to the beginning of the FY, was to conduct 80% of its assigned inspections, re-inspections, and special evaluations. Based on the number of projects assigned/initiated during the FY, I&E's performance goal equated to five projects.



**FISCAL YEAR 2008 INSPECTIONS AND EVALUATIONS DIVISION
FINDINGS AND RECOMMENDATIONS STATISTICS**

| Report | Findings | Recommendations |
|---|----------------------|------------------------|
| Special Evaluation: Services and Benefits Provided to Banita Jacks, Nathaniel Fogle, and Their Children | 60 (Under Review) | 50 (Under Review) |
| Department of Consumer and Regulatory Affairs (DCRA) – Part III: Building Permits, Plans Review, Zoning, and Commercial Inspections Division | 43 (Under Review) | 52 (Under Review) |
| Office of Administrative Hearings (OAH) | 16 (Under Review) | 50 (Under Review) |
| MAR 08-I-001: OAH – <i>Safety and Security Deficiencies at OAH Facilities</i> | 1 | 8 |
| MAR 08-I-002: DCRA and District Department of the Environment – <i>Deficiencies in Oversight of Lead-Based Paint and Asbestos Removal</i> | 3 | 3 |
| MAR 08-I-003: DCRA and Office of the Chief Financial Officer – <i>Deficiencies in Permit and Certificate of Occupancy Processes May Reduce Revenue</i> | 1 | 1 |
| MAR 08-I-004: Department of Corrections – <i>Case Managers’ Safety at Risk Inside Cellblocks</i> | 1 | 4 |
| MAR 08-I-005: DOC and D.C. Office of Human Rights – <i>DOC Policy on Inmate Gender Identification May Violate District Regulations</i> | 1 | 3 |

**FISCAL YEAR 2008 INSPECTIONS AND EVALUATIONS DIVISION
FINDINGS AND RECOMMENDATIONS STATISTICS**

| Report | Findings | Recommendations |
|--|-----------------|------------------------|
| MAR 08-I-006: Department of Housing and Community Development, Addiction Prevention & Recovery Administration, and The Community Partnership for the Prevention of Homelessness – <i>APRA Employee Improperly Certifying Substance Abuse Disabilities on Federally-Funded “Shelter+Care” Program Applications</i> | 1 | 3 |
| MAR 08-I-007: DCRA – <i>Deficiencies Found In Boiler Inspection Operations</i> | 4 | 5 |
| MAR 08-I-008: Alcoholic Beverage Regulation Administration and Office of Property Management – <i>Sensitive Information Not Secure; Investigators’ Identities Not Sufficiently Protected</i> | 2 | 2 |
| Total | 133 | 181 |

**FISCAL YEARS 2007 & 2008 INVESTIGATIONS DIVISION
PERFORMANCE MEASURE STATISTICS**

| Activity | FY 2007 Targets | FY 2007 Actuals | FY 2008 Targets | FY 2008 Actuals |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| Evaluate all complaints within 10 days of receipt in the Investigations Division | 80% | 97% | 80% | 94% |
| Complete every preliminary investigation within 1 month of assigning case to investigator in the Investigations Division | 80% | 86% | 80% | 91% |
| Prepare a referral letter to the appropriate District department or agency within 10 work days of a complaint being assigned to the Investigations Division Referral Program | 85% | 99% | 85% | 99% |



