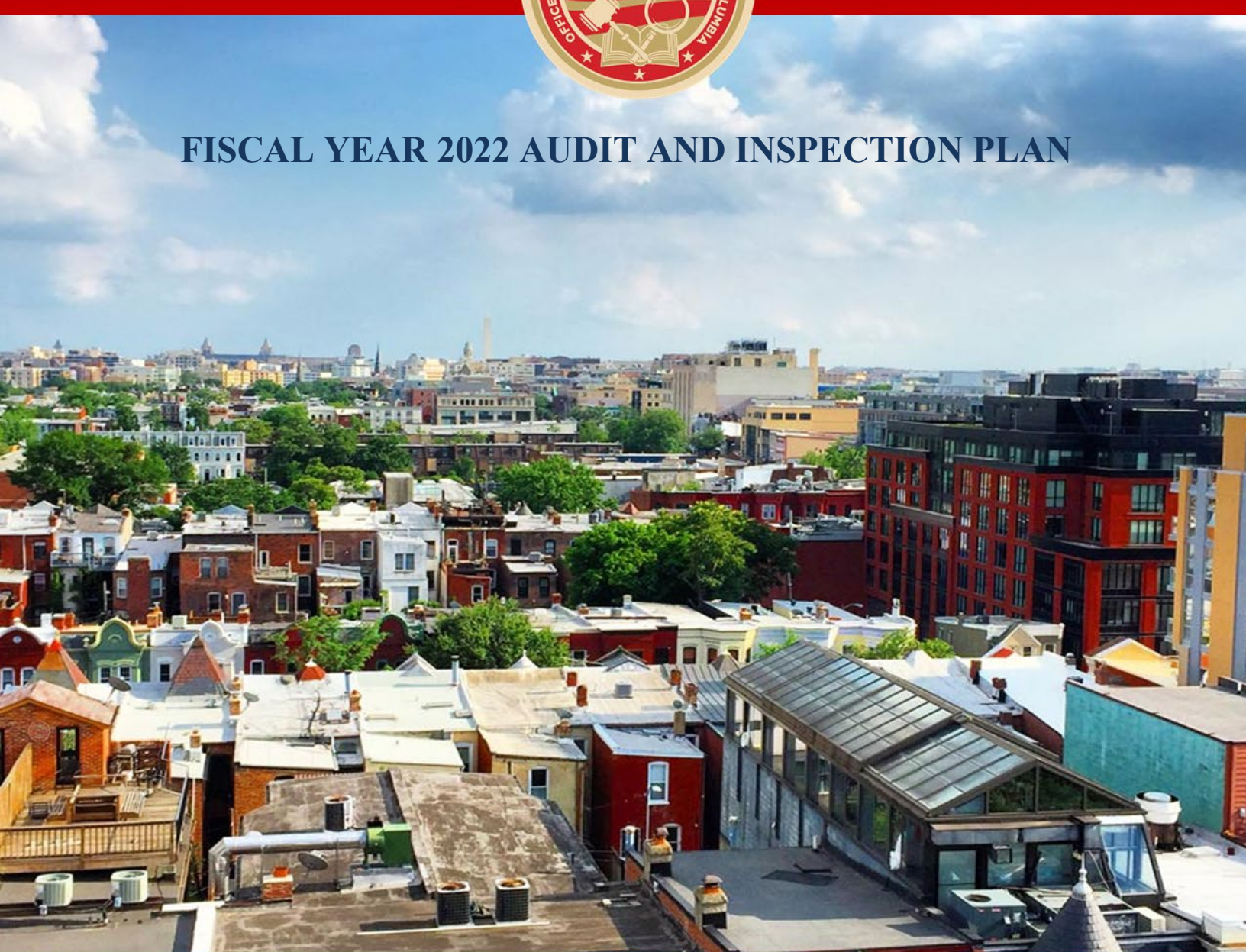


# DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL



August 31, 2021

## FISCAL YEAR 2022 AUDIT AND INSPECTION PLAN



### *Guiding Principles*

*Workforce Engagement \* Stakeholders Engagement \* Process-oriented \* Innovation  
\* Accountability \* Professionalism \* Objectivity and Independence \* Communication \* Collaboration  
\* Diversity \* Measurement \* Continuous Improvement*

## **Mission**

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

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

## **Vision**

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

## **Core Values**

Excellence \* Integrity \* Respect \* Creativity \* Ownership  
\* Transparency \* Empowerment \* Courage \* Passion  
\* Leadership



## Fiscal Year 2022 Audit and Inspection Plan



### *A Message from the Inspector General*


I am pleased to present the District of Columbia Office of the Inspector General's (OIG) *Fiscal Year 2022 Audit and Inspection Plan* (Plan). This Plan, developed annually, operationalizes the OIG's oversight requirements for District programs and operations.



In preparing this Plan, the OIG leveraged our annual comprehensive risk assessment process to review District operations and programs. The risk assessment process considers many variables such as: feedback and identified priorities from District leaders; statutory requirements; prior OIG work and open recommendations; previously identified management challenges; and our internal risk identification and assessment methodology. Using this process, the OIG issued 13 reports with 123 recommendations in the last fiscal year, with District agencies agreeing to 88% of our recommendations. These reports identified more than \$71.7 million in potential monetary benefits to the District.

For Fiscal Year 2022, I tasked my team with taking our planning process to the next level by ensuring our Plan includes engagements targeting risks that have a significant impact on multiple agencies and programs. The team has done a great job in recent years of identifying high-risk District programs; however, the District of Columbia government faces complex challenges this year in addressing residual impacts and recovery efforts related to the COVID-19 Public Health Emergency. Our goal remains to provide the most significant impact on the efficiency and effectiveness of District government operations with our limited resources. Additionally, with this Plan, the OIG will begin to publish a High Risk List that identifies for District leaders areas requiring the most oversight. Through the High Risk List and work identified in this Plan, the OIG seeks to help District leaders better understand the risks to the programs they manage and offer recommendations to guard against corruption, mismanagement, waste, fraud, and abuse.

I look forward to another productive year as the District's independent fact-finder. For additional information about this Plan, please call our Office at (202) 727-2540 or visit <http://oig.dc.gov>.

  
Daniel W. Lucas  
Inspector General



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## **BACKGROUND**

### **REQUIREMENTS**

The Fiscal Year (FY) 2022 Audit and Inspection Plan (Plan) is prepared in accordance with D.C. Code § 1-301.115a(a)(3)(I), which requires the Office of Inspector General (OIG) to publish an annual plan for audits, in consultation with the Mayor and the Council of the District of Columbia, not later than 30 days before the beginning of each fiscal year.

