

DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL



August 31, 2022

FISCAL YEAR 2023 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 2023 Audit and Inspection Plan

I am pleased to present the District of Columbia Office of the Inspector General's (OIG) *Fiscal Year 2023 Audit and Inspection Plan* (Plan). This Plan, developed annually, operationalizes the OIG's oversight requirements for District programs and operations.



In preparing the 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 105 recommendations in the last fiscal year, with District agencies agreeing to 84% of our recommendations. These reports identified more than \$27 million in potential monetary benefits to the District, including \$14.2 million in questioned costs and \$10.4 million in funds that could be put to better use.

A Message from the Inspector General

The District of Columbia government faces complex challenges this year, including addressing residual impacts and recovery efforts related to the COVID-19 Public Health Emergency and managing the combined \$4.6 billion in funds provided to the District as part of the American Recovery Plan Act (ARPA) and the Infrastructure Investment and Jobs Act (IIJA) over the next 5 years. Our goal remains to provide the most meaningful impact on the efficiency and effectiveness of District government operations by helping District leaders better understand the risks to the programs they manage and offer recommendations to guard against corruption, fraud, waste, abuse, and mismanagement.

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) 2023 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 2023, 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 2023 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;
- potential social justice and racial equity concerns;
- 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 2023, 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 the results of which call for corrective measures to improve operations, address deficiencies, and ensure compliance with District and federal laws, regulations, and policies. I&E projects 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 2023 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 this process to identify areas 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 published a list of high risk areas identified through our risk assessment process. This list is designed to inform District stakeholders of the areas of the District government that have potential weaknesses in internal controls 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 Book¹ 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 of developing the High Risk List matures, the OIG will develop specific criteria to evaluate progress made in each area. As new high-risk areas are identified, we will add them to this list. Finally, we will note engagements the OIG undertook targeting these high risks, the recommendations the OIG made, and planned follow-up of OIG recommendations.

Follow-up 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.

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.

¹ 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>.

The objectives of our follow-up 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).

The findings of our follow-up of OIG recommendations will be used to assess the status of the areas identified in the High Risk List.

FY 2023 High Risk List

1. Emergency Procurement

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

Recent OIG Engagements

In May 2022, the OIG published *COVID-19 Emergency Procurement Risk Assessment* to address this risk area. The objectives of the engagement were to identify: (1) emergency COVID-19 procurement practices subject to the highest risk of corruption, fraud, waste, and abuse; (2) high risk incongruences in the various procurement rules and regulations as related to the emergency COVID-19 procurements; and (3) high risk structural issues related to the District's COVID-19 emergency procurements. The report identifies three specific risk areas associated with the District's COVID-19 emergency procurements: (1) the lack of sufficient procedures and internal controls to properly manage the District's emergency COVID-19 purchases increases the risk that the District may have paid for goods or services that were not received and that the District did not pay fair and reasonable prices; (2) the relaxed internal control procedures over advance payments and flexible limits established with the emergency P-Card program increases the risk that advance payment may have been paid to uncertified contractors and purchases made with the emergency P-Cards may not have been related to the COVID-19 Pandemic; and, (3) OCP did not establish inventory management procedures to track and safeguard items purchased with emergency COVID-19 funding, which increases the risk of misappropriation of such items.

2. American Rescue Plan Act (ARPA) and Infrastructure Investments and Jobs Act (IIJA)

Through ARPA, the District will have received nearly \$3.3 billion² to support the District's recovery from the COVID-19 pandemic. Through the IIJA, the District will receive an additional \$1.3 billion to repair and rebuild roads and bridges; \$1.2 billion to improve public transportation options across the District; \$17 million to support the expansion of an electronic vehicle charging network; \$100 million to help provide

²

https://oca.dc.gov/sites/default/files/dc/sites/oca/publication/attachments/DC_SLFRF%20Annual%20Report%202021%20and%20Project%20Inventory_web.pdf

broadband coverage across the District; \$10 million to protect against cyberattacks; and \$355 million to improve water infrastructure.³

Both ARPA and IJJA funding have finite timelines for use to incentivize rapid spending. The influx of funds also comes with specific reporting and compliance requirements. There is an inherent challenge to ensure available funds are used while conditions imposed by federal government agencies are satisfied.

Starting in FY 2022, the OIG will receive a total of \$8.697 million over the course of 4 fiscal years to fund incremental oversight needed to oversee the District's use of the \$3.3 billion ARPA appropriation. On August 1, 2022, the OIG announced *American Rescue Plan Act (ARPA) Risk Assessment*, our first external engagement designed to assess the risks of fraud, waste, abuse, and mismanagement in ARPA funding. The intended outcome of the engagement is to promote the economy, efficiency, and effectiveness of pandemic spending, and to prevent and detect fraud, waste, abuse, and mismanagement of the funds that are critically needed to support the District's recovery.

The OIG's proposed FY 2023 budget does not consider additional funding for the OIG to conduct oversight of the District's \$3 billion of IJJA funds. The OIG will work with the Executive and the Council to obtain additional funding to provide incremental oversight of the District's IJJA appropriation.

