District of Columbia
Office of the Inspector General

Report on Activities

October 1, 2014 to September 30, 2015

Required by D.C. Code § 1-301.115a

INTEGRITY ★ KNOWLEDGE ★ PROCEDURAL COMPLIANCE ★ FORMAL COMMUNICATION ★ RISK MANAGEMENT
PROFESSIONAL SKEPTICISM AND JUDGMENT ★ CUSTOMER FOCUS ★ INNOVATION ★ ACCOUNTABILITY

Mission

Our mission is to independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
- recommend and track the implementation of corrective actions.

Vision

Our vision is to be a world class Office of Inspector General that is customer-focused, and sets the standard for oversight excellence!

Guiding Principles

Integrity ▪ Knowledge ▪ Procedural Compliance ▪ Formal Communication ▪ Professional Skepticism and Judgment ▪ Customer Focus ▪ Risk Management ▪ Innovation ▪ Accountability

WE ARE WASHINGTON DC

DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL

Message from the Inspector General

I am pleased to present the Annual Report for the District of Columbia Office of the Inspector General (OIG) for the reporting period October 1, 2014 to September 30, 2015.

Change is the word that best describes the experience of this past year, not only for this Office, but also for District residents. In January, we witnessed a changeover in administrations, followed by both structural and operational changes to facets of municipal government.

Our experience within the OIG has been no different. Fulfilling our mandate – which is to promote economy and efficiency and prevent and detect waste, fraud, abuse, and mismanagement in government operations – is tied to our ability to readily comprehend, anticipate, navigate, and positively adjust to changing conditions.

Accomplishing this mandate in a manner that allows for a more nimble response to unforeseen contingencies requires adequate resourcing, technical expertise, and the implementation of an operating structure that is flexible, scalable, and sustainable.

In many respects, our Office's performance this past year is reflective of an organization transforming itself not only to gain transparency and efficiency in its operations, but also to better accomplish the oversight of a multi-faceted and complex bureaucracy. While our Office has made significant strides, we look ahead to pushing the limits in ways that enable us to constantly improve the quality of our work in support of District leaders, residents, and visitors to our great city.

I want to thank our OIG employees for their hard work, dedication, and commitment to the OIG's mission. Without them, the accomplishments detailed in this report would not have been possible. I am honored to lead such talented OIG employees, and I am confident that together we will deliver on our promise to be a world class Office of the Inspector General that is customer-focused, and sets the standard for oversight excellence.

Daniel W. Lucas
Inspector General
District of Columbia

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Executive Summary

The OIG is an executive branch agency of the District of Columbia government that conducts independent audits, inspections, and investigations of government programs and operations. The OIG's mission is to promote economy, efficiency, and effectiveness, and to detect and deter fraud, waste, and mismanagement throughout the government.

D.C. Code § 1-301.115a(f-2) requires the OIG to prepare an annual report summarizing its activities for the preceding fiscal year. The annual report is intended to keep the Council of the District of Columbia, Mayor, and District residents fully informed of the OIG's significant oversight activities.

The OIG realigned its operations in FY 2015, creating four new agency-level components: Risk Assessment and Future Planning, Quality Management, Operations, and Business Management. The OIG expects these structural changes, coupled with investments in technology, refinements to business processes, and the hiring of additional skilled personnel, will yield world class results in future years.

Significant Accomplishments Of Core Functions

Audit Unit published four reports, provided audit services to seven District agencies, and focused its limited resources on the evaluation of District-agency efforts to remediate significant deficiencies identified by the external auditors during the FY 2014 Comprehensive Annual Financial Report audit.

Inspections and Evaluations Unit published six reports with 49 recommendations, and provided assistance to one District agency. Recommendations focused on improving the efficiency and effectiveness of municipal services vital to District residents and other stakeholders.

Investigations Unit opened 79 cases, closed 65 cases, and presented 26 cases to the United States Attorney's Office (USAO) for prosecution. Cases resolved in FY 2015 primarily addressed criminal allegations of public corruption, procurement fraud, and healthcare fraud. Investigative receivables and recoveries totaled $1,297,700.41.

Medicaid Fraud Control Unit opened 98 investigations, closed 210[1] investigations, and obtained 26 criminal and civil resolutions. Recoveries resulting from criminal and civil resolutions totaled $2,289,888.02.

[1] This figure includes 66 investigations opened in FY 2015.

Statistical Highlights

SUMMARY OF OIG HOTLINE ACTIVITIES	
Contacts[2] Analyzed	3,484[3]
Percentage of Contacts Evaluated within 10 Days of Receipt	85%

SUMMARY OF AUDIT ACTIVITIES	
Reports Published	4
Recommendations Made	21
District Agencies Provided with Audit Coverage	7

SUMMARY OF INSPECTION AND EVALUATION ACTIVITIES	
Reports Published	6
District Agency Assistance Visits	1
Recommendations Made	49

SUMMARY OF ADMINISTRATIVE AND CRIMINAL INVESTIGATIVE ACTIVITIES	
Total Investigative Receivables and Recoveries	
Restitutions, Orders, and Fines	$893,909.62
Referrals for Civil Recoupment	$403,790.79
Investigative Activities	
Investigations Opened	79
Investigations Closed	65
Cases Presented to the USAO for Prosecution	26
Cases Accepted by the USAO for Prosecution	8
Convictions	10
Subpoenas Served	44
Administrative Reports of Investigation Published	2
Significant Activity Reports Published	9
Investigative Referrals to District Agencies	11[4]

[2] The OIG Hotline Program follows the Council of the Inspectors General on Integrity and Efficiency (CIGIE) standards by noting all “complaints” as “contacts.”
[3] Risk Assessment and Future Planning (RAFP) processed 1,146 contacts and Medicaid Fraud Control Unit (MFCU) processed an additional 2,154 contacts.
[4] An investigative referral is made to District agencies, notifying them of action taken by the OIG or USAO as a result of the OIG investigation. This is different from referrals to the D.C. Office of the Attorney General for civil enforcement.

Executive Summary Of Activities

SUMMARY OF MEDICAID FRAUD CONTROL UNIT ACTIVITIES	
Investigations Opened	98
Fraud Matters Opened	57
Abuse, Neglect, and Sexual Assault Matters Opened	35
Theft/Misappropriation Matters Opened	7
Investigations Closed	210
Criminal and Civil Resolutions	26
Civil Resolutions	8
Criminal Convictions	18
Criminal Recoveries	$282,996.40
Civil Recoveries	$2,006,891.62
Training/In-Service Education Provided to Relevant Entities	16

OVERVIEW

OVERVIEW

The OIG is an executive branch agency of the District of Columbia government that conducts independent audits, inspections, and investigations of government programs and operations. The OIG's mission is to promote economy, efficiency, and effectiveness, and to detect and deter fraud, waste, and mismanagement throughout the government.

STRATEGIC GOALS

We strive to achieve the following strategic goals in pursuit of our vision and mission:

- proactively identify and reduce vulnerabilities that could lead to corruption, fraud, waste, abuse, and mismanagement that impacts the District of Columbia government;
- contribute to the District of Columbia government's operational effectiveness;
- promote fiscal responsibility and accountability; and
- make data-driven, fact-based decisions in all OIG activities.

ORGANIZATIONAL STRUCTURE

The OIG is supported by four divisions and the OIG Office of General Counsel, see Figure 1 below. Staffed by 112 full time employees, the OIG is headquartered in the heart of the nation's capital, Washington, D.C.

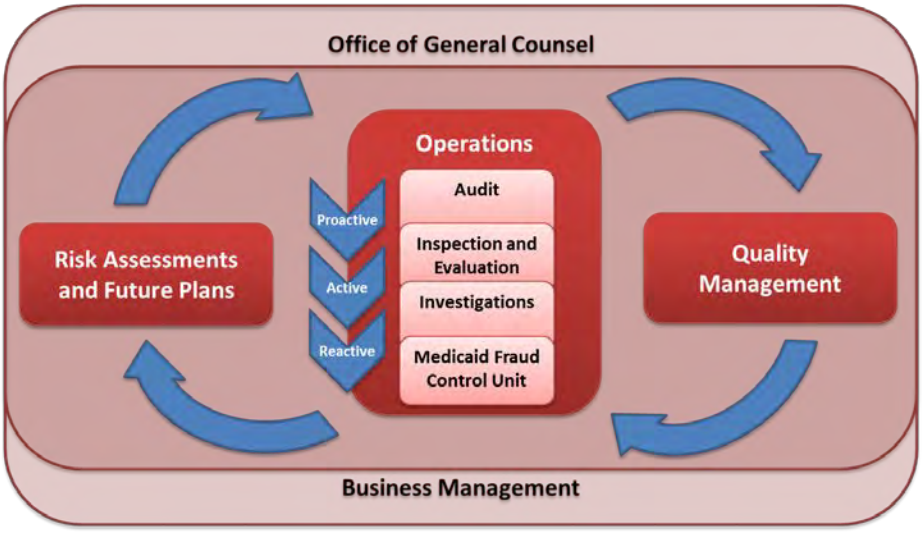

Figure 1: DC OIG Organizational Model[5]

[5] This organizational model was established in June 2015.

OVERVIEW

In FY 2015, the OIG developed a five-year Strategic Plan to guide OIG efforts toward attaining its vision and mission. Implementing the OIG Strategic Plan calls for development of the right organizational structure, systems, and culture, as well as allocation of sufficient resources in the right place. Accordingly, the OIG realigned its operations in FY 2015, creating four new agency-level components: Risk Assessment and Future Planning (RAFP), Operations, Business Management, and Quality Management (QM). The OIG expects these structural changes, coupled with investments in technology, refinements to business processes, and the hiring of additional skilled personnel, will yield the world class results the OIG seeks today and in future years.

Previously, both the OIG's Investigation Unit (IU) and Medicaid Fraud Control Unit (MFCU) maintained separate hotline programs. Beginning in FY 2015, the OIG merged the administration of its primary hotline, and the intake process administered by the MFCU into one Hotline Program housed in RAFP. The OIG Hotline Program now serves as the single point for intake and analysis of allegations of fraud, waste, abuse, and mismanagement in District government operations and programs.

Under the OIG's new organizational structure, RAFP receives and analyzes all information related to risks facing District government operations and programs. RAFP then refers the processed information to the Operation's units for action. Finally, QM conducts quality assurance review and follow-up processes to ensure OIG products meet quality standards and all recommended actions are addressed. As stakeholders become familiar with the OIG's new leadership and programs, the OIG expects improved productivity and output in future years.

RISK ASSESSMENT AND FUTURE PLANNING

RAFP continually surveils and evaluates the District landscape for anomalies that suggest a risk of fraud, waste, abuse or mismanagement in District programs or operations, and provides this information to the OIG leadership team to make proactive, data-driven, fact-based decisions to direct resources.

OPERATIONS DIVISION[6]

Operations Division consists of the four externally focused components of the OIG:

The **Audit Unit** (AU) audits District agencies, programs, functions, and activities. The AU provides agency management with an independent appraisal of whether desired results and objectives are achieved efficiently, economically, and in compliance

[6] With the addition of the Operations Division, all subcomponents were changed from "Divisions" to "Units."

with prescribed laws, regulations, policies, and procedures. The AU performs financial, performance, and attestation[7] audits.

The **Inspections and Evaluations Unit** (I&E) conducts inspections and special evaluations that provide decision makers with objective, thorough, and timely evaluations of District government agencies and programs. I&E reports contain findings and recommendations that can help District officials achieve efficiency, effectiveness, economy, and safety in managing day-to-day operations and personnel. I&E's goals are to: help ensure compliance with applicable laws, regulations, and policies; identify accountability; recognize excellence; and promote continuous improvement in the delivery of services to District residents, workers, and visitors.

The **Investigations Unit** (IU) investigates allegations of misconduct involving violations of District or federal criminal law, civil statutes, regulations, and employee standards of conduct. IU reports may include findings and recommendations regarding program weaknesses, contracting irregularities and other institutional problems discovered as a result of complaints to or investigations initiated by the OIG.

The **Medicaid Fraud Control Unit** (MFCU) investigates allegations of abuse, neglect, and theft involving persons who reside in Medicaid-funded facilities or who receive Medicaid-covered services. Those who engage in fraud and abuse within the Medicaid program are subject to administrative action, civil penalties, and/or criminal prosecution.

BUSINESS MANAGEMENT

Business Management establishes policies and controls, as well as delivers services in support of the other divisions' goals and objectives. The following internal functions exist in Business Management: (1) Facilities; (2) Contracts and Procurement; (3) Information Technology; (4) Human Resources; (5) Administrative Services; and (6) Communications and Public Relations. Ultimately, Business Management is charged with ensuring each OIG division has everything required to prevent and detect corruption, mismanagement, waste, fraud, and abuse.

