

DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL



November 2017

REPORT ON ACTIVITIES

FISCAL YEAR 2017



Guiding Principles

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

Mission

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

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

Vision

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

Core Values

Excellence ▪ Integrity ▪ Creativity ▪ Ownership
▪ Transparency ▪ Empowerment ▪ Courage ▪ Passion
▪ Leadership



DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

Message from the Inspector General



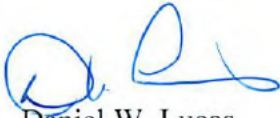
I am pleased to present this *Annual Report* summarizing the oversight activities of the District of Columbia Office of the Inspector General (OIG) for the reporting period from October 1, 2016, to September 30, 2017. The OIG's legislative mandate is to promote economy, efficiency, and effectiveness and prevent and detect corruption, mismanagement, waste, fraud, and abuse in District operations and programs. We fulfill our mandate through independent audits, inspections, evaluations, and investigations. We perform these functions with a professional staff of seasoned auditors, investigators, attorneys, and analysts committed to combating corruption and promoting greater accountability in the District government.

The OIG's *FY 2017 Audit and Inspection Plan* operationalized our oversight mandate, and was based on a comprehensive risk assessment of District operations and programs. This risk assessment approach considered various factors, such as: (1) feedback and identified priorities from both the executive and legislative branches of District government; (2) statutory requirements; (3) prior OIG oversight work, including open recommendations; (4) previously identified management challenges; and (5) an internal risk assessment process overseen by the OIG's Risk Assessment and Future Planning Division. Accordingly, our audit and inspection engagements in FY 2017 focused on public health and safety, public education, procurement practices, revenue enhancements, and fiscal management to help identify the best use of taxpayer dollars and strengthen management controls in District programs and operations.

During the reporting period, we had significant accomplishments overseeing the District's \$13.4 billion of operating costs and public services. We issued 18 audit and inspection reports with 122 recommendations for improving District programs and operations. These reports resulted in \$11.5 million in monetary benefits, including \$7.9 million in questioned costs. We also evaluated 93 percent of 4,567 Hotline contacts within 10 days of receipt, opened 143 investigations, and had a total of \$2,397,476 in criminal and civil recoveries. These and other noteworthy accomplishments detailed in this report are due in part to the following efforts:

- Identifying and reducing vulnerabilities throughout District agencies.
- Coordinating efforts among the different OIG divisions and units to maximize synergy.
- Streamlining processes throughout the OIG to improve efficiency and quality.
- Enhancing OIG staff competence through various training opportunities.
- Expanding the support capacities of the Division of Quality Management and Risk Assessment and Future Planning Division in efforts to further equip these divisions to support the OIG oversight work.

Our accomplishments in this annual report reflect our continued commitment to our mission. I commend our hardworking and talented staff for their steadfast dedication to our mission, especially as we continued to refine our internal policies and processes to better target District programs and operations that are susceptible to corruption, mismanagement, waste, fraud, and abuse. We will also continue to work collaboratively with our internal and external stakeholders to deliver timely, relevant, and impactful oversight of District government agencies.



Daniel W. Lucas
Inspector General

TABLE OF CONTENTS

EXECUTIVE SUMMARY OF ACTIVITIES	1
SIGNIFICANT ACCOMPLISHMENTS – OPERATIONS DIVISION UNITS	1
STATISTICAL HIGHLIGHTS.....	2
OVERVIEW	4
ORGANIZATIONAL SYSTEM.....	4
OFFICE OF THE GENERAL COUNSEL	4
RISK ASSESSMENT AND FUTURE PLANNING DIVISION.....	4
OPERATIONS DIVISION	4
QUALITY MANAGEMENT DIVISION	5
BUSINESS MANAGEMENTDIVISION.....	5
FY 2017 OVERSIGHT WORK THEMES	6
CORE MISSION AREAS	8
<i>Audit Unit</i>	<i>8</i>
<i>Inspections and Evaluations Unit</i>	<i>10</i>
<i>Investigations Unit</i>	<i>13</i>
<i>Medicaid Fraud Control Unit</i>	<i>17</i>
ENABLING MISSION AREAS	22
RISK ASSESSMENT AND FUTURE PLANNING DIVISION (RAFP)	22
<i>Hotline Program.....</i>	<i>22</i>
<i>Data Analysis Unit</i>	<i>22</i>
BUSINESS MANAGEMENT DIVISION (BM).....	23
<i>Engagement Projects.....</i>	<i>23</i>
<i>Technology Upgrades.....</i>	<i>23</i>
<i>Records Management</i>	<i>23</i>
QUALITY MANAGEMENT DIVISION (QM).....	24