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.

Recent OIG Engagements

In June 2022, the OIG published *Fiscal Year 2022 Information Technology Capital Projects Procurement Risk Assessment* to address this risk area. The objectives of the engagement were to determine: (1) What are the root causes of the rise in capital IT Procurement contracts; (2) why agencies exclude OCTO from decisions on capital IT projects; (3) what implications do Certified Business Enterprises/Small Business Enterprises (CBE/SBE) requirements have on project costs; (4) were capital IT projects adequately managed by respective agencies; (5) was the original capital IT procurement appropriate; and (6) what can be done to provide better oversight of capital IT projects. The report identifies three specific risk areas that the OIG will use to plan future audits, inspections, or evaluations: (1) inconsistent IT procurement policies and procedures across District agencies increase the risk for noncompliance and operational inefficiencies; (2) lack of centralized, expert oversight of IT capital procurements increases the risk that the District is not properly planning and spending IT funding; and, (3) the rise in project spending and significant subsequent procurement actions and award

³ https://www.whitehouse.gov/wp-content/uploads/2021/08/DC_IJJA_State-Fact-Sheet.pdf

modifications are indicative of risk as to whether the initial budget, procurement process, and project management were adequate.

4. 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 the access to and safe storage of this critical information.

In FY 2021, the District’s Annual Comprehensive Financial Report (ACFR) independent auditors reported a deficiency in internal control concerning the identification, prioritization, remediation, and monitoring of IT vulnerabilities.⁴ According to OCTO officials, they are in the process of developing and documenting the OCTO *Risk Management Framework* to address this particular finding. However, given that OCTO may not have the authority over particular District agencies, the risk could remain absent a whole-of-District government approach to cybersecurity.

This risk area will be addressed with an engagement identified in this Plan.

5. Medicaid Improper Payments

The size and complexity 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.

Starting in October 2020, the District Department of Health Care Finance (DHCF) announced that it would transition over 19,000 District Medicaid recipients in the fee-for-service program to a Medicaid managed care organization (MCO) program called the “DC Healthy Families Program (DCHFP).” DHCF’s transition to an MCO model is not without risks. In 2018, the U.S. Government Accountability Office looked at MCO payment risks and found that state Medicaid programs risked: (1) improper capitalization payments; (2) inaccurate capitation rates; (3) payments to non-compliant MCOs; and (4) duplicative payments.⁵ Further, GAO found that MCOs risked: (1) incorrect MCO fee-for-service payments; and (2) incorrect capitation payments.⁶

This risk area will be addressed with an engagement identified in this Plan.

⁴ <https://oig.dc.gov/sites/default/files/Reports/OIG%20No.%202022-1-07MA%20-%20DC%20FY%202021%20Management%20Recommendations.pdf>

⁵ <https://www.gao.gov/assets/gao-18-528.pdf>

⁶ Id.

6. District Entitlement Programs

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

Recent OIG Engagements

In the FY 2022 Audit and Inspection Plan, the OIG announced two engagements, the *Audit of the Internal Controls for District Entitlement Programs* and the *Audit of the Department of Employment Services Unemployment Insurance Claims Processing*, to address this risk area. Both engagements are currently ongoing.

In August 2020, the OIG published *OIG No. 20-I-07JA- Final Report on the Evaluation of DHS' Economic Security Administration* based on the results of an OIG criminal investigation in 2019 in which two former Department of Human Services (DHS) Social Service Representatives within the Economic Security Administration were convicted of collectively defrauding \$1.8 million from the DHS' Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) benefits programs. The objectives of the evaluation were to: (1) assess the administration of SNAP and TANF programs; (2) assess the programs' system of internal control; and (3) make recommendations as appropriate. The report found that there were opportunities for DHS to improve its internal control system. The OIG report made 23 recommendations. DHS agreed with 17 recommendations and disagreed with 6.

7. District Rental and Housing Programs

The District of Columbia government addresses the affordable housing crisis through a set of rental and housing programs managed by multiple agencies. Coordinating these programs across agencies in a cohesive manner presents challenges to the District.

Recent OIG Engagements

In January 2022, the OIG published an *Evaluation of the District of Columbia Family Re-Housing and Stabilization Program* to address this risk area. The objectives of the engagement were to: (1) evaluate whether the Department of Human Services was managing the Family Re-Housing and Stabilization Program (FRSP) in accordance with D.C. Code and D.C. Municipal Regulations (DCMR); and (2) determine the extent to which the program met the goal of providing enough stability so participants could transition to their own housing. The OIG made 11 recommendations to assist DHS in strengthening its management of the FRSP, oversight of service providers, and coordination with other District agencies supporting these District residents.

8. District of Columbia Housing Authority Activities to Support Affordable Housing

DCHA serves as the landlord for nearly 20,000 residents who occupy more than 8,000 federally-owned public housing units in the District. As reported in the Capital Budget Appendices of the FY 2023 Proposed Budget, it is estimated that up to 20% of public housing units are vacant due to disrepair. Rehabilitating and stabilizing the District's public housing is a significant challenge that will require over \$2.2 billion, according to DCHA.

