

# DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL



August 2024

## Fiscal Year 2025 Audit and Inspection Plan

### GUIDING PRINCIPLES

ACCOUNTABILITY \* INTEGRITY \* PROFESSIONALISM

TRANSPARENCY \* CONTINUOUS IMPROVEMENT \* EXCELLENCE



## OUR MISSION

We independently audit, inspect, and investigate matters pertaining to the District of Columbia government 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.

## OUR 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!

## OUR GUIDING PRINCIPLES

- Accountability
- Continuous Improvement
- Excellence
- Integrity
- Professionalism
- Transparency





# EXECUTIVE SUMMARY

## Fiscal Year 2025 Audit and Inspection Plan

In accordance with DC Code § 1-301.115a(a)(3)(I) (2023), the Office of the Inspector General for the District of Columbia (OIG) presents its Fiscal Year 2025 Audit and Inspection Plan, a comprehensive strategy to oversee and improve District government operations. This plan supports our mission to prevent corruption, promote accountability, and enhance the efficiency of District programs.

### Strategic Approach

- 1. Risk-Based Methodology:** Our plan employs a data-driven risk assessment process to identify high-priority areas for audit and inspection.
- 2. High-Risk List:** We have identified 11 areas of District government operations most at risk for corruption, fraud, waste, abuse, or mismanagement, including:
  - District contracting procedures
  - Cybersecurity practices
  - Improper Medicaid payments
- 3. Comprehensive Oversight:** The plan outlines specific audits and evaluations across various District agencies and programs, focusing on areas such as:
  - Fiscal management
  - Housing programs
  - Violence prevention initiatives
- 4. Continuous Improvement:** We provide updates on ongoing engagements from FY 2024, ensuring continuity in our oversight efforts.
- 5. Statutory Compliance:** The plan includes mandatory audits required by law, such as the Annual Comprehensive Financial Report (ACFR) and the DC Housing Authority financial audit.

- 6. Adaptability:** While comprehensive, our plan maintains flexibility to address emergent issues and requests from District leadership.

### Plan Highlights

- **Planned Engagements:** The FY 2025 plan includes a diverse range of audits and evaluations, from assessing year-end agency spending to evaluating violence intervention programs.
- **Ongoing Projects:** We continue our work on critical areas such as information security risk mitigation and housing program coordination.
- **Emerging Risks:** Our plan addresses evolving challenges in areas like cybersecurity and human capital management.

The FY 2025 Audit and Inspection Plan demonstrates the OIG's ongoing commitment to serving as an independent, objective source of oversight for the District government, aiming to improve services for all District residents.





# A MESSAGE FROM THE INSPECTOR GENERAL

## Fiscal Year 2025 Audit and Inspection Plan



I am pleased to present the Office of the Inspector General for the District of Columbia's (OIG) Fiscal Year (FY) 2025 Audit and Inspection Plan. This plan serves as our roadmap for oversight of District programs and operations in the coming year.

Our FY 2025 plan is the product of a rigorous, data-driven risk assessment process. We have carefully considered input from District leaders, reviewed statutory requirements, analyzed prior OIG work, and applied our internal risk identification methodology. This comprehensive approach ensures that we direct our resources towards the areas of greatest impact and risk. In FY 2024, our efforts resulted in 12 reports containing 116

recommendations, with District agencies agreeing to implement 82 percent of these recommendations. Additionally, we issued the District's Annual Comprehensive Financial Report (ACFR) and associated component audit reports. These outcomes demonstrate the collaborative spirit between the OIG and District agencies in our shared goal of improving government operations.

Looking ahead, the District government faces complex challenges in FY 2025. Our aim is to provide meaningful impact by helping District leaders better understand and mitigate risks in the programs they manage. Through our work, we strive to safeguard against corruption, fraud, waste, abuse, and mismanagement. This plan reflects our commitment as the District's independent factfinder. We remain dedicated to promoting accountability, efficiency, and effectiveness in District government operations. For more information about the plan, please contact our Office at (202) 727-2540 or visit our website at <http://oig.dc.gov>.

A handwritten signature in blue ink, appearing to read "D. Lucas".

Daniel W. Lucas  
Inspector General





# Fiscal Year 2025 Audit and Inspection Plan

## TABLE OF CONTENTS

FY 2025: Risk-Based Focus Areas and Engagements.....	2
Focus Areas for FY 2025.....	2
Planned Projects.....	2
OIG Comprehensive Risk Assessment Process.....	3
Overview.....	3
Risk Assessment Process.....	3
Risk Evaluation Matrix.....	3
Flexibility and Responsiveness.....	4
Core Mission Areas FOR THIS PLAN.....	4
FY 2025 High-Risk List.....	5
Introduction.....	5
High-Risk Areas.....	5
Planned Engagements.....	12
Audits.....	12
Inspections and Evaluations.....	19
Ongoing Engagements.....	24
Audits.....	24
InspectionS and Evaluations.....	30
Appendix A: The Audit Process.....	32
Appendix B: The Inspection/Evaluation Process.....	33
Appendix C: Our Products.....	34

## **FY 2025: RISK-BASED FOCUS AREAS AND ENGAGEMENTS**

### **FOCUS AREAS FOR FY 2025**

Based on our risk assessment, we have identified the following focus areas:

1. Public Safety
2. Health and Welfare
3. High-Cost District Programs

### **PLANNED PROJECTS**

#### **Audits**

- DBH's Evaluation, Approval, and Oversight of Community-Based Service Providers
- DC Housing Authority Independent Fiscal and Management
- District Entitlement Program Eligibility
- Fiscal Management: Year-End Spending of Expiring Agency Budgets
- Fiscal Year 2025 Annual Comprehensive Financial Report (ACFR)
- Highway Trust Fund and 5-Year Forecast
- Information Technology Staff Augmentation Contracts
- Modern Integrated Tax System (MITS) Modernization
- Procurement System Audit
- Residential Property Tax Assessment and Valuation Processes for Occupied, Vacant, and Blighted Properties
- Special Education Attorney Certifications Audit
- West End Library and Fire Station Maintenance Fund Audit

#### **Inspections and Evaluations**

- DYRS' Clinical Case Management Activities with Committed Youth
- District's Violence Intervention Programs

- DACL's Support Programs
- DOC's Substance Abuse Treatment Program
- DOH's Animal Services and Animal Control Contracted Services
- Selected Contracts and Grants

This risk-based approach ensures that our audits and evaluations target the most critical areas, maximizing our impact on District operations and resource management.

## OIG COMPREHENSIVE RISK ASSESSMENT PROCESS

### OVERVIEW

The Office of the Inspector General (OIG) employs a comprehensive risk assessment process to identify and prioritize high-risk areas that significantly impact the efficiency and effectiveness of District government operations. This process informs our Fiscal Year (FY) 2025 Audit and Inspection Plan.

### RISK ASSESSMENT PROCESS

1. **Internal Analysis:** Our Risk Identification Committee conducts a review of the District government by analyzing operations and programs across all agencies, reviewing the District's FY 2025 Budget and Financial Plan, considering feedback and priorities from District leaders, examining statutory requirements and prior OIG work, evaluating open recommendations and previously identified management challenges, and applying our internal risk identifications. This comprehensive process allows us to understand potential vulnerabilities and areas of concern throughout the District government.
2. **Stakeholder Input:** We solicit feedback from affected stakeholders through surveys and review priorities of other District oversight entities.
3. **High-Risk List Refinement:** We continuously update our High-Risk List to highlight areas with potential internal control weaknesses and elevated risk.
4. **Data-Driven Approach:** By synthesizing these inputs, we identify the most impactful engagements to provide the greatest value to the District.

### RISK EVALUATION MATRIX

The Committee evaluates potential engagements based on the following:

- Prior reviews or actions by OIG and other oversight entities
  - Vulnerability to corruption, fraud, waste, abuse, and mismanagement
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- Potential impact on District programs and operations
- Potential monetary benefits or improved fund allocation
- Social justice and racial equity concerns
- Stakeholder interest

## **FLEXIBILITY AND RESPONSIVENESS**

This integrated approach, which combines our comprehensive risk assessment process with stakeholder input and ongoing monitoring of District operations, allows for:

- Greater flexibility in identifying, assessing, and prioritizing engagements
- Increased ability to respond to unforeseen circumstances
- Potential adjustment of projects based on emergent requests from District leadership

## **CORE MISSION AREAS FOR THIS PLAN**

### **Audit Unit (AU)**

Our Audit Unit conducts independent audits and attestation engagements of operations in the District government.