QUALITY MANAGEMENT

QM ensures all OIG audit, inspection, evaluation, and investigation products comply with OIG policies, professional standards, and best practices. QM oversees all OIG activities needed to maintain a desired level of excellence, while ensuring the OIG's long-term success through customer satisfaction, innovation, and continuous quality

[7] Attestation engagement audits are usually suitable for users who have reporting needs that do not require a financial statement audit. An attestation audit examines, reviews, or applies agreed-upon procedures to an assertion or a subject matter, which is the responsibility of another party.

improvement. Additionally, QM tracks the implementation status of OIG recommendations made to District agencies.

GENERAL COUNSEL

The Office of General Counsel (OGC) provides in-house legal services by ensuring OIG operations, activities, and communications conform to applicable legal requirements; rendering frank and objective legal advice to protect the OIG against legal liability; and advocating the OIG's legal position in disputes.

OIG FY 2015 Priorities

After becoming Inspector General (IG) in November 2014, just a month after the start of FY 2015, the IG engaged the new Mayor, Chairman of the Council of the District of Columbia, and other stakeholders to better understand the District's priorities. Accordingly, the OIG revised its *FY 2015 Audit and Inspection Plan* (Plan) on March 31, 2015, to reflect its focus on those priorities.

In addition to audits required by law, most audits, inspections, and special evaluations included in the Plan were discretionary and based on the current events, issues, and conditions affecting District government operations and services to District citizens. The OIG also conducted a number of audits, inspections, and special evaluations requested by the Mayor, council members, agency officials, and other District stakeholders. Those audits, inspections, and special evaluations focused on three priority areas:

- Revenue Enhancement and Efficient Use of Resources
- Delivery of Citizen Services
- Human Capital and Information Technology

The revised Plan added several projects, including a project which focused on agency recommendations; three audits focused on small business expenditures; an audit of information technology general controls for PeopleSoft (the District's human resources information and disbursement system); an audit of the District's Housing Choice Voucher Program; special evaluations focused on the University of the District of Columbia procurement practices; and a special evaluation of Fire and Emergency Medical Services' response times on calls for medical assistance.

In addition to the revised Plan, OIG investigations resulted in criminal, civil, and administrative resolutions. This annual report highlights the following investigative priorities for crimes impacting the District:

- Public corruption
- Procurement fraud
- Contract fraud

- Cash disbursement fraud
- Payroll fraud
- Health care fraud
- Childcare subsidy benefit fraud
- Unemployment compensation benefit fraud

Similarly, Business Management facilitated staffing, technology upgrades, and facility renovations to ensure the OIG was prepared to respond to these priorities with the resources available.

CORE MISSION AREAS

Overview

Overcoming the challenges of the OIG's ongoing realignment efforts, our talented staff recorded the following notable accomplishments in FY 2015:

- analyzed 3,300 OIG Hotline contacts;
- referred 412 complaints to District, federal, and state agencies;
- conducted 177 administrative and criminal investigations;
- obtained 28 criminal convictions;
- ensured $3,587,588.43 of investigative receivables and recoveries; and
- earned full compliance peer review ratings in IU and I&E.

Despite our accomplishments, there are areas for improvement. Three of the OIG's operating units did not meet their FY 2015 key performance indicators for two major reasons. First, we focused on determining how the OIG can operate more effectively and efficiently. Realigning the OIG to function more efficiently required the realignment of resources from the operating units to create new divisions. Secondly, we implemented initiatives related to our customer-focused vision by conducting value-added activities for the District. These efforts diverted considerable resources away from planned and ongoing efforts required to meet our FY 2015 performance indicators. Therefore, while we may not have achieved our FY 2015 performance goals, we have established an organizational structure that will support our overarching goal to more efficiently and effectively address instances of fraud, waste, abuse, and mismanagement in District operations.

During FY 2015, the OIG focused its limited audit resources to evaluate District-agency efforts to remediate significant deficiencies identified by the external auditors in the FY 2014 Comprehensive Annual Financial Report (CAFR). This evaluation sought to maximize the value of the annual audit. As a result, we conducted follow up activities to examine whether District agencies had implemented remediation actions to address issues discovered during the FY 2014 CAFR. Further, we sought to determine whether programmatic or procedural barriers that were inhibiting successful remediation. Overall, this examination of District-agency remediation efforts, in coordination with the Office of the City Administrator and Office of the Chief Financial Officer (OCFO), encompassed individual audit engagements at 11 District agencies. This ongoing effort will help District agencies to address the root causes of their respective CAFR findings, thereby reducing the risk of corruption, fraud, waste, abuse, and mismanagement.

Operations Division

Operations Division is charged with overseeing execution of the OIG's statutorily-required mission to prevent and detect corruption, mismanagement, waste, fraud, and abuse, as well as helping to facilitate agency-wide initiatives in the following ways:

- maximizing the effectiveness of OIG products and services;
- managing Division operations to include prioritizing workload, allocating resources, and optimizing processes; and
- synchronizing and synergizing efforts among the OIG's operating units.

The Deputy Inspector General for Operations is supported by four Assistant Inspectors General (AIGs):

- AIG – Audit Unit
- AIG – Inspections and Evaluations Unit
- AIG – Investigations Unit
- AIG/Director – Medicaid Fraud Control Unit

AUDIT UNIT

AU is responsible for conducting audits of District agencies, programs, functions, and activities that are discretionary, required by law, or identified pursuant to special requests from District leaders, managers, and other stakeholders. These audits provide District agency officials with an independent appraisal of whether desired results and objectives are achieved efficiently, economically, and in accordance with prescribed laws, regulations, policies, and procedures. AU conducts financial and performance audits, as well as attestation engagements.

Financial audits provide an independent assessment of whether an entity's reported financial information (e.g., financial condition, results, and use of resources) are reported fairly in accordance with generally accepted government auditing standards. Performance audits provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria, which require an objective and systematic examination of an entity, and typically assess program results and/or whether the entity uses its resources in the most productive manner.

AU focuses its resources on programs and initiatives that pose serious challenges and risks for the District, and reports on instances of fraud, waste, and abuse as a means to ensure the efficiency and integrity of District government operations. In seeking ways to mitigate the various risks facing the District, audits are designed to assess the results of budgeted programs, including the economy, efficiency, and effectiveness of management actions, to ensure the achievement of program and operational results.

Audit standards require auditors to disclose the status of unaddressed significant or material findings and recommendations from prior audits. Audit follow-up is the process which enables the OIG to monitor, assess, and report the status of an agency's implementation of agreed upon corrective actions recommended by prior audits. An effective audit follow-up should provide for systematic analysis of corrective action to determine whether the actions taken have addressed the problems which led to the audit recommendations. AU auditors provide due professional care in determining whether agency officials took prompt and appropriate corrective actions to address the noted deficiencies.

Much of the benefit from audit work is not in the findings reported or the recommendations made, but in their effective resolution. Taking action on recommendations is imperative to ensure deficiencies are corrected. District government agency leadership is responsible for resolving audit findings and recommendations. Implementing a process to track the status of the open recommendations can help fulfill this responsibility. The OIG has emphasized this critical function by tracking audit recommendations and assessing the progress of corrective actions.

ORGANIZATIONAL STRUCTURE

AU is managed by the Assistant Inspector General for Audits (AIGA), the Deputy Assistant Inspector General for Audits (DAIGA), and three branch directors. The AIGA sets policy and, through the DAIGA, provides leadership and direction for AU while branch directors supervise the day-to-day projects and activities of audit staff. The three branches oversee a portfolio of agencies encompassing the District's budget clusters. The three branches are the: (1) Health and Human Services Branch; (2) Public Services Branch; and (3) Government Operations and Capital Planning Branch. See **Appendix C** for AU's organizational chart.

PROGRESS AND PERFORMANCE

In FY 2015, AU provided audit services to seven District agencies by publishing four audit reports that identified best practices, process flaws, and internal control weaknesses. The reports included 21 recommendations for corrective actions to improve operations, address noted deficiencies, and ensure that District agencies are in compliance with prescribed regulations, policies, procedures, and standards. In addition, each report included written comments from District agencies about actions they had taken or planned to take to address OIG audit recommendations.

SIGNIFICANT PROJECTS

OIG audits continuously assess those programs and activities that pose the greatest risks to maintaining the District's fiscal integrity and renewed financial strength. To address these risks, the OIG designed its audits to concentrate on those risks identified

by major stakeholders and the OIG's systematic identification of risks facing the District. When District leadership and the OIG identify and address such risks early, the likelihood of returning to conditions that could impact the District's fiscal integrity in the future is minimized. During FY 2015, AU directed its resources to: (1) Audits Required by Law; (2) Revenue Enhancement; (3) Spending and Efficient Use of Resources; (4) Delivery of Citizen Services; (5) Support Services; and (6) Performance and Financial Audit follow-up. Significant audits released in FY 2015 addressed audits required by law, revenue enhancement, as well as spending and efficient use of resources, as detailed below. See **Appendix G** for a list of the OIG's FY 2015 audit reports.

1. District Department of Transportation - Highway Trust Fund Financial Statement Audit - For the Fiscal Year Ended September 30, 2014, published January 30, 2015

The objectives of the audit were to provide an opinion as to whether the Fund's financial statements: (1) were fairly presented in accordance with generally accepted accounting principles (GAAP); and (2) had any instances of noncompliance and/or weaknesses in internal controls, which could materially affect the District's financial position and operations results as of the end of the fiscal year.

The audit found the financial statements present fairly, in all material respects, in accordance with GAAP, the Fund's assets and liabilities as of September 30, 2014, as well as its revenues, expenditures, and changes in fund balance for FY 2014. The audit did not reveal any major issues of internal control weaknesses or non-compliance with regulations considered significant deficiencies subject to the reporting requirements of Government Auditing Standards.

2. Management Implication Report - District Doing Business with Non-Responsible Contractors, published September 18, 2015

This audit revealed the District did not establish effective controls to prohibit contractors who failed to file required District franchise tax returns from doing business with the District.

The OIG found the Office of Tax and Revenue's (OTR) Clean Hands certification and tax verification processes used by the Office of Contracting and Procurement (OCP) to determine prospective contractors' compliance with District tax filing requirements were not effective. Specifically, when awarding contracts, contracting officials did not obtain sufficient information to validate the prospective contractor's self-reported compliance with these filing requirements.

Further, OTR's Clean Hands certification and tax verification processes did not detect companies that did not comply with the District's tax filing requirements. Additionally, contracting officers were not utilizing contractors' payment information to identify prospective contractors who received payments and were subject to District franchise

tax filing requirements, but failed to file franchise tax returns. As a result, there was no reasonable assurance that the applicable 9.975 percent franchise tax was collected on contractor income that resulted from $39,024,840 in District payments.

The OIG recommended that the Mayor enforce compliance with the District's procurement laws and regulations and franchise tax requirements by enhancing internal controls to ensure the District does business with only responsible contractors.

3. Audit of District of Columbia Agencies' Compliance with Small Business Enterprise Expenditure Goals, published June 4, 2015

The OIG performed this audit to address a council member's concerns about the significant decline in agencies' expendable budgets reported by the Department of Small and Local Business Development (DSLBD) for FY 2014.

The audit objectives were to determine: (1) whether DSLBD provided adequate management oversight over District agencies' compliance with Small Business Enterprise (SBE) spending goals; (2) the reasons for declines in agencies' SBE spending goals; and (3) whether DSLBD established adequate internal controls over the agencies' expendable budget SBE goal-setting process.

The audit determined DSLBD did not provide adequate management oversight over agencies' SBE spending goals as required by Title 27 District of the Columbia Municipal Regulations (DCMR). Specifically, DSLBD did not: (1) monitor agency compliance with quarterly and annual reporting requirements; (2) direct agencies to track only expenditure reporting against their approved expendable budgets; and (3) require all budget codes as identified in OCFO budget book, to be included in SBE compliance reporting. As a result, agencies reported inaccurate, incomplete, and unverifiable expenditures.

The OIG made 18 recommendations to strengthen management controls over the SBE program to assure effective compliance with District laws, rules, and regulations. DSLBD agreed with all 18 recommendations made in the report.

INSPECTIONS AND EVALUATIONS UNIT

I&E conducts inspections and special evaluations that provide decision makers with objective, thorough, and timely evaluations of District government agencies and programs. I&E reports contain findings and recommendations that can help District officials achieve efficiency, effectiveness, economy, and safety in managing day-to-day operations and personnel. I&E's goals are to: help ensure compliance with applicable laws, regulations, and policies; identify accountability; recognize excellence; and promote continuous improvement in the delivery of services to District residents, workers, and visitors.

ORGANIZATIONAL STRUCTURE

I&E is managed by the Assistant Inspector General for Inspections and Evaluations (AIGE), the Deputy Assistant Inspector General for Inspections and Evaluations (DAIGIE), and two Supervisory Management Analysts (SMAs). The AIGI sets policy and project priorities, and provides leadership and direction to the unit. The DAIGIE manages all of the unit's day-to-day operations and administrative activities, as well as the professional development of the SMAs. The SMAs coordinate management analysts' project activities, identify and deliver professional development opportunities, as well as monitor and evaluate each analyst's performance. See **Appendix D** for I&E's organizational chart.