### **OIG COMPREHENSIVE RISK ASSESSMENT PROCESS**

In planning our work for FY 2022, the OIG continued to use its Comprehensive Risk Assessment Process to identify and prioritize risk to District programs and operations. The OIG's internal Risk Identification Committee (Committee) took a holistic view of the District – its agencies, programs, and strategic priorities – as detailed in the District's FY 2022 Budget and Financial Plan, to identify potential risks for corruption, fraud, waste, abuse, and mismanagement. The Committee reviewed the actions the District has taken to address the COVID-19 Public Health Emergency, any risks associated with the District's response, and the District's plans on how it will use federal pandemic recovery funds. The OIG also solicited feedback from affected stakeholders using surveys and reviewed the priorities of other District oversight entities to ensure the best use of OIG resources.

The Committee applied a matrix to evaluate and review potential engagements based on the following factors:

- prior review or action by the OIG and other District oversight entities;
- vulnerability to corruption, fraud, waste, abuse, and mismanagement;
- the impact corruption, fraud, waste, abuse, or mismanagement would have on a program;
- potential for monetary benefits or funds put to better use within the District;
- District and non-government stakeholder interest; and
- impact to District operations.

The OIG's comprehensive and integrated approach to risk assessments for planning purposes enables the agency to have greater flexibility in identifying, assessing, and prioritizing engagements within this Plan, including unforeseen contingencies beyond activities outlined in the Plan. The projects included in this Plan reflect the OIG's focus on improving the economy and efficiency of the District of Columbia government.

### **EMERGING REQUIREMENTS**

Understanding that oversight needs will evolve during FY 2022, the OIG anticipates that projects in this Plan could be delayed, suspended, or canceled based on emergent requests from the Executive Office of the Mayor, the Council of the District of Columbia (Council), District agency leaders, or as deemed appropriate by the Inspector General.

## **CORE MISSION AREAS**

### **Audit Unit**

The Audit Unit (AU) focuses its resources on programs and initiatives that pose serious challenges and risks for the District. The OIG designs audits to mitigate those risks and assess the results of budgeted programs. In addition to conducting performance audits, AU also monitors, assesses, and reports on the status of an agency's implementation of recommended (and agreed to) corrective actions from prior audits to determine whether actions taken addressed the noted deficiencies. Much of the benefit from audit work is not in the findings reported, or the recommendations made, but in their effective resolution.

### **Inspections and Evaluations Unit**

The Inspections and Evaluations Unit (I&E) focuses its resources on conducting inspections and evaluations in order to publish reports that call for corrective measures to improve operations, address deficiencies, and ensure compliance with District and federal laws, regulations, and policies. Inspections provide senior District government managers with an independent source of facts and analysis about agency performance, program efficiency, the effectiveness of quality assurance procedures, and the potential for mismanagement, fraud, waste, and abuse.



## **FISCAL YEAR 2022 HIGH RISK LIST**

### **OVERVIEW**

The OIG has been developing and improving our annual comprehensive risk assessment process since FY 2017. Each year the OIG's Audit and Inspection Plan is developed using areas identified through the process as those most at risk for corruption, fraud, waste, abuse or mismanagement. However, with limited resources, the OIG is unable to address each risk area annually.

Beginning in FY 2022, the OIG will publish a list of high-risk areas identified through our risk assessment process and will track engagements conducted to address them. This list is designed to inform District stakeholders of the areas of the District government that have weaknesses and are at risk for corruption, fraud, waste, or abuse. Some risk areas identified will be addressed with engagements in this Plan, while others will require future oversight work.

District agencies can use the High Risk List to help inform and prioritize efforts to improve their internal control systems. The Green Book<sup>1</sup> identifies control principles that provide a framework for an effective internal control system. District agencies can leverage the Green Book's principles to proactively identify, analyze, and respond to these risks on an ongoing basis. Further, the Green Book can help District agencies design and implement appropriate control activities to mitigate identified risks. Finally, stronger internal control systems can provide assurance to District agency leadership that its internal control system is monitoring activities to ensure compliance with existing policies, directives, and regulations; as well as, functioning as intended.

As the process to develop the High Risk List matures, the OIG will develop specific criteria to evaluate progress made in each area. Additionally, as new high-risk areas are identified, we will add them to this list. The D.C. OIG Fiscal Year 2022 High Risk List covers 11 areas.

### **FY 2022 HIGH RISK LIST**

1. Residual Impacts and Recovery Efforts Related to the COVID-19 Public Health Emergency

To address the residual impacts and recovery from the COVID-19 Public Health Emergency, the District increased the scope for existing programs and created new ones. The increases in funding to these programs raises the risk for fraud and mismanagement.

2. Emergency Procurement

Procurements conducted outside the established procurement process are at increased risk of corruption, fraud, waste, abuse, and mismanagement. The District entered into a large number of emergency procurements during the COVID-19 Public Health Emergency.

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<sup>1</sup> U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-14-704G, STANDARDS FOR INTERNAL CONTROL IN THE FEDERAL GOVERNMENT, Title Page (Sept. 2014), <https://www.gao.gov/products/GAO-14-704G>.

3. Information Technology Procurement

Information Technology procurements face a significant risk of cost overruns and implementation failures due to potentially inadequate project planning, requirements definition, and program oversight.

4. Activities to Support Affordable Housing

The District of Columbia serves as the landlord for nearly 20,000 residents of the more than 8,000 federally-owned public housing units in the District. Rehabilitating and stabilizing the District's public housing is a significant challenge that will require over \$2.2 billion, according to DCHA.

5. District Cybersecurity Practices

Cybersecurity risks are increasing in both the private and public sectors each year. The District's Information Technology systems contain sensitive information, and government operations rely on access to and safe storage of this critical information.

6. Medicaid Improper Payments

The size and growth of the Medicaid program present oversight challenges. Improper payments in the Medicaid program are estimated to account for 21.4% of all Medicaid payments nationally by the Centers for Medicaid and Medicare Services.

7. District Entitlement Programs

An increase in government spending for entitlement programs raises the need for effective management of these programs and increases the risk of improper payments and fraud against the system.

8. District Rental and Housing Programs

The District of Columbia government addresses the affordable housing crisis with a series of rental and housing programs managed by multiple agencies. Cohesive management of these programs across agencies requires additional oversight and an evaluation of outcomes.

9. Efforts to Respond to and Prevent Drug Misuse

Rates of drug misuse have increased over the past 2 decades and represent a severe risk to public health. The effective management of the District's response, including program monitoring and grant administration, is critical to addressing the issue.

#### 10. District Real Property and Lease Administration

The District government faces challenges in managing real property, including accurately tracking District-owned assets and establishing adequate controls around rent collection.