### **Inspections and Evaluations Unit (I&E)**

Our Inspections and Evaluations Unit conducts inspections and evaluations of District programs to identify program deficiencies, recommend corrective measures to improve the oversight, management, and execution of programs, and stewardship of resources; and to ensure compliance with District and federal laws, regulations, and policies.

Our comprehensive risk assessment process, which includes:

1. A systematic review of program operations and outcomes
2. In-depth analysis of policies and procedures
3. Interviews with key personnel and stakeholders
4. Examination of relevant data and documentation
5. On-site observations and fieldwork

ensures that we direct our resources towards the areas of greatest impact and risk. We aim to provide a thorough and balanced assessment of District programs and operations by employing these varied methods.



## FY 2025 HIGH-RISK LIST

### INTRODUCTION

The OIG uses its comprehensive risk assessment process to identify areas of District government operations most at risk for corruption, fraud, waste, abuse, or mismanagement. This High-Risk List informs stakeholders of potential weaknesses in internal controls and areas at elevated risk.

District agencies can use this list to prioritize improving their internal control systems, by leveraging the Green Book's principles to proactively identify, analyze, and respond to risks.<sup>1</sup>

### HIGH-RISK AREAS

#### 1. District Contracting Procedures

Government procurement is a complex process that requires careful management of numerous risks related to completing construction projects and acquiring goods and services. Effective risk management is crucial given the substantial financial investments and public interest.

In May 2023, it was reported<sup>2</sup> that District agencies may have unlawfully awarded contracts without receiving approval from the Council for the District of Columbia, as required by law. Procurements conducted outside the established procurement process are at increased risk of corruption, fraud, waste, abuse, and mismanagement and may violate District laws and policies.

##### *Recent OIG Engagements*

On August 1, 2022, the OIG issued the [Fiscal Year 2022 Procurement Risk Assessment](#) report. 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) (DC 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. That report identified eight high-risk areas related to the District's procurement activities and was used to plan future OIG engagements.

The OIG *FY 2024 Audit and Inspection Plan* announced the [Audit of District Agencies' Contract Administration](#) to address these risk areas. This ongoing engagement aims to determine whether agencies are: (1) effectively administering contracts to ensure

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<sup>1</sup> U.S. Gov't Accountability Office, STANDARDS FOR INTERNAL CONTROL IN THE FEDERAL GOV'T, GAO-14-704G (Sept. 2014), <https://www.gao.gov/products/GAO-14-704G> (last visited Aug. 27, 2024).

<sup>2</sup> Martin Austermuhle, *D.C. Public Schools Unlawfully Awarded \$270 Million Worth of Contracts*, May 11, 2023, <https://dcist.com/story/23/05/11/dcps-unlawfully-awarded-contracts-worth-270-million/> (last visited Aug. 27, 2024)

the District receives the goods and services it procures; and (2) complying with District contracting regulations.

## 2. Information Technology Procurement

Information technology (IT) procurements face a significant risk of cost overruns and implementation failures due to potentially inadequate project planning, requirements, and program oversight.

### *Recent OIG Engagements*

In June 2022, the OIG published the [Fiscal Year 2022 Information Technology Capital Projects Procurement Risk Assessment](#) to address this risk area. The objectives of the engagement were to determine: (1) the root causes of the rise in capital IT procurements; (2) why agencies exclude OCTO from decisions on capital IT projects; (3) the impact of Certified Business Enterprises and Small Business Enterprises (CBE/SBE) requirements on project costs; (4) whether respective agencies adequately managed capital IT projects; (5) whether the original capital IT procurements were appropriate; and (6) how to improve capital IT project oversight.

The report identifies three specific risk areas that the OIG is using 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 correctly planning and spending IT funding; and (3) the rise in project spending and significant subsequent procurement actions and award modifications are indicative of risk as to whether the initial budget, procurement process, and project management were adequate.

The OIG *FY 2023 Audit and Inspection Plan* announced the [District of Columbia's Integrated Financial System \(DIFS\) Audit](#) to address risks identified in the *Fiscal Year 2022 Information Technology Capital Projects Procurement Risk Assessment*. The OIG issued a closeout letter for this audit on September 20, 2023. While the OIG provided the OCFO with seven observations and seven opportunities for improvement relevant to our audit objectives, the agency could not provide us with sufficient and appropriate evidence to determine the root causes of the observations.

## 3. District Cybersecurity Practices

Cybersecurity risks are increasing in both the private and public sectors each year. The District's IT systems contain sensitive information, and government operations rely on 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 identifying, prioritizing,

remediating, and monitoring IT vulnerabilities.<sup>3</sup> In the FY 2022 ACFR, the OIG's independent auditors were unable to issue an opinion on the financial statements of the Washington Convention and Sports Authority (Events DC), due to a ransomware attack that resulted in the encryption and loss of a significant amount of detailed financial data from FY 2022.<sup>4</sup> According to OCTO officials, they are developing and documenting the OCTO Risk Management Framework to address this finding. However, given that OCTO may not have authority over some District agencies, including independent agencies like Events DC, the risk could persist without a District government-wide approach to cybersecurity.

### ***Recent OIG Engagements***

The OIG *FY 2023 Audit and Inspection Plan* announced the [Evaluation of the District's Use of Cybersecurity Waivers](#) to address this risk area. The OIG issued a [public letter](#)<sup>5</sup>, instead, it provided a confidential report of its findings to District stakeholders. Our confidential report identified ten recommendations to improve OCTO's internal controls and oversight of the cybersecurity waiver program. OCTO's internal controls and oversight of the cybersecurity waiver program.

On February 24, 2023, the OIG released a [Management Implication Report \(MIR\)](#) to alert District agencies of the need to implement effective cybersecurity management practices. The MIR highlighted recent cybersecurity incidents affecting District agencies, identified current cybersecurity threats, and outlined key components of an effective Cyber Incident Response Plan. The report emphasized the importance of preparation, detection and analysis, containment and recovery, and post-incident activities in managing cybersecurity risks. The OIG urged District agencies to remain vigilant, regularly update and test their systems, and report all cyber incidents to the Office of the Inspector General.

The OIG *FY 2024 Audit and Inspection Plan* announced the [Audit of Information Security Risk Mitigation](#) to address this risk area. The ongoing objectives of the engagement are to determine the extent to which OCTO: (1) has developed and implemented a program for information security risk mitigation, and (2) works together with District agencies to mitigate security risks.

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<sup>3</sup> OIG No. 22-1-07MA(a), Management Letter at 2, <https://oig.dc.gov/sites/default/files/Reports/OIG%20No.%2022-1-07MA%20-%20DC%20FY%202021%20Management%20Recommendations.pdf>.

<sup>4</sup> OIG No. 22-1-26MA, Independent Auditor's Report at 1-2, <https://oig.dc.gov/sites/default/files/Reports/OIG%20No.%2022-1-26MA%20-%20ACFR%20Opinion.pdf>.

<sup>5</sup> OIG No. 23-E-03-TOO, Evaluation of the District's Use of Cybersecurity Waivers, <https://oig.dc.gov/sites/default/files/Reports/Use%20of%20Cybersecurity%20Waivers%20-%28Public%20Letter%29%20-%20Signed.pdf>

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#### 4. Medicaid Improper Payments

The size and complexity of the Medicaid program presents oversight challenges. The Centers for Medicaid and Medicare Services estimates that improper payments in the Medicaid program account for 7.38 percent of all Medicaid payments nationally.<sup>6</sup>

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. DHCF's transition to an MCO model is not without risks. In 2018, the US Government Accountability Office examined MCO payment risks and found that state Medicaid programs are at risk of: (1) improper capitalization payments; (2) inaccurate capitation rates; (3) payments to non-compliant MCOs and (4) duplicative payments.<sup>7</sup> Further, GAO found that MCOs risked: (1) incorrect MCO fee-for-service payments and (2) incorrect capitation payments.<sup>8</sup>

##### *Recent OIG Engagements*

The OIG *FY 2023 Audit and Inspection Plan* announced the [Audit of the District's Oversight of Medicaid Managed Care Organizations](#) to address this risk area. The objectives of this ongoing engagement are to determine whether the managed care health care delivery system (1) reduced costs of and (2) increased access to health care services.

The OIG *FY 2024 Audit and Inspection Plan* announced the [Audit of Medicaid Eligibility](#) to address this risk area. The objectives of this ongoing audit are to: (1) review internal controls over Medicaid eligibility and (2) evaluate compliance with federal program requirements.