PROGRESS AND PERFORMANCE

As in past years, I&E's FY 2015 projects predominately focused on evaluating key District organizations to improve the efficiency and effectiveness of municipal services that are vital to District residents and other stakeholders. I&E's analysis, findings, and recommendations are published in Reports of Inspection, Management Alert Reports (MARs), and Reports of Special Evaluation.

Performance indicators of the overall effectiveness of I&E's work include the number of inspections conducted, findings identified, recommendations made and agreed to by an inspected entity, and ultimately the subsequent improvements in agency or program operations as determined through re-inspections and other compliance activities. The findings developed during inspections may also lead to recommendations for additional OIG investigations or audits. I&E conducts re-inspections and has an ongoing program to monitor agency compliance with recommendations presented in I&E reports.

I&E projects can take from 6 months to over a year, depending on the size of the inspected agency, the complexity of any issues found, and the inspection resources available. The recommendations made within I&E's reports call for corrective measures to improve operations, address deficiencies, and ensure District and federal laws, regulations, and policies are followed. I&E published 5 Inspection Reports, provided one Assist Visit Report, and made 49 recommendations during the fiscal year.

The Association of Inspectors General (AIG) conducted a peer review of I&E in June 2015, and concluded that I&E complied with all relevant quality standards set by the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

SIGNIFICANT PROJECTS

I&E conducted inspections of District agencies and programs. The OIG inspection process reviews and analyzes the management, programs, and activities of a District department or agency to present information and recommendations that will assist managers in improving operations, policies, and procedures. Inspections provide senior

managers with an independent source of facts and analysis about vital operations, agency performance, program efficiency and effectiveness, quality assurance procedures, and the potential for mismanagement, fraud, waste, and abuse. I&E also conducts special evaluations that focus on a specific facet of an agency's or program's operations, or a particular condition or incident that calls into question the integrity or efficacy of District government operations.

1. D.C. Office on Aging Senior Wellness Centers – Reports of Inspection

The D.C. Office on Aging (DCOA) operates Senior Wellness Centers in six of the District's eight Wards: 1, 4, 5, 6, 7, and 8. The programs offered at these centers emphasize physical activity, social and emotional well-being, and promote positive health habits through nutrition education as well as counseling and health screenings.

The objectives of this project were to assess conditions and analyze operations at the Senior Wellness Centers, DCOA's oversight of the Centers, as well as make recommendations aimed at improving: (1) the operations, physical conditions, and quality of services provided to seniors at these facilities; and (2) the efficacy of the monitoring and oversight conducted by DCOA. As part of the audit methodology, we administered confidential surveys to Center members to gather opinions about different facets of each Center's operations, such as cleanliness, security, and the activities available to members.

In FY 2015, the OIG published reports of inspection for the Hayes Senior Wellness Center, in Ward 6, and the Washington Seniors Wellness Center in Ward 7 (reports of inspection for the other four Centers were published in FY 2014). The findings documented in these final two reports addressed issues such as the need to train Center staff members in cardiopulmonary resuscitation; inadequate monitoring of activities required by the terms of grant funding awarded to the Centers' operators; as well as a lack of policies and procedures for the reporting of suspected elder abuse, neglect, and exploitation.

2. Office of the Attorney General Child Support Services Division – Management Alert Report

While conducting fieldwork during the planned inspection of the Office of the Attorney General's (OAG) Child Support Services Division (CSSD), the OIG learned that CSSD had not implemented safety protocols for field investigators or trained them to deal with potentially volatile individuals and other safety threats that may be encountered in the performance of their duties. Rather than wait to communicate this deficiency to the OAG in the final report of inspection (ultimately published in October 2015), the OIG sent a MAR to the OAG in April 2015 with the recommendation to implement a written safety policy and procedures including periodic safety training. The OAG subsequently conducted an internal review, and provided a written response in May 2015 stating it

would, among other things, implement standard written protocols for its investigators as well as provide additional training.

3. Office on Returning Citizen Affairs – Report of Inspection

The inspection of the Office on Returning Citizen Affairs (ORCA) was part of the OIG's FY 2015 focus on improving the efficiency and effectiveness of municipal services vital to District residents and other stakeholders. The D.C. Code establishes ORCA as the lead agency for coordinating and monitoring service delivery to citizens returning to the District following incarceration. The OIG conducted this inspection with two primary objectives: (1) assess ORCA's organization, management, level of expertise, and the services delivered to its clients; and (2) make recommendations for improving ORCA's operations and communications with District stakeholders.

The OIG inspection team found that while ORCA's staff worked diligently to provide direct services and client referrals, key organizational elements necessary to fulfill its overall mission, goals, and duties were not in place. To assist ORCA in achieving its statutory requirements, the OIG presented 12 recommendations to help ORCA improve its internal management, staff expertise, communication, as well as its effectiveness in advising and coordinating with the Mayor, other government agencies, and private organizations.

4. Department of General Services Protective Services Division – Report of Re-Inspection

In FY 2015, I&E completed a re-inspection of DGS' Protective Services Division (PSD), which was initially inspected in May 2010 when the organization was called the Protective Services Police Department and was under the purview of the Department of Real Estate Services. I&E completed the re-inspection to evaluate the current status of issues and conditions presented in the May 2010 report, which included deficient screening practices at security checkpoints; noncompliance with human resources and employee training requirements; limited staffing; and a lack of written policies and procedures.

The re-inspection found DGS had made only limited progress in correcting many of the deficiencies found during the 2010 inspection. Of the 24 recommendations presented in the 2010 report, we found that PSD was in compliance with 7, in partial compliance with 4, and not in compliance with 13. As a result of this re-inspection, the OIG presented 11 new recommendations to address deficiencies.

5. Office of the Chief Medical Examiner Assist Visit

Prior to seeking National Association of Medical Examiner accreditation, the Chief Medical Examiner requested the OIG's assistance in providing an independent assessment of the Office of the Chief Medical Examiner's (OCME) operations. The OIG

concluded the assessment in July 2015. Since this engagement was an assistance request, the report is not available for public dissemination.

INVESTIGATIONS UNIT

The Investigations Unit (IU) investigates allegations of misconduct involving violations of District or federal criminal law, civil statutes, regulations, and employee standards of conduct. IU reports may include findings and recommendations regarding program weaknesses, contracting irregularities, and other institutional problems discovered as a result of complaints to or investigations initiated by the OIG.

ORGANIZATIONAL STRUCTURE

IU is managed by the Assistant Inspector General for Investigations (AIGI), the Deputy Inspector General for Investigations (DAIGI), two Team Leads, and the Records Management Supervisor. The AIGI sets policy and provides leadership for the unit. In addition, the DAIGI supervises the Team Leads, estimates workloads, and outlines anticipated problems to be resolved and objectives to be obtained during investigations. Team Leads supervise the day-to-day investigations of the criminal investigators. The Records Management Supervisor reports to the DAIGI and provides organization and accountability for the OIG's various record systems. See **Appendix E** for IU's organizational chart.

PROGRESS AND PERFORMANCE

IU initiated 79 investigations, closed 65 investigations, and obtained 10 criminal convictions in FY 2015. The USAO accepted for prosecution 8 of 26 IU cases. Subsequently, IU referred 15 of the 18 declined cases to the OAG for civil enforcement. These cases resulted in substantial recoupment to the District. These and other FY 2015 results are presented in Table 1 below.

Activity	FY 2015
Investigations Opened	79
Investigation Closed	65
Cases Presented for Prosecution	26
Cases Accepted for Prosecution	8
Resolutions, Orders, and Fines	$893,909.62
Convictions	10
Searches Conducted	1
Subpoenas Served	44
Reports of Investigations (ROIs)	2
Significant Activity Reports (SARs)	9

Table 1: Summary of IU Performance Data for FY 2015

During the course of OIG investigations, IU identified systemic problems existing within the administration of the D.C. Department of Human Services (DHS) child care subsidy program. In previous investigations centered on DHS' child care subsidy program, IU investigators noted that DHS employees failed to thoroughly review child care subsidy applications and supporting documentation, which, in some instances, caused the District to spend countless man hours to recoup funds that should not have been allocated to program participants. IU recommended that I&E conduct a thorough inspection and evaluation of the program. Through I&E's and IU's work, the OIG assisted DHS in reducing systematic fraud, waste, and abuse within the child care subsidy program.

The AIG conducted a peer review of IU in June 2015, and concluded that IU complied with all relevant quality standards set by the CIGIE.

SIGNIFICANT PROJECTS

The following pages highlight investigations conducted by IU and its federal and local law enforcement partners in FY 2015. These investigative highlights are listed under the following categories:

- Criminal Investigations
- Administrative Investigations
- Civil Referrals

1. CRIMINAL INVESTIGATIONS

IU conducts criminal investigations into allegations of waste, fraud, and abuse on the part of District government employees and contractors. When investigative findings indicated criminal conduct, IU presents them to the USAO for prosecutorial opinion and action. When a case is referred for prosecutorial consideration, the investigation proceeds under the guidance and direction of an Assistant U.S. Attorney, and often in conjunction with other law enforcement partners, such as the Federal Bureau of Investigation (FBI). The investigative findings also are used to determine whether civil action is appropriate in addition to or in lieu of criminal prosecution.

a. Former District of Columbia Public Schools Employee Sentenced for Conflict of Interest and Wire Fraud

IU was instrumental in initiating an investigation of an individual who pilfered District government funds intended for the transportation of special needs children in D.C. Public Schools (DCPS). A joint investigation with the FBI and U.S. Department of Education Office of the Inspector General disclosed that Donnie Dukes, who owned a transportation company while concurrently employed with DCPS, provided transportation services to DCPS special need students, for which he received an illegal profit. In January 2014, Mr. Dukes pled guilty to conflict of interest and wire fraud, and

on December 4, 2014, was sentenced to 1 month of incarceration followed by 6 months of home detention. In addition, Mr. Dukes was ordered to pay full restitution in the amount of $463,621. Upon completion of his home detention, Mr. Dukes was placed on 3 years of probation.

b. District of Columbia Public Schools Employee Sentenced for First Degree Fraud

Anthony J. Motely, an employee of DCPS, defrauded the District government of grant funds. The investigation found that from November 2008 through November 2009, Mr. Motely diverted $52,063 in District grant funds intended for a non-profit organization by issuing checks to himself or to organizations that he controlled. On April 29, 2015, Mr. Motely pled guilty to one count of Felony Fraud in the First Degree and on June 24, 2015, he was sentenced to 8 months of incarceration (suspended), 1 day of supervised release (suspended), and 2 years of probation. Mr. Motely was also ordered to complete 200 hours of community service, and pay restitution in the amount of $52,063.

c. District of Columbia Resident Sentenced for Felony Fraud in the Second Degree

From September 2013 through April 2014, Thomas N. Taylor, a resident of the District of Columbia, engaged in a scheme to defraud the D.C. Department of Motor Vehicles (DMV) and individuals with outstanding traffic fines. While standing outside a DMV location, Mr. Taylor convinced several individuals that he could clear their record of traffic violations for only half of the dollar amount owed to DMV. After receiving case information and payment from these individuals, Mr. Taylor paid DMV with checks drawn on closed bank accounts. After determining the checks were written on closed accounts, DMV reinstated the traffic violation fines. On October 21, 2014, Mr. Taylor pled guilty to one count of Felony Fraud in the Second Degree and was sentenced to 20 months of incarceration with 15 months suspended, and 2 years of probation.

d. Former Department of Health Employee Sentenced for Unauthorized Overtime

Tracie Harper-Forte, a former District of Columbia employee, engaged in a scheme to defraud the D.C. Department of Health (DOH). This investigation revealed that from February 14, 2009, through May 9, 2009, Ms. Harper accessed DOH's payroll system and input unauthorized and unearned overtime hours for herself, and approved those overtime hours in her capacity as an Administrative Officer. The investigation found that Ms. Harper-Forte defrauded DOH for 126 hours of unauthorized overtime. On February 2, 2015, Ms. Harper-Forte pled guilty to one count of Misdemeanor Fraud in the First Degree and was sentenced to 180 days of incarceration, 5 years of probation, and ordered to pay restitution in the amount of $17,912.

e. Forrester Construction Company Agrees to pay $2.15 million for Failing to Follow Certified Business Enterprise Regulations and Fraudulently Receiving Over $100 Million in Contracts