In FY 2021, the District established the "Public Housing and Structural Transformation (PHAST)" capital account.⁷ PHAST serves as a District funding source for the development and rehabilitation of DCHA's real estate portfolio. PHAST's projected 6-year capital budget has increased from \$65 million in FY 2021⁸ to \$211 million in the proposed FY 2023 budget.⁹

PHAST capital funding is in addition to the District's \$182.5 million local funding appropriated to DHCA for the Local Rent Supplement Program (LRSP) project and sponsor vouchers, rental assistance support, and support of DCHA's Public Safety force.¹⁰

Recent OIG Engagements

On November 9, 2021, the OIG published an engagement letter announcing an *Independent Fiscal and Management Audit of the D.C. Housing Authority* to address this risk area. This engagement is ongoing as of the publishing of this Plan.

9. Efforts to Respond to and Prevent Drug Misuse

The opioid crisis continues to impact the nation. Opioid-related deaths in the District of Columbia have increase by more than 400% since 2014. The effective management of the District's response, including program monitoring and grant administration, is critical to addressing the issue.

Recent OIG Engagements

In September 2021, the OIG published an *Evaluation of the District's Opioid Crisis Response Program* to address this risk area. The objectives of the evaluation were to assess whether the District of Columbia is: (1) effectively managing opioid program funds and resources; and (2) conducting training and distributing naloxone kits at

⁷ Fiscal Year 2021 Budget Support Act of 2020, D.C. Law 23-149 § 2192 (effective from Dec. 3, 2020).

⁸ GOV'T OF THE DISTRICT OF COLUMBIA FY 2021 APPROVED BUDGET AND FINANCIAL PLAN, VOL. 5, FY 2021 TO 2026 CAPITAL IMPROVEMENTS PLAN (INCLUDING HIGHWAY TRUST FUND) 247 – HY0 (Aug. 27, 2020), https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/hy_dcha_capital_2021a.pdf (last visited June 17, 2022)

⁹ GOV'T OF THE DISTRICT OF COLUMBIA FY 2023 PROPOSED BUDGET AND FINANCIAL PLAN, VOL. 5, FY 2023-2028 CAPITAL IMPROVEMENTS PLAN 260 -HY0, (Mar. 16, 2022), https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/hy_has_capital_2023m.pdf (last visited June 17, 2022)

¹⁰ https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/hy_has_chapter_2023m.pdf

identified levels. The evaluation contains 5 findings and 10 recommendations for the Department of Behavioral Health and the Department of Health.

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 for property the District leases to others.

In FY 2021, the District's ACFR independent auditors reported a deficiency in internal control concerning the District's need to develop a plan to maintain a comprehensive inventory of leases in which the District is the lessor.¹¹ The Governmental Accounting Standards Board (GASB) Statement No. 87 requires the District to implement a lease accounting standard that is effective for the fiscal year ended September 30, 2022. The District's ACFR audit opinion could be adversely impacted without the timely implementation of the GASB requirements.

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.

Recent OIG Engagements

In the FY2022 Audit and Inspection Plan, the OIG announced an Audit of Gun Violence Prevention Programs. The engagement's objectives were 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. With recent reporting from the Auditor of the District of Columbia on the Neighborhood Engagement Achieves Results (NEAR) Act covering activities from 2016 to 2021 and the primary funding for Building Blocks DC beginning in FY 2022, the OIG determined that an audit of the Building Blocks DC program in FY 2022 was premature. The OIG will conduct a Public Safety Risk Assessment in FY 2023 and use the findings to plan future OIG engagements targeting the District's gun violence prevention programs.

12. Human Capital Management

Recruiting and retaining the District's workforce with the necessary skills and abilities poses a risk of impeding the District government from cost-effectively serving the public and achieving results. This risk was exacerbated by the COVID-19 pandemic. District agencies now face the dual challenge of recruiting and retaining existing employees during what is colloquially being referred to as the "Great Resignation" while

¹¹ <https://oig.dc.gov/sites/default/files/Reports/OIG%20No.%202022-1-07MA%20-%20DC%20FY%202021%20Management%20Recommendations.pdf> at 3.

simultaneously increasing staffing in response to new programs and operations funded by ARPA and IIJA.

In the FY2022 Audit and Inspection Plan, the OIG announced an Audit of District of Columbia Agencies' Overtime Usage. 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. As of the publishing of this Plan, this engagement is ongoing.

PLANNED AUDITS

Audits Required by Law

Fiscal Year 2023 Annual Comprehensive Financial Report (ACFR)

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 ACFR Audit Oversight Committee (ACFR Committee). The ACFR 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 ACFR must be submitted to the Mayor and the Council by February 1st 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;
- Not-For-Profit Hospital Corporation;
- D.C. Housing Finance Agency;
- D.C. Tobacco Settlement Financing Corporation;
- D.C. Green Finance Authority;
- D.C. Retirement Board;
- Section 529 College Savings Plan;
- 401(a) –Defined Contribution Plan; and
- 457(b) –Deferred Compensation Plan.