#### 5. District Entitlement Programs

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

##### *Recent OIG Engagements*

In April 2023, the OIG published [OIG No. 21-1-27CF- DOES Struggled to Handle Surge in Unemployment Insurance Claims During April 2020 through September 30, 2021](#), to address this risk area. The objectives of this audit engagement were to assess the Department of Employment Services' (DOES) responsiveness in processing

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<sup>6</sup> CENTER FOR MEDICAID AND MEDICARE SERVICES, Fiscal Year 2023 Improper Payments Fact Sheet, available at <https://www.cms.gov/newsroom/fact-sheets/fiscal-year-2023-improper-payments-fact-sheet> (last visited Aug 20, 2024)

<sup>7</sup> U.S. GOV'T ACCOUNTABILITY OFFICE, MEDICAID MANAGED CARE, IMPROVEMENTS NEEDED TO BETTER OVERSEE PAYMENT RISKS 9, GAO-18-528 (July 2018), <https://www.gao.gov/assets/gao-18-528.pdf> (last visited Aug. 27, 2024).

<sup>8</sup> *Id.*

unemployment insurance claims and controls over the accessibility, availability, and reliability of the unemployment insurance system. The OIG report made 14 recommendations. DOES agreed with two recommendations and disagreed with 12.

## 6. District Rental and Housing Programs

The District 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 for 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 (DHS) was managing the Family Re-Housing and Stabilization Program (FRSP) in accordance with DC Code and DC 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.

The OIG *FY 2024 Audit and Inspection Plan* announced the *Audit of Housing Program Coordination* to address this risk area. The objectives of this ongoing engagement are to: (1) identify all District housing and rental assistance programs; (2) determine whether the programs are effectively coordinating to provide the best value to eligible District residents and (3) determine whether the organizations have the necessary resources to conduct their mission.

## 7. District of Columbia Housing Authority Activities to Support Affordable Housing

The District of Columbia Housing Authority (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 Approved Budget, it is estimated that up to 20 percent of public housing units are vacant due to disrepair. According to DCHA, rehabilitating and stabilizing the District's public housing is a significant challenge that will require over \$2.2 billion to address.

In FY 2021, the District began appropriating capital investments to DCHA to make critical improvements, such as extending buildings' useful lives, removing lead, and renovating vacant units. In the District's FY 2025-2030 Capital Improvements Plan, the

total capital investments to DCHA amounts to more than \$396 million over the 6-year financial plan.<sup>9</sup>

In addition to the capital funding, the District has approved \$187.5 million in local funding to DCHA for the Local Rent Supplement Program (LRSP) Permanent Supportive Housing vouchers, rental assistance, and DCHA's Public Safety force.<sup>10</sup>

### **Recent OIG Engagements**

In October 2022, the OIG published [DCHA Can Improve Financial and Program Management to Ensure Housing Subsidy Programs are Administered in an Efficient and Effective Manner](#) to address this risk area. The objectives of this audit were to (1) assess whether DCHA administered the programs supported by the operating and capital subsidies in accordance with District and federal laws and regulations and (2) identify areas at risk of loss through errors, theft, or noncompliance. The OIG report made 23 recommendations. DCHA agreed with 18 recommendations and disagreed with five.

On June 3, 2024, DCHA, under its new Executive Director and leadership team, issued a [Three-Year Recovery Plan](#) as a roadmap to restore, rebuild, and revitalize DCHA. In developing its plan, DCHA amongst other things, reviewed past agency evaluations including the findings for the [US Department of Housing and Urban Development's 2022 Assessment](#) and the DC Office of Inspector General's 2022 audit. The DC OIG has included DCHA Activities to Support Affordable Housing as a High-Risk List item since 2022. The OIG will monitor DCHA's implementation of its new Three-Year Recovery Plan and will consider future OIG engagements to evaluate progress made in its implementation.

## **8. Efforts to Respond to and Prevent Drug Misuse**

As the opioid crisis continues to impact the nation, opioid-related deaths in the District have increased by more than 524 percent since 2014.<sup>11,12</sup> Effective

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<sup>9</sup> Gov't of the District of Columbia FY 2025 Approved Budget and Financial Plan, Vol. 5 FY 2025-2023 Capital Improvements Plan 272 (Jul. 30, 2024), <https://app.box.com/s/47ffelqrma00hotz9pjg8q0e3pcltf0d/file/1607370878226?sb=/details> (last visited August 5, 2024).

<sup>10</sup> Gov't of the District of Columbia FY 2025 APPROVED BUDGET AND FINANCIAL PLAN, Vol. 2 Agency Budget Chapters – Part 1 272 (Jul. 30, 2024), <https://app.box.com/s/6qembozq61di81qrzei5rtovtgbxnnpo> (last visited August 5, 2024).

<sup>11</sup> Gov't of the District of Columbia Office of the Chief Medical Examiner, *Opioid-related Fatal Overdoses: January 1, 2017 to October 31, 2023*, Jan 17, 2024, [https://ocme.dc.gov/sites/default/files/dc/sites/ocme/agency\\_content/Opioid%20related%20Overdoses%20Deaths\\_Jan%202024.pdf](https://ocme.dc.gov/sites/default/files/dc/sites/ocme/agency_content/Opioid%20related%20Overdoses%20Deaths_Jan%202024.pdf) (last visited Aug 21, 2024).

<sup>12</sup> Jackie Bensen, *Opioid overdose deaths in DC reached new high in 2023, report says*, <https://www.nbcwashington.com/news/local/opioid-overdose-deaths-in-dc-reached-new-high-in-2023-report-says/3590285/> (last visited Aug 21, 2024).

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 was: (1) effectively managing opioid program funds and resources and (2) conducting training and distributing naloxone kits at identified levels. Our report contains 10 recommendations for the Department of Behavioral Health and the Department of Health.

On December 20, 2023, the OIG announced the ongoing [Follow-up to Evaluation of the District's Opioid Crisis Response Program](#) to address this risk area.

## **9. 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. In the FY 2021 ACFR, the OIG's independent auditors reported an internal control deficiency concerning the District's need to develop a plan to maintain a comprehensive inventory of leases in which the District is the lessor.<sup>13</sup> Governmental Accounting Standards Board (GASB) Statement No. 87 requires the District to implement a lease accounting standard that is effective for FY 2022. The District's ACFR audit opinion could be adversely impacted without timely implementation of the GASB requirements.

## **10. Gun Violence Prevention Program and Grants**

The District government has taken a government-wide approach to combat rising gun violence, including standing up the [Building Blocks DC program](#).<sup>14</sup> This program involves a significant increase in grant funding in a variety of areas that require additional oversight.

### **Recent OIG Engagements**

The OIG FY 2024 Audit and Inspection Plan identified the [Evaluation of Measures to Combat Gun Violence in Schools](#) to address this risk area. The objective of this ongoing evaluation is to assess the effectiveness of gun violence prevention activities within DC public schools.

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<sup>13</sup> OIG No. 22-1-07MA(a), Management Letter at 3, <https://oig.dc.gov/sites/default/files/Reports/OIG%20No.%2022-1-07MA%20-%20DC%20FY%202021%20Management%20Recommendations.pdf>.

<sup>14</sup> BUILDING BLOCKS DC, FAQ, <https://www.buildingblocks.dc.gov/faq> (last visited Aug 19, 2024).

## 11. Human Capital Management

Recruitment and retention of a workforce with the necessary skills and abilities is crucial to the District government's ability to effectively and efficiently serve the public.

### *Recent OIG Engagements*

On November 9, 2023, the OIG published an [Audit of District of Columbia Agencies' Overtime Usage](#) addressing this risk area. The report examined nine agencies and made 16 recommendations for improvements.

The OIG *FY 2024 Audit and Inspection Plan* included the *Audit of the District's Human Capital Management* to address this risk area. The objectives of this engagement are to assess whether District agencies have effective policies in place to manage the human capital lifecycle, which includes strategic human capital planning; recruiting, retaining, and developing staff; and separation and succession planning."

## PLANNED ENGAGEMENTS

### AUDITS

#### Audits Required by Law

##### 1. Fiscal Year 2025 Annual Comprehensive Financial Report (ACFR)

DC Code § 1-301.115a(a)(3)(H) (2023) requires the OIG to contract with an independent auditor to conduct a comprehensive audit of the District's *Annual Comprehensive Financial Report* (ACFR). The OIG chairs the ACFR Audit Oversight Committee (ACFR Committee). The ACFR Committee conducts regular meetings with Committee members made up of various District agencies. The ACFR for the previous fiscal year must be sent to the Mayor and the Council by February 1 of each year.

