

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE INSPECTOR GENERAL**

**AUDIT OF DISTRICT  
AGENCIES' IMPLEMENTATION OF  
AUDIT RECOMMENDATIONS**



**CHARLES J. WILLOUGHBY  
INSPECTOR GENERAL**

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Inspector General**

Inspector General



September 21, 2012

Allen Y. Lew  
City Administrator  
Office of the City Administrator  
The John A. Wilson Building  
1350 Pennsylvania Avenue, N.W., Suite 521  
Washington, D.C. 20004

Phillip A. Lattimore III  
Chief Risk Officer  
Office of Risk Management  
One Judiciary Square  
441 4th Street, N.W., Ste. 800S  
Washington, D.C. 20001

Dear Mr. Lew and Mr. Lattimore:

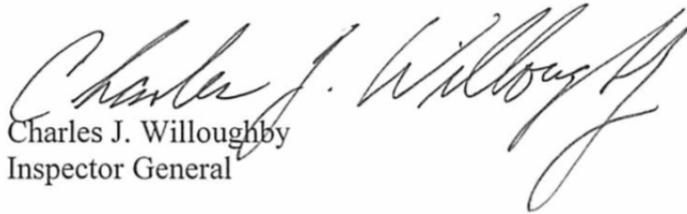
Enclosed is our final report summarizing the results of the Office of the Inspector General's (OIG) Audit of District Agencies' Implementation of Audit Recommendations (OIG No. 11-1-08MA(a)).

As a result of our audit, we directed two recommendations to the Office of Risk Management (ORM) for actions we considered necessary to correct identified deficiencies. On September 10, 2012, ORM provided a written response to the draft report. ORM noted that it will follow-up with agency officials that have not fully implemented recommendations issued by the OIG to ensure timely closure of outstanding recommendations. Additionally, ORM will collect supporting documentation for recommendations reported as closed by District agencies. Actions planned by ORM are considered responsive to the recommendations. However, ORM did not provide target dates for completing the planned actions for the recommendations. We request that ORM provide our Office with target dates for planned actions by November 20, 2012. The full text of ORM's response is included at Exhibit F.

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We appreciate the cooperation and courtesies extended to our staff during this audit. If you have any questions, please contact me or Ronald W. King, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,



Charles J. Willoughby  
Inspector General

CJW/js

cc: See Distribution List

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The Honorable Richard Durbin, Chairman, Senate Subcommittee on Financial Services and  
General Government, Attention: Marianne Upton (via email)

The Honorable Jerry Moran, Ranking Member, Senate Subcommittee on Financial Services  
and General Government, Attention: Dale Cabaniss (via email)

## ACRONYMS

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<b>ADP</b>	Automated Data Processing
<b>ANC</b>	Advisory Neighborhood Commission
<b>ARMR</b>	Agency Risk Management Representative
<b>ASM</b>	Administrative Service Manager
<b>BOA</b>	Bank of America
<b>BRADV</b>	Board for Review of Anti-Deficiency Violations
<b>CAD</b>	Computer-Aided Dispatch
<b>CAFR</b>	Comprehensive Annual Financial Report
<b>CFO</b>	Chief Financial Officer
<b>CHA</b>	Community Health Administration
<b>CMS</b>	Centers for Medicaid and Medicare Services
<b>COTR</b>	Contracting Officer Technical Representative
<b>CPO</b>	Chief Procurement Officer
<b>CYITC</b>	Children and Youth Investment Trust Corporation
<b>D&amp;F</b>	Determination and Findings
<b>DBTS</b>	Delivering Business & Technology Solutions, Inc.
<b>DCGAPS</b>	District of Columbia Greater Access to Pediatric Sickle Cell Services Project
<b>DCBOE</b>	District of Columbia Board of Education
<b>DCMR</b>	District of Columbia Municipal Regulations
<b>DCPS</b>	District of Columbia Public Schools
<b>DDOT</b>	District Department of Transportation
<b>DHCF</b>	Department of Health Care Finance
<b>DMH</b>	Department of Mental Health
<b>DOES</b>	Department of Employment Services
<b>DOH</b>	Department of Health
<b>DPR</b>	Department of Parks and Recreation
<b>ECB</b>	Evidence Control Branch
<b>EPCR</b>	Electronic Patient Care Reporting
<b>FACES</b>	Faces of Our Children
<b>FEMS</b>	Fire and Emergency Medical Services
<b>FMFIA</b>	Federal Managers Financial Integrity Act of 1982
<b>FY</b>	Fiscal Year
<b>GAO</b>	General Accountability Officer
<b>GSA</b>	General Services Administration
<b>HAA</b>	HIV/AIDS Administration
<b>HAHSTA</b>	HIV/Aids, Hepatitis, Sexually Transmitted Diseases, and Tuberculosis Administration

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## ACRONYMS (Continued)

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<b>HIV</b>	Human immunodeficiency virus
<b>I&amp;E</b>	Income and Expense
<b>ICF/DD</b>	Intermediate Care Facility for People with Developmental Disabilities
<b>IFTA</b>	International Fuel Tax Association
<b>IRP</b>	International Registration Plan
<b>ITB</b>	Information Technology Bureau
<b>ITS</b>	Integrated Tax System
<b>JLC/A</b>	Jair Lynch Consulting/Alpha Corporation
<b>MAA</b>	Medical Assistance Administration
<b>MAR</b>	Management Alert Report
<b>MOU</b>	Memorandum of Understanding
<b>MPD</b>	Metropolitan Police Department
<b>OA</b>	Office of Accountability
<b>OCA</b>	Office of the City Administrator
<b>OCFO</b>	Office of the Chief Financial Officer
<b>OCP</b>	Office of Contracting and Procurement
<b>OCT</b>	Office of Cable Television
<b>OCTO</b>	Office of the Chief Technology Officer
<b>ODMPED</b>	Office of Deputy Mayor for Planning and Economic Development
<b>OIG</b>	Office of the Inspector General
<b>OIT</b>	Office of Information Technology
<b>OMB</b>	United States Office of Management and Budget
<b>OOA</b>	Office of Aging
<b>ORM</b>	Office of Risk Management
<b>OSHA</b>	Occupational Safety & Health Administration
<b>OSSE</b>	Office of the State Superintendent for Education
<b>OUC</b>	Office of Unified Communications
<b>PASS</b>	Procurement Automated Support System
<b>PCSB</b>	Public Charter School Board
<b>RFP</b>	Request for Proposal
<b>SDLC</b>	Systems Development Life Cycle
<b>SOAR</b>	System of Accounting and Reporting
<b>SOP</b>	Standard Operating Procedures
<b>SYP or SYEP</b>	Summer Youth Employment Program
<b>TSG</b>	Tax Systems Group
<b>TTGI</b>	The Temple Group, Inc.
<b>USDA</b>	United States Department of Agriculture

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## EXECUTIVE SUMMARY

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### OVERVIEW

The District of Columbia Office of the Inspector General (OIG) has completed an audit of District Agencies' Implementation of Audit Recommendations. As a part of our Fiscal Year (FY) 2011 Audit Plan, we conducted the audit of selected District agencies to determine whether previously made audit recommendations have been implemented. This report is the second of two and summarizes the results of our assessment of District agencies' compliance with OIG audit recommendations. Our first report, *Audit of the Office of Risk Management's System for Managing the Resolution of Audit Findings and Recommendations* (OIG No. 11-1-08MA), centered on the effectiveness of the Office of Risk Management's (ORM) system for managing the resolution of audit findings and recommendations.

The overall objective of this audit was to verify whether agencies have implemented agreed-to recommendations that were intended to correct reported deficiencies. The audit included review and evaluation of corrective actions taken by management on 332 recommendations made in 50 audit reports, which were issued to 31 separate District agencies from October 1, 2007, through September 30, 2010.

### CONCLUSIONS

The results of our audit indicate that OIG recommendations were not timely resolved. We conducted audit testing at 21 District agencies in our audit universe to determine whether they had implemented agreed-to actions in response to our audit recommendations. District agency officials reported that: (1) action had been completed to address 206 of 239 (86 percent) recommendations reviewed; and (2) 33 (14 percent) recommendations remained open (see Exhibit C for details).

We also found that agencies may have: (1) implemented corrective actions, but did not maintain appropriate supporting documentation for recommendations reported as closed; or (2) reported recommendations as closed without implementing the necessary corrective actions. We selected 68 of the 239 recommendations directed to 9 District agencies for verification. We were only able to verify that 35 of the 68 recommendations (51 percent) were actually closed based on documentation maintained by agency officials (see Exhibit D for details).

We issued six separate Management Alert Reports, which reported the results of our verification of reported closed recommendations at each respective agency. We also issued a letter report to the Department of Mental Health, reporting that the results of our review revealed that all recommendations were closed. Additionally, we performed a follow-up audit on the Office of Risk Management (ORM) and issued a separate report of issues identified at this agency.

## **EXECUTIVE SUMMARY**

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### **SUMMARY OF RECOMMENDATIONS**

We directed two recommendations to ORM that we believe are necessary to address deficiencies identified during the audit. The recommendations focus on following up with District agencies on recommendations that remain open to ensure timely resolution and that District agencies maintain sufficient supporting documentation for all audit recommendations reported as closed.

A summary of potential benefits resulting from this audit is included at Exhibit A.

### **MANAGEMENT RESPONSES AND OIG COMMENTS**

On September 10, 2012, ORM provided a written response to the draft report. ORM noted that it will follow-up with agency officials that have not fully implemented recommendations issued by the OIG to ensure timely closure of outstanding recommendations. Additionally, ORM will collect supporting documentation for recommendations reported as closed by District agencies. Actions planned by ORM are considered responsive to the recommendations. However, ORM did not provide target dates for completing the planned actions for the recommendations. We request that ORM provide our Office with target dates for planned actions by November 20, 2012. The full text of ORM's response is included at Exhibit F.

## INTRODUCTION

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### BACKGROUND

The Office of the Inspector General (OIG) has conducted its triennial follow-up audit of District agencies' implementation of audit recommendations issued in the previous 3 fiscal years (FYs). This is the OIG's fourth follow-up audit, and it covers FYs 2008, 2009, and 2010. The OIG conducted this audit as part of the Fiscal Year 2011 Audit Plan.

Our follow-up audits were intended to determine whether agencies had implemented agreed-to recommendations to correct reported deficiencies. During this process, we first contacted District agencies with audit recommendations classified as open and requested that they report on whether the recommendation(s) remained open, were now closed, or had been overtaken by events.<sup>1</sup> We then selected agencies for verification for recommendations reported as closed or overtaken by events; and inquired whether the recommendations had been implemented, are in the process of implementation, or had not been implemented. For recommendations reported as implemented, we requested evidence supporting the status of those recommendations.