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 1st of each year for the preceding fiscal year. The Fund’s 5-year Forecast audit has a statutory due date of May 31st.

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 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 May 18, 2020, the OIG brought to the attention of the Chief Procurement Officer risk factors associated with COVID-19 procurement fraud in *Management Alert Report 20-R-001- COVID Procurement Risks*.

In FY 2022, the OIG issued three reports addressing different aspects of the District’s procurement system:

On May 22, 2022, the OIG issued its report entitled *Government of the District of Columbia COVID-19 Emergency Procurement Risk Assessment*. The objectives of this risk assessment were to identify: (1) emergency COVID-19 procurement practices subject to the highest risk of corruption, fraud, waste, and abuse; (2) high-risk incongruences in the various procurement rules

and regulations as related to emergency COVID-19 procurements; and (3) high-risk structural issues related to the District’s COVID-19 emergency procurements.

On June 23, 2022, the OIG issued its report entitled *Government of the District of Columbia Fiscal Year 2022 Information Technology Capital Projects Procurement Risk Assessment*. The objectives of this risk assessment were to identify: (1) the root causes of the rise in costs of capital Information Technology (IT) procurement contracts; (2) the reason(s) agencies leave OCTO out of the capital IT acquisition process; (3) whether capital IT projects were adequately managed by respective agencies; and (4) whether the original capital IT procurement was appropriate or inflated.

Finally, on August 1, 2022, the OIG issued its report entitled *Fiscal Year 2022 Procurement 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.

The findings from these three risk assessments will inform the objectives of audits included in this Plan as well as future OIG engagements in FY 2024-2025.

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 incongruences 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, its Executive Director testified that the true need to rehabilitate and stabilize the District’s public housing is \$2.2 billion. In 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.”¹²

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

¹² 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).

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 and 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 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.

The OIG contracted an independent auditor to conduct this engagement in FY 2022. The finalized report will be published later this year.

Audits Identified Through the OIG's Comprehensive Risk Assessment Process

Office of the Chief Financial Officer's Fiscal Management: Audit of Year-End Spending of Expiring Agency Budgets

This engagement was identified during the OIG's city-wide *Fiscal Year 2022 Procurement Risk Assessment*, issued on July 29, 2022. The Assessment determined that Office of the Chief Financial Officer (OCFO) Fiscal Management policies and practices may have contributed to the increases in fiscal year-end spending, which appear to be operationally unsupported spend-downs of budgetary authority that could have a significant adverse impact on the District.

OCFO is charged with controlling budget and agency spending. Analysis of spending patterns identified in the FY 2022 Procurement Risk Assessment determined that more than 20% of District agencies spend greater than 25% of their total annual expenditures in September, the last month of the fiscal year, which indicates behaviors that have become a culture in the District.

The objectives of this engagement are to determine whether: (1) fiscal management overseen by the OCFO is adequate to mitigate the risk of wasteful year-end spending; (2) spending in the last month of the fiscal year circumvented procurement regulations; and (3) year-end spending was operationally supported.

Audit of the District's Homeward DC Strategic Plan and Emergency Homeless Shelter Management

In 2015, the District of Columbia released *Homeward DC*, a strategic plan to end long-term homelessness in the District.¹³ Since renamed *Homeward DC 1.0*, the strategic plan had a goal of ending chronic homelessness among individuals and families in the District by the end of 2017 and by 2020 to have households experiencing a housing crisis rehoused within an average of 60 days or less. Part of this goal was to be accomplished by constructing seven shelters throughout the District to replace the central homeless shelter, D.C. General. The central homeless shelter at D.C. General closed in 2018.

In 2021, the District of Columbia released *Homeward DC 2.0*, an updated version of the strategic plan covering 2021-2025.¹⁴ Like its predecessor, this strategic plan details a model in which homeless individuals and families initially receive emergency and transitional housing assistance in an emergency shelter or other transitional housing before being transitioned to permanent housing assistance, which includes the Rapid Re-Housing and Permanent Supportive Housing voucher programs.

In 2021, the Office of the Deputy Mayor for Health and Human Services began implementing the Coordinated Assistance and Resources for Encampments (CARE) Pilot Program, which is

¹³ D.C. Interagency Council on Homelessness(ICH) website, <https://ich.dc.gov/page/homeward-dc-20-ich-strategic-plan-fy2021-fy2025> (last visited Aug. 9, 2022).

¹⁴ D.C. ICH website, https://ich.dc.gov/sites/default/files/dc/sites/ich/page_content/attachments/Homeward-DC-Report_FY2021-2025%5B1%5D.pdf (last visited Aug. 9, 2022).

designed to clear homeless encampments and provide intensive case management and behavioral health/substance use support, and expedite affordable housing options available to individuals.¹⁵ Media reports indicated that in response to efforts to close encampments, residents stated that they understood their encampments were not clean or healthy, but the alternatives, District-operated shelters, were also problematic¹⁶

This engagement was identified due to the potential risk to public safety.