A joint investigation with the FBI resulted in Forrester Construction Company agreeing to implement internal controls and reforms to resolve a criminal investigation of alleged fraud committed by the company in connection with the use of Certified Business Enterprises (CBEs) in the procurement of more than $145 million in District government contracts. As part of the resolution, Forrester Construction admitted it improperly entered into written letter agreements and "Action of Management Committee" memoranda with the CBE participants to joint ventures that were not disclosed to the District during the contract procurement process. As a result, the company admitted that both Forrester Construction and the CBE partners failed to follow the required CBE rules and regulations. On December 15, 2014, under the terms of a non-prosecution agreement reached with the USAO, Forrester Construction agreed to pay $2.15 million to the United States, and accepted and acknowledged responsibility for its improper conduct, as described in a Statement of Facts. The company also agreed to undertake various remedial measures to ensure compliance with the requirements of the District of Columbia's CBE program (or any such equivalent on federal government projects).

f. District of Columbia Public Library Employee Sentenced for Fraudulently Receiving Childcare Subsidy Benefits

From March 2010 through February 2013, Kendra Penny, a D.C. Public Library employee, engaged in a scheme to defraud the D.C. Office of the State Superintendent for Education (OSSE) and DOH of $30,909.34 by submitting fraudulent residency and income information to obtain childcare benefits. On February 18, 2015, Ms. Penny pled guilty to fraud in the second degree and on April 29, 2015, was sentenced to 6 months of incarceration (suspended), 3 years of supervised release (suspended), 60 months of probation, and was ordered to pay restitution in the amount of $30,900 for defrauding OSSE and DOH.

g. Former Special Assistant Sentenced for Defrauding the D.C. Department of Employment Services

From March 6, 2010, through October 2, 2010, Cherita Whiting, a former Special Assistant, D.C. Department of Parks and Recreation, engaged in a scheme to defraud the D.C. Department of Employment Services (DOES) by submitting fraudulent claims to obtain unemployment compensation benefits. On August 4, 2015, Ms. Whiting pled guilty to one count of making a False Statement to Obtain Unemployment Compensation, a misdemeanor, and was sentenced in D.C. Superior Court to 60 days of incarceration (suspended), and 5 years of supervised probation for defrauding DOES.

h. Private Citizen Sentenced for Fraudulently Receiving Unemployment Compensation Benefits

From October 2, 2010, through March 2, 2013, Achante Lemon, a private citizen, engaged in a scheme to defraud DOES of $23,835 by submitting fraudulent claims to obtain unemployment compensation benefits. On May 5, 2015, Mr. Lemon pled guilty to fraud in the second degree and on July 13, 2015, was sentenced to 8 months of incarceration (suspended), 6 months of supervised release (suspended), 60 months of supervised probation, and was ordered to pay restitution in the amount of $23,835 for defrauding DOES

i. Private Citizen Sentenced for Fraudulently Receiving Unemployment Compensation Benefits

From July 2, 2011, through July 6, 2013, Tameka Hollins, a private citizen, engaged in a scheme to defraud DOES by submitting fraudulent claims to obtain unemployment compensation benefits. On May 8, 2015, Ms. Hollins pled guilty to fraud in the second degree and on July 14, 2015, was sentenced to 6 months of incarceration (suspended), 5 days of supervised release (suspended), 36 months of supervised probation, and was ordered to pay restitution in the amount of $13,768 for defrauding DOES.

2. ADMINISTRATIVE INVESTIGATIONS

When investigative findings indicate solely non-criminal employee misconduct or management deficiencies, IU prepares a Report of Investigation (ROI), which details the findings, and forwards it to the responsible agency head for action. These administrative investigations typically uncover violations of District laws, policies, and/or regulations and also identify the individuals responsible for the violations and make recommendations for administrative action. Equally important to the investigative process is identifying program weaknesses, contract irregularities, and other institutional problems that place a District government agency at risk for waste, fraud, and abuse.

a. Department of Public Works Employee Violated Administrative Standards of Conduct

IU completed an investigation into an allegation that a Department of Public Works (DPW) employee continued to use the employee's mother's designated disability parking space after the mother's death. The investigation revealed that on or about November 27, 2012, the employee failed to notify DMV that the reserved disability parking space assigned to the employee's mother was no longer needed, and continued to use the mother's assigned parking space, in violation of 18 DCMR § 2715.3, § 2716.2, and the District's Standards of Conduct. The employee admitted to continued use of the reserved space after the mother's death. Although the employee stated during the OIG interview that the employee had a disability due to a job-related injury,

the employee's disability placard did not permit the employee to park in the mother's reserved space.

The OIG recommended that DPW address the employee's conduct with appropriate administrative action. Additionally, the OIG referred this matter to the Board of Ethics and Government Accountability (BEGA).[8] As a result of the referral to the BEGA, the employee entered into a negotiated disposition, which assessed the employee with a $1,000 fine and required additional ethics training.

3. CIVIL REFERRALS

During the reporting period, the OIG referred 15 investigations to the OAG Civil Enforcement Section for civil recoupment action against individuals who investigations determined to have defrauded the District government and criminal prosecution has been declined.

MEDICAID FRAUD CONTROL UNIT

The MFCU investigates and prosecutes two distinct categories of offenses: fraud committed against the District Medicaid program by healthcare providers; and physical abuse, sexual abuse, criminal neglect, or financial exploitation of persons who receive Medicaid-funded services or reside in healthcare facilities that receive Medicaid funding. These healthcare facilities include hospitals, nursing homes, and residences for adults with cognitive disabilities or mental illness.

ORGANIZATIONAL STRUCTURE

The MFCU is managed by the Director, the Deputy Director, and two Supervisory Criminal Investigators (SCIs). The Director establishes the Unit's goals in accordance with the OIG's strategic framework and operational policies and, provides leadership and direction for the Unit. The Deputy Director supervises the Unit's Program Analyst, Nurse Consultant, Staff Assistant, and two SCIs, and oversees the Unit's civil litigation efforts. Each SCI oversees the day-to-day activities of two investigative teams composed of an attorney, an auditor, and two investigators.

In FY 2015, the MFCU realigned its organizational structure by dividing personnel into four separate investigative teams, each composed of two investigators, one attorney, and one auditor. Under this new structure, team members work together on investigations, maximize cooperation, improve communication, and eliminate

[8] BEGA investigates alleged ethics laws violations by District government employees and public officials, provides binding ethics advice, and conducts mandatory training on the D.C. Government's Code of Conduct. The Office of Open Government is an independent office within the BEGA, and enforces the Open Meetings Act, monitors the District's Freedom of Information Act compliance, and aids agencies with implementing open government practices.

challenges associated with the Unit's previous "matrix-project" organizational structure. However, for complex cases, staff members assigned to one team may be called upon to assist another team's investigation or case. See **Appendix F** for the MFCU's organizational chart.

In January 2015, the U.S. Department of Health & Human Services, Office of the Inspector General (HHS-OIG) conducted an onsite review of the MFCU based on an analysis of data from seven sources: (1) policies and procedures, and documentation related to the Unit's operations, staffing, and caseload for FYs 2012 through 2014; (2) financial documentation for FYs 2012 through 2014; (3) structured interviews with key stakeholders; (4) a survey of Unit staff; (5) structured interviews with Unit management; (6) a sample of files for cases open at any time in FYs 2012 through 2014; and (7) observation of Unit operations.

In September 2015, HHS-OIG released its onsite review report, including six recommendations aimed at improving the MFCU's operations. The IG concurred with all six recommendations, and the MFCU immediately started modifying its practices to implement the six recommendations.

PARTNERSHIPS AND COLLABORATIONS WITH DISTRICT AND FEDERAL AGENCIES

A key aspect of the MFCU's efforts against waste, fraud, and abuse in the District's Medicaid program is its continuing partnership with other District and federal agencies, particularly the Department of Health Care Finance (DHCF). DHCF, which administers the Medicaid program in the District, is required by federal law to refer cases of suspected fraud or abuse to the MFCU. Since 2009, representatives from the OIG and DHCF have met quarterly to discuss pending cases, referrals, and their respective policies and procedures.

The MFCU fosters relationships with other law enforcement agencies through organizing relevant trainings, participating in task forces, and presenting at conferences. The MFCU Director serves on the Health Care Fraud Managers Working Group, which works to develop law enforcement strategies to combat healthcare fraud by D.C. service providers.

The MFCU also collaborates with local and federal law enforcement agencies. MFCU is currently working with the FBI, HHS, and other federal agencies on a number of ongoing investigations. By working with these agencies, the MFCU increases its visibility while expanding the resources available to its investigators, auditors, and attorneys. These relationships played a crucial role in the success of Operation Capital Ills, a multi-agency task force investigation into fraud within the home health care industry.

COMMUNITY OUTREACH, EDUCATION, AND TRAINING

An educated public is the first line of defense against Medicaid fraud and the mistreatment of vulnerable persons. The MFCU raises the public's awareness of these issues in a variety of ways, from speaking directly to at-risk populations and healthcare providers, to sharing its expertise in public forums. During FY 2015, the Director and other MFCU attorneys made presentations to several audiences about identifying and preventing fraud, abuse, and neglect. The MFCU attorneys spoke at local senior centers, advising residents about their rights, how to avoid becoming a victim, how to report abuse, and explaining the nature of our investigations to the caregivers in those facilities.

During FY 2015, a MFCU attorney served as a guest lecturer at American University's Washington College of Law, Health Law and Policy Summer Institute for a class on Medicaid Fraud Enforcement. The same attorney also served as a guest lecturer at Temple University's Beasley School of Law.

PROGRESS AND PERFORMANCE

The MFCU conducted a comprehensive re-evaluation of its caseload to maximize the judicial economy of its operations. The MFCU realigned its focus on criminal abuse and neglect cases to concentrate its investigative efforts in areas where Medicaid dollars are actually spent. Based on the spending trends, the MFCU has increased its focus on home health agencies and other long term care expenditures, which comprise more than one-third of the District's Medicaid Program Expenses.

In FY 2015, the MFCU received 2,338 unusual incident reports ranging from reports of changes in the condition of nursing home residents, to allegations of serious assaults. Additionally, the MFCU received 99 reports, contacts, or referrals regarding fraud, abuse, neglect, or theft, initiated 98 investigations, and closed 210 matters.

The MFCU performance-based budget goal was to resolve 26 cases in FY 2015. The MFCU resolved 26 matters, and also made substantial progress on many other cases that should conclude in FY 2016, particularly cases being investigated by the Operation Capital Ills task force. The MFCU is currently investigating 161 matters, including 103 fraud cases, 5 abuse/neglect cases, 3 patient funds/theft cases, and 50 *qui tam* cases. The MFCU is also actively monitoring another 225 *qui tam* cases around the country that may require direct OIG involvement in the future. Of the 98 investigations the MFCU initiated in FY 2015, 29 involved provider fraud allegations, 36 resulted from abuse or neglect reports, 7 were patient funds-related, and 26 were *qui tam* cases. In FY 2015, the MFCU recouped or had restitution ordered for a total of $2,289,888.02. Through trial or settlement, the MFCU attained 18 substantive dispositions of outstanding fraud and abuse criminal cases.

Performance Statistics	FY 2015
Number of Fraud Matters Opened	55
Number of Abuse, Neglect, or Sexual Assault Opened	36
Number of Theft or Funds Misappropriation Matters Opened	7
Training/In-Service Education Provided to Relevant Entities	16
Criminal and Civil Resolutions	26
Criminal Convictions	18
Plea Agreements	18
Civil Resolutions	8
Criminal Recoveries	$282,998.40
Civil Recoveries	$2,008,891.02

Table 2: Summary of MFCU Performance Data for FY 2015

SIGNIFICANT PROJECTS

1. Operation Capital Ills

Multiple reports of fraudulent schemes in the Washington, D.C. home health care industry led to the creation of Operation Capital Ills, a multi-agency task force dedicated to uncovering those schemes and prosecuting the agencies and individuals involved. Investigators, auditors, and prosecutors from the MFCU joined forces with their counterparts from nine other law enforcement agencies including the FBI, HHS-OIG, the Internal Revenue Service (IRS), the Social Security Administration, Office of the Inspector General, as well as the U.S. Secret Service, and uncovered several, separate schemes involving fraud, kickbacks, and false billings in the growing field of home care services for D.C. Medicaid patients. That investigation burst into public view in February 2014 when the largest health care fraud takedown in District of Columbia history resulted in 24 arrests based on both federal indictments and local arrest warrants. A second wave of arrests took place in December 2014 following the issuance of a superseding indictment that charged another 11 defendants with healthcare related offenses.

The task force's efforts are ongoing, and more arrests and indictments are expected. More detailed information on the second wave of arrests in Operation Capital Ills can be found at: http://1.usa.gov/1GEsvMv.

2. United States of America v. Dennis Allen

Allen was one of the individuals arrested as part of the Operation Capital Ills takedown in February 2014. On August 8, 2014, Allen pled guilty in the Superior Court of the District of Columbia to misdemeanor Second Degree Fraud stemming from his involvement in a scheme where Medicaid patients were paid kickbacks in exchange for the patient's signature on false timesheets for personal care aide (PCA) services that were not actually provided. On October 14, 2014, Allen was sentenced to 75 days in jail (suspended), along with 3 years of supervised probation. The Court also ordered Allen

to pay $2,500 in restitution, plus a $50 payment to the Victims of Violent Crime Compensation Act fund.