We communicated the results of our follow-up audit to agencies selected for verification in the form of Management Alert Reports (MARs) when our review identified discrepancies with the status of recommendations reported by agencies. Otherwise, we issued a letter report to communicate to the agencies that the results of our review revealed no exceptions. We also shared our findings with the Office of Risk Management for resolution of outstanding findings and recommendations. This audit report summarizes our verification procedures and results from the same.

### CRITERIA

The United States General Accountability Office's (GAO) *Standards for Internal Controls in the Federal Government* (Nov. 1999) states:

Monitoring of internal control should include policies and procedures for ensuring that the findings of audits and other reviews are promptly resolved. Managers are to (1) promptly evaluate findings from audits and other reviews, including those showing deficiencies and recommendations reported by auditors and others who evaluate agencies' operations, (2) determine proper actions in response to findings and recommendations from audits and reviews, and (3) complete, within established time frames, all actions that correct or otherwise resolve

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<sup>1</sup> **Open:** Management and the OIG are in agreement on a corrective action to be taken, but action has not been completed as of the date of the report. **Closed:** Management has completed the action necessary to correct the condition or deficiency noted in the audit report. **Overtaken by Events:** Management and the OIG agree that a recommendation is no longer necessary due to changes in management control structure, laws, rules, regulations, policies, procedures, or other significant or unforeseen events. The third designation requires submission of a narrative justification for the determination from the agency.

## INTRODUCTION

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the matters brought to management's attention. The resolution process begins when audit or other review results are reported to management, and is completed only after action has been taken that (1) corrects identified deficiencies, (2) produces improvements, or (3) demonstrates the findings and recommendations do not warrant management action.<sup>[2]</sup>

While not applicable to District agencies, these standards reflect guidance for the District to ensure timely resolution of audit findings and recommendations.

### OBJECTIVES, SCOPE, AND METHODOLOGY

The overall objectives of the audit were to determine whether agencies have: (1) implemented agreed-to recommendations that were intended to correct reported deficiencies; and (2) corrected reported deficiencies. To accomplish our objectives, we identified 50 audit reports issued to 31 District agencies during the period of October 1, 2007, to September 30, 2010. From the 50 audit reports issued during this period, 36 contained a total of 332 recommendations directed to 28 District agencies; the other 14 audit reports contained no recommendations.

We selected 23 audit reports containing 239 recommendations for our follow-up audit directed to 21 District agencies. Our audit universe and scope are detailed in Table 1 on the following page.

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<sup>2</sup> *Id.* at 20-21.

## INTRODUCTION

<b>Table 1 – Audit Universe and Scope</b>				
<b>Description</b>	<b>Total Audit Reports Issued</b>	<b>Total Recommendations Made</b>	<b>Total Reports Included in Follow-up Audit</b>	<b>Total Recommendations Identified for Follow-up Audit</b>
FY 2008	17	126	8	88
FY 2009	18	142	10	121
FY 2010	15	64	5	30
<b>Totals</b>	<b>50</b>	<b>332</b>	<b>23</b>	<b>239</b>

To address the first audit objective, we provided designated agency officials with a list of open audit recommendations at their respective agencies, and asked them to classify the current status of each recommendation as open, closed, or overtaken by events.<sup>3</sup>

Our second audit objective, the verification phase of the audit, was limited to analyzing the documentation provided by agency officials to determine whether management had implemented controls to address reported deficiencies. For example, if the recommendation required that a policy be implemented to address a weakness, we verified that the policy had in fact been written, finalized, and promulgated. We did not otherwise verify, beyond analyzing supporting documentation provided and discussing past recommendations with agency personnel, the implementation and effectiveness of corrected actions reported by agency personnel.

### **ROLE OF THE OFFICE OF RISK MANAGEMENT**

The Office of Risk Management (ORM) was established pursuant to the 2003, Reorganization Plan No. 1 (Title 1, D.C. Code, Chapter 15, Subchapter XVIII, Part A) (the Plan) for the purpose of providing “risk management direction, guidance and support to District government agencies so that they can minimize the total cost of risk, resulting in improved government operations and enhanced service delivery.” *Id.* § 4(a).

Section 6(o) of the Plan requires ORM to: “Implement and maintain a system for managing the resolution of outstanding recommendations/findings from various sources including the Inspector General, the D.C. Auditor, external District-wide audits with management letter recommendations, court orders, retained consultants and others . . . .”

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<sup>3</sup> **Open:** Management and the OIG are in agreement on a corrective action to be taken, but action has not been completed as of the date of the report. **Closed:** Management has completed the action necessary to correct the condition or deficiency noted in the audit report. **Overtaken by Events:** Management and the OIG agree that a recommendation is no longer necessary due to changes in management control structure, laws, rules, regulations, policies, procedures, or other significant or unforeseen events. The third designation requires submission of a narrative justification for the determination from the agency.

## INTRODUCTION

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### RESULTS OF PAST FOLLOW-UP AUDITS

The OIG has issued three follow-up audits in prior years. The following summarizes the results from these projects.

**Audit of District Agencies' Implementation of Audit Recommendations, OIG No. 01-1-01MA, issued on April 23, 2002.** The FY 2002 audit covered 7 District agencies and 194 recommendations. Audit results showed that the rate at which District agencies implemented agreed-to audit recommendations ranged from a high of 90 percent to a low of 63 percent. On average, the 7 District agencies reviewed had complied with 80 percent of the recommendations. Where corrective actions were implemented, sufficient actions were taken by management to address noted deficiencies.

Additionally, we found that six percent of the recommendations were no longer necessary to implement because the recommended actions were overtaken by certain events, i.e., a change in laws, policies, or procedures; operational or system changes; or other factors. However, an average of 14 percent of the recommendations had not been implemented.

This audit also indicated that the District needed to establish a system to track and monitor the status of audit recommendations made to District agencies by the OIG, GAO, various federal inspectors general, and non-government auditors. In response to recommendations made in this audit, the Office of the City Administrator provided a list of actions that had been taken to collect and review past audit reports issued to the District by outside consultants, the D.C. Auditor, the GAO, and the OIG. We were further informed that a data tracking system was under development.

**Audit of District Agencies' Implementation of Audit Recommendations, OIG No. 05-1-17MA, issued on August 16, 2005.** Our FY 2005 follow-up audit covered 22 District agencies and 337 recommendations. Audit results indicated the following:

- District agency officials reported to the OIG that corrective actions had been completed to address 259 of the 337 (77 percent) recommendations reviewed.
- The OIG verified supporting documentation for 162 of the 259 (63 percent) closed recommendations to ensure that actions were completed to adequately address the recommendations.
- Ten of the 22 (45 percent) agencies adequately closed all recommendations at their agencies.

In addition, the audit disclosed that: (1) ORM officials were unsure of their role in regard to tracking and monitoring agencies' implementation of audit recommendations; (2) ORM's follow-up system contained incomplete and inaccurate information; (3) reports were not generated from the system or reviewed by ORM officials; and (4) there was no evidence of

## INTRODUCTION

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any communication between ORM and agency staff in regard to audit follow-up, even where agencies had taken action to close recommendations.

The OIG directed three specific recommendations to ORM to address concerns identified during the audit. The recommendations focused on ensuring the accuracy and completeness of the data contained in the recommendation tracking database, and working collaboratively with District agencies to close the 78 open recommendations identified in the audit report.

In response to recommendations made in this audit, the Chief Risk Officer indicated that ORM had entered all the OIG reports as of March 2005 and that its recommendation tracking database was up-to-date. We were further informed that ORM had implemented controls to ensure the accuracy of the data contained in its tracking system, and that ORM officials would work to ensure District-wide compliance with OIG recommendations during FY 2006.<sup>4</sup>

**Audit of District Agencies' Implementation of Audit Recommendations, OIG No. 08-1-03MA, issued on March 12, 2009.** Our FY 2008 follow-up audit covered 24 District agencies and 363 recommendations. Audit results indicated the following:

- District agency officials reported to the OIG that corrective actions had been completed to address 321 of the 363 (88 percent) recommendations reviewed.
- The OIG verified supporting documentation for 109 of the 321 (34 percent) closed recommendations to ensure that actions were completed to adequately address the recommendations.
- Fourteen of the 24 (58 percent) agencies adequately closed all recommendations at their agencies.

In addition, our audit found that ORM did not have controls in place to ensure compliance with established criteria governing follow-up activities and lacked adequate administrative controls to track and manage the resolution of findings and recommendations. During our audit, ORM attempted to track some of the OIG audit recommendations for mayoral agencies only. ORM's limited recommendation tracking system contained inaccurate and incomplete data. Furthermore, ORM did not maintain sufficient audit trails of follow-up activities completed and planned since FY 2005.

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<sup>4</sup> The findings of our current follow-up audit, however, indicate that those assertions were not supported by sufficient and verifiable documentary evidence.

## FINDING AND RECOMMENDATIONS

### FINDING: RESULTS OF DISTRICT AGENCIES' FOLLOW-UP ACTIONS

#### SYNOPSIS

District agency officials reported to the OIG that action had been completed to address 206 of the 239 recommendations reviewed (86 percent). The OIG verified documentation for 68 of these 206 recommendations to ascertain whether actions were completed to adequately close the recommendations. Additionally, 10 of the 21 agencies (48 percent) adequately closed all recommendations at their agencies.

#### DISCUSSION

We provided designated agency officials with a list of open OIG audit recommendations at their respective agencies, and asked them to classify the status of each recommendation as open or closed. We also asked the officials for supporting documentation of actions taken to address recommendations they reported as closed. Table 2 below summarizes the results of our review, which are presented in greater detail at Exhibit C.

<b>Table 2 – Status of Actions Taken on Recommendations</b>			
<b>Description</b>	<b>Closed</b>	<b>Open</b>	<b>Total</b>
FY 2008	84	4	<b>88</b>
FY 2009	106	15	<b>121</b>
FY 2010	16	14	<b>30</b>
<b>Total Recommendations</b>	<b>206</b>	<b>33</b>	<b>239</b>

Table 2 shows that 33 outstanding recommendations had not been timely resolved. Exhibit C identifies 11 agencies that have open recommendations for which corrective actions have not been completed to address reported deficiencies.

The verification phase of our audit was limited to analyzing the supporting documentation provided by agency officials to determine whether management had implemented controls to address the reported deficiencies. For example, if the recommendation required that a policy be implemented to address a weakness, we verified that the policy had in fact been written, finalized, and promulgated. We did not otherwise verify, beyond analyzing supporting documentation provided and discussing past recommendations with agency personnel, the implementation and effectiveness of corrective actions reported by agency personnel. Of the 68 closed recommendations verified by direct analysis of relevant supporting documentation, 35 recommendations (51 percent) were determined to be fully implemented. Results are detailed at Exhibit D and summarized in Table 3 on the next page.