TABLE OF CONTENTS

SIGNIFICANT HEARINGS AND TESTIMONIES	24
SIGNIFICANT MEETINGS WITH OVERSIGHT BODIES	25
APPENDIX A – REPORTING REQUIREMENTS.....	26
APPENDIX B – OIG ORGANIZATIONAL CHART	28
APPENDIX C – AU ORGANIZATIONAL CHART AND STRUCTURE.....	29
APPENDIX D – I&E ORGANIZATIONAL CHART AND STRUCTURE	30
APPENDIX E – IU ORGANIZATIONAL CHART AND STRUCTURE	31
APPENDIX F – MFCU ORGANIZATIONAL CHART AND STRUCTURE.....	32
APPENDIX G – FY 2017 AUDIT REPORTS AND RECOMMENDATIONS	33
APPENDIX H – FY 2017 INSPECTION AND EVALUATION REPORTS AND RECOMMENDATIONS.....	35
DISTRIBUTION LIST	36

EXECUTIVE SUMMARY OF ACTIVITIES

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

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

Significant Accomplishments – Operations Division Units

Audit Unit ensured the District of Columbia Comprehensive Annual Financial Report (CAFR) was completed on time, and issued 13 audit reports with 88 recommendations to improve the operations and programs of District agencies. These audit reports resulted in \$7.9 million in questioned costs and \$3.6 million in funds recovered. The Audit Unit also issued an additional 14 contracted reports, including a city-wide procurement risk assessment and a review of the commercial property tax assessment process. These reports included recommendations to improve commercial tax assessment operations in the District, and identified eight high-risk aspects of the District's current procurement practices for further analysis.

Inspections and Evaluations Unit issued 5 reports with 34 recommendations for improving the efficiency and effectiveness of municipal services vital to District residents and stakeholders. These reports highlight challenges in the District's contract and grant management processes.

Investigations Unit opened 47 investigations (25 criminal, 8 administrative, and 14 preliminary), and closed 87 investigations (53 criminal, 27 administrative, and 7 preliminary) – representing a 40 percent increase in closed investigations from FY 2016.¹ This accomplishment speaks directly to the goal of decreasing backlog within investigative assignments while transitioning the investigative focus to high-priority investigations² and issues that were deemed a major risk to District operations and programs. The Investigations Unit also completed 15 administrative referrals³ related to the cases closed.

Medicaid Fraud Control Unit opened 96 investigations and obtained 13 criminal and civil resolutions. Recoveries resulting from criminal and civil resolutions totaled \$2,137,427.

¹ Some investigations closed were opened in previous fiscal year.

² High-Priority cases are defined as cases that involve: complex criminal activity and/or multiple subjects; high-level District employees or other state/local government officials; high-visibility programs; significant monetary savings/recoveries/losses; multiple criminal and/or administrative actions; and Mayoral/City Council interest.

³ These were made to the Board of Ethics and Government Accountability (BEGA) and Office of the Attorney General for the District of Columbia, District agencies (management authority) for action deemed appropriate on completed investigations.