3. United States of America v. Eric Mukala

Mukala was one of the individuals arrested as part of the Operation Capital Ills takedown in February 2014. On January 23, 2015, Mukala pled guilty in the Superior Court of the District of Columbia to felony Second Degree Fraud stemming from his involvement in a scheme where Medicaid patients were paid kickbacks in exchange for the patient's signature on false timesheets for PCA services that were not actually provided. Mukala was sentenced to 9 months in jail (suspended), along with 1 year of supervised release followed by 2 years of supervised probation. The Court also ordered Mukala to pay $9,183 in restitution, plus a $100 payment to the Victims of Violent Crime Compensation Act fund.

4. United States of America v. Niba Ayinwinggong

Ayinwinggong was one of the individuals arrested as part of the Operation Capital Ills takedown in February 2014. On September 3, 2014, Ayinwinggong pled guilty in the Superior Court of the District of Columbia to First Degree Theft stemming from her involvement in a scheme where Medicaid patients were paid kickbacks in exchange for the patient's signature on false timesheets for PCA services that were not actually provided. On January 26, 2015, Ayinwinggong was sentenced to 6 months in jail and 2 years of supervised release, all suspended, plus 10 months of supervised probation. The Court ordered Ayinwinggong to pay $5,000 in restitution, plus a $100 payment to the Victims of Violent Crime Compensation Act fund, and to complete 50 hours of community service.

5. United States of America v. Victor Tarkeh

Tarkeh was one of the individuals arrested as part of the Operation Capital Ills takedown in February 2014. On September 22, 2014, Tarkeh pled guilty in the Superior Court of the District of Columbia to Second Degree Fraud (misdemeanor) stemming from his involvement in a scheme where Medicaid patients were paid kickbacks in exchange for the patient's signature on false timesheets for PCA services that were not actually provided. On May 15, 2015, Tarkeh was sentenced to 120 days in jail, (suspended), and 6 months of supervised probation. The Court also ordered Tarkeh to pay $2,500 in restitution, $50 to the Victims of Violent Crime Compensation Act fund, as well as complete 100 hours of community service.

6. United States of America v. Cedonne Alemnji

Alemnji was arrested in February 2014 as part of the Operation Capital Ills takedown, charged with paying kickbacks to a District of Columbia Medicaid patient in exchange for the patient's signature on false timesheets for PCA services that were not actually

provided. In July 2014, Alemnji pled guilty in the Superior Court of the District of Columbia to Second Degree Fraud and on October 29, 2014, was sentenced to 180 days in jail (suspended), and 2 years of supervised probation. The judge also ordered Alemnji to pay restitution in the amount of $26,740.80 to the D.C. Medicaid Program and $100 to the Victims of Violent Crime Compensation Act fund.

7. United States of America v. Brandon Fobeteh

Fobeteh was arrested in February 2014 as part of the Operation Capital Ills takedown, charged with paying kickbacks to a District of Columbia Medicaid patient in exchange for the patient's signature on false timesheets for PCA services that were not actually provided. In May 2015, Fobeteh pled guilty in the Superior Court of the District of Columbia to Attempted Second Degree Theft and was sentenced to 180 days in jail (suspended), and 6 months of unsupervised probation. The judge also ordered Fobeteh to pay $100 to the Victims of Violent Crime Compensation Act fund.

8. United States of America v. Oluwatoyin Bakare

Bakare was arrested in February 2014 as part of the Operation Capital Ills takedown, charged with paying kickbacks to a District of Columbia Medicaid patient in exchange for the patient's signature on false timesheets for PCA services that were not actually provided. In September 2014, Bakare pled guilty in the United States District Court in the District of Columbia to felony Health Care Fraud and on December 11, 2014, was sentenced to 5 years of supervised probation and ordered to pay restitution in the amount of $38,120.80 to the D.C. Medicaid Program, as well as $100 to the Victims of Violent Crime Compensation Act fund.

9. United States of America v. Elizabeth Arung

Arung was arrested in February 2014 as part of the Operation Capital Ills takedown, charged with paying kickbacks to a District of Columbia Medicaid patient in exchange for the patient's signature on false timesheets for PCA services that were not actually provided. In October 2014, Arung pled guilty in the United States District Court in the District of Columbia to Making Illegal Payments in Connection with Federal Health Care Program and on December 18, 2014, was sentenced to 3 years of supervised probation and ordered to pay restitution in the amount of $21,516.00 to the D.C. Medicaid Program, as well as $100 to the Victims of Violent Crime Compensation Act fund.

10. United States of America v. Emiline Besong

Besong was arrested in February 2014 as part of the Operation Capital Ills takedown, charged with paying kickbacks to a District of Columbia Medicaid patient in exchange for the patient's signature on false timesheets for PCA services that were not actually provided. In November 2014, Besong pled guilty in the United States District Court in the District of Columbia to Making or Causing to be Made False Statements or

Representations and on December 18, 2014, was sentenced to 3 years of supervised probation and ordered to pay restitution in the amount of $32,874.24, $100 to the Victims of Violent Crime Compensation Act fund, as well as complete 200 hours of community service.

11. United States of America v. Felix Fon

Fon was arrested in February 2014 as part of the Operation Capital Ills takedown, charged with paying kickbacks to a District of Columbia Medicaid patient in exchange for the patient's signature on false timesheets for PCA services that were not actually provided. In September 2014, Fon pled guilty in the United States District Court in the District of Columbia to Making Illegal Payments in Connection with Federal Health Care Programs and on January 27, 2015, was granted credit for time served and sentenced to 3 years of supervised probation. The judge also ordered Fon to pay restitution in the amount of $124,893.44, as well as $100 to the Victims of Violent Crime Compensation Act fund.

12. United States of America v. Mirabel Mukum

Mukum was arrested in February 2014 as part of the Operation Capital Ills takedown, charged with paying kickbacks to a District of Columbia Medicaid patient in exchange for the patient's signature on false timesheets for PCA services that were not actually provided. In September 2014, Mukum pled guilty in the United States District Court in the District of Columbia to Illegal Payments in Connection with Federal Health Care Programs and Aiding and Abetting and Causing an Act to be Done and on January 27, 2015, was granted credit for time served in jail and sentenced the defendant to 3 years of supervised probation. The judge also ordered Mukum to pay restitution in the amount of $124,893.44, as well as $100 to the Victims of Violent Crime Compensation Act fund.

13. United States of America v. Rose Epse-Acha

Epse-Acha was arrested in February 2014 as part of the Operation Capital Ills takedown, charged with paying kickbacks to a District of Columbia Medicaid patient in exchange for the patient's signature on false timesheets for PCA services that were not actually provided. In February 2015, Epse-Acha pled guilty in the Superior Court of the District of Columbia to Second Degree Fraud and was sentenced the to 6 months in jail (suspended), 2 years of supervised probation, and was ordered to pay restitution in the amount of $10,053.12, as well as $50 to the Victims of Violent Crime Compensation Act fund.

14. United States of America v. Michael Fomundam

Fomundam was arrested in February 2014 as part of the Operation Capital Ills takedown, charged with paying kickbacks to a District of Columbia Medicaid patient in

exchange for the patient's signature on false timesheets for PCA services that were not actually provided. In February 2015, Fomundam pled guilty in the Superior Court of the District of Columbia to Second Degree Fraud. The Superior Court judge sentenced the defendant to 6 months in jail (suspended), 2 years of supervised probation, and ordered him to pay restitution in the amount of $10,053.12, as well as $50 to the Victims of Violent Crime Compensation Act fund.

15. United States of America v. Etienne Boussougou

Boussougou was arrested in February 2014 as part of the Operation Capital Ills takedown, charged with paying kickbacks to a District of Columbia Medicaid patient in exchange for the patient's signature on false timesheets for PCA services that were not actually provided. In May 2015, Boussougou pled guilty in the Superior Court of the District of Columbia to Second Degree Fraud was sentenced to 3 months in jail (suspended), 5 years of supervised probation, and ordered to pay restitution in the amount of $3,912.00, as well as $50 to the Victims of Violent Crime Compensation Act fund.

16. United States of America v. Ulric Boyle

Boyle was arrested in February 2014 as part of the Operation Capital Ills takedown, charged with paying kickbacks to a District of Columbia Medicaid patient in exchange for the patient's signature on false timesheets for PCA services that were not actually provided. In February 2015, Boyle pled guilty in the Superior Court of the District of Columbia to First Degree Fraud and was sentenced to 3 months in jail, 1 year of supervised release (suspended), 2 years of supervised probation, ordered to pay restitution in the amount of $10,053.12, and $100 to the Victims of Violent Crime Compensation Act fund, as well as complete 20 hours of community service.

17. United States of America v. Venkata Srivinas Mannava

Mannava was arrested in July of 2013 for his involvement in a multi-jurisdiction drug diversion scheme. On February 26, 2014, Mannava pled guilty in the United States District Court for the District of Columbia to one count of Conspiracy to Obtain Controlled Substance by Prescription Fraud and one count of Conspiracy to Commit Health Care Fraud, and on June 18, 2015, was sentenced to 6 months of home confinement followed by 3 years of supervised probation, and ordered to pay $4,729,989 in restitution related to damages sustained by the Maryland Medicaid program.

CIVIL SETTLEMENTS AND RECOVERIES

1. LOCAL ANTI-FRAUD EFFORTS

a. United States of America v. American Rehab Equipment

On April 28, 2015, the MFCU collaborated with the HHS-OIG, USAO, and OAG to reach a civil settlement with American Rehab Equipment, settling allegations the company knowingly submitted false invoices to D.C. Medicaid for reimbursement for Medicaid recipients' custom powered wheelchairs. The invoice amounts were improperly inflated over the cost actually incurred by American Rehab Equipment. The District will receive $100,000 as its share of the total $300,000 the company will pay as a part of this settlement. Moreover, the government expressly reserved the right to seek compensation for any other false claims not specifically identified in the settlement agreement which might be discovered in the future. More can be read about the settlement here: http://1.usa.gov/1Spr6uf.

b. United States of America v. Children's Hospital, et al.

In May 2015, an investigation conducted by the MFCU, in collaboration with HHS-OIG, USAO, OAG, and the Virginia MFCU, resulted in a civil settlement with Children's Hospital, Children's National Medical Center, and other related entities (collectively referred to as CNMC). This settlement resolved allegations that CNMC violated the False Claims Act by filing cost reports and applications containing inaccurate information with components and contractors of the HHS and state healthcare agencies responsible for administering government health care and related programs.

According to the settlement agreement, the CNMC misstated information on cost reports and applications presented to the HHS, resulting in this false information being used by HHS and Medicaid programs to calculate reimbursement rates to CNMC. The United States contended that CNMC misreported its available bed count on its application to HHS' Health Resources and Services Administration under the Children's Hospitals Graduate Medical Education (CHGME) Payment Program, which provides federal funds to freestanding children's hospitals to help them maintain their graduate medical education programs that train pediatric and other residents. The United States further contended that CNMC filed cost reports misstating their overhead costs, resulting in overpayment from Medicare and the Virginia and District of Columbia Medicaid programs.

The total settlement recovery amount paid to the United States was $12,604,333.18 and the District recouped $314,145.38.

2. NATIONAL ANTI-FRAUD EFFORTS

A significant component of the MFCU's national anti-fraud activities is its participation in global *qui tam* litigation. In these cases, a "relator" (person with knowledge of fraudulent activity) files the action on behalf of the government, often asserting a scheme of widespread, institutional fraud by a multinational corporation. The federal government and the states impacted by the alleged scheme investigate the claims to determine whether to "intervene" in the action, either individually or jointly. Due to their breadth and subject matter, most *qui tam* cases are factually and procedurally complex.

In meeting the unique challenges of global *qui tam* litigation, the 50 independent state MFCUs work together, under the auspices of the National Association of Medicaid Fraud Control Units (NAMFCU), to investigate, litigate, settle, or otherwise resolve these cases. The OIG MFCU attorneys participate as active members of the NAMFCU *Qui Tam* Subcommittee, which is comprised of representatives from the MFCUs of states with False Claims Act statutes containing *qui tam* provisions. Currently, the District and 29 states have such statutes.

The responsibilities of the subcommittee members vary. During FY 2015, the MFCU attorneys coordinated with other subcommittee members on pending lawsuits as well as develop strategies for investigating and prosecuting these cases. These attorneys also attended and participated in relator interviews, and drafted "intake memoranda" on new cases.

These memoranda contain analyses of the allegations of improper conduct, theories of liability, credibility of the relator, and anticipated defenses, and provide recommendations about how to proceed. The memoranda are ultimately distributed to each of the state MFCUs and the president of NAMFCU, who appoints several subcommittee members to partner with federal prosecutors on national investigation, negotiation, litigation, or settlement teams if a lawsuit has merit. The MFCU attorneys have served on national teams since 2008.