## FINDING AND RECOMMENDATIONS

<b>Table 3 – Verification of Actions Taken on Recommendations</b>					
<b>Periods Reviewed</b>	<b>Total Recommendations Verified</b>	<b>Fully Implemented</b>	<b>Partially Implemented</b>	<b>In Process</b>	<b>Not Implemented</b>
FY 2008	14	11	1	0	2
FY 2009	51	23	8	3	17
FY 2010	3	1	1	1	0
<b>Totals</b>	<b>68</b>	<b>35</b>	<b>10</b>	<b>4</b>	<b>19</b>

These results indicate that agencies are: (1) not maintaining sufficient supporting documentation for recommendations reported as closed; or (2) reporting recommendations as closed without taking the necessary corrective actions to address reported deficiencies. We are therefore recommending that ORM also follow-up to ensure that agencies continue to work to close the 33 recommendations that the OIG classified as not fully implemented (10 partially implemented, 4 in-process, and 19 not implemented).

### RECOMMENDATIONS

We recommend that the Director, ORM:

1. Follow up with agency officials on the 33 recommendations that have not been fully implemented to ensure that agencies continue to work aggressively to timely close these recommendations.

### ORM RESPONSE

ORM noted that it will follow up and work with officials of agencies with outstanding OIG audit recommendations to ensure that agencies work to timely close all outstanding recommendations.

### OIG RESPONSE

The OIG considers ORM's planned actions to this recommendation as responsive. However, ORM did not provide an estimated target date for completing the recommendation. We request that ORM provide our Office with a target date for planned actions by November 20, 2012.

2. Ensure that sufficient supporting documentation is maintained for all audit recommendations that District agencies report as closed.

## **FINDING AND RECOMMENDATIONS**

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### **ORM RESPONSE**

ORM noted that it will collect documentation to support all recommendations that District agencies report as closed.

### **OIG RESPONSE**

The OIG considers ORM's reply to this recommendation as responsive. However, ORM did not provide an estimated target date for completing the recommendation. We request that ORM provide our Office with a target date for planned actions by November 20, 2012.

**EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS  
RESULTING FROM AUDIT**

No.	Description of Benefits	Amount and Type of Benefits	Estimated Completion Date	Status <sup>5</sup>
1	<b>Program Results.</b> Ensures that ORM follows up on outstanding audit recommendations directed to District agencies to ensure timely resolution.	Non-monetary	TBD	Open
2	<b>Internal Control, Efficiency, and Economy.</b> Ensures that District agencies maintain sufficient documentation to support corrective actions taken in response to audit recommendations.	Non-monetary	TBD	Open

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<sup>5</sup> This column provides the status of a recommendation as of the report date. For final reports, “**Open**” means management and the OIG are in agreement on the action to be taken, but action is not complete. “**Closed**” means management has advised that the action necessary to correct the condition is complete. If a completion date was not provided, the date of management’s response is used. “**Unresolved**” means that management has neither agreed to take the recommended action nor proposed satisfactory alternative actions to correct the condition.

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## EXHIBIT B: LIST OF OPEN RECOMMENDATIONS

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The list below contains 33 open recommendations identified during our follow-up audit. Where available, agency comments are included. For tracking purposes, the recommendation number in the original report is maintained for this report.

### **DISTRICT OF COLUMBIA STATE BOARD OF EDUCATION (DCBOE)**

***Audit of the Notification Procedures of the D.C. Public Charter School Board and the D.C. Board of Zoning Adjustment, OIG No. 07-2-28GA, issued on December 4, 2008.***

Recommendation 1: We recommended that the District of Columbia State Board of Education submit a proposal to the Council of the District of Columbia to revise the School Reform Act to require that: (a) charter school applicants identify proposed sites when they submit their applications to open public charter schools; (b) the Public Charter School Board (PCSB) notify the appropriate Advisory Neighborhood Commission (ANC) when charter school applicants identify their actual school sites; and (c) the PCSB give ANCs an opportunity to provide comments after applicants identify their actual school sites and before the Board grants full approval.

**DCBOE Response:** Several OIG e-mails attempting to obtain the status of this recommendation went unanswered.

### **DISTRICT OF COLUMBIA PUBLIC SCHOOLS (DCPS)**

***Payroll Verification Audit of the District of Columbia Public Schools, OIG No. 08-2-02GA, issued on July 30, 2010.***

Recommendation 1: Recover funds paid to former employees who inappropriately received payments after their employment date.

**DCPS Response:** DCPS continues to work with the Office of the Chief Financial Officer (OCFO) and Human Resources Department and is updating its new General Counsel to resolve this matter. Given the complexity of this issue, the number of individuals impacted, and coupled with the broad reach of other District agencies, it is highly unlikely that this matter will be completely resolved in the next few months but will have to be worked through for a period of time to address [and] identify individuals. DCPS continues to work at resolving this finding. Process is ongoing.

Recommendation 2: Determine if the 90 individuals identified as questionable employees were bona fide employees for the pay period ending November 10, 2007, and take action to recover any funds inappropriately paid to these individuals.

**DCPS Response:** DCPS continues to work with the OCFO and Human Resources Department and is updating its new General Counsel to resolve this matter. Given the

## **EXHIBIT B: LIST OF OPEN RECOMMENDATIONS**

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complexity of this issue, the number of individuals impacted and coupled with the broad reach of other District agencies, it is highly unlikely that this matter will be completely resolved in the next few months but will have to be worked through for a period of time to address [and] identify individuals. DCPS continues to work at resolving this finding. Process is ongoing.

Recommendation 3: Review the personnel files for the 1,718 individuals who were not validated as bona fide employees for the pay period ending November 10, 2007, and whose personnel files were not included in our sample of reviewed files and: (a) determine if they were bona fide employees for the pay period ending November 10, 2007; and (b) recover any funds inappropriately paid to those individuals who were not bona fide employees as of the pay period ending November 10, 2007.

**DCPS Response:** DCPS continues to work with the OCFO and Human Resources Department and is updating its new General Counsel to resolve this matter. Given the complexity of this issue, the number of individuals impacted, and coupled with the broad reach of other District agencies it is highly unlikely that this matter will be completely resolved in the next few months but will have to be worked through for a period of time to address [and] identify individuals. DCPS continues to work at resolving this finding. Process is ongoing.

Recommendation 5: Implement the PeopleSoft component that enables employees to enter their own time into the payroll system and managers (or other designated personnel) to approve those entries, and develop controls to ensure that no employee can approve his/her own time in the system.

**DCPS Response:** School based employees entering their time in PeopleSoft is still a process in the works. Schools are still required to have a designated timekeeper to enter time into PeopleSoft, which then requires principal review and approval. Given the budgetary constraints impacting the District and employees transitions, DCPS had to reassess the implementation of some of the system's components. While DCPS' intent has not necessarily changed, conditions have required revisiting some of its previously projected system enhancements. Process is ongoing.

### **DISTRICT DEPARTMENT OF TRANSPORTATION (DDOT)**

#### **Audit of Motor Fuel Sales and Tax Process, OIG No. 09-2-02KA, issued on July 23, 2009.**

Recommendation 5: We recommend that the Director, DDOT, contact the International Fuel Tax Association (IFTA) to identify what changes or corrections are needed in the DDOT's administration of the International Registration Plan (IRP) program to ensure compliance and to gain acceptance in the IFTA.

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**DDOT Response:** Several OIG e-mails attempting to obtain the status of this recommendation went unanswered.

Recommendation 6: We recommend that the Director, DDOT, complete actions necessary to participate in the IFTA Clearinghouse for processing and payment of fuel taxes.

**DDOT Response:** Several OIG e-mails attempting to obtain the status of this recommendation went unanswered.

### DEPARTMENT OF HEALTH CARE FINANCE (DHCF)

*Audit of the Rate-Setting Process for Intermediate Care Facilities for People with Developmental Disabilities, OIG No. 08-2-17HC, issued on June 29, 2010.*

Recommendation 1: We recommend that the Department of Health Care Finance establish and implement cost-containment controls such as compensation caps, to ensure that ICF/DD (Intermediate Care Facility for People with Developmental Disabilities) rates do not result in excessive compensation to executives.

**DHCF Response:** The current rate methodology that is in place for the ICF/DD is a prospective rate methodology. Under this rate methodology, the rates DHCF pays is the final rate with no rate adjustment if the ICF/DD faces cost overruns. On the other hand, if they make a profit they have the right to distribute the process as deemed necessary. The new rate methodology that was submitted to the Centers for Medicaid and Medicare Services (CMS) has taken into consideration these compensation issues. Therefore, DHCF considers this recommendation as overtaken by events.

However, and as noted in DHCF's response to recommendation 3 on the following page, the Director, DHCF, requested a hold on the State Plan Amendment due to concerns with the new rate methodology. We requested DHCF to consider whether reporting this recommendation as "open"-as opposed to overtaken by events-was more appropriate but DHCF officials responded that they were unable to change their response.

Recommendation 2: We recommend that the Department of Health Care Finance implement existing internal controls, such as performing audits of cost reports, to identify and recoup unallowable costs and to verify that reimbursement rates are accurate.

**DHCF Response:** DHCF responded that the Office of the Chief Financial Officer is responsible for audits and any type of recoupment pertaining to unallowable costs. DHCF officials stated, though, that they believe that these efforts have not been undertaken because the current regulations that are in place do not call for any recoupments. Therefore, DHCF reported this recommendation as open.

## EXHIBIT B: LIST OF OPEN RECOMMENDATIONS

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**OIG Comment:** We believe that, while auditing cost reports is a requirement in governing regulations, DHCF's original response to our audit report alluded to a review separate and distinct from the audits of costs reports with a focus on investigating inappropriate reimbursements and possible fraudulent costs. We notified DHCF that, until they provide evidence that DCHF's proposed review was completed, we consider the status of this recommendation as unresolved.

Recommendation 3: We recommend that the Department of Health Care Finance immediately review executive compensation of the ICF/DD providers not included in our audit to identify and recoup any executive compensation determined to be unreasonable.

**DHCF Response:** The new rate methodology has taken into consideration executive compensation. However, when this rate methodology was submitted for comments, there was an array of irregularities identified by the ICF/DD provider community that they addressed with the CMS causing the Director, DHCF, to request a hold on the State Plan Amendment to review all of the concerns. Therefore, DHCF reported this recommendation as overtaken by events.

**OIG Comment:** In commenting to the agency response in our original audit report, however, we stated that DHCF's response was not responsive because the purpose of our recommendation was for DHCF to review compensation paid to the 12 ICFs/DD providers in 2008 that were not addressed in detail in our audit. In the same way, DHCF's response above does not indicate whether this review has been completed. We notified DHCF that, until they provide evidence that DCHF's proposed review was completed, we consider the status of this recommendation as unresolved.

Recommendation 4: We recommend that the Department of Health Care Finance, as part of management oversight, perform a periodic evaluation of the reimbursement office to determine whether actual operations comply with District and federal laws and regulations.