EXECUTIVE SUMMARY OF ACTIVITIES

Statistical Highlights

OIG HOTLINE ACTIVITIES

Contacts ⁴ Analyzed	4,567
Percentage of Contacts Evaluated within 10 Days of Receipt	93%

AUDIT ACTIVITIES

Reports Published – OIG Staff	13
Reports Published – Contractors ⁵	14
Recommendations Made – OIG Staff	88
Recommendations Accepted by Agencies	79
Total Monetary Benefits	\$11,485,761
Funds Recovered	\$3,605,761
Questioned Costs	\$7,880,000
Return on Investment per Dollar (Excluding CAFR Fees)	\$4.79

INSPECTION AND EVALUATION ACTIVITIES

Reports Published	5
Recommendations Made	34

ADMINISTRATIVE AND CRIMINAL INVESTIGATIVE ACTIVITIES

Total Investigative Receivables and Recoveries	\$260,049
Restitutions, Orders, and Fines	\$71,851
Referrals for Civil Recoupment	\$188,198
Investigative Activities	
Investigations Opened	47
Investigations Closed	87
Cases Presented to the United States Attorney's Office (USAO) for Prosecution	9
Cases Accepted by the USAO for Prosecution	4
Convictions	8
Subpoenas Served	25
Significant Activity Reports Issued	5
Civil Referrals to the D.C. Office of the Attorney General	6

⁴ The OIG Hotline Program follows *Council of the Inspectors General on Integrity and Efficiency* (CIGIE) standards by noting all “complaints” as “contacts.” This number includes both contacts received through the OIG’s Hotline and referrals reviewed by the MFCU. CIGIE is an independent entity established within the federal executive branch to address integrity, economy, and effectiveness issues that transcend individual government agencies and to aid in the establishment of a professional, well-trained and highly-skilled workforce in over 70 federal Offices of Inspector General.

⁵ Twelve of the 14 reports were issued as part of the District of Columbia Comprehensive Annual Financial Report (CAFR) audit process. One report was issued as a result of the OIG’s Procurement Risk Assessment. One report was issued as part of the OIG’s *Evaluation of the District of Columbia Government’s Management and Valuation of the Commercial Real Property Assessments and Internal Controls Over the District of Columbia Government’s Commercial Real Property Assessment Process*.

EXECUTIVE SUMMARY OF ACTIVITIES

Referrals to the Board of Ethics and Government Accountability	6
Referrals to District Agencies (Management Authority)	3

MEDICAID FRAUD CONTROL UNIT ACTIVITIES	
Investigations Opened	96
Fraud Matters Opened	76
Abuse, Neglect, and Sexual Assault Matters Opened	20
Criminal and Civil Resolutions	13
Criminal Convictions	2
Civil Resolutions	11
Total Criminal and Civil Recoveries	\$2,137,427
Criminal Recoveries	\$108,000
Total Collections (Criminal and Civil)	\$49,677
Civil Recoveries – Global ⁶	\$1,979,750

⁶ This category involves any civil case in which the District and other states are party to the litigation. In these instances, global cases are worked jointly by the OIG's Medicaid Fraud Control Unit along with other state Medicaid Fraud Control Units.

OVERVIEW

OVERVIEW

This section presents an overview of the OIG’s organizational system and accomplishments of each division.

Organizational System

The OIG is organized as a system to ensure full operational capacity while uniquely linking all divisions and units within the agency (see Figure 1 below). See [Appendix B](#) for more detail on the OIG’s overall organization and structure.