#### 11. Gun Violence Prevention Program and Grants

The District of Columbia government has taken a whole of government approach to combat rising gun violence, including standing up the Building Blocks DC program. This program involves a significant increase in grant funding in a variety of areas that require additional oversight and an evaluation of outcomes.

## **PLANNED AUDITS**

### **AUDITS REQUIRED BY LAW**

#### **Fiscal Year 2022 Comprehensive Annual Financial Report Audit (CAFR)**

D.C. Code § 1-301.115a(a)(3)(H) (Supp. 2018) requires the OIG to contract with an independent auditor to conduct a comprehensive audit of the District's financial statements. The OIG chairs the CAFR Audit Oversight Committee (CAFR Committee). The CAFR Committee conducts regular meetings with Committee members and coordinates with the Office of the Chief Financial Officer (OCFO) and the Certified Public Accounting Firm (Independent Auditor) throughout the audit. The CAFR must be submitted to the Mayor and the Council by February 1<sup>st</sup> of each year following the end of the fiscal year audited.

In addition to the District's General Fund, the following District agencies and entities (component units) must be included in the audit:

- D.C. Lottery and Charitable Games Control Board (financial statements);
- Department of Employment Services (Unemployment Compensation Fund – financial statements);
- Washington Convention Center Authority/dba Events D.C. (financial statements);
- University of the District of Columbia (financial statements);
- Home Purchase Assistance Program (financial statements);
- D.C. Post-Employment Benefit Trust Fund (financial statements and actuarial study);
- Health Benefit Exchange Authority;
- E911/311 Fund; and
- Not-For-Profit Hospital Corporation.

The objectives of this engagement are to: (1) oversee the progress of the audit executed by the contracted Independent Auditor; and (2) address any issues that may arise or may prevent timely completion of this engagement.

#### **Audit of the District of Columbia Highway Trust Fund and 5-Year Forecast**

D.C. Code § 9-109.02(e) (Lexis – Statutes current through Aug. 10, 2021) requires the OIG to submit a report on the results of its audit of the financial statements of the District of Columbia Highway Trust Fund (Fund). The report is due to Congress, the Mayor, the Council, and OCFO by February 1<sup>st</sup> of each year for the preceding fiscal year. The Fund's 5-year Forecast audit has a statutory due date of May 31<sup>st</sup>.

The objectives of this engagement are to: (1) express an opinion on the financial statements of the Fund for the preceding fiscal year; and (2) examine the forecast statements of the Fund's expected conditions and operations for the next 5 years.

## **Audit of Special Education Attorney Certifications**

The objective of this engagement is to determine the accuracy of certifications made to the Office of the Chief Financial Officer by attorneys in special education cases brought under the Individuals with Disabilities Education Act (IDEA) in the District. The OIG’s mandate is found in D.C. Code § 1-301.115a(a)(3)(J) (Supp. 2018).

## **Audit of the Attorney General Consumer Restitution Fund**

According to the Office of the Attorney General (OAG), the Consumer Restitution Fund (Fund) was established “for the collection and distribution of restitution awards made to private parties as a result of OAG’s consumer protection enforcement actions. This Fund will help protect consumers who have been wronged by a company, but are unable to recover funds because the company’s assets are exhausted.”<sup>2</sup> The OIG’s mandate is found in D.C. Code § 1-301.86c(h) (Lexis – Statutes current through Aug. 10, 2021).

The objective of this engagement is to examine the income and expenditures of the OAG’s Consumer Restitution Fund.

## **Audit of the West End Library and Fire Station Maintenance Fund**

The West End Library and Fire Station Maintenance Fund (Fund) finances “supplemental maintenance service; common-area maintenance service; insurance; and, capital improvements for the West End Library and West End Fire Station . . . .” D.C. Code § 1-325.181(a). The Department of General Services (DGS), in close consultation with the District of Columbia Public Library, is responsible for management of the Fund. The OIG’s mandate is found in D.C. Code § 1-325.181(e) (Lexis – Statutes current through Aug. 10, 2021).

The objectives of this engagement are to: (1) examine the assets, liabilities, fund balance, revenue, and expenditures of the Fund; (2) conduct a detailed accounting of expenditures; and (3) identify expenditures not permitted under law.

## **Audit of the District of Columbia Procurement System**

On July 11, 2017, the OIG issued its report entitled *Government of the District of Columbia Fiscal Year 2017 Procurement Practices Risk Assessment*. The scope of the assessment included the procurement authorities to which District government agencies are subject, including the Procurement Practices Reform Act of 2010 (PPRA) (D.C. Law No. 18-371), the Chief Procurement Officer’s (CPO) authority as identified in Section 201(a) of the PPRA, and those District agencies exempt from both the PPRA and the CPO’s authority.

For FYs 2017-2021, the OIG used the findings of the *Fiscal Year 2017 Procurement Practices Risk Assessment* to target specific engagements at vulnerabilities identified in the previous

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<sup>2</sup> Press Release, Office of the Attorney General, Attorney General Racine Thanks Council for FY 2018 Budget Expanding Support for Public Safety, Workers, Environment (June 14, 2017), <https://oag.dc.gov/release/attorney-general-racine-thanks-council-fy-2018>.

report. In FY 2022, the OIG will procure a follow-up of the FY 2017 Report to determine if previously identified risks have been mitigated and identify new risk areas that have emerged within the District's procurement system. The engagement will cover the District's procurement system, emergency procurements as part of the COVID-19 Public Health Emergency, and Information Technology procurements. The findings of this audit will inform the objectives of audits included in this Plan as well as future OIG engagements in FYs 2023-2025.

The objectives of this engagement are to identify: (1) District procurement practices subject to the risk of corruption, fraud, waste, abuse, and mismanagement; (2) high-risk incongruities in the procurement rules and regulations; and (3) high-risk structural issues related to the District's procurement system.

### **Independent Fiscal and Management Audit of the D.C. Housing Authority**

Pursuant to D.C. Code § 1-301.115a(e-1) (Supp. 2018), the OIG may conduct an annual inspection and independent fiscal and management audit of the D.C. Housing Authority (DCHA).

DCHA serves as the landlord for nearly 20,000 residents of the more than 8,000 federally-owned public housing units in the District. During DCHA's FY 2020 Budget Hearing, the Executive Director testified that the true need to rehabilitate and stabilize the District's public housing is \$2.2 billion. In its response, the Council Committee on Housing and Revitalization stated that it is "hesitant to commit such a substantial stream of annual funding . . . without enhanced planning and oversight."<sup>3</sup>

The objectives of this engagement are to: (1) assess DCHA's internal control environment; and (2) identify areas at risk of loss through errors, theft, or noncompliance with federal and District law and regulations.