**DHCF Response:** Even though the previous administration implemented organizational realignment to better target staffing and developed an array of internal policies, due to the high agency vacancy rate, DHCF will not be able to follow up until DHCF is fully staffed.

***Audit of Non-Emergency Transportation Provider Compliance With License and Certification Requirements, OIG No. 05-2-18HC(d), issued on February 22, 2008.***

Recommendation 4: We recommend that the Director, Department of Health, coordinate with the broker to ensure compliance with the requirement for vehicle inspection every 6 months.

**DOH Response:** The response to the original audit report was provided to the OIG by the Medical Assistance Administration (MAA) which, at the time, was part of DOH. In October

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## EXHIBIT B: LIST OF OPEN RECOMMENDATIONS

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2008, MAA became the Department of Health Care Finance. DOH could not provide a status of this recommendation as it now resides with DHCF.

**DHCF Response:** We contacted DHCF, who responded that the non-emergency transportation contract requires the broker to conduct annual inspections but the vendor conducts both annual and semi-annual inspections to monitor its operations and vehicles. The additional inspections are conducted to ensure that vendors are using vehicles with the required vehicle markings, employing credentialed drivers, and complying with District regulations. This includes checking for operable signals, current vehicle registration, and use of authorized vehicles. The findings of the vehicle inspections are maintained on file to serve as proof of completed inspections. Therefore, DCHF considers this recommendation as closed.

**OIG Comment:** While DHCF's response states that the transportation broker is conducting semi-annual vehicle inspections, it does not indicate whether these inspections are performed by a certified inspection station and whether the vehicles passed inspection. We notified DHCF that, until they provided evidence of compliance with the requirement for vehicle inspection every 6 months, we consider the status of this recommendation as unresolved.

### DEPARTMENT OF HEALTH

*Audit of the Department of Health's Administration of HIV Policy and Programs and Grant Management, OIG No. 07-2-06HC, issued on October 15, 2008.*

Recommendation 2: We recommend that the Director, Department of Health (DOH), establish policies and procedures that require HIV/AIDS Administration (HAA) management to provide effective supervision over its general contract administration responsibilities, including such contract activities as the review and approval of contractors' invoices submitted for payment. Require HAA to periodically assess compliance with the established policies.

**DOH Response:** HIV/AIDS, Hepatitis, Sexually Transmitted Diseases, and Tuberculosis Administration (HAHSTA) is implementing administration-specific Standard Operating Procedures (SOP), including a Provider-Invoice Approval Process, which requires routine assessment and approval of contractors' invoices. In addition, HAHSTA will ensure that related personnel obtain training and utilize the tools provided by the District's procurement office.

Recommendation 3: We recommend that the Director, DOH, establish a training program for Contracting Officer Technical Representatives (COTRs) that requires basic and refresher training, utilizing the expertise of the Office of Contracts and Procurement (OCP), the Center for Workforce Development, and the myriad of COTR training programs (such as those

## EXHIBIT B: LIST OF OPEN RECOMMENDATIONS

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provided by the Graduate School, USDA, the General Services Administration, other federal agencies, and commercial vendors).

**DOH Response:** HAHSTA has reviewed the training history of staff involved in contract monitoring to ensure that they have adequate knowledge and competencies. HAHSTA's Administrative Service Manager is coordinating training schedules with DOH's Procurement Office to determine possible dates for financial systems training. HAHSTA's primary training requirements include PASS (Procurement Automated Support System), SOAR (System of Accounting and Reporting), and CFO Solve.

Recommendation 4: We recommend that the Director, DOH, direct HAA management to routinely screen contract files to verify that COTRs have monitored contractor performance.

**DOH Response:** HAHSTA's Finance Unit is working to develop a routine spot check process of invoice approvals and Certifications of Payment by contract administrators. This process will entail Finance Unit staff randomly selecting purchase orders and verifying that the contract is being properly monitored and the invoices correctly verified by the contract administrator.

Recommendation 5: We recommend that the Director, DOH, take necessary action to recover \$106,000 in questionable/unallowable startup costs and \$28,353 in unauthorized travel costs.

**DOH Response:** HAHSTA will work with DOH and OCP to determine the next steps with regard to this OIG recommendation.

Recommendation 16: We recommend that the Director, DOH, develop a verification process to validate HIV/AIDS program deliverables, including practices that provide reasonable assurance those services are being provided.

**DOH Response:** HAHSTA is implementing administration-specific standard operating procedures (SOP), including a Provider-Invoice Approval Process, and soon will implement Quarterly Sub-grant Review meetings with finance, grant management, and program officers to provide an effective system of checks and balances to ensure that agreed-to services were performed by subgrantees.

Recommendation 18: We recommend that the Director, DOH, periodically review grant and subgrantee files and records to ensure that the operating divisions adhere to all District statutes, regulations, and agency policies and procedures relating to records management.

**DOH Response:** HAHSTA is implementing administration-specific Standard Operating Procedures (SOP), including more robust and coordinated monitoring of provider invoices, deliverables, and performance. Quarterly Sub-grant Review meetings are being implemented

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## EXHIBIT B: LIST OF OPEN RECOMMENDATIONS

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with finance, grant management, and program officers to ensure adherence by sub-grantees to all District statutes, regulations, and agency policies and procedures relating to records management.

### DEPARTMENT OF PARKS AND RECREATION AND OFFICE OF CONTRACTING AND PROCUREMENT

***Audit of the Department of Parks and Recreation Capital Projects, OIG No. 06-1-08HA, issued on May 13, 2008.***

Recommendation 12: We recommend that the Director, Department of Parks and Recreation (DPR) and the Chief Procurement Officer, Office of Contracting and Procurement (OCP) coordinate to determine the amount of overpayments of management fees and take action to recover overpayments made to contractors JLC/A (Jair Lynch Consulting/Alpha Corporation) and TTGI (The Temple Group, Inc.).

**DPR/OCP Response:** In a letter dated March 11, 2009, in response to our request for the status of this recommendation, OCP stated that DPR and OCP were soliciting an external resource to audit the contracts in question to determine the amount of overpayments to JLC/A and TTGI. In e-mail dated May 24, 2011, we followed up with OCP on the status of the proposed audit of these contracts and any overpayments identified but, as of the date of this report, OCP has not provided a response.

### FIRE AND EMERGENCY MEDICAL SERVICES

***Audit of the Department of Fire and Emergency Medical Services' Administration of Ambulance Billing Contracts, OIG No. 07-2-31FB, issued on March 23, 2009.***

Recommendation 1: We recommend that the Chief, Fire and Emergency Medical Services (FEMS), integrate business-related activities into FEMS' mission to provide assurance that key business functions have adequate oversight and accountability.

**FEMS Response:** In 2009, with the cooperation with the Office of the Chief Financial Officer (OCFO), FEMS established a Bank of America (BOA) client account services "lock-box" account for payment management. The FEMS payment mailing address for ambulance billing payments and correspondence is now managed by BOA. Payments are directly deposited to a District government account by the bank with photo scanned image records of checks and other documents electronically transferred to the ambulance billing contractor. The contractor posts (credits) patient account payments using the electronically transferred information and no longer handles "live" checks or provides courier services for the transfer of "live" checks. Posted payments are individually reconciled against SOAR deposit records provided to the contractor each month. Both the FEMS COTR and a OCFO controller

## EXHIBIT B: LIST OF OPEN RECOMMENDATIONS

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review and approve the reconciliation monthly. The contractor receives payments for services only after reconciliation is successfully completed.

In 2009, FEMS completed a transition to electronic patient care reporting (ePCR) records, replacing paper records. Paper patient care reports are now used only when electronic systems are unavailable. In FY 2010, more than ninety-nine percent (99%) of patient records were completed using ePCR. Daily monitoring of ePCR record transfer to the ambulance billing vendor is accomplished by an automated process notifying key staff that transfer was successful to assure immediate availability for billing purposes. Beginning in FY 2011, FEMS initiated an ePCR reconciliation process with the ambulance billing contractor. The contractor receives weekly FEMS computer aided dispatch (CAD) records identifying all ambulance transport calls. The contractor reconciles their patient account record against the CAD record, identifying if ePCRs are missing. Missing ePCR records generate a report back to department management for follow up.

Recommendation 4: We recommend that the Chief, FEMS, implement steps to identify and maintain information on contract end dates to provide adequate time for planning and negotiating new contracts prior to expiration of existing contracts.

**FEMS Response:** FEMS, in cooperation with OCP, is writing a revised technical specification for the provision of a new ambulance billing, payment collection, and patient data management contract reflecting recent changes to regulatory, technological, and administrative processes impacting billing and collection services. The anticipated award date for the new contract is December 1, 2011.

The specification changes include healthcare insurance regulations implemented by the federal government, hardship and payment responsibility regulations implemented by the District government, information technology and network improvements implemented by the Office of the Chief Technology Officer (OCTO), and new ambulance billing requirements identified after transition of department administration following the mayoral election.

Recommendation 12: We recommend that the Chief, FEMS, utilize the services of a collection agency that will work on a contingent fee basis to collect past due accounts after 180 days of billing.

**FEMS Response:** FEMS, as a result of the need to maximize District revenue, is evaluating methodology to refer unpaid patient accounts between 180 and 365 days overdue to collection service agencies. By June 1, 2011, FEMS will bill and begin payment collection processing for nursing homes and other healthcare facilities with unpaid ambulance transport accounts following the requirements of the “Health and Safety 911 Abuse Prevention Amendment Act of 2010” (A18-0682). Similarly, FEMS is awaiting legislative action on the “Delinquent Debt Recovery Act of 2011” (B19-0008) before recommending a collection process.

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Recommendation 14: We recommend that the Chief, FEMS, provide MAA with a detailed cost analysis of its emergency transport costs to support a state plan amendment by MAA to increase Medicaid reimbursement rates, and continue to develop cost analyses annually as required by Section 4.19.b of the District's State Medicaid Plan.

**FEMS Response:** Prior to January 1, 2011, FEMS did not have a full calendar year of accurate and representative patient account data to complete a Medicaid cost analysis that would withstand Centers for Medicare and Medicaid (CMS) OIG audit review (CMS is the federal agency that regulates Medicaid). FEMS contacted the Department of Health Care Finance (DHCF) in March 2011 to discuss options for completing the cost study. FEMS will work cooperatively with DHCF to examine and complete cost study methodology prior to January 1, 2011.

Any cost study advocating increased federal reimbursement to the District for ambulatory transport costs must be exhaustively detailed in nature to withstand federal audit. Without such precision, the District could be required to re-pay reimbursed Medicaid costs (spanning a multi-year period) to CMS, potentially resulting in liability exceeding \$3 million per year for each year of increased reimbursement prior to federal audit if the audit not support the cost study methodology.