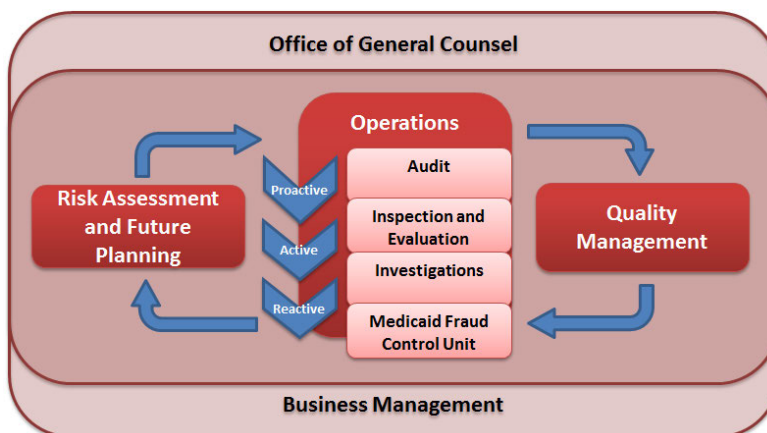


Figure 1: D.C. OIG Organizational Model⁷

Office of the General Counsel

The Office of the General Counsel (OGC) ensures all activities undertaken by the OIG comport with applicable laws, rules, regulations, and policies. Further, OGC provides in-house legal services by ensuring OIG operations, activities, and communications conform to applicable legal requirements; rendering forthright and objective legal advice to protect the OIG against legal liability; and advocating the OIG’s legal position in disputes.

Risk Assessment and Future Planning Division

The Risk Assessment and Future Planning Division (RAFP) evaluates risk related to corruption, mismanagement, waste, fraud, and abuse within the District. RAFP also assists the OIG in building the right capabilities to mine data for insights that will allow the agency to make proactive, knowledge-driven decisions. RAFP outputs are provided to the Operations Division for action deemed appropriate.

Operations Division

The Operations Division consists of four externally-focused units within the OIG.

⁷ This organizational model was established in June 2015.

OVERVIEW

The **Audit Unit (AU)** conducts audits of District agencies, programs, functions, and activities. AU provides agency management with an independent and objective assessment of whether desired results and objectives are achieved efficiently, economically, and in compliance with prescribed laws, regulations, policies, and procedures. AU performs financial and performance audits, and attestation⁸ engagements. In addition, AU monitors and oversees the audit process for the District of Columbia Comprehensive Annual Financial Report (CAFR).

The **Inspections and Evaluations Unit (I&E)** conducts inspections and special evaluations that provide decision makers with objective, thorough, and timely evaluations of District government agencies and programs. I&E reports contain findings and recommendations that help District officials achieve efficiency, effectiveness, economy, and safety in managing day-to-day operations and personnel.

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

The **Medicaid Fraud Control Unit (MFCU)**, certified by the U.S. Department of Health and Human Services on March 1, 2000, investigates and prosecutes fraud and abuse in the administration of the Medicaid program. The MFCU works primarily to recover District Medicaid dollars lost due to fraud. The unit also investigates allegations of abuse, neglect, and theft involving persons who reside in Medicaid-funded facilities or who receive Medicaid-covered services. Those who engage in fraud and abuse within the Medicaid program are subject to administrative action, civil penalties, and/or criminal prosecution.

Quality Management Division

Quality Management Division (QM) ensures all outputs from the Operations Division comply with OIG policies, professional standards, and best practices. QM oversees all OIG activities to maintain a desired level of excellence, while ensuring the OIG's long-term success through customer satisfaction, innovation, and continuous quality improvement. QM also tracks the implementation status of OIG recommendations made to District agencies, manages an agency-wide visual dashboard reporting process, and ensures the timely completion of statutorily-mandated annual performance reports.

Business Management Division

The Business Management Division (BM) is the foundation of the OIG. BM establishes policies and controls, and delivers services to support the OIG divisions' goals and objectives. BM is

⁸ Attestation engagements are usually suitable for users who have reporting needs that do not require a financial statement audit. An attestation engagement examines, reviews, or applies agreed-upon procedures to an assertion or a subject matter, which is the responsibility of another party.

OVERVIEW

charged with ensuring OIG divisions and units have tools to prevent and detect corruption, mismanagement, waste, fraud, and abuse in District government operations and programs.

FY 2017 Oversight Work Themes

Several themes emerged from the OIG's FY 2017 portfolio of engagements, resulting findings, and recommendations. A review of the OIG's oversight work during the past year, in particular the CAFR, District-wide Procurement Risk Assessment, and audit and inspection projects, identified multiple instances in which issues were the result of fundamental operational deficiencies:

Undocumented processes and procedures – Undocumented processes commonly result in inconsistent outcomes and subjective decision-making. More specifically, negative effects may include disparate customer service experiences; preferential treatment for customers or contractors; and heightened susceptibility to fraud and waste in the form of unauthorized payments, overpayments, and the provision of benefits to unqualified recipients.