**INVESTIGATIONS DIVISION PERFORMANCE STATISTICS
FISCAL YEARS 2005 - 2008**

| Activity | FY 2005 | FY 2006 | FY 2007 | FY 2008 |
|-----------------------------------|----------------|----------------|----------------|----------------|
| Complaints Received | 455 | 433 | 551 | 585 |
| Formal Investigations Opened | 121 | 102 | 118 | 124 |
| Formal Investigations Closed | 158 | 99 | 175 | 130 |
| Zero Files | 132 | 140 | 88 | 97 |
| Referrals | 195 | 191 | 301 | 280 |
| Referrals Closed | 169 | 193 | 316 | 272 |
| Cases Presented to USAO | 71 | 66 | 92 | 90 |
| Cases Accepted by USAO | 46 | 20 | 22 | 26 |
| Cases Presented to OAG | 14 | 14 | 17 | 28 |
| Cases Accepted by OAG | 6 | 3 | 3 | 9 |
| Restitutions and Fines | \$261,821 | \$511,939 | \$2,525,460.27 | \$5,005,256.79 |
| Recoveries | \$9,466,312 | \$233,238 | \$49,655.41 | \$460,184.21 |
| Convictions | 12 | 18 | 12 | 30 |
| Indictments | 11 | 14 | 7 | 7 |
| Searches Conducted | 10 | 16 | 7 | 12 |
| Subpoenas Served | 48 | 61 | 49 | 78 |
| ROIs | 15 | 9 | 6 | 7 |
| MARs | 3 | 2 | 0 | 4 |
| FARs | 0 | 1 | 0 | 1 |
| Administrative Reports of Closure | 132 | 96 | 153 | 159 |



**FISCAL YEAR 2008 INVESTIGATIONS DIVISION
CASES CLOSED BY AGENCY**

| Agency/Department/Office | Total |
|--|-------|
| Advisory Neighborhood Commission | 1 |
| Alcoholic Beverage Regulation Administration | 1 |
| Auditor, Office of the District of Columbia | 1 |
| Board of Elections and Ethics | 1 |
| Cable Television & Telecommunications, Office of | 1 |
| Charter Schools Educational Investments Fund, D.C. | 1 |
| Chief Financial Officer, Office of the | 3 |
| Chief Medical Examiner, Office of the | 2 |
| Chief Technology Officer, Office of the | 5 |
| Child & Family Services Agency | 3 |
| Consumer & Regulatory Affairs, Department of | 12 |
| Contracting & Procurement, Office of | 2 |
| Corrections, Department of | 1 |
| Deputy Mayor for Economic Development, Office of the | 1 |
| Emergency Management Agency | 2 |
| Employment Services, Department of | 6 |
| Energy Office | 2 |
| Fire & Emergency Medical Services, Department of | 5 |
| Health, Department of | 10 |
| Housing & Community Development, Department of | 1 |
| Human Resources, Department of | 1 |
| Human Services, Department of | 4 |
| Inspector General, Office of | 1 |
| Labor Relations & Collective Bargaining, Office of | 2 |
| Lottery & Charitable Games Control Board | 1 |
| Mental Health, Department of | 2 |
| Metropolitan Police Department | 3 |
| Motor Vehicles, Department of | 5 |
| Parks and Recreation, Department of | 3 |
| Property Management, Office of | 1 |
| Public Charter Schools, District of Columbia | 2 |
| Public Schools, District of Columbia | 15 |
| Public Works, Department of | 6 |
| Retirement Board, District of Columbia | 1 |

**FISCAL YEAR 2008 INVESTIGATIONS DIVISION
CASES CLOSED BY AGENCY**

| Agency/Department/Office | Total |
|---|--------------|
| Small, Local, & Disadvantaged Business Development, Office of | 1 |
| Sports and Entertainment Commission | 1 |
| St. Elizabeths Hospital | 1 |
| State Superintendent of Education, Office of | 1 |
| Taxicab Commission | 1 |
| Transportation, Department of | 8 |
| Unified Communications, Office of | 2 |
| University of the District of Columbia | 3 |
| Water & Sewer Authority | 2 |
| Youth Rehabilitation Services, Department of | 2 |
| Total Closed Investigations | 130 |