### METROPOLITAN POLICE DEPARTMENT

*Audit of the District of Columbia Metropolitan Police Department's Management of Seized and Confiscated Property/ Evidence, OIG No. 07-1-21FA, issued on May 19, 2009.*

Recommendation 4: We recommend that the Chief of Police, Metropolitan Police Department (MPD), purge all seized and confiscated property and evidence no longer needed for prosecution prior to relocating to the new ECB facility.

**MPD Response:** MPD undertook the relocation projects to the new facility in January 2010. In doing so, there was a two pronged attack to prepare those items that would be required to be maintained in the new facility, while at the same time purging all non-required property. This process has meant that to date, the Evidence Control Division is working to purge all the unnecessary items. At the same time, 40,000 boxed items have been identified as being required to be maintained. The relocation process should be completed by July 2011; with a final purge effort to be completed by September 2011.

Recommendation 9: We recommend that the Chief of Police, MPD, direct ITB to document instructions needed to run the property database accurately and efficiently, including back-up and retention procedures.

**MPD Response:** MPD is currently conducting an assessment for a datacenter technology refresh. One goal of this project is to improve backup and recovery capabilities. Through

## EXHIBIT B: LIST OF OPEN RECOMMENDATIONS

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this process, each system will have its backup and retention process documented. The first group of systems is targeted for deployment in the 3<sup>rd</sup> quarter of 2011. The final group of systems is targeted for 2011 delivery.

### OFFICE OF CONTRACTING AND PROCUREMENT

#### ***Audit of Contracting Actions at the Office of the Chief Technology Officer, OIG No. 08-2-06TO(a), issued on September 15, 2010.***

Recommendation 3: We recommend that Chief Procurement Officer, Office of Contracting and Procurement (OCP), comply with the requirements established in 27 DCMR § 2100 for purchasing from existing term contracts. We recommend that the procurement checklist include a review of existing supply sources as a step for signoff by contracting specialists or contracting officers.

**OCP Response:** The new Ariba Sourcing and Contract modules, which went live in June and August 2010, respectively, maintain all files electronically and are processed with the added benefit of electronic controls for sufficiency and completeness. As a result, the OIG recommendations to implement “checklists” in recommendations 3 and 4 (see below) will become less relevant as we fully realize the automatic controls that the new Ariba module will allow.

Recommendation 4: We recommend that the CPO, OCP, comply with D.C. Code § 2-218.45 (Mandatory set-aside of contracts with a value of \$100,000 or less for small business enterprises). We recommend that the procurement checklist include this requirement for sign-off by contracting specialists/officers. The exceptions should also be documented in the D&F.

**OCP Response:** See OCP Response to Recommendation 3 above.

Recommendation 5: We recommend that the CPO, OCP, comply with the requirement established in 27 DCMR § 1626 for the performance of the cost analysis. We recommend that the procurement checklist include the requirement to obtain certified cost/pricing data from contractors and perform the cost analysis. The exceptions should also be documented in the D&F.

**OCP Response:** As part of ongoing OCP efforts to strengthen training opportunities for its employees, OCP will revisit items outlined in recommendations 5 and 6 (see below) to determine if: a) certified cost/price analysis is necessary on supply schedules already approved by the GSA, and b) the best way to implement training, if deemed necessary.

Recommendation 6: We recommend that the CPO, OCP, establish procedures that require contracting personnel to have the training necessary to perform cost analyses.

## **EXHIBIT B: LIST OF OPEN RECOMMENDATIONS**

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**OCP Response:** See OCP Response to Recommendation 5 above.

Recommendation 10: We recommend that the CPO, OCP, determine whether DBTS should be assessed a penalty for noncompliance with the contract.

**OCP Response:** OCP maintains that the allegation included in this recommendation lacks enough clarity to allow OCP to determine if a penalty should be assessed against DBTS for non-compliance with the contract. Nonetheless, any instance in which tax dollars may have been wrongly spent or wasted demands the full attention of OCP. Therefore, OCP welcomes the opportunity to work with OIG to revisit the methodology used to support allegations of wrongdoing against DBTS, and make a final determination on whether a penalty should be assessed.

### **OFFICE OF THE CHIEF TECHNOLOGY OFFICER**

***Audit of Contracting Actions at the Office of the Chief Technology Officer, OIG No. 08-2-06TO(a), issued on September 15, 2010.***

Recommendation 13: We recommend that the Chief Technology Officer, Office of the Chief Technology Officer (OCTO), compare supporting documentation (timesheets) independently maintained by COTRs with supporting documentation submitted with DBTS invoices that were certified by COTRs for payment during FYs 2007 and 2008 and seek repayment for all unsupported invoices.

**OCTO Response:** In responding to the OIG's original audit report, OCTO indicated that they concurred with the recommendation. The OIG, however, noted that OCTO did not provide a planned completion date. In letter dated March 11, 2011, the OIG followed up with a request for a completion date for this recommendation but, as of the date of this report, OCTO has not responded to our request.

### **OFFICE OF RISK MANAGEMENT**

***Audit of District Agencies' Implementation of Audit Recommendations, OIG No. 08-1-03MA, issued on March 12, 2009.***

Recommendation 2: We recommend that the Director, Office of Risk Management (ORM), implement a comprehensive Web-based database system to accurately and completely track recommendations directed to the District agencies and to facilitate the timely resolution of outstanding recommendations from various sources including the OIG, D.C. Auditor, GAO, federal inspectors general, and external auditors.

**ORM Response:** ORM agrees that tracking OIG recommendations issued to agencies and facilitating the resolution of outstanding recommendations from OIG and other entities are

## **EXHIBIT B: LIST OF OPEN RECOMMENDATIONS**

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part of its responsibilities. However, the reorganization plan does not impose on ORM the requirement to use a Web-based data system to track OIG recommendations that have been issued to agencies. ORM currently tracks “open” and “unresolved” recommendations through Microsoft Excel. The current tracking system is sufficient for recommendation tracking. Moreover, ORM works collaboratively with the OIG to ensure the accuracy of such reporting. Therefore, ORM considers this recommendation as not implemented.

Recommendation 6: We recommend that the Director, ORM, develop and disseminate formal goals and objectives of the audit follow-up process as part of the annual performance-based budgeting approach, and emphasize individual accountability for conforming to the related control guidelines. Management should continuously monitor follow-up activities to achieve the established objectives.

**ORM Response:** ORM has drafted SOPs regarding ORM’s process for following up with agencies on addressing OIG recommendations. However, these policies would only impact ORM’s operations. Therefore, ORM considers this recommendation as in process of implementing within statutory authority.

## EXHIBIT C: STATUS OF OIG AUDIT RECOMMENDATIONS

Agency	Total <sup>6</sup>	Closed <sup>7</sup>	Open <sup>8</sup>	Percent Remaining Open
1. DC State Board of Education (DCBOE)	1	0	1	100%
2. Board for Review of Anti-Deficiency Violations (BRADV)	3	3	0	0%
3. District of Columbia Public Schools (DCPS)	24	20	4	17%
4. District Department of Transportation (DDOT)	10	8	2	20%
5. Department of Health Care Finance (DHCF)	5 <sup>9</sup>	0	5	100%
6. Department of Mental Health (DMH)	15	15	0	0%
7. Department of Employment Services (DOES)	24	24	0	0%
8. Department of Health (DOH)	37 <sup>10</sup>	31	6	16%
9. Department of Parks and Recreation (DPR)	32	31	1	3%
10. Fire and Emergency Medical Services (FEMS)	12	8	4	33%
11. Metropolitan Police Department (MPD)	11	9	2	18%
12. Office of the Chief Financial Officer (OCFO)	8	8	0	0%
13. Office of Contracts and Procurement (OCP)	15	10	5	33%
14. Office of Cable Television (OCT)	4	4	0	0%
15. Office of the Chief Technology Officer (OCTO)	3	2	1	33%
16. Office of Deputy Mayor for Planning and Economic Development (ODMPED)	8	8	0	0%
17. Office on Aging (OOA)	2	2	0	0%
18. Office of Risk Management (ORM)	11	9	2	18%
19. Office of the State superintendent for Education (OSSE)	3	3	0	0%
20. Office of Unified Communications (OUC)	5	5	0	0%
21. DC Public Charter School Board (PCSB)	6	6	0	0%
<b>Total Recommendations</b>	<b>239</b>	<b>206</b>	<b>33</b>	

<sup>6</sup>Total recommendations made in FYs 2008-2010

<sup>7</sup> Reported by agencies as closed

<sup>8</sup> Reported by agencies as open

<sup>9</sup> Includes one recommendation originally issued to DOH but, with the transfer of MAA operations to DHCF in 2008, it became the responsibility of DHCF

<sup>10</sup> One recommendation originally issued to DOH but, with the transfer of MAA operations to DHCF in 2008, it became the responsibility of DHCF

**EXHIBIT D: RESULTS OF FOLLOW-UP AUDIT VERIFICATIONS**

District Agencies	Open	Closed	Recommendation		Fully Implemented	Partially Implemented	In Process of Implementation	Not Implemented	Total Verified
1. DCBOE	1	0	1		0	0	0	0	0
2. DHCF	0	3	3		0	0	0	0	0
3. DCPS	4	20	24		8	2	0	3	13
4. DDOT	2	8 <sup>11</sup>	10		0	0	0	0	0
5. DHCF	5	0	5 <sup>12</sup>		0	0	0	0	0
6. DMH	0	15	15		6	0	0	0	6
7. DOES	0	24 <sup>13</sup>	24		6	2	0	3	11
8. DOH	6	31	37 <sup>14</sup>		7	0	1	1	9
9. DPR	1 <sup>15</sup>	31 <sup>16</sup>	32		0	0	0	0	0
10. FEMS	4	8	12		2	0	1	1	4
11. MPD	2	9	11		0	0	0	0	0
12. OCFO	0	8	8		1	3	1	3	8
13. OCP	5	10	15		0	0	0	0	0
14. OCT	0	4	4		1	1	1	0	3
15. OCTO	1	2	3		0	0	0	0	0
16. ODMPED	0	8	8		0	0	0	0	0
17. OOA	0	2	2		0	0	0	0	0
18. ORM	2	9	11		1	2	0	8	11
19. OSSE	0	3	3		3	0	0	0	3
20. OUC	0	5	5		0	0	0	0	0
21. PCSB	0	6	6		0	0	0	0	0
<b>TOTAL</b>	<b>33</b>	<b>206</b>	<b>239</b>		<b>35</b>	<b>10</b>	<b>4</b>	<b>19</b>	<b>68</b>

<sup>11</sup> Recommendations issued jointly to DDOT and OCFO

<sup>12</sup> Includes one recommendation originally issued to DOH but, with the transfer of MAA operations to DHCF in 2008, it became the responsibility of DHCF

<sup>13</sup> Includes two recommendations issued jointly to DOES and OCA and four recommendations issued jointly to DOES and OCP

<sup>14</sup> One recommendation originally issued to DOH but, with the transfer of MAA operations to DHCF in 2008, it became the responsibility of DHCF

<sup>15</sup> Recommendation issued jointly to DPR and OCP

<sup>16</sup> Includes five recommendations issued jointly to DPR and OCP and one recommendation issued jointly to DPR, OCFO, and OCP

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## EXHIBIT E: RECOMMENDATIONS IDENTIFIED BY THE OIG AS NOT IMPLEMENTED

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The OIG verified supporting documentation for 68 recommendations that 8 agencies reported as closed. Our review identified that 35 recommendations (51 percent) were determined to be fully implemented. The 10 partially implemented, 4 in-process of implementation, and 19 not implemented are listed below for management's attention.