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

- DC Lottery and Charitable Games Control Board (financial statements)
- Department of Employment Services (Unemployment Compensation Fund – financial statements)
- Washington Convention Center Authority/dba Events DC (financial statements)
- University of the District of Columbia (financial statements)
- Home Purchase Assistance Program (financial statements)



- DC Post-Employment Benefit Trust Fund (financial statements and actuarial study)
- Health Benefit Exchange Authority
- E911/311 Fund
- Not-For-Profit Hospital Corporation
- DC Housing Finance Agency
- DC Tobacco Settlement Financing Corporation
- DC Green Finance Authority
- DC Retirement Board
- Section 529 College Savings Plan
- 401(a) –Defined Contribution Plan
- 457(b) –Deferred Compensation Plan

The goals 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.

## **2. DC Housing Authority Independent Fiscal and Management Audit**

Pursuant to DC Code § 1-301.115a(e-1) (2023), the OIG is required to “audit the [District of Columbia Housing Authority’s (DCHA)] annual financial statement and report on [its use] of local funds appropriated . . . by the Council [ ].” Additionally, the OIG may conduct an annual inspection and an independent fiscal and management audit of DCHA.

The objective of the Independent fiscal and management audit of DCHA is to obtain reasonable assurance that DCHA's financial statements as a whole are free from material misstatements, whether arising from fraud or error, thereby enabling the independent auditor to express an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with applicable financial reporting standards.

## **3. Highway Trust Fund and 5-Year Forecast Audit**

DC Code § 9-109.02(e) 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 Office of the Chief Financial Officer (OCFO) by February 1 of each year for the preceding fiscal year and the forecast audit is due by May 31.

The goals 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 five years.

#### 4. Special Education Attorney Certifications Audit

The goal of this engagement is to determine the accuracy of certifications made to OCFO by attorneys in special education cases brought under the Individuals with Disabilities Education Act in the District. The OIG's mandate to perform this audit is found in DC Code § 1-301.115a(a)(3)(J).

#### 5. West End Library and Fire Station Maintenance Fund Audit

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. . . ."<sup>15</sup> 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 to perform this audit is found in DC Code § 1-325.181(e).

The goals 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.

#### 6. Procurement System Audit

In FY 2022, the OIG issued three reports addressing distinct 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.
- 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) (DC Law No.

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<sup>15</sup> DC Code § 1-325.181(a)

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 informed the objectives of audits conducted from FY 23, FY24, and audits included in this Plan. Further, the OIG will include a new procurement risk assessment in our FY 2026 Audit and Inspection Plan.

The objectives of our ongoing 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.

## **Audits Identified Through the OIG's Comprehensive Risk Assessment Process**

### **7. 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. Analysis of spending patterns determined that more than 20 percent of District agencies spent greater than 25 percent of their total annual expenditures in September, the last month of the fiscal year. This pattern may be indicative of operationally unsupported year-end spend-downs of agencies' budgets and appears to be a pervasive pattern that could have significant adverse impact on the District.

The Office of the Chief Financial Officer (OCFO) is charged with controlling budget and agency spending. The Assessment found that OCFO's Fiscal Management policies and practices may have contributed to the increases in fiscal year-end spending.

The aims of this engagement are to determine whether: (1) OCFO's oversight of fiscal management 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.

### **8. Audit of District Entitlement Program Eligibility**

The Department of Human Services (DHS) manages enrolling District residents in entitlement programs, including Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), Interim Disability Assistance, and General Assistance for Children. The District's most recent Federal Single Audit found

the District noncompliant with eligibility requirement for SNAP and TANF.<sup>16</sup> Additionally, the federal government issued a \$4.4 million penalty to the District for its unacceptable error rate in the payment of SNAP benefits.<sup>17</sup>

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

The goals of this engagement are to (1) review internal controls over entitlement program eligibility and (2) evaluate compliance with federal program requirements.

## 9. Audit of the Residential Property Tax Assessment and Valuation Processes for Occupied, Vacant, and Blighted Properties

D.C. Code § 487-821(e) requires the OIG to "arrange for an independent audit of the Office of Tax and Revenue [OTR] for the purposes of examining the District's management and valuation of commercial real property assessments."<sup>18,19</sup> As reported in the OIG's [Evaluation of the District of Columbia Government's Management and Valuation of Commercial Real Property Assessments](#) issued on November 30, 2022, commercial real property is one of four classes of real property taxed by OTR. The remaining three classes – residential, vacant, and blighted properties were not included within the scope of prior OIG evaluations. Evaluating other real property assessments could show additional areas for improving the management and valuation of commercial real property assessments.

According to the Department of Buildings, there are almost 3,500 residential properties that are considered vacant, with nearly 350 being listed as vacant and blighted as of August 27, 2024.<sup>20</sup> Normally, residential properties in the District are taxed at 85 cents for every \$100 of assessed value. If a home is vacant, it is taxed at \$5 for every \$100 of assessed value. If the property is blighted, the tax rate increases to \$10 for every \$100 of assessed value.<sup>21</sup>

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<sup>16</sup> Gov't of the District of Columbia, Schedules and Expenditures of Federal Awards and Reports Required by the Uniform Guidance Year Ended September 30, 2023, (Jun. 27, 2024), <https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/DC%20UC%20Single%20Audit%20FY%202023.pdf> (last visited Aug. 5, 2024).

<sup>17</sup> Meagan Flynn, *D.C. faces \$4.4 million federal penalty for poor SNAP performance, July 2, 2024*, <https://www.washingtonpost.com/dc-md-va/2024/07/02/dc-snap-penalty/> (last visited August 1, 2024)

<sup>18</sup> D.C. Law 18-223. Fiscal Year 2011 Budget Support Act of 2010. Sec. 7182. (effective Sep. 24, 2010).

<sup>19</sup> *Id.*

<sup>20</sup> DC DEPARTMENT OF BUILDINGS, *Vacant Buildings*, <https://dob.dc.gov/vacantbuildings> (last visited Aug. 21, 2024)

<sup>21</sup> DC OFFICE OF TAX AND REVENUE, *Real Property Tax Rates*, <https://otr.cfo.dc.gov/page/real-property-tax-rates> (last visited Aug. 21, 2024).

According to the FY 2025 Approved Budget and Financial Plan, property tax revenue makes up 24.8 percent of the District's 11.6 billion local fund revenue.<sup>22</sup> In order to protect future ability to operate and provide services to residents, the District must ensure that the procedures surrounding property taxes are robust and operating at the highest possible efficiency and capacity.

The objectives of this audit are to evaluate the effectiveness of internal controls over: (1) residential, vacant, and blighted real property assessment process; (2) Department of Building's determinations of occupancy status of vacant and blighted properties and (3) coordination between agencies in assessing appropriate tax rates.

## 10. Audit of the Department of Behavioral Health's Evaluation, Approval, and Oversight of Community-Based Service Providers

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.

DBH ensures that high quality mental health services are available through the public behavioral health system to District residents through a rigorous certification program. DBH certifies a provider to deliver services that support individual recovery with qualified, culturally competent staff in a safe facility.

As of March 2023, the District Department of Health Care Finance (DHCF) reported 308,340 individuals enrolled in the District's Medicaid Program.<sup>23</sup> Medicaid improper payments remain a High-Risk List item for the OIG and the federal government. As part of an investigation involving the OIG's Medicaid Fraud Control Unit (MFCU), in April 2024, an employee of a previously approved DBH provider was sentenced to three years in prison for running a health care fraud scheme in the District.<sup>24</sup> Employees of three more DBH approved Community-Based Service Providers were indicted on August 1, 2024, for health care fraud as part of investigations conducted

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<sup>22</sup> Gov't of the District of Columbia, FY 2025 Approved Budget and Financial Plan, Executive Summary Introduction Section 1-18, Figure 1-2 "Where the Money Comes from – Sources of Local Fund Revenue for FY 2025 (Jul. 30, 2024), <https://app.box.com/s/emvn3bwdcje7p68ru78dx7itbe7vobxz> (last visited Aug. 5, 2024).

<sup>23</sup> Department of Health Care Finance, *Monthly Enrollment Report – April 2023*, <https://dhcf.dc.gov/sites/default/files/dc/sites/dhcf/publication/attachments/MCAC%20Enrollment%20Report%20-%20April%202023.pdf> (last visited August 1, 2024).

<sup>24</sup> Department of Justice, *Holy Health Care Services, LLC Owner Sentenced to 3 Years In Federal Prison For Health Care Fraud Scheme*, April 9, 2024, <https://www.justice.gov/usao-md/pr/holy-health-care-services-llc-owner-sentenced-3-years-federal-prison-health-care-fraud> (last visited August 1, 2024)

by the OIG's MFCU.<sup>25</sup> According to its website, DBH currently has at least 42 approved Community-Based Service Providers operating in the District.