### **Audit of the District of Columbia Commercial Real Estate Assessment Process**

Pursuant to D.C. Code § 47-821(e) (Lexis current through Aug. 10, 2021), the OIG shall arrange an independent audit of the Office of Tax and Revenue (OTR) to examine the District's management and valuation of commercial real property assessments. The independent audit will include recommendations for improving the commercial real property assessment functions within the OTR. The OIG must submit a complete copy of the audit findings, along with all recommendations made by the firm that performed the independent audit, to the Council, the Mayor, and the Chief Financial Officer. The OIG must arrange for this audit at least once every 3 years.

The OIG last conducted this engagement in 2017, from which two reports were released: (1) *Evaluation of the District of Columbia Government's Management and Valuation of Commercial*

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<sup>3</sup> Committee on Housing and Neighborhood Revitalization, *Report and Recommendations of the Committee on Housing and Neighborhood Revitalization on the Fiscal Year 2020 Budget for Agencies Under its Purview* (May 1, 2019).



*Real Property, and Internal Controls Over the District's Commercial Real Property Assessment Process.*

The objectives of this engagement are to evaluate the: (1) commercial real property assessment process; (2) organizational structure, workload statistics, performance measures, compensation requirements, staffing levels, training, qualifications, and staff development functions of the Commercial Real Property Assessment staff; and (3) hiring practices, including whether OCFO's human resources rules and regulations hinder or enhance the ability of OTR to attract, develop, and retain a well-qualified workforce.

This project was identified in the OIG's *Fiscal Year 2020 Audit and Inspection Plan* and was subsequently postponed to FY 2022 due to the COVID-19 Public Health Emergency. The OIG plans to outsource this project to an independent auditor.

## **AUDITS IDENTIFIED THROUGH THE OIG'S COMPREHENSIVE RISK ASSESSMENT PROCESS**

### **Audit of District Information Technology System Upgrades**

The OIG's Risk Assessment process identified legacy information technology system upgrades as high-risk throughout the District government. Legacy system upgrades need to be managed effectively to avoid delays and cost overruns, and to ensure the system delivered meets the agency's needs. Three system upgrades identified are the Unemployment Insurance system, the Modernized Integrated Tax System (MITS), and the District Integrated Financial System (DIFS).

The Department of Employment Services (DOES), which operates the Unemployment Insurance (UI) system in the District, made statements to the Council and the federal government that it would update its UI system web portal to be more modern and user-friendly by 2018. In subsequent Council hearings, DOES pushed the expected completion to 2019, and ultimately to 2022. DOES has contracted with a company for the past 6 years, at the cost of over \$29 million, to maintain and modernize the current UI system web portal without completing the project. The problems with the District's UI system were exacerbated by the COVID-19 Public Health Emergency, which resulted in 220,379 new UI claims filed between March 13, 2020, and July 28, 2021.<sup>4</sup>

The Office of the Chief Financial Officer (OCFO) and the Office of Tax and Revenue are responsible for exercising independent control and oversight over the District's financial systems, which includes developing the MITS. The purpose of the MITS project is to improve the District's tax systems by adding new functionality in the areas of compliance; collections; case management; and individual, business, and property tax collection, processing and accounting to bring them in line with industry best practice. The project is being implemented in stages starting with the case management module, real property system, and, eventually, the core tax management system. Based on our review of the 2010 6-year capital budget, the proposed funding for the MITS project was \$10 million with a projected design start of January 1, 2009, and a construction completion date of July 30, 2012. Over the next 10 years, funding of the MITS project increased to \$81.5 million, and multiple deadlines for completion were not met. As of the FY 2020 6-year capital budget, the District had spent approximately \$72.1 million on the MITS project.

OCFO is also developing DIFS to modernize and replace the current budget and financial system.<sup>5</sup> DIFS has a budget of \$205 million over 5 years.<sup>6</sup>

The objectives of this engagement are to assess: (1) whether sufficient internal controls are in place to mitigate fraud, waste, and abuse; (2) project schedules and budgets; and (3) the effectiveness of the overall management of these system upgrades.

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<sup>4</sup> DOES Twitter page, [https://twitter.com/DOES\\_DC/status/1420781958678945797](https://twitter.com/DOES_DC/status/1420781958678945797).

<sup>5</sup> The District's current budget and financial system is the System of Accounting and Reporting (SOAR)

<sup>6</sup> PERFORMANCE OVERSIGHT HEARING: BEFORE THE D.C. COUNCIL COMM. ON BUSINESS & ECONOMIC DEV. (Mar. 4, 2020) (Testimony of Jeffrey S. DeWitt, Chief Financial Officer).

## **Audit of the Internal Controls for District Entitlement Programs**

The District of Columbia manages multiple entitlement programs, such as Unemployment Insurance, Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), Medicaid, and others. Due to the scope of these programs and the number of applicants, they are susceptible to fraud, waste, and abuse. During FY 2020, the OIG identified multiple fraud schemes, including the use of large-scale identity theft, as a risk to District entitlement programs. Throughout FY 2022, the OIG will review entitlement programs to ensure adequate internal controls are in place, so these programs operate as intended.

The objectives of this engagement are to assess: (1) whether sufficient internal controls are in place to mitigate fraud, waste, and abuse; and (2) the overall management of these programs.

## **Audit of District of Columbia Agencies' Overtime Usage**

Overtime may be required due to vacancies, emergencies, special events, staffing shortages, workload fluctuations, etc. It is often more cost-effective than hiring additional staff and allows employees to meet fluctuating workloads without requiring layoffs when workloads declines. However, over-reliance on overtime can increase absenteeism, decrease productivity, increase mistakes, and create a workforce that is dependent on overtime hours.

Prior to the COVID-19 Public Health Emergency, certain District agencies, including the Metropolitan Police Department (MPD) and the Office of Unified Communications (OUC), regularly used significant amounts of overtime in the normal course of business. The COVID-19 Public Health Emergency, First Amendment protests, and mandatory overtime to address the increase in gun violence have increased the amount of overtime used by District agencies that already rely on it during normal operations. The OUC Director reportedly ordered mandatory overtime to address staff shortages caused by the use of family, personal, annual, and sick leave.<sup>7</sup> OUC spent over \$2.5 million on overtime in FY 2019 and over \$2 million in FY 2020. Fire and Emergency Medical Services (FEMS) used almost \$35 million in overtime in FY 2020 and over \$22 million the year prior.<sup>8</sup> In FY 2019, MPD spent over \$38 million in overtime costs.<sup>9</sup>

This engagement was identified due to the increase in the budget for overtime and the effect relying on overtime may have on District operations.

The objectives of this engagement are to assess: (1) overtime usage by District agencies; (2) adherence to District overtime policies; and (3) the effect overtime usage has on District operations.