The objectives of this engagement are to assess: (1) the progress made toward the goal of ending chronic homelessness among individuals and families in the District; and (2) whether the newly constructed shelters increased the availability, equity, and safety of homeless services in the District.

Audit of the District's Oversight of Medicaid Managed Care Organizations

In September 2019, the Department of Health Care Finance (DHCF) announced plans to move towards a fully managed Medicaid program over the following 5 years. Managed care is a health care delivery system organized to manage cost, use, and quality. Medicaid managed care provides for the delivery of Medicaid health benefits and additional services through contracted arrangements between state Medicaid agencies and managed care organizations (MCOs) that accept a set per member per month (capitation) payment for these services. The first implemented managed care contract began on October 2, 2020.¹⁷

In addition to managing the Medicaid program, MCO's are responsible for identifying potential fraud, waste, and abuse within the Medicaid program and making referrals to the Department of Health Care Finance (DHCF). In 2018, the U.S. Department of Health and Human Services (HHS) Office of Inspector General published a report detailing weaknesses in MCOs' efforts to identify and address fraud and abuse. The report claimed that MCOs took actions against providers suspected of fraud or abuse, but did not typically inform the relevant state, including when MOCs terminated provider contracts. The report also claimed that MCOs did not always identify and recover overpayments of Medicaid funds, including those associated with fraud or abuse.¹⁸

This engagement was identified due to the potential risk to public safety and the potential impact to District operations associated with Medicaid program reforms and MCO contracts.

¹⁵ Office of the Deputy Mayor for Health and Human Services (DMHHS) website, https://dmhhs.dc.gov/sites/default/files/dc/sites/dmhhs/page_content/attachments/Encampment%20Pilot%20FAQ%20FINAL.pdf (last visited Aug. 9, 2022).

¹⁶ Chelsea Cirruzzo, *National Park Service Clears Union Station Homeless Encampment*, June 2, 2022, <https://www.axios.com/local/washington-dc/2022/06/02/dc-union-station-homeless-encampment-cleared> (last visited July 26, 2022).

¹⁷ Department of Health Care Finance website, <https://dhcf.dc.gov/release/dhcf-announces-implementation-new-medicare-managed-care-health-plans> (last visited Aug. 9, 2022).

¹⁸ U.S. Department of Health and Human Services Office of Inspector General, *Weaknesses Exist in Medicaid Managed Care Organizations' Efforts to Identify and Address Fraud and Abuse*, July 11, 2018, <https://oig.hhs.gov/oei/reports/oei-02-15-00260.asp> (last visited July 26, 2022)

The objective of this engagement is to determine whether the managed care health care delivery system reduced cost, increased access to health care services, and improved the quality of health care services.

Audit of the Oversight of District Programs

Pursuant to D.C. Code § 1-301.115a(a-1)(2) (Supp. 2018), the Office of Inspector General has a statutory responsibility to provide leadership and coordinate and recommend policies for activities designed to promote economy, efficiency, and effectiveness, and to prevent and detect corruption, mismanagement, waste, fraud, and abuse in District programs and operations.

Other organizations in the District are also tasked with varying levels of oversight responsibility. Some organizations, such as the Board of Ethics and Government Accountability (BEGA) and the Office of the District of Columbia Auditor, have oversight responsibilities across the District government, while others, such as the Department of Human Services (DHS) Office of Program Review, Monitoring and Investigation (OPRMI) and the Office of the Chief Financial Officer's (OCFO) Office of Integrity and Oversight (OIO) have specific oversight over their agency's functions. With different missions, legal authority, funding mechanisms, and potentially overlapping jurisdictions, oversight entities must conduct their oversight in accordance with District and federal laws in an efficient and effective manner.

The objectives of this engagement are to: (1) identify all District organizations with oversight responsibilities; (2) determine whether the organizations are providing oversight in accordance with District statutes; and (3) determine whether the organizations have the necessary resources to conduct their oversight responsibilities.

Audit of the District Integrated Financial System

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. On June 23, 2022, the OIG issued its report entitled *Government of the District of Columbia Fiscal Year 2022 Information Technology Capital Projects Procurement Risk Assessment*. This risk assessment identified two systems, the Modernized Integrated Tax System (MITS) and the District Integrated Financial System (DIFS), needing further review. The OIG will further review DIFS with this engagement.

OCFO is also developing DIFS to modernize and replace the current budget and financial system.¹⁹ Our risk assessment identified that DIFS has a budget of over \$229 million over 5 years.²⁰ Since the original bid, OCTO has modified the contract 9 times, and costs have increased by 25%.²¹ After years of development, OCFO plans to deploy DIFS in October 2022.

¹⁹ The District's current budget and financial system is the System of Accounting and Reporting (SOAR).

²⁰ PERFORMANCE OVERSIGHT HEARING: BEFORE THE D.C. COUNCIL COMM. ON BUSINESS & ECONOMIC DEV. (Mar. 4, 2020) (Testimony of Jeffrey S. DeWitt, Chief Financial Officer).

²¹ OIG Final Report No. 21-1-29MA(a), *supra* note 19.