The objectives of this audit are to determine: (1) whether DBH is using appropriate criteria when evaluating potential service providers and (2) whether DBH conducts effective oversight of approved service providers.

## **11. Audit of Information Technology Staff Augmentation Contracts**

Over the past 20 years, the District has spent millions of dollars annually on contracted information technology (IT) personnel to acquire skills that full-time District employees do not provide. District agencies engage the contracted IT staff, known as resources, for temporary, short-term projects. Prior OIG audits have focused on how the Office of the Chief Technology Officer (OCTO) awarded and administered IT contracts.

In implementing OIG recommendations included in these audits, OCTO changed its IT procurement method in 2008; procurement of IT services was removed from the DC Supply Schedule, and OCTO contracted with a Prime Contractor to procure subcontractor vendors, starting with the Information Technology Staff Augmentation contract.

In FY 2017, OCTO awarded a \$55 million contract to Computer Aid, Inc (CAI) to provide IT staffing resources under a new contract known as the Pipeline contract. That contract has increased to \$120 million in FY 2024. Additionally, the Office of the Chief Financial Officer (OCFO) awarded a similar IT staff augmentation contract with a different vendor, OST, Inc., which was awarded in FY 2024 for \$40 million.

Earlier audits identified that the District lacked an effective system of internal controls to ensure the accuracy and completeness of information used to screen IT job candidates. Additionally, the audits found that managers overseeing contracted IT staff did not consistently review and approve billable hours. Further, with the increase in the scope of the contract and the reliance on subcontractors, there is an increased risk that the contract is not achieving its intended goals.

The objectives of this audit are to: (1) assess the effectiveness of supplemental information technology staffing resources provided under the contract and (2) determine whether the contract provides the intended benefits for the District.

## **12. Audit of the Modern Integrated Tax System (MITS) Modernization**

The OIG's Risk Assessment process found District-wide legacy information technology system upgrades as being at high risk for mismanagement. Legacy system upgrades

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<sup>25</sup> Department of Justice, *Six Indicted in Scheme to Defraud D.C. Medicaid Program*, August 2, 2024, [https://www.justice.gov/usao-dc/pr/six-indicted-scheme-defraud-dc-medicaid-program#:~:text=WASHINGTON%20%E2%80%93%20Omolere%20Omomowo%2C%2043%2C,community%20support%20workers%E2%80%9D%20\(CSWs\)](https://www.justice.gov/usao-dc/pr/six-indicted-scheme-defraud-dc-medicaid-program#:~:text=WASHINGTON%20%E2%80%93%20Omolere%20Omomowo%2C%2043%2C,community%20support%20workers%E2%80%9D%20(CSWs)) (last visited August 5, 2024)

must be effectively managed to avoid delays in implementation 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), as needing further review. The OIG reviewed DIFS in FY 2023 and will review MITS with this engagement.

MITS is designed to replace the District's Integrated Tax System for business and individual taxes. Our risk assessment identified that MITS had an estimated budget of more than \$81.5 million, with over \$62 million spent as of FY 2022.<sup>26</sup> Since the original bid, OCTO has modified the contract 15 times, including at least six scope changes, with costs increasing by 50 percent.<sup>27</sup>

The objectives of this engagement are to assess the methodology OCFO used to: (1) justify the need for MITS; (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.

## INSPECTIONS AND EVALUATIONS

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

#### 13. Evaluation of DYRS' Clinical Case Management Activities with Committed Youth

The Department of Youth Rehabilitation Services (DYRS) is “responsible for the supervision, custody, and care of young people charged with delinquent acts in the District” while they await adjudication or are committed by a Family Court Judge following adjudication.<sup>28</sup> The mission of DYRS is to “give court-involved youth the opportunity to become more productive citizens by building on the strengths of youths and their families in the least restrictive, most homelike environment consistent with public safety.”<sup>29</sup>

DYRS operates two secure facilities to house youth in their custody: the Youth Services Center (YSC), which can house 98, and the New Beginnings Youth

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<sup>26</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).

<sup>27</sup> OIG No. 21-1-29MA(a), *Fiscal Year 2022 Information Technology Capital Projects Procurement Risk Assessment*, <https://oig.dc.gov/sites/default/files/Reports/OIG%20Final%20Report%20No.%2021%20-%201%20-29MA%28a%29%20--%20IT%20Capital%20Projects%20Risk%20Assessment.pdf>

<sup>28</sup> Department of Youth Rehabilitation Services, *About DYRS*, <https://dyrs.dc.gov/page/about-dyrs-0>. (last visited Aug. 27, 2024)

<sup>29</sup> *Id.*

Development Center, which can house 60. Both facilities were at or near capacity throughout 2024. As of August 1, 2024, the YSC had filled 97 out of 98 beds and the New Beginnings facility had filled 46 out of 60.<sup>30</sup> Public reporting in May 2024 identified instances of violence and substance abuse at the YSC with at least four youths being arrested for felony assault.<sup>31</sup> During a Council public roundtable about the incident, the DYRS Director and the Office of Juvenile Justice Facilities Oversight Executive Director testified that staffing shortages were partially responsible for the incidents.

The goals of this engagement are to evaluate: (1) the quality and timeliness of DYRS assessments and clinical case management activities and (2) the execution and monitoring of connecting committed youth with support services.

#### 14. Evaluation of the District's Violence Intervention Programs

The District government runs numerous violence intervention programs across multiple agencies. Many of these programs were initially included as part of the Building Blocks DC strategic plan announced in February 2021 as a whole government approach to address gun violence. The Office of Gun Violence Prevention (OGVP), located within the Office of the City Administrator, was created in January 2022 to "ensure that coordination and collaboration is taking place across DC Government."<sup>32</sup>

The OIG FY2023 Audit and Inspection Plan identified the need for a public safety risk assessment due to the increased risk to public safety associated with gun violence, the risks in standing up a new program across multiple agencies (Building Blocks DC), the use of grants to fund programs and activities, and the significant increase in the budget dedicated to this effort. This risk assessment was paused due to similar work at the Office of the DC Auditor (ODCA) related to the Neighborhood Engagement Achieves Results (NEAR) Act covering activities from 2016 to 2021 as well as [Mayor's Order 2023-61 Districtwide Review of Violence Reduction Programs](#), effective May 15, 2023, which required a District-wide review of violence reduction programs.

ODCA's NEAR Act report was released in June 2022 and recommended that "the District government should "evaluate both [Office of Neighborhood Safety and Engagement's (ONSE) and the Office of the Attorney General's (OAG)] violence intervention programs, comparing outcomes in program sites to neighborhoods that

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<sup>30</sup> Office of Independent Juvenile Justice Facility Oversight, *DYRS Secure Facilities Population Data Over Time*, <https://oijifo.dc.gov/page/dyrs-secure-facilities-population-data-over-time#:~:text=The%20Department%20of%20Youth%20Rehabilitation,facility%20located%20in%20Laurel%2C%20Maryland> (last visited Aug. 27, 2024)

<sup>31</sup> Ted Oberg, *14 fights, 8 arrests, 4 positive drug tests in recent days at DC's secure Youth Services Center*, NBC Washington.com, May 15, 2024, <https://www.nbcwashington.com/investigations/14-fights-8-arrests-4-positive-drug-tests-in-recent-days-at-dcs-secure-youth-services-center/3616123/>

<sup>32</sup> BUILDING BLOCKS DC, *OGVP*, <https://www.buildingblocks.dc.gov/ogvp> (last visited Aug. 21, 2024).

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are closely matched in demographics and initial levels of crime. This research should analyze not only the end outcomes but also the activities and intermediate outcomes that are part of the program model." ODCA also recommended integrating or merging the programs run by ONSE and OAG, which the Council is currently exploring<sup>33</sup>.

The objectives of this engagement are to evaluate: (1) the coordination between violence interruption programs in the District including potentially overlapping programs; (2) whether violence interruption programs met performance goals and objectives; (3) the sufficiency of the administration and oversight of violence prevention grant funds, programs, and subrecipient monitoring and (4) the implementation of the Mayor's Order 2023-61.

## 15. Evaluation of the Department of Aging and Community Living's Support Programs

The Department of Aging and Community Living (DACL) serves District residents 60 and older, adults living with disabilities, and those who care for them. DACL is the District agency tasked with administering the provisions of the Older Americans Act of 1965.

DACL has a five-fold mission which is:

- To advocate, plan, implement, and monitor programs in health, education, and social services for the elderly;
- To promote longevity, independence, dignity, and choice for aged District residents, District residents with disabilities regardless of age, and caregivers;
- To ensure the rights of older adults and their families, and prevent their abuse, neglect, and exploitation;
- To uphold the core values of service excellence, respect, compassion, integrity, and accountability; and
- To lead efforts to strengthen service delivery and capacity by engaging community stakeholders and partners to leverage resources.