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<sup>7</sup> Neal Augenstein, *DC 911 interim head orders mandatory overtime to halt staffing shortages*, WTOP.com, July 19, 2021, <https://wtop.com/local/2021/07/dc-911-interim-head-orders-mandatory-overtime-to-halt-staffing-shortages/> (last visited Aug. 11, 2021).

<sup>8</sup> *Id.* at C-90.

<sup>9</sup> GOV'T OF THE DISTRICT OF COLUMBIA FY 2022 PROPOSED BUDGET AND FINANCIAL PLAN, VOL. 2 AGENCY BUDGET CHAPTERS PART I C-143 (Aug. 11, 2021), <https://app.box.com/s/6n8p0lxwd4yzppdpxpgynbsu8trmy3qm> (last visited Aug. 11, 2021).

## **Audit of Gun Violence Prevention Programs**

The District of Columbia has experienced a marked increase in gun violence, including a 19% increase in homicides from 2019 to 2020.<sup>10</sup> As of August 2, 2021, homicides in 2021 had increased 6% over the same period in 2020. The District of Columbia elected to take a public health approach to combat rising gun violence – namely, focusing energy and resources on specific populations. This approach will connect District residents with social services to reduce risks of becoming involved with gun violence. The Mayor created the Building Blocks DC program, which includes standing up a Gun Violence Prevention Emergency Operations Center (EOC), appointing a Director of Gun Violence Protection, and funding a series of programs, grants, and initiatives. The Building Blocks DC program will take a whole-of-government approach to connect residents in these specific communities with behavioral health, housing, employment, and other supports. In FY 2022, the Building Blocks DC program will receive \$59 million in funding across multiple agencies, up from nearly \$10 million in FY 2021.

The OIG identified this engagement due to the increased risk to public safety associated with gun violence, the risks in standing up a new program across multiple agencies, the use of grants to fund programs and activities, and the significant increase in the budget dedicated to this effort.

The objectives of this engagement are to evaluate: (1) the efficiency and effectiveness of the District’s gun violence prevention programs; and (2) the internal controls applied to the award and administration of Building Blocks DC grants.

## **Follow-up Audit of OIG Recommendations**

Responsibility for taking action on OIG recommendations rests with the agency to which the audit recommendations were directed. The OIG does not have the resources to review all past recommendations; therefore, the OIG will select a judgmental sample of recommendations for a follow-up audit.

Selecting recommendations for follow-up may be prompted by these conditions:

- serious incidents involving abuse, illegal activity, or statutory violations;
- issues having significant stakeholder, public, or media interest;
- matters impacting on public safety, health, or security; or
- systemic weaknesses that might cause recurring problems.

The objectives of this engagement are to determine whether: (1) audited entities implemented recommendations made by the OIG; (2) corrective actions addressed the conditions identified in prior OIG reports; and (3) anticipated monetary benefits were realized (if applicable).

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<sup>10</sup> Maya Pottiger, *What’s Really Happening with Crime Rates in D.C. Right Now?*, Washingtonian.com, July 19, 2021, <https://www.washingtonian.com/2021/07/19/whats-really-happening-with-crime-rates-in-dc-right-now/> (last visited Aug. 11, 2021).

## **PLANNED INSPECTIONS AND EVALUATIONS**

### **INSPECTIONS AND EVALUATIONS IDENTIFIED THROUGH THE OIG'S COMPREHENSIVE RISK ASSESSMENT PROCESS**

#### **Evaluation of Department of Health Care Finance Programs**

The Department of Health Care Finance (DHCF) operates numerous Medicaid waiver-based programs, including Participant-directed Services (Services My Way), Personal Care Aid Services (PCA), and the Home and Community-Based Services (HCBS) Program. The Services My Way program allows participants who live in their natural home the ability to have more choice and control of their Medicaid long-term care services, including participant-directed community supports similar to personal care aid services. The PCA program delivers personal hands-on care and assistance in daily activities at the participant's home and place of employment.

The HCSB Program is designed to cover needed home and community-based services as an alternative to receiving care in an institution such as a nursing home. In the past, Medicaid funds were only available for services provided in institutions. As community-based service systems grew, Congress determined that people could benefit from home and community-based services as an alternative to institutional care and created the waiver program so that people have a choice on where they receive services. DHCF has agreements with qualified vendors to provide the services. The program has a capacity of approximately 5,000 people, is provided on a first-come, first-served basis, and currently has a waiting list. In FY 2018 DHCF made payments totaling over \$95 million for the program.

The OIG has identified an increase in fraud conducted by personal care aides in the District and around the country, including billing for services not rendered, paying kickbacks to beneficiaries, double billing to multiple home health agencies, and additional fraudulent claims.

The objectives of this engagement are to evaluate whether: (1) DHCF is adequately managing waiver-based programs; (2) DCHF has proper controls in place to limit fraud, waste, and abuse by PCAs; and (3) the programs are meeting their intended goal of providing care to participants.

#### **Evaluation of District of Columbia Contracted Services**

District government agencies have a long history of contracting out the administration of government programs, including the use of Medicaid Managed Care Organizations, the District's Family Rehousing and Stabilization Program, the Homeless Services Continuum of Care contracts, third-party ambulance services, and many others. With some District programs receiving large influxes of funds from the federal government as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Recovery Plan (ARP), some agencies opted to increase the use of contracted services to manage programs that increased in size or scope. An example includes the Stay DC program, which the District stood up to replace the Emergency Rental Assistance Program (ERAP), Low Income Home Energy Assistance

Program (LIHEAP), and the COVID-19 Housing Assistance Program (CHAP). Stay DC has a budget of over \$352 million, compared to ERAP, which only received \$8 million annually.<sup>11</sup>

Contracting services to a vendor can be an efficient use of government resources; however, the practice also requires District agencies to effectively manage the contractors to ensure the contract terms and program goals are met. This engagement was identified as part of the OIG's risk assessment process due to the impact on government programs and citizens if agencies do not effectively manage contracted services, as well as the increased budget allocation for these programs.

The objectives of this engagement are to: (1) identify programs that rely largely on contractors to administer the program; (2) assess agency controls for managing contracted services; and (3) determine whether such programs are meeting their intended goals.