### DISTRICT OF COLUMBIA PUBLIC SCHOOLS

#### *Audit of the District of Columbia Public Schools' Residency Requirements,* OIG No. 06-1-14GA, issued on January 24, 2008.

**Recommendation 3:** We recommend that the Chancellor, District of Columbia Public Schools (DCPS), augment the Student Residency Office's staff to enable the office to: (a) conduct investigations on the students identified with unverified residency; (b) conduct random tests of records; and (c) analyze the completed investigations to identify systemic problems in the residency verification process.

**Results of OIG Verification:** DCPS responded that over the past few years, the District, as a whole, has experienced budgetary/spending pressures, which have required agencies to readdress staffing needs. Given the budgetary pressures experienced by District agencies, the DCPS' Student Residency Office was unable to add staff as planned. Therefore, we classified this recommendation as "not implemented."

**Recommendation 5:** We recommend that the Chancellor, DCPS, reconcile, on an annual basis, DCPS' list of students with unverified residency status that attend private and out-of-state public facilities with the list of students with unverified residency status identified during the enrollment audit.

**Results of OIG Verification:** DCPS indicated that Office of the State Superintendent for Education (OSSE) assumed responsibility for the annual reconciliation as part of its annual enrollment audit. When we requested OSSE corroborate DCPS' assertion, OSSE advised that they do not reconcile the lists of students with unverified residency status but provide support to schools in the form of residency data. Because DCPS is not reconciling, on an annual basis, the list of students with unverified residency status that attend private and out-of-state public facilities with the list of students with unverified residency status identified during the enrollment audit, we classified this recommendation as "not implemented."

**Recommendation 6:** We recommend that the Chancellor, DCPS, develop procedures for withdrawing students from DCPS-funded facilities and terminating their tuition payments when their residency status is not timely established.

**Results of OIG Verification:** DCPS' Annual Residency Verification Process policy (May 2010) addresses the verification process and details DCPS procedures for verifying residency

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## EXHIBIT E: RECOMMENDATIONS IDENTIFIED BY THE OIG AS NOT IMPLEMENTED

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issues. Also, DCPS works closely with OSSE regarding Student Residency matters. We obtained a copy of the Annual Verification Process noting that Section III.B.12 describes the procedures to follow when a parent, guardian, custodian, or other primary caregiver is unable to provide proof of District residency. Other than a generic statement directing DCPS officials to “exclude the student from attendance until appropriate documentation is received,” we noted that the policy does not provide detailed step-by-step procedures for school staff to follow when excluding students from attendance whose residency is not verified such as procedures to guide school personnel in notifying parents of students’ removal from school, escorting and barring students from school premises, among others. Because the guidance is not sufficiently detailed to assist school staff in implementing the policy, we classified this recommendation as “partially implemented.”

***Audit of the Services Provided by Teachers Institute for the District of Columbia Public Schools, OIG No. 07-2-32GA, issued on October 1, 2008.***

**Recommendation 2:** We recommend that the Chancellor, DCPS, make a legal determination whether violations of employee and post-employee conduct occurred and take appropriate action.

**Results of OIG Verification:** In a letter to the OIG, DCPS’ then General Counsel responded that “[b]ecause we do not have access to or control over former employees of DCPS, we have focused our attention on those persons encompassed by the audit who are still employed by DCPS” and recommended “special, individualized training on the requirements of applicable District of Columbia and federal statutes and regulations governing ethics, employee conduct, and conflicts of interest” for three employees. DCPS provided us with copies of letters confirming ethics/conflicts of interest training provided to these employees, signed by the Deputy Chief of Staff, Compliance, and each of the three individuals still employed by DCPS.

His response, however, failed to provide a legal determination of whether violations of post-employee misconduct occurred, other than concluding that DCPS did not have “access to or control over former employees of DCPS.” Our audit report found that three former DCPS educators and the former Director of the Office of Accountability (OA) along with Office of the Chief Financial Officer (OCFO) officials did not comply with personnel, procurement, and funding regulations when establishing the Reading and Writing project at DCPS and improperly used training forms instead of a contract to advance and expend \$2.9 million of federal funds. Because DCPS did not provide a legal determination of post-employee conduct involving federal funds, but instead only addressed the conduct of those still employed by DCPS, we classified this recommendation as “partially implemented.”

**Recommendation 7:** We recommend that the Chancellor, DCPS, determine the viability of managing the Reading and Writing Project in-house.

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## EXHIBIT E: RECOMMENDATIONS IDENTIFIED BY THE OIG AS NOT IMPLEMENTED

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**Results of OIG Verification:** DCPS' response indicates that management regularly assesses its internal staffing capacity to meet the educational needs of the students it serves. If it is determined that an external service is needed to provide DCPS students with educational services, DCPS staff works directly with the Office of the City Administrator, Office of the General Counsel, and Office of the Chief Financial Officer to ensure the needed services are obtained and are in line with the District's contracting requirements. Because DCPS has not indicated whether it has determined the viability of managing the project in-house, we classified this recommendation as "not implemented."

### DEPARTMENT OF EMPLOYMENT SERVICES (DOES)

*Audit of the Department of Employment Services' Summer Youth Program,*  
**OIG No. 08-2-28CF, issued June 17, 2009.**

**Recommendation 1:** We recommend that the Director, DOES, in conjunction with the City Administrator/Deputy Mayor establish SYP (Summer Youth Program) operational and programmatic guidelines prior to developing the budget request and, once the budget has been approved, develop a corresponding management plan, infrastructure, and operational support system for adhering to budgetary constraints.

**Results of OIG Verification:** DOES provided us with a copy of the 2011 Summer Youth Employment Program (SYEP) budget noting that funding for contractual obligations, object class 40, was \$1,054,773. However, DOES' Memorandums of Understanding (MOUs) with various District and non-District organizations totaled \$1,334,106 for a deficiency of \$279,333. To account for the deficiency, DOES used an accounting maneuver to record the MOUs in object class 50, assigned for participants' wages, and subsequently reclassified expenditures from object class 50 to object class 40. Because the amount of MOUs in excess of the amount budgeted resulted in a deficiency in object class 40, we consider this recommendation as "not implemented."

**Recommendation 4:** We recommend that the Director, DOES, improve oversight for SYP operations by: (a) developing formal policies and procedures for critical processes; (b) segregating key duties and responsibilities among different employees to reduce the risk of fraud, waste, and abuse; and (c) developing training plans for DOES staff and host agencies.

**Results of OIG Verification:** In 2009, DOES implemented the SYEP's new management information system, PeopleFirst, primarily to limit fraud but also to address issues with segregation of duties. With respect to training plans, DOES provided listings of participants attending a formal program overview and host agencies that received training. Although DOES did not provide a training manual, they made copies of the policy handbook that was distributed to both supervisors and youth, which they advised us was also used for formal training of DOES staff.

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## EXHIBIT E: RECOMMENDATIONS IDENTIFIED BY THE OIG AS NOT IMPLEMENTED

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In response to our request for policies and procedures, DOES provided a copy of the 2011 Summer Youth Employment Program Proposal, which describes the 2011 SYEP and provides information regarding host registration and certification; youth registration and certification events; job matching and assignment; payment of participants; and program monitoring. This proposal, however, does not provide policies and procedures for critical processes such as reviewing Host Employer Applications, site visits, and certification of employers; certification of participants, including procedures for verifying required documentation; monitoring program performance and program monitors' responsibilities; monitoring the budget, including comparisons between budgeted and actual expenditures; receiving, tracking, issuing, and inventorying instant issue cards, as well as assigning responsibility for their custody; and payroll processing, including transmittal of payroll data to financial institutions for payment of participants. Because DOES did not develop formal policies and procedures for all critical processes, we consider this recommendation as "partially implemented."

**Recommendation 8:** We recommend that the Director, DOES, follow OCTO's (Office of the Chief Technology Officer's) structured System Development Life Cycle (SDLC) process when developing and implementing automated solutions.

**Results of OIG Verification:** We obtained from OCTO the Application Software Development Lifecycle and Support Process and noted in Section 2.8.3, a list of documents agencies are required to submit to OCTO for quality control "when developing a website or application themselves." We requested DOES documentation supporting PeopleFirst's SDLC and DOES' Office of Information Technology (OIT) responded that DOES adopted the Agile development module for its SYEP management information system. OIT indicated that unlike the previous software, the Agile model does not produce the mountains of papers or generate separate detailed documents for every phase of the development lifecycle in an iterative, incremental prototyping approach. We advised DOES that the Agile development module does not replace the need for documenting critical phases of the system development lifecycle (e.g., maintaining and updating the system, authorizations to move the data to production, etc.). Because DOES did not provide evidence that it followed OCTO's structured SDLC for the SYEP's management information system, PeopleFirst, we consider this recommendation as "not implemented."

**Recommendation 10:** We recommend that the Director, DOES, and the Chief Procurement Officer, Office of Contracting and Procurement (OCP) assess whether it is cost beneficial for DOES to hire a vendor to identify businesses to participate in the SYP and if so, require the vendor to coordinate with SYP's Private Sector Initiative Program to avoid duplicating work efforts and only allow the vendor to provide unsubsidized jobs.

**Results of OIG Verification:** OCP responded that this recommendation was not applicable because it has not received a request from DOES regarding the SYEP since FY 2009.

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## EXHIBIT E: RECOMMENDATIONS IDENTIFIED BY THE OIG AS NOT IMPLEMENTED

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DOES' initial response, on the other hand, indicated that it did not contract with any vendor to perform tasks that could be performed by DOES staff directly, including recruiting employers to host participants and soliciting participation from businesses. However, DOES advised us that it had signed a grant agreement with the Children and Youth Investment Trust Corporation (CYITC) for \$761,254 to recruit subgrantee organizations to provide career readiness to a total of 1,200 participants at a cost of \$400 each, with DOES paying participants' wages separately. Payments to these organizations, totaling \$480,000 (1,200 youth at \$400 each), were paid first to CYITC, and CYITC then paid the organizations. The remaining amount of the \$761,254 paid to CYITC was \$45,000 for training of 1,200 supervisors, \$25,729 for program evaluation, and \$36,450 for administrative and indirect costs. By entering into this grant agreement with CYITC, DOES paid an additional \$634.38 per participant (\$761,254/1,200) in addition to paying participants' wages.