The objectives of this engagement are to assess the methodology OCFO used to: (1) justify the need for DIFS; (2) select the financial management solution and vendor; (3) identify the scope, schedule, and budget to implement the project; and (4) manage project execution, including changes to scope, schedule, and budget.

Public Safety Risk Assessment

The District of Columbia is experiencing a marked increase in gun violence, including a 36% increase in homicides from 2019 to 2021.²² As of July 12, 2022, the District experienced 221 more violent gun-involved crimes compared to the same period in 2021.²³ The District 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 the risks of becoming involved with gun violence. The Mayor created the Building Blocks DC program, which included standing up a temporary 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 takes a whole-of-government approach to connect residents in specific communities with behavioral health, housing, employment, and other supports. In FY 2022, the Building Blocks DC program received \$59 million in funding across multiple agencies, up from nearly \$10 million in FY 2021. In FY 2023, that number rises to more than \$75 million using funding received from the American Recovery Plan Act.

The OIG identified this engagement in FY 2022 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.

Due to the scope of the programs involved, in FY 2023, the OIG will conduct a public safety risk assessment of the District. The findings from this risk assessment will inform the objectives of future OIG engagements in FY 2024-2025.

²² Metropolitan Police Department website, <https://mpdc.dc.gov/page/district-crime-data-glance> (last visited July 26, 2022).

²³ Paige Hopkins, *Gun Violence is on the Rise in D.C.*, Axios.com, July 12, 2022, <https://www.axios.com/local/washington-dc/2022/07/12/gun-violence-is-on-the-rise-in-dc> (last visited July 26, 2022).

PLANNED INSPECTIONS AND EVALUATIONS

Inspections and Evaluations Identified Through the OIG’s Comprehensive Risk Assessment Process

Evaluation of the District’s Cybersecurity Governance

D.C. Code § 1-1402 states that the Office of the Chief Technology Officer (OCTO) should “centralize responsibility for the District government’s investments in information technology and telecommunications systems to help District departments and agencies provide services more efficiently and effectively.” It further notes that OCTO is responsible for developing and enforcing “policy directives and standards regarding information technology and telecommunications systems throughout the District government.” As part of its execution of these responsibilities, OCTO issues cybersecurity waivers. Cybersecurity waivers are an agreement between OCTO and the requesting District agency through which OCTO accepts a heightened level of risk from a deficient application or piece of technology that must go or remain in active use. The requesting agency then agrees to remediate the deficiency within 30-120 days, based on the level of risk. Cybersecurity waivers are generally requested when a District agency must comply with a legal/programmatic requirement (particularly federal government programs/grants) or deliver/maintain a service to a critical population.

During OCTO’s FY 2022 performance oversight hearing, OCTO and the D.C. Council discussed the use of cybersecurity waivers and concerns that OCTO hasn’t traditionally followed up with requesting agencies to determine whether the vulnerability has been remediated, potentially leaving the District exposed to cyber threats.

The objectives of this engagement are to: (1) identify all cybersecurity waivers OCTO approved since October 1, 2020; (2) assess OCTO’s processes for evaluating, documenting, and awarding cybersecurity waivers to District agencies; (3) determine whether District agencies properly implemented the requirements of the cybersecurity waivers issued during the scope period; and (4) determine whether OCTO followed up on agencies’ compliance with waiver requirements.

Evaluation of the Department of Youth Rehabilitation Services Community-Based Programs

The Department of Youth Rehabilitation Services (DYRS) is responsible for the security, safety, and well-being of court-involved youths in the District. DYRS has six divisions, of which the Youth and Family Programs Division (YFPD) is the largest, both by operating budget and staff. Through contracted service providers, YFPD delivers a wide range of services to court-involved youths, including Supervised Independent Living Programs, Extended Family Homes, Residential Treatment Facilities, and Therapeutic Foster Care. DYRS also provides services and programs touching on areas such as workforce development and education.

This engagement was selected due to the risk to public safety. During the FY 2022 performance oversight cycle, the Committee on Recreation, Libraries, and Youth Affairs expressed concern with the underutilization of DYRS’ community-based programs.

The objectives of this evaluation will be to: (1) identify the various types of community-based services that DYRS delivers through contracts, commonly referred to as human care agreements; and (2) analyze the extent to which the various services have been used over the last 3 years.

Evaluation of the District’s Hyperlocal Economic Development Programs

Each year the District awards tens of millions of dollars in grant funds to support business development and neighborhood revitalization. Such programs, which are generally administered by either the Department of Small and Local Business Development or the Office of the Deputy Mayor for Planning and Economic Development, include: DC Main Streets; Clean Teams; Small Medium Business Growth Fund; Robust Retail; Great Streets; the Neighborhood Prosperity Fund; and funding to Business Improvement Districts. Collectively, these programs support initiatives aimed at recruiting and retaining businesses, creating jobs, improving and beautifying commercial/retail properties and streetscapes, and attracting consumers.