In FY 2015, the District recovered $87,284.14 for the Medicaid program from 6 global settlements, an example of which is described below.

a. Organon Inc.

The District of Columbia collaborated with other states and the federal government to reach an agreement with the drug manufacturer Organon Inc. (Organon), resolving allegations that Organon underpaid rebates it owed to the D.C. Medicaid program, offered improper kickbacks to nursing home pharmacy companies, promoted its anti-depressants for unapproved uses, and misrepresented its drug prices to D.C. Medicaid. The total value of the settlement is $31 million, of which the District of Columbia received $10,212.53.

Underpaid Rebates: The government alleged Organon did not include rebates and discounts in its best price reporting, and therefore, underpaid rebates owed to the D.C. Medicaid Program. The federal Medicaid Drug Rebate Program requires all drug manufacturers which supply products to Medicaid recipients to provide the Medicaid programs the "best price" available for that product.

Kickbacks: The government alleged Organon offered nursing home pharmacy companies market share discounts and rebates to encourage the use of Remeron and Remeron SolTab over competing anti-depressants, in violation of the federal Anti-

Kickback Statute and resulting in the submission of false claims to the D.C. Medicaid program.

Off-Label Promotion: The government alleged Organon promoted the sale and use of anti-depressants Remeron and Remeron SolTab for conditions not approved as safe and effective by the U.S. Food and Drug Administration. Specifically, Organon marketed drug side effects as possible benefits and promoted the use of Remeron in children and adolescents.

Pricing Misrepresentations: The government alleged Organon reported false and inflated prices to D.C's Medicaid program, and then offered the drugs at a lower cost as a financial inducement to nursing home pharmacy companies, which increased the amount of the Medicaid reimbursement to those companies.

Defendant	Drug/Evidence	Medicaid	DC Total
Organon	Remeron	$7,353.02	$10,212.53
Daiichi-Sankyo, Inc.	Benicar & Welchol	$8,922.05	$36,577.95
Inspire Pharmaceuticals	Azasite	$43.11	$218.94
Accredo Health Grp.	Exjade	$5,223.52	$30,265.10
Biogen	Various	$1,163.26	$5,960.52
Organon	Nuvaring	$853.11	$4,049.10
Total:		**$23,558.07**	**$87,284.14**

Table 3: Summary of Global Settlements

ENABLING MISSION AREAS

Risk Assessment and Future Planning (RAFP)

Comprised of the Hotline Program, Fusion Center, and the Oversight Analysis Program, RAFP was established in May 2015 to work synergistically across OIG divisions to eliminate duplication of effort, optimize the breadth and depth of oversight coverage, and accelerate the speed of agency response to changing conditions across District government. By assuming the lead within the OIG to identify, weight, and prioritize risk, creating the RAFP division was the critical next step in assuring smart and efficient deployment of the OIG's limited oversight resources.

The Hotline Program is the reactive component of the RAFP operating structure, serving as the single point for the intake and initial analysis of allegations of fraud, waste, abuse, and mismanagement in District government operations and programs. Contact sources include, but are not limited to Hotline email, website forms (Ask The Director - ATD), walk-ins, telephone calls, postal mail, and faxes.

The Fusion Center operates as the "real-time" component of the RAFP operating structure and exists, in part, to assist the OIG with timely synthesis of large and often varied datasets. The OIG anticipates sustained improvement in the quality of information developed and routed for action within as well as outside the Office.

The Oversight Analysis Program proactively assesses the design and operating effectiveness of District agencies' internal controls. Technical assistance includes agency engagement on the status of our selected open recommendations as well as technical guidance provided to programs and oversight entities in agencies where weak controls have been identified.

OIG HOTLINE

During this reporting period the OIG Hotline received 3,484 contacts and made 412 referrals to external agencies, as shown in Table 4 below.

Referrals	Total
District of Columbia Agencies	321
Federal	75
State	16
Total:	**412**

Table 4: Summary of Hotline Referrals

INTER-AGENCY PARTNERSHIP

Throughout FY 2015, the OIG worked to strengthen synergies with our District oversight partners. One of our greatest successes has resulted from monthly meetings with leaders from the Board of Ethics and Government Accountability (BEGA). During these

monthly meetings with our BEGA counterparts, we have discussed ongoing oversight activities to de-conflict, and in some cases partner on, allegations of ethical misconduct concerning District government employees and officials. This partnership has resulted in several of our referrals resulting in civil penalties assessed by the BEGA. In FY 2016, we look to strengthen the relationships with our District oversight partners in order to maximize the District government's economy, efficiency, and effectiveness.

In FY 2015, the OIG forged mutually beneficial risk management partnership whereby the D.C. Office of Risk Management (ORM) demonstrably and increasingly relies on OIG-RAFP approach to improve agencies' responsiveness to and adoption of audit recommendations crafted to strengthen the District's internal control environment.

Throughout FY 2015, we worked to strengthen synergies with our District oversight partners. One of our greatest successes has resulted from monthly meetings with leaders from the Board of Ethics and Government Accountability (BEGA). During these monthly meetings with our BEGA counterparts, we have discussed ongoing oversight activities to de-conflict, and in some cases partner on, allegations of ethical misconduct concerning District government employees and officials. This partnership has resulted in several of our referrals resulting in civil penalties assessed by the BEGA. In FY 2016, we look to strengthen the relationships with our District oversight partners in order to maximize the District government's economy, efficiency, and effectiveness.

Business Management

Business Management facilitated the following initiatives:

1. OUTREACH

a. Washington Full Circle Television Appearance. On January 7, 2015, the IG appeared as a guest on the District's Cable Network program Washington Full Circle. The IG provided an overview of the OIG's mission and his outlook on public service.

b. Department of Defense Inspector General (DoDIG) Worldwide Hotline Event. On July 30, 2015, the IG was a panelist at the annual Hotline Outreach Event hosted by the DoDIG, sitting on the Current Trends in Crime and Misconduct panel. During this panel discussion, the IG provided an overview of OIG operations and discussed current trends that the OIG encounters during the execution of its mission. The audience for the Event included federal, state, and local oversight practitioners.

c. Mayor's Office of Legal Counsel District Agency General Counsel Monthly Training. On September 30, 2015, the IG, the D.C. Auditor, and the Director of Government Ethics, Board of Ethics and Government Accountability provided training to District Agency General Counsel. The IG's discussion focused on examples of recent impediments to information access experienced by the OIG, and provided ways in which Agency District Counsel could assist the OIG in executing its mission.

2. COMPREHENSIVE ANNUAL FINANCIAL REPORT CONTRACT

The OIG is required by law to enter into a 5-year contract with an independent auditor to accomplish an annual audit of the District's Financial Statements.

The District of Columbia Comprehensive Annual Financial Report (CAFR) is composed of three sections: Introductory, Financial, and Statistical. It is a set of government financial statements comprising of the financial report of the District, and an independent certified accounting firm's opinion as to whether the financial statements were: (1) fairly presented in accordance with GAAP; and (2) whether there were any instances of noncompliance and/or weaknesses in internal controls, which materially affected the District's financial position and operating results as of the end of the fiscal year.

On January 30, 2015, KPMG, LLP published the District's FY 2014 CAFR. This issuance marks the District's 18th consecutive unqualified opinion on its financial statements. The FY 2014 CAFR represents the 6th consecutive year the audit found no material weaknesses in the District's financial statements. However, the CAFR auditors identified three significant deficiencies that could affect the District's ability to initiate, authorize, record, process, reconcile, and report financial data. The "significant deficiencies"[9] identified in the report are weaknesses in General Information Technology Controls, Procurement and Disbursement Controls, and Medicaid and Grants Administration and Monitoring Controls.

3. THE CAFR OVERSIGHT COMMITTEE

The OIG established the CAFR Committee to monitor and oversee the audit process, which is chaired by the OIG. 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 prevent its timely completion. The Committee's purposes include: (1) monitoring the reliability and integrity of the 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; and (3) providing an open avenue of communication among the independent auditors, EOM, D.C. Council, OCFO, and other District management officials.

4. FACILITIES MANAGEMENT PROJECTS

In FY 2015, with the help of the Department of General Services (DGS), the OIG began a renovation to its 4th and 5th floor office spaces to correct long-standing facilities issues.

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[9] A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is important enough to merit attention by those charged with governance.

After the DGS began negotiations with the owner of the building in April 2015, the project started in September.

5. THREAT ASSESSMENT RESULTS

During FY 2015, the OIG engaged the DGS to complete a space threat assessment. The final assessment, delivered in July, contained 30 findings, 26 of which were critical or high vulnerability. Of those, the OIG was responsible to correct 11 critical findings, and rapidly developed a plan to implement corrective measures. As examples, the OIG installed security monitoring systems at the access doors on each floor, required staff to carry access badges, instituted visitor access controls, completed security upgrades to the armory, and installed an OIG-wide video monitoring system.

6. TECHNOLOGY UPGRADES

In FY 2015, the OIG undertook several major technology upgrade projects which will improve efficiency, effectiveness, and flexibility in fulfilling the OIG's mission. Some examples include: increased data analytics capability through implementing the MarkLogic software system as well as improved case management using the iSight case management system. In addition, the MFCU increased its investigative bandwidth through the use of pole cameras for surveillance, cellular telephone mapping software, evidence tracking software, as well as undercover surveillance equipment.

7. TRAINING

In addition to the training programs offered through the D.C. Department of Human Resources for OIG employees, in-house training efforts were conducted by OIG staff in the following areas:

- Hotline Processes: developed a baseline for analyst knowledge to enable the proper documenting and routing of allegations.
- Report Writing: developed investigator familiarization with report templates, the information required in each section, and how that structure can be used as a framework for conducting an investigation.
- Business Process Mapping: resulted in capturing OIG process, analyzing them to identify/eliminate inefficiency and ultimately improve OIG operations.

Quality Management

Quality Management (QM) was established in June 2015 to ensure that OIG operations: adhere to internal policies, procedures, and standards; meet applicable professional and quality standards of performance; and are carried out economically, efficiently, and effectively. In supporting the OIG's mission, QM employs a systemic process of: (1) involving all OIG employees in innovation, customer satisfaction, and *continual improvement* of work processes, products, and services to ensure the OIG's long-term success; (2) maximizing the efficiency, effectiveness, transparency, and accountability of the OIG's operations to maintain the desired level of excellence; (3) ensuring the OIG's work processes provide timely, high-quality products which promote improvement in District government programs and operations; (4) collaborating with all divisions to define, track, and report performance measures for each strategic objective; (5) implementing an effective visual performance metrics dashboard to facilitate data-driven, fact-based decision making; (6) coordinating peer reviews for OIG audit, inspection, and investigation units to provide a formal, objective assessment of their operations; and (7) conducting benchmarking studies to determine how the audit, inspection, and investigation units compare to those of other OIGs.

In addition, QM uses best practices for government oversight to ensure:

- The OIG budget is linked to our strategic goals and objectives.
- OIG resources are targeted to address high risk areas identified by RAFP.
- High quality products and services are delivered to OIG stakeholders.
- Stakeholder feedback on the quality of our products is obtained and used for continual improvement.
- The best employees are recruited, trained, retained, and motivated.

Hearings and Testimony

On February 5, 2015, the IG testified before the D.C. Council's Committee of the Whole's *Public Oversight Hearing on the Fiscal Year 2014 Comprehensive Annual Financial Report (CAFR),* and reported the District had received its 18th consecutive clean audit opinion from the CAFR auditors. The IG also provided the Committee with the OIG's plans to address significant deficiencies identified by the CAFR audit: focus on the contracting and procurement environment; conduct proactive data mining; and, implement a more robust system to track and implement recommendations resulting from audits, inspections, and investigations.

On March 11, 2015, the IG testified before the D.C. Council's Committee on Finance and Revenue at its *Agency Performance Oversight Hearings on Fiscal Year 2014-2015*. The IG provided testimony on the OIG's performance results during FY 2014 and the first part of FY 2015. The IG's testimony focused on the Audit, Inspections and

Evaluations, Investigations, and Medicaid Fraud Control Unit activities and results for the time period.

On April 29, 2015, the IG testified before the D.C. Council's Committee on Finance and Revenue at its *Fiscal Year 2016 Budget Oversight Hearing.* The IG provided testimony on the OIG's proposed FY 2016 budget, and outlined the agency's budget request in terms of personal services and non-personal services funding requirements.

On June 23, 2015, the IG testified before the D.C. Council's Committee of the Whole during its Public Roundtable on *Bill 21-235, Contract No. DCTO-2008-C-0135 Modification Nos. 24 and 25 Approval and Payment Authorization Emergency Act of 2015; and CA 21-71, Proposed Contract with OST, Inc.* The IG provided a recap of previous audit work conducted by the OIG which examined how the District procures information technology staff augmentation services under the Information Technology Support Agreement (ITSA) model. Specifically, the IG discussed the OIG's series of audits that sought to evaluate the award and execution of the ITSA contract. The IG testified at length to the difficulties the OIG experienced in getting access to relevant contract cost and pricing information to determine whether the District had received the best value for its dollar.