DACL partners with more than 20 community-based, non-profit, and private organizations across the city's eight wards to offer eligible residents more than 40 free or low-cost programs. These programs include nutrition support, adult protective services, transportation services, healthcare and insurance counseling, caregiver resources, and community activities and events. DACL's Home and Community-Based Support Programs Division oversees these programs, which form the District's Senior

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<sup>33</sup> Office of the District of Columbia Auditor, *NEAR Act Violence Prevention and Interruption Efforts: Opportunities to Strengthen New Program Models*, June 7, 2022, <https://dcauditor.org/report/near-act-violence-prevention-and-interruption-efforts-opportunities-to-strengthen-new-program-models/> (last visited Aug. 27, 2024)

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Service Network (SSN). This division has seven staff members and is overseen by DACL's Chief Programs Officer.<sup>34</sup>

DACL's recent [2024-2027 State Plan on Aging](#) highlighted several ongoing challenges and issues identified during listening sessions with the community, including awareness and outreach to all those in DACL's client populations, utilization of technology tools and outreach, social isolation, equity (particularly those in the LGBTQ+/Same-Gender Loving communities and those with limited or no English proficiency), and transportation.

The objective of this engagement is to evaluate the effectiveness of DACL's housing and nutrition programs in serving the District's aging population.

## 16. Evaluation of the Department of Corrections' Substance Abuse Treatment Program

The mission of the Department of Corrections (DOC) is to ensure public safety for District citizens providing an orderly, safe, secure, and humane environment for the confinement of pretrial detainees and sentenced inmates, while providing meaningful opportunities for community reintegration. DOC operates a large municipal jail system with an average daily population of approximately 1,284 inmates. Inmates are housed in two primary correctional facilities, the Central Detention Facility, also known as the DC Jail, and the Correctional Treatment Facility.<sup>35</sup>

While the budget for many District agencies and programs decreased in FY25, the Department of Correction's FY25 budget for Inmate Health Services increased by \$19,351,000 representing a 59 percent increase compared to the FY24 budget. Inmate Health Services "provides constitutionally mandated levels of health care to inmates in DOC custody."<sup>36</sup>

The objective of this engagement is to evaluate the Department of Corrections' effectiveness in its oversight and administration of inmate health services, including medications for opioid use and disorders.

## 17. Evaluation of the Department of Health's Animal Services and Animal Control Contracted Services

The Department of Health (DOH) is responsible for identifying health risks; educating the public; preventing and controlling diseases, injuries, and exposure to environmental hazards; promoting effective community collaborations; and

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<sup>34</sup> Department of Aging and Community Living, *About Us*, <https://dacl.dc.gov/page/about-2> (last visited Aug. 27, 2024)

<sup>35</sup> Department of Corrections, *About DOC*, <https://doc.dc.gov/page/about-doc#:~:text=The%20mission%20of%20DOC%20is,meaningful%20opportunities%20for%20community%20reintegration>. (last visited Aug. 27, 2024).

<sup>36</sup> Office of the Chief Financial Officer, *FY 2025 Approved Budget and Financial Plan*, page C-27, <https://app.box.com/s/bcchts3pf7xlat9358rysoo4rqugnllc>. (last visited Aug. 27, 2024).

optimizing equitable access to community resources. This includes managing animal care and control.<sup>37</sup> DC Code § 8-1802 authorizes the mayor to contract with a humane organization to serve as the Animal Care and Control Agency; DOH contracts with the Humane Rescue Alliance (HRA) to act in that role.

In August 2023, multiple volunteers alleged understaffing at the agency's shelters led to unacceptable living conditions for dogs.<sup>38</sup> In March 2024, HRA volunteers claimed they were retaliated against and were dismissed after raising concerns about inhumane living conditions at the shelters.<sup>39</sup> The FY24 contract between DOH and HRA totaled \$5.9 million and expires on September 30, 2024.

The objective of this engagement is to evaluate the Department of Health's oversight of HRA operations regarding animal services in the District and compliance with District animal care and control laws.

## 18. Evaluation of Selected Contracts and Grants

Throughout FY 2025, the OIG will monitor contract and grant awards and use an internal risk assessment methodology 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 on-site 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.

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<sup>37</sup> Department of Health, *About DC Health*, <https://dchealth.dc.gov/page/about-dc-health> (last visited Aug. 27, 2024).

<sup>38</sup> Collen Grablick, *Dogs At D.C.'s Largest Animal Shelter Live In 'Disgusting' Conditions, Volunteers Allege*, *dcist.com*, August 18, 2023, <https://dcist.com/story/23/08/18/dc-humane-rescue-alliance-dogs-conditions/> (last visited Aug. 1, 2024)

<sup>39</sup> Drew Wilder, *Former HRA volunteers claim they were let go after raising concerns about shelter conditions*, *NBCWashington.com*, March 6, 2024, <https://www.nbcwashington.com/news/local/former-hra-volunteers-claim-they-were-let-go-after-raising-concerns-about-shelter-conditions/3561034/> (last visited Aug. 1, 2024)

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## ONGOING ENGAGEMENTS

### AUDITS

#### 19. 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.<sup>40</sup>

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.<sup>41</sup>

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.

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.

#### 20. Audit of DCHA FY 2024 Financial Statements

Pursuant to the DCHA enabling statute, "by February 1 of each year, the [DCHA] shall submit to the Council a complete financial statement and report for the preceding

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<sup>40</sup> Department of Health Care Finance website, <https://dhcf.dc.gov/release/dhcf-announces-implementation-new-medicaid-managed-care-health-plans> (last visited Aug. 9, 2022).

<sup>41</sup> 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)

fiscal year, which shall be prepared according to generally accepted accounting principles and audited by the Inspector General of the District of Columbia[.]”<sup>42</sup>

This [engagement was announced](#) on July 12, 2024. The objectives of this audit are to obtain reasonable assurance about whether DCHA's financial statements as a whole are free from material misstatement, whether due to fraud or error, thereby enabling the auditor to express an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with applicable financial reporting standards.

## 21. Audit of Information Security Risk Mitigation

Recently, several District agencies have been subject to cybersecurity breaches that have affected their operations and potentially compromised personally identifiable information. Beginning in FY 2022, the OIG added District Cybersecurity Practices to its High-Risk List and has conducted several engagements addressing the issue. Further, on February 2, 2023, the Inspector General testified during the FY 2022 ACFR hearing before the Committee of the Whole, that as the District "continue[s] to increase [its] reliance on [information technology (IT)] to initiate, authorize, record, process, or report financial transactions, the District's IT systems and internal control over financial reporting become more interrelated. A robust IT internal control environment is imperative to identify and mitigate any potential risks that may impact the District's financial system.”<sup>43</sup> On February 24, 2023, the OIG released a [Management Implication Report \(MIR\)](#) to alert District agencies of the need to implement effective cybersecurity management practices.

The Federal Information Security Management Act of 2002 (FISMA) highlights the importance of information security.<sup>44</sup> As originally enacted, FISMA requires each federal agency to develop, document, and implement an agency-wide program to provide information security for the information and IT systems that support the operations and assets of the agency, including those provided or managed by another agency, contractor, or other source. Any organization that supports a federal program, provides services to a federal agency, or receives grant money from federal agencies must adhere to FISMA compliance standards. FISMA 2002 was amended over the years to comport with the federal government's growing reliance on IT systems.

To produce security standards and guidelines for FISMA, the National Institute of Standards and Technology (NIST) established the FISMA Implementation Project in 2003. The project aims to support the implementation of and compliance with FISMA

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<sup>42</sup> D.C. Code § 6-207.01(a)(1); see also D.C. Code § 1-301.115a(e-1).

<sup>43</sup> PUBLIC OVERSIGHT HEARING ON THE FISCAL YEAR 2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT: BEFORE THE D.C. COUNCIL COMM. OF THE WHOLE (Feb. 2, 2023) (Testimony of Daniel W. Lucas, Inspector General), [https://oig.dc.gov/sites/default/files/Testimony%20of%20Daniel%20W.%20Lucas%20before%20the%20Committee%20of%20the%20Whole%20--%20Public%20Oversight%20Hearing%20on%20the%20FY%202022%20ACFR%20\(to%20CoW\).pdf](https://oig.dc.gov/sites/default/files/Testimony%20of%20Daniel%20W.%20Lucas%20before%20the%20Committee%20of%20the%20Whole%20--%20Public%20Oversight%20Hearing%20on%20the%20FY%202022%20ACFR%20(to%20CoW).pdf).