Ineffective contract administration, enforcement of terms – The OIG observed multiple instances of ineffective oversight as a result of inadequate staffing, insufficient training, poor awareness of contract requirements, and a lack of methodologies for gathering and analyzing contract deliverables. When contract administrators do not enforce performance reporting requirements and the submission of key deliverables, the District is unable to confirm that it is receiving the goods and services for which it is paying or hold contractors accountable to quality and timeliness standards. Effective contract administration is also vital to obtaining the data and documentation necessary to: penalize contractors for violating contract terms; evaluate contractor performance; and inform decisions and strategies regarding future contract negotiations and the exercise of option years.

Missing documentation – The OIG encountered inadequate recordkeeping this year in various programmatic areas to include procurement, licensing, revenue collection, and the administration of benefits and supportive services. Improper documentation thwarts oversight, prevents transparency, and impedes the continuity of District government operations. For example, when an employee leaves a duty or job without clearly documenting the decisions he or she has made, or the rationale in support thereof, his or her successor's understanding and effectiveness as a consequence are limited. A failure by management to require that employees keep clear, thorough documentation of their decisions and actions can create an environment conducive to non-compliance, negligence, and in some cases malfeasance.

Inaccurate, incomplete data – The OIG commissioned a District Procurement Risk Assessment, which cited "data integrity" as a significant risk to District operations, noting "[p]rocurement systems data fields do not have standard definitions, which hinders reconciliation efforts and impacts the ability for meaningful portfolio analysis." The OIG also identified data integrity as an issue in other facets of District government operations, such as oversight of the District's real estate portfolio and management of the fleet vehicle program. When the District fails to capture data or does so poorly, management's ability to

OVERVIEW

make informed decisions is severely hampered and insightful analysis by oversight entities is also hindered.

CORE MISSION AREAS

CORE MISSION AREAS

This section describes the functions, focus areas, and accomplishments of the OIG's core mission areas.

Audit Unit

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

Comprehensive Annual Financial Report

The OIG is required by law to enter into a 5-year contract with an independent auditor to accomplish an annual audit of the District's financial statements. In FY 2016, the OIG contracted with SB & Company LLC (SB&C) to conduct the audit.

The District of Columbia Comprehensive Annual Financial Report (CAFR) contains the District's financial statements and an independent, certified accounting firm's opinion about whether the financial statements were presented fairly in accordance with generally accepted accounting principles. The report also assesses whether there were instances of noncompliance and/or weaknesses in internal controls that materially affected the District's financial position and operations as of the end of the fiscal year.

The OIG established the CAFR Committee (Committee) to monitor and oversee the audit process. The Committee monitors the reliability and integrity of the Office of the Chief Financial Officer (OCFO) financial reporting process and systems of internal controls for finance, accounting, and legal compliance. It also monitors the independence and performance of the District's independent auditors and facilitates communication among independent auditors, the Executive Office of the Mayor, the D.C. Council, OCFO, and other District management officials.

On January 31, 2017, SB&C published the District's FY 2016 CAFR, marking the 20th consecutive unqualified opinion of the District's financial statements. SB&C did not identify any material weaknesses or significant deficiencies related to the District's financial statements.

CORE MISSION AREAS

Progress and Performance

In FY 2017, AU audited District agencies and published 13 audit reports that identified best practices, process flaws, and internal control weaknesses. The audit reports offered 88 recommendations to improve operations, address deficiencies, and ensure District agencies operate efficiently and effectively. District agencies concurred with 79 of 88 recommendations, or approximately 90 percent of all recommended actions. Thus far, District agencies have implemented corrective actions for 51 of these recommendations. AU also published 12 CAFR component reports that validated the District's financial position, and administered 2 additional contracted reviews: a citywide procurement risk assessment and a review of the commercial property tax assessment process.