### **Evaluation of the District's Department of Forensic Science Reaccreditation Efforts**

The Department of Forensic Sciences' (DFS) mission is to provide "high-quality, timely, accurate, and reliable forensic science services... [using] best practices and best available technology; a focus on unbiased science and transparency; and the goal of enhancing public safety."<sup>12</sup> DFS was created in 2011, following a report by the National Academy of Sciences, whose Committee on Identifying the Needs of the Forensic Science Community advocated for the removal of "all public forensic laboratories and facilities from the administrative control of law enforcement agencies and prosecutors' offices."<sup>13</sup>

On May 2, 2021, the American National Standards Institute's (ANSI) National Accreditation Board withdrew DFS' accreditation<sup>14</sup> based upon reports of alleged scientific misconduct and deliberate concealment of information. By law, DFS is required to be accredited by an "appropriate, bonafide national accrediting organization."<sup>15</sup>

Loss of accreditation means law enforcement and prosecutors cannot rely on DFS' forensic science services. In response to the withdrawal of DFS' accreditation, Mayor Bowser informed the District of Columbia Council in May 2021 that she was "implementing not only a transition plan for agency leadership and operations but also recommending an in-depth review of the DFS enabling statute."<sup>16</sup> The Mayor stated an independent firm with "extensive forensic sciences

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<sup>11</sup> Press Release, Executive Office of the Mayor, Mayor Bowser Announces \$350 Million Rent and Utility Assistance Program for DC Residents (Apr. 12, 2021) (<https://mayor.dc.gov/release/mayor-bowser-announces-350-million-rent-and-utility-assistance-program-dc-residents>) (last visited Aug. 11, 2021).

<sup>12</sup> DFS website, <https://dfs.dc.gov/page/about-dfs> (last visited Aug. 11, 2021).

<sup>13</sup> COMM. ON IDENTIFYING THE NEEDS OF THE FORENSIC SCIENCE COMMUNITY, NAT'L RESEARCH COUNCIL OF THE NAT'L ACADS., STRENGTHENING FORENSIC SCIENCE IN THE UNITED STATES: A PATH FORWARD 190-191 (2009), <https://www.ojp.gov/pdffiles1/nij/grants/228091.pdf> (last visited Aug. 9, 2021).

<sup>14</sup> ANSI National Accreditation Board, Withdrawal of Certificate of Accreditation, D.C. Department of Forensic Sciences (May 2, 2021), [https://search.anab.org/public/organization\\_files/DC-Department-of-Forensic-Sciences-Cert-and-Scope-File-05-03-2021\\_1620073458.pdf](https://search.anab.org/public/organization_files/DC-Department-of-Forensic-Sciences-Cert-and-Scope-File-05-03-2021_1620073458.pdf) (last visited Aug. 9, 2021).

<sup>15</sup> D.C. Code § 5-1501.06(d)(1).

<sup>16</sup> Letter from Mayor Muriel Bowser to Phil Mendelson, Chairman – Council of the District of Columbia and Charles Allen, Ward 6 Chair, Committee on the Judiciary – Council of the District of Columbia (May 28, 2021) (copy on file with the OIG).



laboratories experience [would] conduct a complete assessment of [DFS]” and provide operational support.

The objective of this project is to determine whether the governance and operational issues identified by stakeholders have been, or will be, adequately addressed by the District through the transition plan and recommendations that resulted from the independent firm’s assessment. Further, this evaluation will assess the efforts DFS has undertaken to regain accreditation in order to provide forensic science services to its stakeholders.

### **Follow-up Evaluation of OIG Recommendations**

Responsibility for taking action on OIG recommendations rests with the agency to which the recommendations were directed. The OIG does not have the resources to review all past recommendations; therefore, the OIG will select a judgmental sample of recommendations for a follow-up evaluation.

Selecting recommendations for follow-up may be prompted by these conditions:

- serious incidents involving abuse, illegal activity, or statutory violations;
- issues having significant stakeholder, public, or media interest;
- matters impacting on public safety, health, or security; or
- systemic weaknesses that might cause recurring problems.

The objectives of this engagement are to determine whether: (1) inspected and evaluated entities implemented recommendations made by the OIG; (2) corrective actions addressed the conditions, or their causes, identified in prior OIG reports; and (3) anticipated monetary benefits were realized (if applicable).

### **Evaluation of Selected Contracts**

Throughout FY 2022, the OIG will monitor contract awards and use a methodology developed internally to quantify risk in order to identify specific contracts to evaluate.

The OIG will review contract documentation and deliverables, conduct interviews with District government employees responsible for contract award and administration, and conduct onsite observations. The assessment of selected contracts will deliver two primary benefits: (1) identify control weaknesses and provide recommendations to improve control deficiencies; and (2) provide information to decision-makers regarding ongoing and future contract performance.

The objectives of this type of evaluation are to: (1) review executed District government contracts for vulnerabilities to corruption, fraud, mismanagement, waste, and abuse; and (2) assess whether parties to the contract have effectively operationalized key contract terms and conditions to ensure that the District is receiving maximum benefits and expected goods and services.

## **FY 2021 ONGOING ENGAGEMENTS**

### **ONGOING AUDIT PROJECTS**

#### **Audit of Procurement and Warehouse Operations in Support of COVID-19**

During the COVID-19 Public Health Emergency, the District procured goods and services to meet the needs of District agencies and medical providers such as personal protective equipment, medical equipment, leased space, and other goods and services. The District used emergency procurements that bypassed traditional contracting processes and procedures to respond to the pandemic in a timely manner.

The OIG selected this engagement because emergency procurements that bypass standard processes and procedures are at greater risk of corruption, fraud, waste, abuse, or mismanagement; the large dollar value associated with COVID-19 related emergency procurements; and the importance of those purchases to public safety.

The objectives of this engagement are to determine whether: (1) the District received goods and services in accordance with agreed-to terms and conditions; (2) supplies and services were procured at fair market value; and (3) procurements had proper approvals and were adequately managed.

This project was identified in the OIG's *Fiscal Year 2021 Audit and Inspection Plan*. The OIG initially issued a [close-out letter of this engagement](#) on May 12, 2021, stating: "*The OIG could not gather sufficient and appropriate evidence to answer our three audit objectives due to the inability to access records and databases maintained by the Office of Contracting and Procurement (OCP).*" Following a District of Columbia Council hearing on Emergency Procurement, the OIG issued an [engagement letter on July 27, 2021](#), continuing its oversight work in this area. As of the date of the FY 22 Plan, this engagement is ongoing.

#### **Audit of the District of Columbia Public Schools Distance Learning Program**

In response to the public health emergency and the District's efforts to mitigate the spread of COVID-19, the District of Columbia Public Schools (DCPS) closed schools. On March 24, 2020, DCPS launched distance learning for students, which required students to learn through a combination of online lessons, printed materials, and virtual check-ins with teachers.

The OIG identified this engagement due to the potential fraud risks inherent in a new program created and administered during an emergency, and the potential ramifications to students if the program does not meet its goals.

The objectives of this engagement are to determine the availability and equity of the Distance Learning Program in meeting the educational needs of District students.

This project was identified in the OIG's *Fiscal Year 2021 Audit and Inspection Plan*. As of the date of the FY 22 Plan, this engagement is ongoing.