After funding for the 2011 SYEP was increased by \$2.7 million, DOES signed, on June 27, 2011, another grant agreement with CYITC for \$323,274 for an additional 100 participants at a cost of \$400 each, of which \$14,074 could be used for indirect costs. Because we did not find evidence that DOES performed an assessment as to whether it was cost beneficial to hire a vendor to identify organizations to participate in the SYEP, we consider this recommendation as "not implemented."

**Recommendation 22:** We recommend that the Director, DOES, require the financial institution to mail debit cards to the participants' home addresses to provide reasonable assurance that the debit cards are received by the participants and to significantly reduce debit card exposure to risk of loss.

**Results of OIG Verification:** DOES officials indicated that they had instructed ADP, Inc., a vendor responsible for, among others, payroll services, to mail debit cards directly to participants' addresses. Additionally, DOES commented that because the language in the contract includes costs associated with mailing debit cards to each youth at their home address, the need to establish additional language in the contract is unclear.

We disagree with DOES because the contract only shows the charge for "Card Delivery" without requiring delivery to the youth's address. Without a specific contractual provision, the contractor has no obligation to mail the cards to the youth; therefore, if the cost of mailing the cards to participants exceeds that of mailing them to DOES, the contractor may choose to mail the debit cards to DOES without violating the terms of the contract. Because this requirement has not been incorporated in the DOES contract with ADP, we consider this recommendation as "partially implemented."

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## EXHIBIT E: RECOMMENDATIONS IDENTIFIED BY THE OIG AS NOT IMPLEMENTED

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### DEPARTMENT OF HEALTH

*Audit of the Grants Awarded by the Department of Health's Community Health Administration, OIG No. 08-2-04HC, issued September 23, 2009.*

**Recommendation 5:** We recommend that the Director, Department of Health (DOH) review payments made to Easter Seals to determine if Easter Seals received duplicate payments, that is, payments made to Easter Seals from Medicaid for services rendered to Medicaid eligible children and payments made to Easter Seals from the District for the same services performed under the grant (for the same children).

**Result of OIG Verification:** DOH classified this recommendation as “fully implemented.” However, the DOH Community Health Administration (CHA) could not provide supporting documentation that a review was performed to determine whether duplicate payments were made to Easter Seals. Due to unavailable supporting documentation, we classified the recommendation as “not implemented.”

**Recommendation 6:** We recommend that the Director, Department of Health take necessary measures to recover funds of \$47,326 in disallowed costs from three subrecipients (DC GAPS, FACES, and Easter Seals) and evaluate whether further action is required to recover all or part of the \$52,009 in questioned costs from three subrecipients (FACES, Quality Trust, and Easter Seals).

**Result of OIG Verification:** DOH provided OIG with supporting documentation evidencing reimbursement of \$25,000 from DC GAPS for disallowed costs. DOH's Deputy General Counsel also provided OIG a memorandum dated November 7, 2011, indicating that the Office of the General Counsel for DOH is referring the matter of disallowed costs and questioned costs to the Office of the Attorney General for its consideration of action(s). DOH has begun efforts to resolve the issue of disallowed and questioned costs, the OIG classified this recommendation as “in the process of implementation.”

### FIRE AND EMERGENCY MEDICAL SERVICES

*Audit of the Department of Fire and Emergency Medical Services' Administration of Ambulance Billing Contracts, OIG No. 07-2-31FB, issued March 23, 2009.*

**Recommendation 3:** We recommended that the Chief, Fire and Emergency Medical Services Department (FEMS), collaborate with OCP when contracting for services, to include a review of contract terms to ensure that the best interests of the District are met.

**Result of OIG Verification:** Our review of the draft Request for Proposal (RFP) for the upcoming ambulance contract shows that FEMS has made improvements to its contracting

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## EXHIBIT E: RECOMMENDATIONS IDENTIFIED BY THE OIG AS NOT IMPLEMENTED

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process. Examples include requiring the bidders to attach, with the bid submission, the “Client Work History Report” and “Bidder Questionnaire,” which detail the bidder’s corporate identity, structure, key personnel, work experience with emergency medical services agencies, etc. However, as of October 25, 2011, the contractor payment section of the RFP had not been finalized, and the current ambulance billing contract ends on November 30, 2011. Accordingly, we classified this recommendation as “in the process of implementation.”

**Recommendation 13:** We recommended that the Chief, Fire and Emergency Medical Services Department, perform an annual review of emergency transport services’ rates and charge for emergency transport mileage to maintain a level of reimbursement comparable to cities with similar demographics.

**Result of OIG Verification:** The emergency transport services’ last rate survey was done in 2008, which resulted in a new rate setting formula enacted by the D.C. Council. According to FEMS, the D.C. Council’s rate was 15% higher than CMS Medicare “allowable charges.” As a result, FEMS did not perform an annual review of emergency transport services’ rates for the next 3 years. We classified the recommendation as “not implemented.”

### OFFICE OF THE CHIEF FINANCIAL OFFICER

*Audit of the Management of Commercial Property Income and Expense Reports by the Office of Tax and Revenue’s Real Property Tax Administration, OIG No. 08-2-01AT, issued on May 15, 2009.*

**Recommendation 1:** We recommend that the Chief Financial Officer (CFO) develop procedures to ensure that all owners of income producing property in the District of Columbia receive Income and Expense (I&E) forms as required by D.C. Code § 47-821(d)(1).

**Results of OIG Verification:** Procedures exist for this recommendation as outlined in the Assessment Manual, page 282-283, steps 1 through 8. Commercial properties that receive I&E forms are identified and relevant information downloaded from the Integrated Tax System (ITS) into spreadsheets. Those spreadsheets are forwarded to OCFO’s Tax Services Group for printing and mailing the forms. OCFO advised us of concerns with the printing and mailing of I&E forms, such as the inability of printers to generate reports of the number of forms printed and the lack of reports of forms mailed in order to reconcile with the number of forms in spreadsheets. To compensate for these limitations, OCFO conducts quality controls, such as observing the printing and mailing processes. These procedures, however, are not adequate to ensure that all forms forwarded to the Tax Services Group (TSG) are printed and mailed to property owners. Because OCFO has not developed procedures and

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## **EXHIBIT E: RECOMMENDATIONS IDENTIFIED BY THE OIG AS NOT IMPLEMENTED**

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coordinated efforts with TSG to implement adequate controls over the printing and mailing of I&E forms, we classified this recommendation as “partially implemented.”

**Recommendation 3:** We recommend that the CFO establish procedures to:

- a. Assess commercial property owners with the 10 percent penalty required by D.C. Code § 47-821(d)(1) for those who do not submit the required I&E Reports and to levy the penalties.
- b. Document decisions not to levy penalties.
- c. Review I&E Reports received at OCFO to detect those reports that are inaccurate and incomplete and penalize those commercial property owners who fail to file accurate and complete cost data.

**Results of OIG Verification:** Procedures exist for item 3a above as outlined in the Assessment Manual pages, 283-284, steps 1 through 6; for item 3b above on pages 284-285 with the specific documentation addresses at the bottom of page 284; and item 3c above on page 284, step 5. Once OCFO receives completed I&E forms from property owners, OCFO date-stamps and delivers the forms to the contractor responsible for logging and scanning them into the database used by appraisers to assess the value of commercial properties in the District. If, during the course of their review, appraisers determine that an I&E form is inaccurate and/or incomplete, they are required to complete the Income Expense Defect Reporting Form, describing the nature of defect(s) and forward it to their supervisor for review. If the supervisor concurs with the appraiser, OCFO prepares a letter notifying the property owners of the decision and the opportunity to resubmit the I&E form with accurate and complete information in order to avoid the penalty.

To identify property owners who did not file the I&E forms, OCFO obtains from the document-processing contractor a file that contains I&E forms logged and scanned and compares the information contained therein with the information in the spreadsheets used for printing and mailing the forms. For those property owners listed in the spreadsheets but not in the contractor’s file, OCFO mails notices informing them of the opportunity to request a waiver of the 10 percent penalty for not filing the I&E forms in accordance with Title 9 of the District of Columbia Municipal Regulations (DCMR) § 331.1. OCFO expects to begin assessing the 10 percent penalty for late filers of I&E forms due in April of 2012.

Because there is no current process in place to identify property owners who submitted I&E forms after the due date, we classified this recommendation as “partially implemented.”

**Recommendation 4:** We recommend that the CFO establish operating procedures that provide prompt service to commercial property owners requesting a waiver of the filing deadline. Include procedures to penalize commercial property owners who fail to comply

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## **EXHIBIT E: RECOMMENDATIONS IDENTIFIED BY THE OIG AS NOT IMPLEMENTED**

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with the terms of their requests for 30-day extensions and do not file an income and expense I&E Report (income and expense), file late, or fail to provide accurate and complete cost data when a waiver is granted.

**Results of OIG Verification:** Title 9 DCMR § 331.2 defines “reasonable cause” for granting a waiver. Once requests for waiver are received, a committee is formed to review the forms and any accompanying documentation. The committee’s decisions are documented in the Income & Expense Penalty Waivers Program Report, which is forwarded to the Assessments Division for entering into ITS property owners for whom the request was granted. Letters are also prepared and sent to property owners notifying them of the decisions made. OCFO reported this recommendation as “in the process of implementation.”

**Recommendation 5:** We recommend that the CFO conduct frequent oversight reviews of the process governing I&E Reports to ensure that:

- a. Real Property Tax Administration officials are compliant with D.C. Code § 47-821.
- b. Commercial property owners are penalized for failing to file when required, filing late, or filing inaccurate or incomplete data.
- c. Requests for extensions are handled properly and expeditiously.
- d. Procedures and policies are promptly revised when oversight reviews disclose a need for change.

**Results of OIG Verification:** OCFO stressed the use of audits by upper management to determine compliance with all applicable rules, regulations, and procedures. During our verification process, OCFO officials provided us supporting documentation that included a copy of a memorandum to the Director of Real Property reporting on: (1) the Income/Expense Penalty Program, and the number of forms mailed, returned, and fined; (2) the total amount of fines collected or outstanding; and (3) waivers granted and denied for FYs 2009 and 2010. However, we classified this recommendation as “partially implemented” because we found no evidence of oversight reviews and/or audits that OCFO committed to perform of the Assessment Services Division (the division directly charged with collecting the penalty to ensure compliance) and the Income and Expense Filing program (ensures that procedures outlined for filing extensions were properly followed).