On July 10, 2015, the IG testified before the D.C. Council's Committee on Business, Consumer, and Regulatory Affairs during its Public Roundtable on the *Review of the Office of the Inspector General Report Entitled the "Audit of District of Columbia Agencies' Compliance with Small Business Enterprise Expenditure Goals."* The IG's testimony provided a summary of the OIG's audit, which looked into the District of Columbia Department of Small and Local Business Development's management and oversight of the District agencies' small business expenditure goals.

Meetings with Oversight Bodies and Partners

During FY 2015, the IG held over 40 meetings with various District leaders from both the executive and legislative branches.

The IG met with more than 15 Inspectors General from several departments of the Executive Branch of the federal government as well as state governments. The purpose of these meetings was to discuss our Office, as well as learn about other IG offices to share oversight best practices. These meetings included Inspectors General from the U.S. Department of Justice; the U.S. Equal Employment Opportunity Commission; the Recovery Accountability and Transparency Board; the Naval Sea Systems Command; the Defense Logistics Agency; and the State of Georgia Inspector General.

APPENDICES

Reporting Requirements

D.C. Code § 1-301.115a(f-2) requires the OIG to prepare an annual report, no later than December 1st each year, summarizing its activities during the preceding fiscal year. This legislation also outlines the Office's purpose and specific responsibilities, as listed below.

PURPOSE

Section (a-1)(1)	"Conduct and supervise audits, inspections[,] and investigations relating to the programs and operations of District government departments and agencies, including independent agencies . . ."
Section (a-1)(2)	"Provide leadership and coordinate and recommend policies for activities designed to promote economy, efficiency, and effectiveness and to prevent and detect corruption, mismanagement, waste, fraud, and abuse in District government programs and operations . . . "
Section (a-1)(3)	"Provide a means for keeping the Mayor, Council, and District government department and agency heads fully and currently informed about problems and deficiencies relating to the administration of these programs and operations and the necessity for and progress of corrective actions."

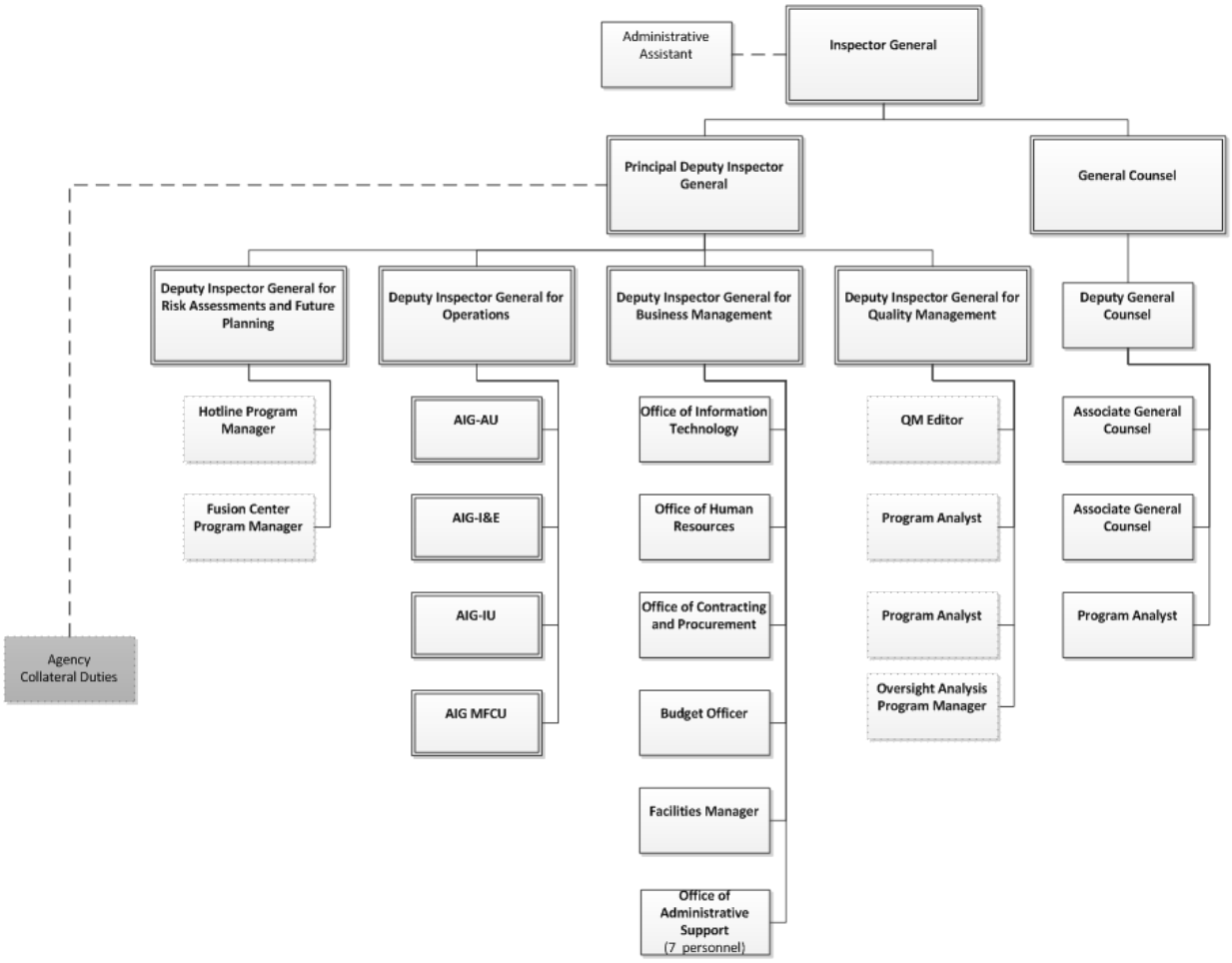
RESPONSIBILITIES

Section (a)(3)(A)	"Conduct independent fiscal and management audits of District government operations . . ."
Section (a)(3)(C)	"Serve as principal liaison between the District government and [U.S. General Accountability Office] . . ."
Section (a)(3)(D)	"Independently conduct audits, inspections, assignments, and investigations [requested by the Mayor] … and any other audits, inspections[,] and investigations [deemed] necessary or desirable in the Inspector General's judgment . . ."
Section (a)(3)(E)	"Annually conduct an operational audit of all procurement activities carried out pursuant to this chapter . . ."
Section (a)(3)(F)(i)	"Forward to the appropriate authority any report, as a result of any audit, inspection or investigation conducted by the office, identifying misconduct or unethical behavior . . ."
Section (a)(3)(F)(ii)	"Forward to the Mayor, within a reasonable time of reporting evidence of criminal wrongdoing to the Office of the U.S. Attorney or other law enforcement office, any report regarding the evidence, if appropriate;"

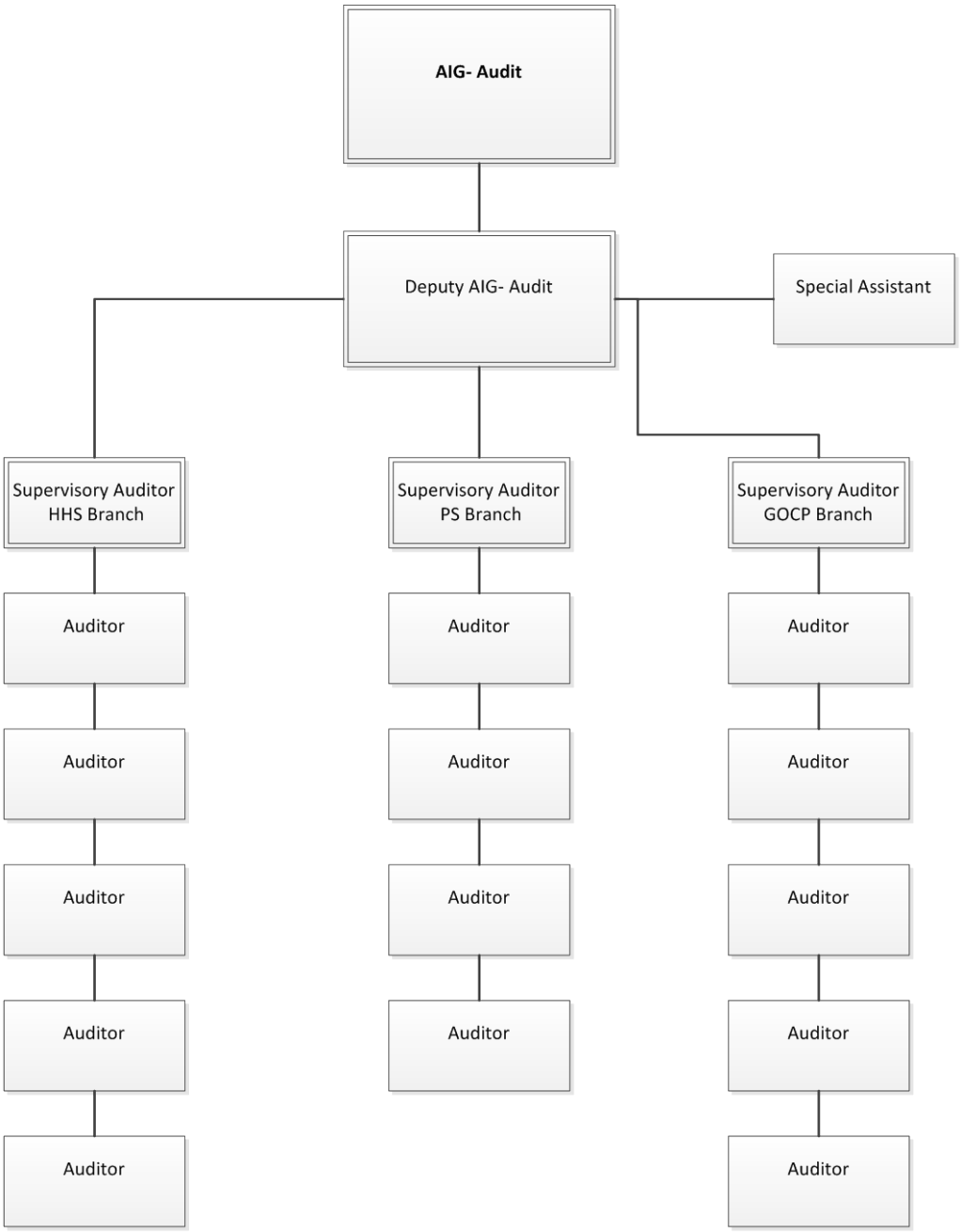
APPENDIX A

Section (a)(3)(H)	"Pursuant to a contract described in [Section (a)(4) below], audit the complete financial statement and report on the activities of the District government for [the] fiscal year . . ."
Section (a)(3)(I)	"Not later than 30 days before the beginning of each fiscal year . . . and in consultation with the Mayor, the Council, and the Authority, establish an annual plan for audits to be conducted . . . during the fiscal year . . ."
Section (a)(3)(J)	"[C]onduct investigations to determine the accuracy of certifications made to the Chief Financial Officer . . . of attorneys in special education cases brought under the Individuals with Disabilities Education Act in the District of Columbia."
Section (a)(4)(A)	"[E]nter into a contract with an auditor who is not an officer or employee of the [OIG] to . . . [a]udit the financial statement and report described in paragraph (3)(H) . . . for [the] fiscal year . . . "
Sections (d)(1) & (2)	"[C]ompile for submission to the . . . Mayor and the Council . . . at least once every fiscal year, a report setting forth the scope of the Inspector General's operational audit, and a summary of all findings and determinations made as a result of the findings. [The report shall include] any comments and information necessary to keep . . . the Mayor and the Council informed of the adequacy and effectiveness of procurement operations, the integrity of the procurement process, and [on] adherence to provisions of this chapter."
Section (f)	"[R]eport expeditiously to the Attorney General whenever the Inspector General has reasonable grounds to believe there has been a violation of Federal or District criminal law."
Section (f-5)	"A peer review of the [OIG's] audit, inspection[,] and investigation sections' standards, policies, procedures, operations, and quality controls shall be performed no less than once every 3 years by an entity not affiliated with the [OIG]. Any final report shall be distributed to the Mayor [and] the Council . . . ."