<sup>44</sup> Pub. L. No. 107-347, 116 Stat. 2946 (Dec. 17, 2002), <https://www.govinfo.gov/content/pkg/STATUTE-116/pdf/STATUTE-116-Pg2899.pdf> (last visited Aug. 7, 2023).

standards. Per FISMA, an effective information security program should include the following:

- periodic assessments of risk, including the harm that could result from the unauthorized access, use, disclosure, disruption, modification, or destruction of information and information systems that support the operations and assets of the organization;
- policies and procedures that are based on risk assessments, cost-effectively reduce information security risks to an acceptable level, and ensure that information security is addressed throughout the life cycle of each organizational information system;
- security awareness training to inform personnel of information security risks;
- periodic testing and evaluation of the effectiveness of information security policies, procedures, practices, and security controls;
- a process for planning, implementing, evaluating, and documenting remedial actions to address any deficiencies;
- procedures for detecting, reporting, and responding to security incidents; and,
- plans and procedures to ensure continuity of operations for information systems that support the operations and assets of the organization.<sup>45</sup>

The Office of the Chief Technology Officer (OCTO) publishes a series of IT Security Operations Policies based on FISMA and NIST requirements.<sup>46</sup>

As the District bolsters its information security practices, the OIG will assess the District government's programs and practices, like federal requirements. This engagement will help inform District IT professionals about risks germane to their respective agencies and holistic risks that the District government must mitigate.

This [engagement was announced](#) on May 28, 2024. The goals of this audit are to determine the extent to which OCTO: (1) has developed and implemented a program for information security risk mitigation, and (2) works together with District agencies to mitigate security risks. This engagement was identified due to the potential risk to District operations and inclusion on the OIG's High-Risk List.

## **22. Audit of the District's Fiscal Year 2024 Annual Comprehensive Financial Report (ACFR)**

This [engagement was announced](#) on May 20, 2024. The objectives of this audit are to obtain reasonable assurance about whether the District's financial statements as a whole are free from material misstatement, whether due to fraud or error, thereby

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<sup>45</sup> 44 U.S.C. § 3554(b).

<sup>46</sup> Office of the Chief Technology Officer, *IT Security Operations Policies*, <https://octo.dc.gov/itpolicies> (last visited Jul. 31, 2023).

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enabling the independent auditor to express an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with applicable financial reporting standards.

### **23. Audit of the District's Human Capital Management**

Effective human capital management, a challenge at any time, has become more critical during the COVID-19 Public Health Emergency and its aftermath. Dubbed the Great Resignation, an estimated 40 million people left their jobs in 2021 in the United States.<sup>47</sup> District agencies faced the challenges of recruiting and retaining staff, while many agencies had significantly increased operational requirements to address the pandemic. Federal pandemic relief funding from the American Rescue Plan Act and the Infrastructure Investment and Jobs Act provided the District with billions of dollars to be used for new and expanded programs, including temporary staffing increases.

This engagement was identified due to the potential risk to effective, efficient, and economical government operations and inclusion on the OIG High-Risk List. As federal pandemic relief funding ends, District agencies must ensure they have the necessary staffing and skillsets to meet their mission.

The objective of this engagement is to assess whether District agencies have effective policies in place to manage the human capital lifecycle, which includes strategic human capital planning; recruiting, retaining, and developing staff; and separation and succession planning.

### **24. Audit of Housing Program Coordination**

The District government operates dozens of housing and rental assistance programs across multiple agencies. The Department of Human Services (DHS) operates housing programs that include the Family Re-Housing Stabilization Program (FRSP), Rapid Rehousing for Individuals, Targeted Affordable Housing, Permanent Supportive Housing, and rental programs such as the Emergency Rental Assistance Program (ERAP). The District of Columbia Housing Authority operates programs that include the Housing Choice Voucher Program, Home Ownership Assistance Program, Targeted Affordable Housing Vouchers, and Tenant-Based Voucher Programs. Other agencies operate smaller programs, including the Child and Family Services Agency's Rapid Housing Assistance Program, the Department of Behavioral Health's Supported Independent Living program, and the Department of Housing and Community Development's Employer Assisted Housing Program.

With the variety of temporary and permanent housing programs across agencies, District housing programs must coordinate to ensure they benefit the maximum number of eligible residents efficiently and effectively. Critics of FRSP claim that the

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<sup>47</sup> The New York Times, *All of Those Quitters? They're at Work*, May 13, 2022, <https://www.nytimes.com/2022/05/13/business/great-resignation-jobs.html> (last visited Jul. 31, 2023).

program fails to help families transition into permanent housing, and only three percent can afford rent after they reach their 12-month limit in the program.<sup>48</sup> An OIG evaluation of FRSP, published in January 2022, found that a focus on minimum eligibility criteria led to program participants in FRSP that should have instead been in permanent housing programs.<sup>49</sup>

This engagement was identified due to the vulnerability to corruption, fraud, waste, abuse, and mismanagement; the impact corruption, fraud, waste, abuse, or mismanagement could have on a program; and inclusion on the OIG's High-Risk List.

The objectives of this engagement are to: (1) identify all District housing and rental assistance programs; (2) determine whether the programs are effectively coordinating to provide the best value to eligible District residents and (3) determine whether the organizations have the necessary resources to conduct their mission.

## 25. Audit of Medicaid Eligibility

The Department of Human Services (DHS) is responsible for enrolling District residents in the District's Medicaid program. As of March 2023, the District Department of Health Care Finance (DHCF) reported 308,340 individuals enrolled in the District's Medicaid Program.<sup>50</sup> The most recent A-133 Audit of the District of Columbia found DHS to be non-compliant in establishing and maintaining effective internal controls to ensure adherence to eligibility requirements. During testing, DHS was "unable to provide sufficient documentation to support the beneficiary's eligibility determination."<sup>51</sup>

The United States Health and Human Services Office of the Inspector General (HHS-OIG) recently completed a nationwide analysis of concurrent Medicaid billing that suggests that individuals may be receiving benefits from two states.<sup>52</sup> Specifically, HHS-OIG's analysis found more than 120,000 instances of the District's Medicaid

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<sup>48</sup> Amanda Michelle Gomez: *D.C. Council Chairman Introduces Bill to Reform A Heavily Criticized Housing Subsidy Program*, dcist.com, July 5, 2022, <https://dcist.com/story/22/07/05/dc-mendelson-rapid-rehousing-reform/> (last visited Ju. 31, 2022).

<sup>49</sup> OIG Report No. 22-I-01JA, *Evaluation of the District of Columbia Family Re-Housing and Stabilization Program*, <https://oig.dc.gov/sites/default/files/Reports/OIG%20Final%20Report%20No.%2022-I-01JA%20%20-%20Evaluation%20of%20DHS%20Family%20Re-Housing%20and%20Stabilization%20Program.pdf>

<sup>50</sup> Department of Health Care Finance, *Monthly Enrollment Report – April 2023*, <https://dhcf.dc.gov/sites/default/files/dc/sites/dhcf/publication/attachments/MCAC%20Enrollment%20Report%20-%20April%202023.pdf> (last visited Jul. 31, 2023).

<sup>51</sup> Government of the District of Columbia, *Schedules of Expenditures of Federal Awards and Reports Required by the Uniform Guidance*, Year End September 30, 2021, page 94, <https://cfo.dc.gov/node/1619291>.

<sup>52</sup> Department of Health and Human Services Office of Inspector General, *Nearly All States Made Capitation Payments For Beneficiaries Who Were Concurrently Enrolled in a Medicaid Managed Care Program in Two States*, September 2022, <https://oig.hhs.gov/oas/reports/region5/52000025.pdf> (last visited Jul. 31, 2023).



program making a monthly managed care organization (MCO) capitation payment concurrently with another state for the same individual for the same month. In addition, the analysis found approximately 11,600 instances where the District's Medicaid program, or a District MCO, paid a claim on the same day that another state paid a claim for the same individual. The largest number of concurrent capitation payments and paid claims occurred between the District and Maryland.

This engagement was identified due to the vulnerability to corruption, fraud, waste, abuse, and mismanagement; the impact corruption, fraud, waste, abuse, or mismanagement could have on a program; the potential for monetary benefits or funds put to better use within the District, the potential for monetary recoupment, and inclusion on the OIG's High-Risk List.

The objectives of this engagement are to (1) review internal controls over Medicaid eligibility and (2) evaluate compliance with federal program requirements.