FISCAL YEAR 2008 HOTLINE STATISTICS BY QUARTER

| Category | Q1 | Q2 | Q3 | Q4 | Total |
|---|-----------|-----------|-----------|-----------|------------|
| Threats to public health, to public safety, or to the environment; or involving unsafe working conditions | 0 | 1 | 3 | 2 | 6 |
| Physical assaults or threats of violence | 1 | 2 | 1 | 0 | 4 |
| Fraud, theft, or false claims | 7 | 7 | 7 | 7 | 28 |
| Bribery, extortion, kickbacks, or illegal gratuities | 2 | 1 | 3 | 4 | 10 |
| Misuse of government funds or property, or use of official position for private gain | 2 | 5 | 9 | 9 | 25 |
| Governmental waste, inefficiency, or mismanagement | 3 | 3 | 8 | 7 | 21 |
| Contract fraud or procurement violations | 3 | 1 | 5 | 3 | 12 |
| False statements | 0 | 1 | 0 | 4 | 5 |
| Ethics violations and conflicts of interest | 1 | 0 | 4 | 1 | 6 |
| Time and attendance fraud | 4 | 4 | 5 | 2 | 15 |
| Harassment, retaliation, or abuse of authority by a supervisor or by another government official | 3 | 6 | 6 | 4 | 19 |
| Hiring, promotion, or other treatment of employees in violation of personnel regulations | 2 | 4 | 4 | 6 | 16 |
| Incivility or lack of response from an agency | 1 | 1 | 0 | 0 | 2 |
| Miscellaneous | 7 | 3 | 2 | 2 | 14 |
| Totals | 36 | 39 | 57 | 51 | 183 |



FISCAL YEAR 2008 INVESTIGATIONS DIVISION REFERRAL STATISTICS

| Agency | No. of Referrals |
|--|------------------|
| Administrative Hearings, Office of | 1 |
| Attorney General for the District of Columbia, Office of | 9 |
| Auditor for the District of Columbia, Office of the | 1 |
| Bar Counsel, Office of | 1 |
| Board of Real Property Assessments and Appeals | 1 |
| Campaign Finance, Office of | 3 |
| Chief Financial Officer, Office of the | 19 |
| Chief Medical Examiner, Office of the | 1 |
| Chief Technology Officer, Office of the | 3 |
| Child and Family Services Agency | 6 |
| City Administrator, Office of the | 1 |
| Consumer and Regulatory Affairs, Department of | 23 |
| Contracting and Procurement, Office of | 2 |
| Corrections, Department of | 6 |
| Disability Services, Department on | 7 |
| Employee Appeals, Office of | 2 |
| Employment Services, Department of | 1 |
| Environment, Department of the | 1 |
| Federal Referrals* | 38 |
| Fire and Emergency Medical Services, Department of | 2 |
| Health, Department of | 12 |
| Homeland Security and Emergency Management Agency | 1 |
| Housing Authority | 5 |
| Housing and Community Development, Department of | 4 |
| Human Resources, Department of | 13 |
| Human Rights, Office of | 1 |
| Human Services, Department of | 6 |
| Inspector General, Office of (Legal Division) | 1 |
| Inspector General, Office of (Medicaid Fraud Control Unit) | 1 |
| Lottery and Charitable Games Control Board | 1 |
| Mental Health, Department of | 2 |
| Metropolitan Police Department | 19 |
| Motor Vehicles, Department of | 18 |

FISCAL YEAR 2008 INVESTIGATIONS DIVISION REFERRAL STATISTICS

| Agency | No. of Referrals |
|--|------------------|
| National Guard | 1 |
| Parks and Recreation, Department of | 2 |
| Police Complaints Board | 1 |
| Private Company | 1 |
| Property Management, Office of | 6 |
| Public Library | 1 |
| Public Schools | 12 |
| Public Schools (Transportation Division) | 2 |
| Public Works, Department of | 7 |
| Risk Management, Office of | 4 |
| Secretary of the District of Columbia, Office of the | 1 |
| Split Referrals** | 7 |
| Superior Court | 4 |
| Taxicab Commission | 3 |
| Transportation, Department of | 8 |
| Unified Communications, Office of | 1 |
| University of the District of Columbia | 1 |
| Water and Sewer Authority | 3 |
| Youth Rehabilitative Services, Department of | 3 |
| Total Referrals: | 280 |

*Federal Referrals (38):

| | |
|--|---|
| Army Office of the Inspector General | 1 |
| Attorney General of the United States | 1 |
| Commission on Civil Rights | 1 |
| Defense Office of the Inspector General, Department of | 1 |
| Equal Employment Opportunity Commission | 1 |
| Environmental Protection Agency | 1 |
| Federal Aviation Administration | 1 |
| Federal Bureau of Investigation | 1 |
| Federal Bureau of Prisons | 2 |
| Federal Deposit Insurance Corporation, Office of the Inspector General | 1 |