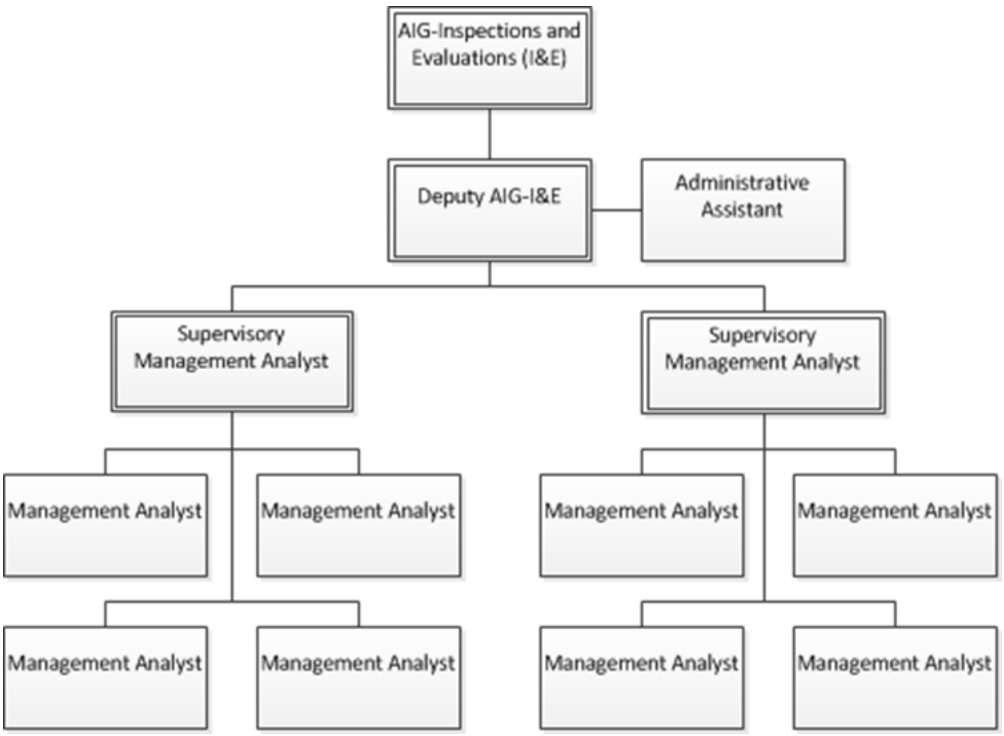
OIG Organizational Chart



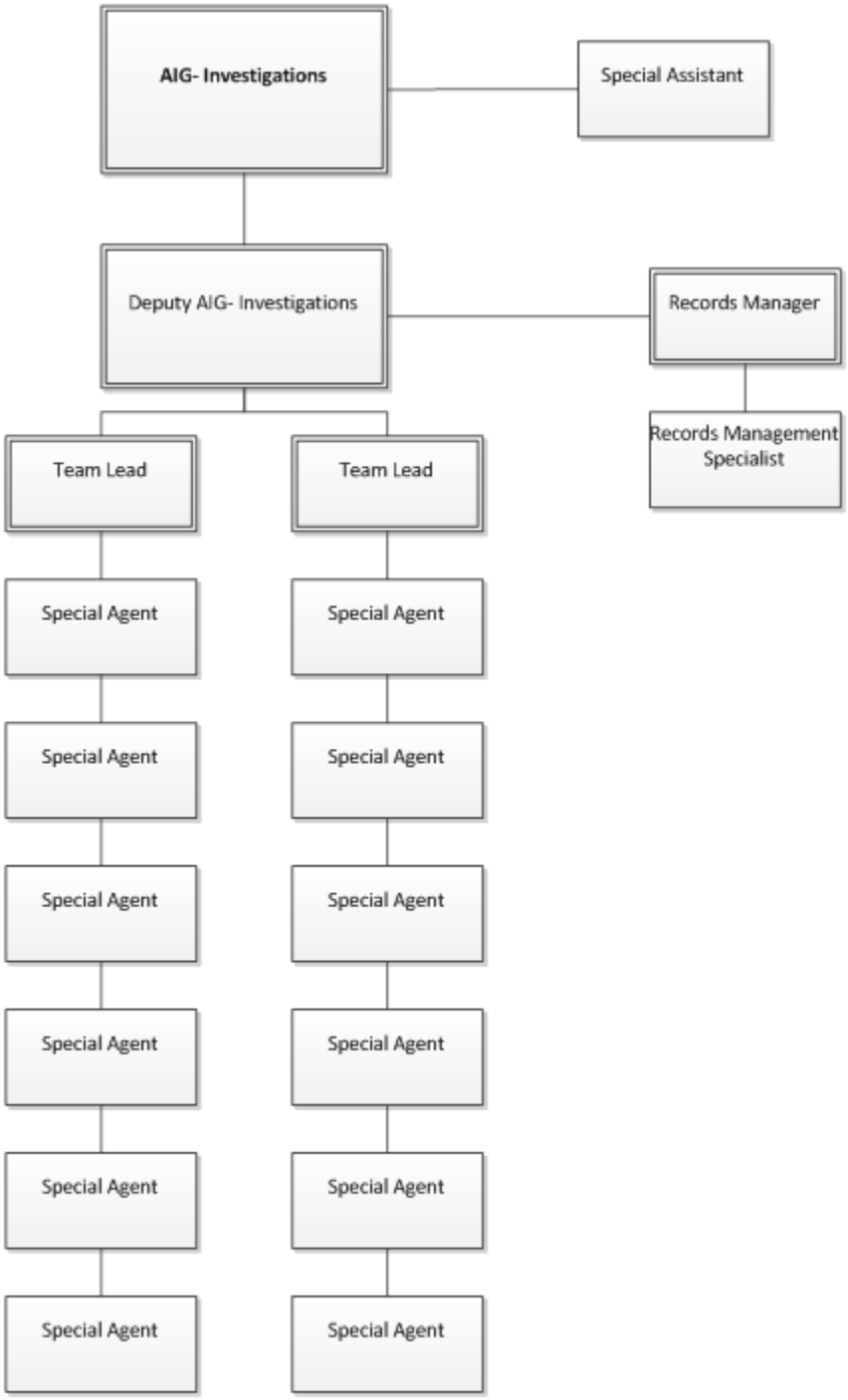
AU Organizational Chart



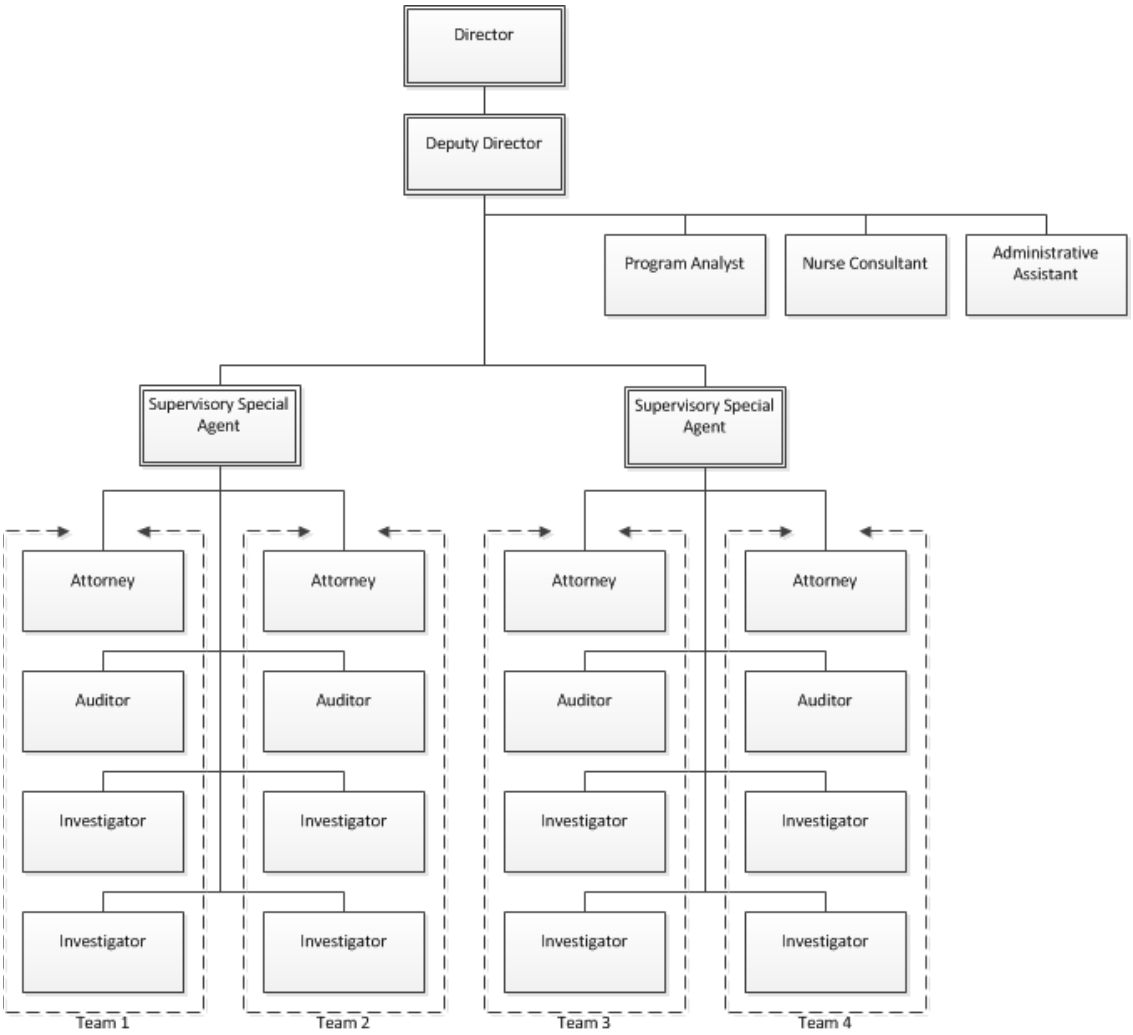
I&E Organizational Chart



IU Organizational Chart



MFCU Organizational Chart



FY 2015 Audit Reports and Recommendations

	Audit Title, Number, Date Issued	Agency	Recommendations Made	Recommendations Status[10]
1	District of Columbia's Highway Trust Fund Financial Statements Audit for FY 2014, January 30, 2014	DDOT[11], OCFO[12]	0	**N/A**
2	Audit of District of Columbia Agencies' Compliance with Small Business Enterprise Goal, June 14, 2015	DSLBD[13]	18	**18 – Closed**
3	Report on Examination of the District of Columbia's Highway Trust Fund Forecast Statements for Fiscal Years 2015-2019 With Actual Audited Figures for Fiscal Year 2014, June 6, 2015	DDOT, OCFO	0	**N/A**
4	Management Implication Report[14] - District Doing Business with Non-Responsible Contractors, September 18, 2015	Multi-Agency[15]	3	**3 – Open**
	Totals		**21**	**Closed – 18** **Open – 3**

[10] This column provides the status of a recommendation as of September 30, 2015. For final reports, "Open" means management and the OIG are in agreement on the required action, but action is not complete. "Closed" means management has advised that the action necessary to correct the condition is complete. "N/A" means not applicable because the OIG did not make a recommendation.
[11] District Department of Transportation
[12] Office of the Chief Financial Officer
[13] Department of Small and Local Business Development
[14] The OIG issues Management Implication Reports (MIRs) on matters of priority concern that affect multiple District agencies.
[15] The OIG addressed this MIR to the Mayor and Council of the District of Columbia based on its audit of the Office of Tax and Revenue and the Office of the Contracting and Procurement.

FY 2015 Inspection and Evaluation Reports

AGENCY	DATE OF PUBLICATION	TITLE
D.C. Office On Aging	January 2015	Hayes Senior Wellness Center--Report Of Inspection
D.C. Office On Aging	April 2015	Washington Seniors Wellness Center-Report Of Inspection
D.C. Department Of General Services-Protective Services Division	April 2015	Report Of Re-Inspection
D.C. Office Of The Attorney General –Child Support Services Division	April 2015	Managment Alert Report – Field Investigators Lack Training, Procedures, And Precautions For Managing Threatening Indiviuuals And Dangerous Situations
D.C. Office On Returning Citizens Affairs	September 2015	Report Of Inspection
Office Of The Chief Medical Examiner	August 2015	Pre-Accreditation Evaluation

APPENDIX I

Distribution List

The Honorable Muriel Bowser, Mayor, District of Columbia, Attention: Betsy Cavendish (via email)
Mr. Rashad M. Young, City Administrator, District of Columbia (via email)
Mr. Barry Kreiswirth, General Counsel, City Administrator, District of Columbia (via email)
Mr. Brian Kenner, Interim Deputy Mayor for Planning and Economic Development, District of Columbia (via email)
The Honorable Phil Mendelson, Chairman, Council of the District of Columbia (via email)
The Honorable Jack Evans, Chairperson, Committee on Finance and Revenue, Council of the District of Columbia (via email)
Mr. John Falcicchio, Chief of Staff, Office of the Mayor (via email)
Mr. Michael Czin, Director, Office of Communications, (via email)
Ms. Nyasha Smith, Secretary to the Council (1 copy and via email)

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D.C. OFFICE OF THE INSPECTOR GENERAL

717 14TH STREET NW WASHINGTON, D.C. 20005

FISCAL YEAR 2015 REPORT ON ACTIVITIES