## **26. Business-Type Revenue Generating Activities Financial Risk Assessment**

The District of Columbia government operates a series of non-tax, business-type revenue-generating activities that are integral to the annual budget. As part of the FY 2024 budget, the District plans to add 342 new speed cameras to the Automated Traffic Enforcement Program. The program is predicted to generate roughly \$580 million in revenue over four years.<sup>53</sup>

According to the District FY 2023 budget book, since its start in 1982, the Office of Lottery and Gaming (OLG) has contributed over \$2.2 billion to the District's General Fund. The OLG annual transfer to the General Fund is still a vital component in aiding the District's economy, thereby benefiting all residents of the District; the General Fund supports education, recreation and parks, public safety, housing, and senior and child services. As federal funding associated with the Coronavirus Aid, Relief, and Economic Security Act, the American Rescue Plan Act, and the Infrastructure Investment and Jobs Act wind down, the District will need to make difficult choices on where to use its limited financial resources. Ensuring the District is effectively managing business-type revenue-generating activities will be vital to funding the District's priorities.

This engagement was initiated to identify monetary benefits, funds that could be put to better use within the District, or opportunities for monetary recoupment.

The risk assessment objectives are to: (1) identify all business-type revenue-generating activities within the District; (2) determine the revenue targets for each activity or program and (3) assess the financial risk due to loss in revenue. The findings from this

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<sup>53</sup> John Henry, *DC to get 342 new traffic cameras starting this summer*, WUSA9.com, Mar. 22, 2023, <https://www.wusa9.com/article/news/local/dc/dc-speed-cameras/65-8e82f3ba-64d1-49c4-a1e4-420dd1893b8a> (last visited Jul. 31, 2023).

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risk assessment will inform the objectives of future OIG engagements in FYs 2026 and 2027.

## INSPECTIONS AND EVALUATIONS

### 27. Evaluation of Measures to Combat Gun Violence in Schools

In January 2023, a student at Maya Angelou Public Charter School was found with a handgun.<sup>54</sup> In March, a teen was robbed at gunpoint in front of Coolidge High School while the Chancellor of District of Columbia Public School (DCPS) was visiting classrooms.<sup>55</sup> In May, a 17-year old student was shot and killed in the parking lot of Roosevelt High School in Northwest DC while school was in session.<sup>56</sup> These incidents are a few of the gun-related incidents at DC public schools within the past year.

According to a DC Policy Center report:

*Compared to their counterparts across the country, children and youth aged 17 and younger living in [DC] DC are more likely to be exposed to violence. In 2020 and 2021, 7.4 percent of [DC] children and youth were victims of, or witnessed, violence in their immediate neighborhoods. This is almost double the national average of 3.8 percent.<sup>57</sup>*

More than 40 young people in the District sustained gunshot wounds from January 1 to May 4, 2023, according to a presentation from former Metropolitan Police Department Chief Robert Contee. That number is a significant increase from the same period in 2022, when 22 children were harmed by gunfire.

The District has taken steps to increase security at public schools. As part of the FY 2024 budget, the Council passed Bill 25-0170, the "School Security and Transparency Amendment Act of 2023," which directs DGS to assess all DCPS facilities' compliance with a series of physical security requirements. The Council also passed Bill 25-0153, the "Safe Schools and Students Amendment Act of 2023," which repeals the dissolution of Metropolitan Police Department School Resource Officers.

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<sup>54</sup> Brittney Melton, *Investigation underway after student found with gun at Northeast DC charter school*, WUSA9, <https://www.wusa9.com/article/news/local/dc/student-found-handgun-dc-school-police-investigating/65-764d618c-f97a-4cf5-8778-950044b84cfc> (last visited Jul. 31, 2023).

<sup>55</sup> ABC7, *Student robbed of coat at gunpoint near Coolidge High School in Northwest DC*, Mar. 16, 2023, <https://www.fox5dc.com/news/shell-casings-damage-to-the-building-after-reports-of-shots-fired-near-coolidge-high-school-in-dc> (last visited Jul. 31, 2023).

<sup>56</sup> Emily Davies and Lauren Lumpkin, *17-year-old student fatally shot outside Roosevelt High School in D.C.*, May 17, 2023, Washington Post, <https://www.washingtonpost.com/dc-md-va/2023/05/17/roosevelt-high-school-shooting-dc/> (last visited Jul. 31, 2023).

<sup>57</sup> Jasmine Brann, *D.C. students are exposed to more community violence*, Mar. 21, 2023, D.C. Policy Center, <https://www.dcpolicycenter.org/publications/community-violence-exposure/> (last visited Jul. 31, 2023).

The OIG identified this engagement due to the increased risk to public safety associated with gun violence and inclusion on the OIG's High-Risk List.

The goal of this engagement is to evaluate the effectiveness of gun violence prevention activities at District public schools.

## **28. Evaluation of the DC Commission on the Arts and Humanities Grant Program**

The DC Commission on the Arts and Humanities (CAH) is an independent agency in the District government that evaluates and initiates action, supports programs, and encourages the development of programs relating to the arts and humanities.<sup>58</sup>

As part of our planning process, the OIG leaves flexibility in our Plan for emergency requirements that may arise throughout the fiscal year. While not included in our FY 2024 Audit and Inspection Plan, the OIG announced the [Evaluation of the DC Commission on the Arts and Humanities Grant Program](#) on February 23, 2024.

The objectives of this engagement are to: (1) review executed grants for vulnerabilities to corruption, fraud, waste, abuse, and mismanagement and (2) assess whether grant program requirements are effectively operationalized to ensure the District is receiving maximum benefits.

## **29. Special Evaluation of the District's Compliance with the Procurement Practices Reform Act of 2010 and District of Columbia Official Code, Title II: Government Administration**

On July 25, 2023, the OIG issued [Management Implication Report \(MIR\) 23-R-002 – Contracts in Excess of \\$1 Million Awarded Without Council Approval: Potential Impact on the Fiscal Year \(FY\) 2023 Annual Comprehensive Financial Report \(ACFR\)](#) in which the OIG identified significant issue regarding District agencies executing contracts in excess of \$1 million without Council approval. On August 3, 2023, the OIG [announced this special evaluation](#).

The aim for this engagement is to evaluate compliance with the District of Columbia Home Rule Act (DC Code § 1-204.51) and District contracting and procurement laws as they pertain to awarding contracts requiring approval by the Council.

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<sup>58</sup> Commission on Arts and Humanities, *About CAH*, <https://dcarts.dc.gov/page/about-cah> (last visited Aug. 27, 2024).

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# APPENDIX A: The Audit Process

## 1. 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.

## 2. Entrance Conference

An entrance conference allows OIG auditors to meet with agency officials to discuss the items in the engagement letter. We encourage agency officials to discuss with auditors their areas of interest, concerns, or problems that might impact the audit.

## 3. 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.

## 4. Exit Conference

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

## 5. 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.

## 6. 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 oversee 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

## 1. Engagement Letter

The engagement letter is sent to the head of the agency or agencies involved in an OIG inspection or evaluation, serves as formal notice of our intent to begin an evaluation or inspection, and provides details about the scope, objectives, and expected time for the project. We encourage agency leaders to inform their staff about OIG engagements.

## 2. Entrance Conference

We will schedule an entrance conference to introduce OIG staff assigned to a project and share details of the engagement with agency representatives. The entrance conference gives an opportunity to all interested parties (OIG and inspected agency or agencies) to meet and discuss the project's processes, scope, objectives, estimated completion date, and document/interview requirements. Agency leaders may also use the entrance conference to highlight any areas of interest or concern that the project team should consider during the engagement.

## 3. Fieldwork

Fieldwork consists of observations, interviews, and document/case file reviews. An important aspect of fieldwork is the opportunity for OIG staff to build professional rapport with officials and staff of the inspected agency while recognizing the need to still be respectful of employees' workday practices to minimize disruption to agency operations.

## 4. Exit Conference

The exit conference gives a formal opportunity for the project team to review inspection/evaluation results with agency officials and staff and discuss corrective actions to help the agency or agencies understand and address reported deficiencies early.

## 5. Draft and Final Report

The draft report includes the OIG's findings and recommendations. The project team shares the draft report with the agency to obtain comments about the findings and any actions taken and planned for the recommendations, including target completion dates and any disagreement with the findings or recommendations. The project team then incorporates the agency comments into the final report, which OIG publishes on its website.

## 6. Follow-up

Periodically, the OIG will follow up with agencies to obtain the implementation status of recommendations, including completion or target completion dates for unimplemented actions and a description of or supporting documentation for the action(s) taken. The OIG may also conduct follow-up inspections to determine the implementation status of recommendations.



## APPENDIX C: Our 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 published 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 published 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 US 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.