***Audit of the Department of Fire and Emergency Medical Services’ Administration of Ambulance Billing Contracts, OIG No. 07-2-31FB, issued on March 23, 2009.***

**Recommendation 11:** We recommend that the CFO record the value of the third-party billings for emergency transport services in SOAR on a monthly basis.

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## EXHIBIT E: RECOMMENDATIONS IDENTIFIED BY THE OIG AS NOT IMPLEMENTED

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**Results of OIG Verification:** OCFO determined, and the Comprehensive Annual Financial Report (CAFR) auditor concurred, that annual adjustment of the outstanding billing was more practical. The CAFR auditors reviewed OCFO's analysis and no exceptions were noted. However, OCFO's response contradicts its response to our original audit report in which it indicated that it will record the receivables monthly to reflect the projected value of third-party billings based on trend analysis of collection rates. Because OCFO is not recording the value of third-party billings for emergency transport services in SOAR on a monthly basis, we consider this recommendation as "not implemented."

*Audit of the Services Provided by Teachers Institute for the District of Columbia Public Schools, OIG No. 07-2-32GA, issued on October 1, 2008.*

**Recommendation 8:** We recommend that the CFO review large-dollar training forms (for \$100,000 or greater) used to procure services issued between FY 2004 through FY 2006 to determine if training forms were properly authorized.

**Results of OIG Verification:** OCFO does not have access to the details of procedures performed over the FY 2004 through FY 2006 training forms but noted that in subsequent years, after the response was provided, there have not been similar findings of inappropriate procurement of services in the FY 2009 and FY 2010 CAFR, U.S. Office of Management and Budget (OMB) Circular A-133 (Single Audit), or other compliance reviews and audits. Because documentation evidencing a review of large-dollar training forms for FY 2004 through FY 2006 was not made available for our review, we consider this recommendation as "not implemented."

**Recommendation 9:** We recommend that the CFO take disciplinary action, as appropriate for violations of D.C. Code § 2-301.05(d)(1) (2006).

**Results of OIG Verification:** All decisions related to disciplinary actions taken against District of Columbia Public Schools' (DCPS) staff who procure goods or services, other than staff from DCPS' Office of Contracts and Acquisitions, are addressed by the agency's director, because the OCFO does not have authority to enforce disciplinary action against DCPS staff. We, however, disagree with OCFO's response because the OIG audit disclosed that DCPS' Accounts Payable Manager, under the purview of the OCFO, processed the training forms for payment. Because documentation evidencing disciplinary action for violations regarding payments without a formal contract was not made available for our review, we consider this recommendation as "not implemented."

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## EXHIBIT E: RECOMMENDATIONS IDENTIFIED BY THE OIG AS NOT IMPLEMENTED

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### OFFICE OF CABLE TELEVISION

*Audit of the Management Operations of the Office of Cable Television, OIG No. 08-1-19CT, issued December 17, 2009.*

**Recommendation 1:** We recommended that the Office of Cable Television (OCT) coordinate with OCP to train OCT staff in District procurement and contract administration procedures to include standards of conduct and ethics relative to government contracting and management responsibilities.

**Result of OIG Verification:** OCT provided us with a list of employees and the training they have received in the process of implementing the OIG recommendation. Our review of the list shows that while 50% (5 out of 10) of the staff received training related to procurement, only 10% (one employee) received training in ethics, which was a vital point of our recommendation. During discussions with OCT, we were informed that training of employees would continue. Accordingly, we classified this recommendation as “in the process of implementation.”

**Recommendation 4:** We recommended that OCT conduct inventories annually, as opposed to every 2 years, given the substantial value of assets currently not being utilized, to minimize the risk of theft and obsolescence.

**Result of OIG Verification:** During our follow-up review, we noted that OCT has made improvements in its inventory management process, such as conducting its own internal inventory. However, the third-party inventory was still being conducted every 2 years. We reviewed the fixed assets inventory listing provided by OCT and found that, while all the items in the listing contain the District-assigned property ID numbers, only about 16% have the serial number listed. According to OCT management, the reason for the missing serial numbers could be that the equipment is mounted on racks, making the serial numbers inaccessible without disassembling their configurations. In addition, we noted that the internal inventory listings maintained by OCT do not contain any dollar values for the items. Accordingly, we classified this recommendation as “partially implemented.”

### OFFICE OF RISK MANAGEMENT

*Audit of District Agencies' Implementation of Audit Recommendations, OIG No. 08-1-03MA, issued March 12, 2009.*

**Recommendation 1:** We recommend that the Director, Office of Risk Management (ORM), work collaboratively with the City Administrator to issue District-wide guidance requiring agency heads and management officials to establish, assess, correct, and report on internal controls related to their audit follow-up systems. Such systems should: (a) ensure the

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## EXHIBIT E: RECOMMENDATIONS IDENTIFIED BY THE OIG AS NOT IMPLEMENTED

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prompt and proper resolution and implementation of audit recommendations from various sources; and (b) provide for complete records of actions taken on both monetary and non-monetary findings and recommendations. Additionally, the guidance could be patterned after the FMFIA, OMB Circular No. A-50, and the Federal Claims Collection Standards.

**Results of OIG Verification:** The recommendation required ORM to work collaboratively with the City Administrator to issue District-wide guidance to agencies on internal controls related to their audit follow-up systems. Because we found no evidence that the District-wide guidance has been issued, we classified this recommendation as “not implemented.”

**Recommendation 2:** We recommend that the Director, ORM, implement a comprehensive Web-based database system to accurately and completely track recommendations directed to the District agencies and to facilitate the timely resolution of outstanding recommendations from various sources including the OIG, D.C. Auditor, GAO, federal inspectors general, and external auditors.

**Results of OIG Verification:** During meetings with ORM officials, we were advised that ORM is currently working with OCA to implement CAPStat, the system under the purview of OCA and used by the previous administration to track the progress of agencies’ performance goals. Given its format and notification features, ORM is considering using CAPStat as the database to track the status of OIG’s recommendations. The estimated date for implementation is at the end of the FY 2011. We, therefore, classified this recommendation as “not implemented.”

**Recommendation 3:** We recommend that the Director, ORM, ensure that the District’s central audit follow-up system incorporates requirements similar to those set forth by OMB Circular A-50, including a provision for agencies to promptly and properly resolve all outstanding recommendations within a maximum of 6 months after issuance or receipt of a final report.

**Results of OIG Verification:** The standard operating procedures, describing the follow-up process with a revision date of April 2011, have not been finalized or implemented but are in draft form. Also, the SOP has not incorporated requirements similar to those in OMB A-50. As a result, we classified this recommendation as “not implemented.”

**Recommendation 4:** We recommend that the Director, ORM, reevaluate staffing levels to determine whether they are sufficient to track and manage timely resolution of recommendations from various sources, and ensure that designated personnel are adequately trained to more effectively discharge their follow-up responsibilities.

**Results of OIG Verification:** The process described by ORM describes the tracking of open recommendations in OIG reports. However, because it does not address the “manage”

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## EXHIBIT E: RECOMMENDATIONS IDENTIFIED BY THE OIG AS NOT IMPLEMENTED

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function in the recommendation, we classified this recommendation as “partially implemented.”

**Recommendation 5:** We recommend that the Director, ORM, establish controls to ensure the accuracy and completeness of data contained in the audit follow-up system.

**Results of OIG Verification:** ORM’s Occupational Safety and Health Manager performs quarterly reviews of information in the spreadsheet, although he/she admitted that not everything is double-checked. Because this control is not reflected in ORM’s SOP, we classified this recommendation as “partially implemented.”

**Recommendation 6:** We recommend that the Director, ORM, develop and disseminate formal goals and objectives of the audit follow-up process as part of the annual performance-based budgeting approach, and emphasize individual accountability for conforming to the related control guidelines. Management should continuously monitor follow-up activities to achieve the established objectives.

**Results of OIG Verification:** ORM’s General Counsel advised us that the goals for ORM include those for core services such as OSHA standards for safety, health, and inspections on buildings. But because the goals for follow-up activities have not been incorporated in agency performance plans, we classified this recommendation as “not implemented.”

**Recommendation 7:** We recommend that the Director, ORM, ensure that follow-up policies and procedures are written, communicated, promoted, accessible, and used consistently in work processes and activities. These documents should be periodically updated to reflect current follow-up practices.

**Results of OIG Verification:** As noted in our comments to recommendation 3 on the previous page, ORM’s SOPs have not been finalized or implemented but are in draft form. As a result, we classified this recommendation as “not implemented.”

**Recommendation 9:** We recommend that the Director, ORM, implement and monitor management controls to ensure that deficiencies identified in the report are fully addressed prior to the next triennial follow-up audit.

**Results of OIG Verification:** As noted in our comments to recommendation 3 on the previous page, ORM’s SOPs have not been finalized or implemented but are in draft form. We, therefore, classified this recommendation as “not implemented.”

**Recommendation 10:** We recommend that the Director, ORM, follow-up with agency officials on the 38 recommendations that remain open and the 44 recommendations that the

**EXHIBIT E: RECOMMENDATIONS IDENTIFIED BY THE  
OIG AS NOT IMPLEMENTED**

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OIG classified as not fully implemented to ensure that agencies continue to work aggressively to timely close these recommendations.

**Results of OIG Verification:** The 38 recommendations that remained open and 44 classified as not fully implemented relate to FYs 2005-2007, which is not tracked by ORM. As a result, we classified this recommendation as “not implemented.”

**Recommendation 11:** We recommend that the Director, ORM, ensure that sufficient supporting documentation is maintained for all audit recommendations that District agencies report as closed.

**Results of OIG Verification:** ORM’s Occupational Safety and Health Manager advised us that ORM only tracks the status of open recommendations but does not maintain or request from agency risk management representatives documentation supporting the closing of an audit recommendation. We, therefore, classified this recommendation as “not implemented.”

## EXHIBIT F: OFFICE OF RISK MANAGEMENT'S RESPONSE



GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of Risk Management



Phillip A. Lattimore, III  
Chief Risk Officer

September 10, 2012

Charles J. Willoughby, Esq.  
Inspector General  
717 14<sup>th</sup> Street, N.W.  
Washington, D.C. 20005

Dear Mr. Willoughby:

This letter is in response to your draft report, *Audit of District Agencies' Implementation of Audit Recommendation*, OIG No. 11-1-08 MA(a), that was issued by your agency on August 10, 2012.

The Office of Risk Management (ORM) has thoroughly reviewed your draft report and as set forth in the report's recommendation section (at p. 7), ORM will follow up with officials of the agencies who have not fully implemented the thirty-three (33) recommendations issued by the Office of Inspector's General to ensure that these agencies work to timely close out all outstanding recommendations. In addition, ORM will collect documentation to support any and all recommendations that have been reported as closed by District agencies.

Respectfully,

Phillip A. Lattimore III, Esq.  
Chief Risk Officer and Director

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