This engagement was selected due to the oversight concerns identified in some of these programs by past OIG work, stakeholder concerns, and the increase in funding to these programs. The approved funding for Business Improvement Districts, for example, is up more than 98% since FY 2019, while the funding to the Main Street program is up more than 87% during the same period.

The objective of this engagement is to assess the District’s administration of these programs, with a focus on processes and mechanisms that minimize opportunities for fraud and redundancies between programs, and maximize these programs’ efficacy.

Evaluation of Selected Contracts and Grants

Throughout FY 2023, the OIG will monitor contract and grant awards and use a methodology developed internally to quantify risk in order to identify specific contracts to evaluate.

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

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

PLANNED OVERSIGHT OF FEDERAL PANDEMIC RECOVERY FUNDS

Planned OIG Engagements

Federal Pandemic Recovery Funds Risk Assessment

In response to the COVID-19 Pandemic, the federal government passed the American Recovery Plan Act (ARPA) and Infrastructure Investment and Jobs Act (IIJA), providing the District with over \$6.3 billion in additional funding over 5 years.

ARPA provides the District \$2.3 billion in State and Local Fiscal Recovery Funds (SLFRF), over \$107 million for capital infrastructure, and an additional \$980 million in specific grants to District agencies. The SLFRF funds are to support public health expenditures, including COVID-19 mitigation efforts and medical expenses, to address the negative economic impacts caused by the public health emergency, replace lost public sector revenue, provide premium pay for essential workers, and to invest in water, sewer, and broadband infrastructure.

The IIJA provides the District with \$1.1 billion for federal highway apportioned programs, \$225 million for bridge replacement and repairs, \$1.2 billion to improve public transportation options, \$17 million for a network of electric vehicle chargers, \$100 million for high-speed internet infrastructure, \$335 million to improve water infrastructure, and funds to prepare for the impacts of climate change, cyber-attacks, and extreme weather events.

Due to the scope of the programs involved, in FY 2023, the OIG will continue assessing risks within the District's ARPA funding and plans to conduct risk assessments of the District's forthcoming IIJA funding. The findings from this risk assessment will inform the objectives of future OIG engagements in FYs 2024-2025.

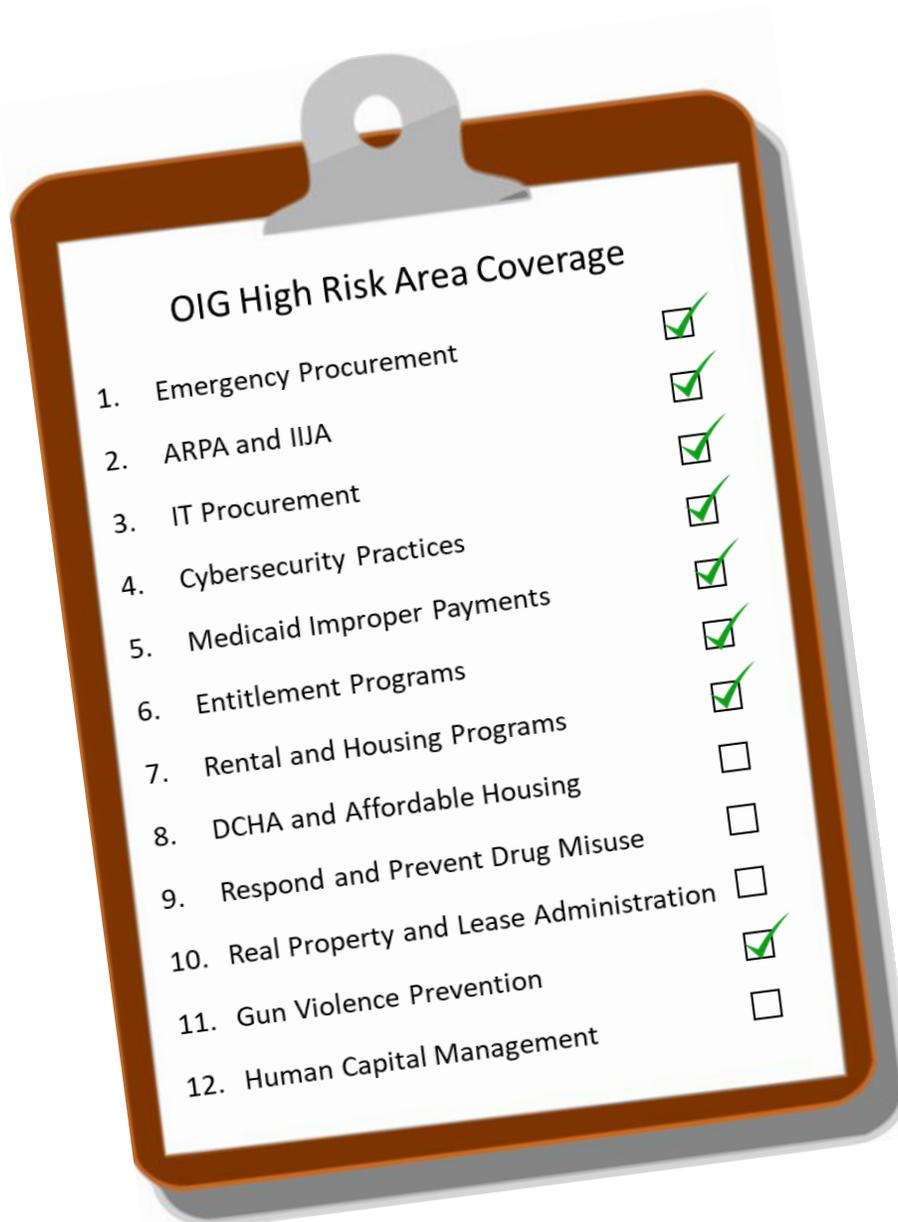
The objectives of this engagement are to identify: (1) District ARPA resources subject to the highest risk of corruption, fraud, waste, abuse, and mismanagement; (2) high-risk incongruences in the various federal and District ARPA laws, rules, regulations, policies, and criteria; and (3) high-risk structural issues related to the District's ARPA funding.