## **Audit of the Department of Employment Services Unemployment Insurance System Claims Processing and System Modernization**

The COVID-19 Public Health Emergency and related business closures led to a dramatic rise in Unemployment Insurance (UI) claims in the District of Columbia. As of July 23, 2020, the U.S. Department of Labor identified that over 72,000 people were receiving Unemployment Insurance in the District of Columbia, with an average of over 3,000 new initial claims filed each week in July. More than 13,000 individuals are receiving Unemployment Insurance funding under the Pandemic Unemployment Assistance program created as part of the CARES Act.<sup>17</sup> News reporting and complaints made to the OIG Hotline have consistently identified issues in the program, including delays in processing UI benefit applications, technology issues, poor customer service, and a lack of responsiveness to applicant complaints.

The OIG identified this engagement due to interest from the Council, complaints to the OIG Hotline, and fraud risk associated with UI systems during this COVID-19 Public Health Emergency. On June 17, 2020, the OIG informed the Department of Employment Services (DOES) of the risk of large-scale identity theft being used to apply to entitlement programs nationwide fraudulently. Subsequently, authorities identified at least 13 states targeted by fraudsters and these type of fraud schemes.<sup>18</sup>

The objectives of this engagement are to assess: (1) DOES' responsiveness in processing UI claims; and (2) controls over the accessibility, availability, reliability, and security of the UI system.

This project was identified in the OIG's *Fiscal Year 2021 Audit and Inspection Plan*. As of the date of the FY 22 plan, this engagement is ongoing.

## **Audit of the West End Library and Fire Station Maintenance Fund**

The West End Library and Fire Station Maintenance Fund (Fund) finances “supplemental maintenance service; common-area maintenance service; insurance; and, capital improvements for the West End Library and West End Fire Station.” D.C. Code § 1-325.181(a). The Department of General Services (DGS), in close consultation with the District of Columbia Public Library, is responsible for management of the Fund. The OIG's mandate is found in D.C. Code § 1-325.181(e) (Lexis – Statutes current through Aug. 10, 2021).

The objectives of this engagement are to: (1) examine the assets, liabilities, fund balance, revenue, and expenditures of the Fund; (2) conduct a detailed accounting of expenditures; and (3) identify expenditures not permitted under law.

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<sup>17</sup> News Release, U.S. Dep't of Labor, COVID-19 Impact, Unemployment Insurance Weekly Claims, 7 (July 30, 2020), <https://www.dol.gov/ui/data.pdf>.

<sup>18</sup> Erin Cox, *Using Stolen Identities, Fraudsters Filed 47,500 Fake Unemployment Claims in Maryland*, WASH. POST (July 15, 2020), [https://www.washingtonpost.com/local/md-politics/maryland-unemployment-scam/2020/07/15/8e7a72ea-c6b4-11ea-a99f-3bbdff1af38\\_story.html](https://www.washingtonpost.com/local/md-politics/maryland-unemployment-scam/2020/07/15/8e7a72ea-c6b4-11ea-a99f-3bbdff1af38_story.html).

This engagement is required by law. As of the date of the FY 22 Plan, this engagement is ongoing.

### **Audit of the Attorney General Consumer Restitution Fund**

According to the Office of the Attorney General (OAG), the Consumer Restitution Fund was established “for the collection and distribution of restitution awards made to private parties as a result of OAG’s consumer protection enforcement actions. This fund will help protect consumers who have been wronged by a company, but are unable to recover funds because the company’s assets are exhausted.”<sup>19</sup> The OIG’s mandate is found in D.C. Code § 1-301.86c(h) (Lexis – Statutes current through Aug. 3, 2020).

The objective of this engagement is to examine the income and expenditures of the OAG’s Consumer Restitution Fund. As of the date of the FY 22 Plan, this engagement is ongoing.

### **Audit of the District’s Tort Liability and Subrogation**

A tort is a wrongful act, injury, or damage, not involving a breach of contract, for which a civil lawsuit may be brought. District of Columbia tort claims are claims for damage to or loss of property, or claims for personal injury or death to non-District personnel caused by the negligent or wrongful act or omission of a District employee acting within the scope of his or her employment. Subrogation is a tort claim initiated by the District against a third party whose acts of negligence have resulted in damage to District government property.

In 2018, the Office of Risk Management implemented a new District-wide incident reporting system, called ERisk, designed to, among other things, address issues with repeat-accident offenders and to track the District’s tort liability.

The OIG identified this engagement due to public safety concerns regarding District vehicles operated by individuals with multiple accidents and the potential to reduce funds the District paid as part of tort claims.

The objectives of this audit are to assess the effectiveness of: (1) controls over tort claims paid by the District of Columbia; and (2) subrogation claims initiated by the District of Columbia.

This project was identified in the OIG’s *Fiscal Year 2021 Audit and Inspection Plan*. As of the date of the FY 22 plan, this engagement is ongoing.

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<sup>19</sup> Press Release, Office of the Attorney General, Attorney General Racine Thanks Council for FY 2018 Budget Expanding Support for Public Safety, Workers, Environment (June 14, 2017), <https://oag.dc.gov/release/attorney-general-racine-thanks-council-fy-2018>.

## ONGOING INSPECTION AND EVALUATION PROJECTS

### Evaluation of the District of Columbia Opioid Crisis Response Program

The Department of Behavioral Health (DBH) provides prevention, intervention, and treatment services and supports for children, youth, and adults with mental and/or substance use disorders, including emergency psychiatric care and community-based outpatient and residential services.

During 2017 and 2018, DBH received \$4 million in grant funding from the federal government for the District's Opioid Targeted Strategy Project. In January 2019, the *Washington Post* reported that DBH officials had failed to implement numerous initiatives outlined in the grant funding.<sup>20</sup>

In December 2018, and updated in March 2019, Mayor Bowser announced LIVE. LONG. D.C., the District's new Strategic Plan to Reduce Opioid Use, Misuse, and Related Deaths. The plan outlines seven strategic goals to address the opioid crisis and includes over \$22 million in funding. Goal 4 in the Strategic Plan, titled *Support the awareness and availability of, and access to, harm reduction services in Washington, D.C.*, identifies over \$6.5 million in funding for the District's goal of distributing a minimum of 66,000 Naloxone kits and providing training to Metropolitan Police Department (MPD) officers and other first responders in order to prevent potential deaths from opioid overdoses.

The OIG identified this engagement because of the public safety implications associated with the opioid epidemic, the significant increase in funding to address the issue, and the District's previous audit findings regarding its ability to manage opioid program funds and resources.