FISCAL YEAR 2008 INVESTIGATIONS DIVISION REFERRAL STATISTICS

| | |
|--|---|
| Federal Emergency Management Agency | 1 |
| General Services Administration | 1 |
| Government Printing Office, Office of the Inspector General | 1 |
| Health and Human Services, Department of | 1 |
| Health and Human Services, Office of the Inspector General, Department of | 2 |
| Homeland Security, Office of the Inspector General, Department of | 2 |
| Housing and Urban Development, Office of the Inspector General, Department of | 5 |
| Immigration and Customs Enforcement | 1 |
| Justice, Department of | 1 |
| Justice, Office of the Inspector General, Department of | 4 |
| Labor, Office of the Inspector General, Department of | 1 |
| National Aeronautics and Space Administration, Office of the Inspector General | 1 |
| National Park Service | 1 |
| Postal Service, Office of the Inspector General | 1 |
| Social Security Administration | 1 |
| Veterans' Affairs, Office of the Inspector General, Department of | 3 |

****Split Referrals:**

1. Department of Health and Department of Public Works
2. Metropolitan Police Department and Office of Campaign Finance
3. Office of the D.C. Auditor and the Office of the Attorney General for the District of Columbia
4. Department of Consumer and Regulatory Affairs and Office of the Chief Financial Officer
5. Department of Consumer and Regulatory Affairs and Office of the Chief Financial Officer
6. Child and Family Services Agency and Department of Human Resources
7. Department of Consumer and Regulatory Affairs and Federal Bureau of Investigation



FISCAL YEAR 2008 INVESTIGATIONS DIVISION REFERRAL RESOLUTIONS

| Referral Resolutions | No. of Referrals |
|---|------------------|
| Agency Deadline Not Yet Expired | 24 |
| Referral Sent With No Response Requested | 140 |
| Allegation(s) Unsubstantiated | 30 |
| Allegation(s) Disproven | 21 |
| Agency Addressed Citizen's Complaints | 8 |
| Counseling, Training, or Instruction Provided | 3 |
| Agency Reviewed/Revised Its Procedures | 6 |
| Agency Explained the Issue/No Action Required | 15 |
| Cases Closed Administratively | 2 |
| Agency Failed Timely to Respond – Delinquent* | 13 |
| Cases Consolidated Into Another Case | 5 |
| Employee or Contractor Resigned | 1 |
| Employee Reassigned | 1 |
| Restitutions/Recoveries/Fines | 1 |
| Miscellaneous** | 10 |
| Total | 280 |

* DDOT: 4 DMV: 4 OCFO: 1
 DDS: 1 DOC: 2 OPM: 1

- ** 1. Allegations preliminarily substantiated calling for extended investigation: 3
 2. Agency took no action: 2
 3. Referral canceled: 1
 4. Allegation substantiated but final disciplinary action unknown: 3
 5. Subject could not be identified: 1



FISCAL YEAR 2008 MFCU PERFORMANCE MEASURE STATISTICS

| Performance Goal | FY 2008 Target | FY 2008 Actual |
|--|-----------------------|-----------------------|
| Obtain 10 criminal/civil resolutions (plea, settlement, or verdict) in fiscal year | 80% | 170%* |

* MFCU resolved 17 cases



**MEDICAID FRAUD CONTROL UNIT PERFORMANCE MEASURE STATISTICS
FISCAL YEARS 2007 & 2008**

| Performance Statistics | FY 2007 | FY 2008 |
|---|----------------|----------------|
| Number of unusual incident reports received | 3575 | 3985 |
| Number of fraud matters initiated | 48 | 54 |
| Number of abuse, neglect, or sexual assault matters initiated | 171 | 247 |
| Number of theft or funds misappropriation matters initiated | 2 | 5 |
| Provide training/in-service education to relevant entities | 10 | 5 |
| Criminal and Civil Resolutions | 17 | 17 |
| Criminal Convictions | 13 | 8 |
| Plea Agreements | 5 | 5 |
| Guilty Verdicts | 8 | 3 |
| Civil Resolutions | 4 | 9 |



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