Evaluation of Selected Federal Pandemic Recovery-funded Contracts and Grants

Throughout FY 2023, the OIG will monitor contract and grant awards funded by federal pandemic recovery funds and use a methodology developed internally to quantify risk in order to identify specific contracts to evaluate.

The OIG will review contract and grant documentation and deliverables, conduct interviews with District government employees responsible for award and administration, and conduct onsite observations. The assessment of selected contracts and grants 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 and grant performance.

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



FY 2022 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, such as personal protective equipment, medical equipment, leased space, and other goods and services, to meet the needs of District agencies and medical providers. 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).*" The OIG issued an [engagement letter on July 27, 2021](#), continuing its oversight work in this area. As of the date of this plan, this engagement is ongoing.

Audit of the Department of Employment Services Unemployment Insurance System Claims Processing

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 were receiving Unemployment Insurance funding under the Pandemic Unemployment Assistance program created as part of the CARES Act.²⁴ 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

²⁴ 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>.

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.²⁵

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 this plan, this engagement is ongoing.

Audit of District of Columbia Agencies' Overtime Usage

Overtime may be required due to vacancies, emergencies, special events, staffing shortages, or workload fluctuations. It is often more cost-effective than hiring additional staff and allows employees to meet fluctuating workloads without requiring layoffs when workloads decline. 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.²⁶ 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.²⁷ In FY 2019, MPD spent over \$38 million in overtime.²⁸

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.

²⁵ 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.

²⁶ 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).

²⁷ *Id.* at C-90.

²⁸ GOV'T OF THE DISTRICT OF COLUMBIA FY 2022 APPROVED BUDGET AND FINANCIAL PLAN, VOL. 2 AGENCY BUDGET CHAPTERS PART I C-143 (Sept. 17, 2021), <https://app.box.com/s/qerszz0zt2a307w72n8e4nq4ka3advz1> (last visited Aug. 9, 2022).

This project was identified in the OIG's *Fiscal Year 2022 Audit and Inspection Plan*. As of the date of this plan, this engagement is ongoing.

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 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 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."²⁹

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

This project was identified in the OIG's *Fiscal Year 2022 Audit and Inspection Plan*. As of the date of this plan, this engagement is ongoing.

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 and 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 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

²⁹ 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).

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* but was subsequently postponed until FY 2022 due to the COVID-19 Public Health Emergency. The OIG outsourced this project to an independent auditor. As of the date of this plan, this engagement is ongoing.

Ongoing Inspections and Evaluation Projects

Special Evaluation of the District of Columbia Main Streets Program

On December 14, 2021, the OIG announced this engagement in response to a request from the Council of the District of Columbia. DC Main Streets is a comprehensive program that promotes the revitalization of business corridors in the District of Columbia. There are currently 28 independent, nonprofit neighborhood Main Street programs, which are managed by the Department of Small and Local Business Development (DSLBD).

The objectives of this engagement are to examine: (1) DSLBD's administration of the Main Streets program's grant application and award processes; (2) selected Main Streets grantees' compliance with grant agreement requirements; and (3) DSLBD's oversight of awarded grants, to determine whether there are any opportunities for improvement that could reduce the potential for fraud, waste, and abuse within the Main Streets program.

As of the date of this plan, this engagement is ongoing.

Evaluation of Department of Health Care Finance Programs

In FY 2022, I&E started an inspection of the Department of Health Care Finance's (DHCF) and Department of Behavioral Health's (DBH) processes for paying behavioral health and substance use disorder (BH/SUD) treatment service providers.

The objectives of this inspection are to identify: (1) the funding sources and payment processes employed by DHCF and DBH to provide BH/SUD treatment services; (2) DHCF's and DBH's respective authorities and responsibilities for preventing, detecting, and addressing improper payments; and (3) any weakness in DHCF's and DBH's administration and oversight of payment processes that might increase the District's susceptibility to fraud, waste, or abuse.

I&E suspended its engagement midway through the fiscal year to focus on an emergent issue but plans to resume work on this project in FY 2023.

Appendix A. The Audit Process

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

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

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.