The objectives of this engagement are to assess whether the District of Columbia is: (1) effectively managing the opioid program funds and resources; (2) conducting training and distributing Naloxone kits at identified levels; and (3) meeting the goals of the LIVE. LONG. D.C. Plan.

This is an emergent project not identified in the OIG's *Fiscal Year 2021 Audit and Inspection Plan*. As of the date of the FY 22 Plan, this engagement is ongoing.

### Evaluation of the Family Rehousing and Stabilization Program (FRSP)

The purpose of the FRSP is to provide housing to families and individuals experiencing homelessness so they can focus on other aspects to keep them from returning to a shelter, such as job resources or school. The participant is responsible for paying 40 to 60 percent of their income in rent, and the government covers the remaining amount. Additionally, participants are

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<sup>20</sup> Peter Jamison, *Federal Officials Launch Audit of D.C. Government's Opioid Grant Spending*, WASH. POST (January 16, 2019), [https://www.washingtonpost.com/local/dc-politics/federal-officials-launch-audit-of-dc-governments-opioid-grant-spending/2019/01/16/1e0cbf86-1922-11e9-8813-cb9dec761e73\\_story.html](https://www.washingtonpost.com/local/dc-politics/federal-officials-launch-audit-of-dc-governments-opioid-grant-spending/2019/01/16/1e0cbf86-1922-11e9-8813-cb9dec761e73_story.html)

eligible to participate in the program for up to 12 months. In 2019, the program served 2,200 families and was allocated approximately \$52 million. Various news articles have reported that FRSP fails to provide stability to participants and sets them up to fail.

The objectives of this engagement are to evaluate whether: (1) the Department of Human Services (DHS) is adequately managing the FRSP; and (2) determine if FRSP is meeting the goal of providing stability so participants can transition to their own housing after leaving the program.

This is an emergent project not identified in the OIG's *Fiscal Year 2021 Audit and Inspection Plan*. As of the date of the FY 22 Plan, this engagement is ongoing.



## **APPENDIX A. THE AUDIT PROCESS**

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### **Engagement Letter**

An engagement letter from the Inspector General provides the agency director with the audit title, scope, objectives, audit start date, and entrance conference request. The letter may include workspace requirements or request the agency provide information before the audit starts.

### **Entrance Conference**

An entrance conference allows OIG auditors to meet with agency officials to discuss the items in the engagement letter. Agency officials are encouraged to discuss with auditors areas of interest, concerns, or problems that should be noted during the audit.

### **Fieldwork**

Fieldwork begins with a survey, which determines vulnerable areas and the focus of the audit. Depending on survey results, auditors review records and documents, and perform substantive tests to determine whether programs and systems are functioning as intended. During the fieldwork phase, agency officials must respond to questions and provide access to original records, documents, and files. Auditors try to minimize disruptions to agency operations.

### **Exit Conference**

The exit conference permits auditors to summarize for agency officials any audit findings and recommendations. Auditors discuss corrective actions with agency officials to help address reported deficiencies early.

### **Draft and Final Report**

The OIG will provide a draft report, which allows the agency to indicate actions taken and planned, target dates for any incomplete actions, and any disagreement with findings or recommendations. The OIG incorporates elements of the agency's response into the body of the report and includes the full text of the reply in an appendix to the report. The OIG may also provide audit reports to congressional committees, individual members of Congress, and the media. Audit reports are available to the public on the OIG website.

### **Audit Follow-up**

Periodically, the OIG conducts follow-up audits to verify that the audited agency has taken pledged actions and corrected deficiencies effectively. District officials and managers are responsible for implementing the corrective actions they have agreed to undertake in response to the audit reports. The OIG monitors progress in implementing audit recommendations.

## **APPENDIX B. THE INSPECTION/EVALUATION PROCESS**

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### **Engagement Letter**

Approximately 1 month before the project's planned start; the Inspector General sends an engagement letter to the agency director to explain the project's objectives and scope, and request specific information and documents that will inform the project team's background research.

### **Entrance Conference**

The Inspections and Evaluations (I&E) manager and analysts assigned to the project meet with agency officials to discuss items in the engagement letter. The I&E team solicits their input regarding the project's objectives and scope, and other areas of interest or concern that should be assessed.

### **Fieldwork**

The I&E team interviews employees, observes their work, reviews paper and electronic files and documentation, and requests information from agency managers and others. The I&E team must recognize the need to be inconspicuous and respectful of employees' workday practices to minimize disruptions to agency operations. During the team's fieldwork, senior officials at an inspected agency will be advised with Management Alert Reports of any significant findings that the I&E team believes require priority attention.

### **Draft and Final Report**

A draft report that presents findings and recommendations is sent to the inspected agency for comment. I&E incorporates into the body of the published report an agency's written submission, verbatim, and any OIG responses. Final I&E reports are available to the public on the OIG website.

### **I&E Follow-up**

Periodically, the OIG will follow up with agencies to determine the implementation status of recommendations. The I&E team asks agencies to provide target dates for completion of required actions, to document when recommendations have been complied with, and to describe the action taken.

## APPENDIX C. OIG PRODUCTS

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**Audit:** An OIG audit is a proactive review, which conforms to the Government Accountability Office's Government Auditing Standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that will provide a reasonable basis for our findings and conclusions based on our audit objectives. Audit reports are publicly available on our website.

**Inspection:** An OIG inspection is a planned, in-depth process aimed at reviewing, studying, and analyzing the programs and activities of a department or agency to identify weaknesses and recommend improvements to operations and personnel management. OIG inspections adhere to Quality Standards for Inspections and Evaluations promulgated by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). Inspections are neither an audit nor an administrative or criminal investigation. Inspection reports are publicly available on our website.

**Evaluation:** An OIG evaluation is a review of an agency operation, condition, or event of concern or interest to the Inspector General, the Council of the District of Columbia, or the Executive Office of the Mayor. OIG evaluations adhere to Quality Standards for Inspections and Evaluations promulgated by CIGIE. Evaluations are not an audit, inspection, or an administrative or criminal investigation. Evaluation reports are publicly available on our website.

**Management Alert Report (MAR):** An OIG MAR is issued to inform a specific agency's management of a matter that surfaced during our work (audit, inspection/evaluation, or investigation) that requires immediate attention.

**Management Implication Report (MIR):** An OIG MIR is issued to inform multiple District agencies of a matter that surfaced during our work. MIRs are publicly available on our website.

**Significant Activity Report (SAR):** An OIG SAR is issued to notify the Executive Office of the Mayor and/or Council of the District of Columbia of any significant activity, information, or event related to an administrative or criminal investigation. An example of a SAR would be a press release from the U.S. Attorney's Office that concerns an OIG investigation involving District employees and/or assets. SARs incorporate action taken by the Executive and are publicly available on our website.