The OIG hired KPMG LLC to assess procurement risks throughout all District agencies. The assessment allowed the OIG to focus audit resources on the procurement practices most likely to encounter waste, fraud, and abuse. In addition, the assessment identified high-risk systemic issues, practices, and conflicting regulations for the following eight risk areas: data integrity; surplus property disposal; fiscal management; document management; procurement governance; sourcing practices; organizational structure; and vendor oversight. To ensure resources are protected, the OIG is developing a 3-year audit plan to further assess and reduce procurement risks throughout the District.

Significant Projects

Reports published in FY 2017 focused on issues related to procurement, efficient use of resources, revenue enhancement, and security. See [Appendix G](#) for a complete list of the OIG's FY 2017 audit reports and number of recommendations for each report.

Highlights from FY 2017 audit projects include:

Department of General Services: Management of the District's Real Property Assets and Leasing Processes Needs Significant Improvement, Which Could Lead to Substantial Cost Savings (published August 17, 2017)

The Department of General Services (DGS) was created to promote efficient and effective management of the District's real estate investments. The OIG reviewed the DGS Portfolio Management Division to assess processes for maintaining the District's real property inventory, and to determine whether its leasing strategies yield the intended benefits for the District.

DGS lacked an accurate and complete inventory of District-owned properties and did not have sufficient information on the characteristics of these properties to inform decisions. In addition, the OIG determined that DGS did not collect \$4.85 million in overdue rent, lacked justification for many key leasing decisions, and was unable to manage the real estate brokerage contract effectively. The OIG made 14 recommendations to improve inventory management practices, training practices for key staff, management of rent collection, and administration of the real estate brokerage contract.

CORE MISSION AREAS

Homeland Security and Emergency Management Agency: Continuity of Operations Planning Activities are not Adequately Managed (published June 15, 2017)

The Homeland Security and Emergency Management Agency (HSEMA) is responsible for ensuring that the District has contingency plans in place to prevent, protect against, respond to, mitigate, and recover from all threats and hazards. HSEMA's role is to provide assistance and guidance to all District cabinet-level agencies for developing, updating, and exercising their Continuity of Operations (COOP) plans.

The OIG assessed HSEMA's role in ensuring District agencies identified their essential functions and received COOP assistance and guidance. It was determined only 2 of 76 agencies fully complied with COOP requirements. HSEMA's annual reports did not include information or metrics that would help policymakers understand how prepared District agencies are for emergencies. In light of HSEMA's lack of enforcement authority to require agencies to comply with COOP planning, HSEMA providing annual reports with adequate information to the Deputy Mayor for Public Safety and Justice can serve as a powerful tool to raise awareness about District-wide COOP planning efforts. The OIG made two recommendations to improve reporting to the Mayor to ensure District agencies are fully prepared for all threats and hazards.

District of Columbia Office of the Chief Technology Officer (OCTO): Actions Needed to Strengthen External Cybersecurity Preparedness (published September 29, 2017)

This audit examined the District government's preparedness to respond to external cybersecurity threats. Cyberattacks invade and disrupt information systems and computer networks, which can adversely affect government and business operations. Over the course of the review, OCTO began the strategic planning process to coordinate cybersecurity activities across the District, and hired a Chief Information Security Officer, a Governance Risk and Compliance Officer, and legal staff to develop regulations for cybersecurity. OCTO also adopted the National Institute of Standards and Technology (NIST) framework for identifying and managing cybersecurity risks. The OIG made nine recommendations to improve OCTO's ability to systemically prevent, detect, and respond to cybersecurity threats.

Inspections and Evaluations Unit

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

Performance indicators of the overall effectiveness of I&E's work include the number of inspections conducted, findings identified, recommendations made and agreed to by an inspected

CORE MISSION AREAS

entity, and ultimately the subsequent improvements in agency or program operations as determined through re-inspections and other compliance activities. Findings developed during inspections may also lead to referrals to the OIG's Investigations Unit or Audit Unit. See [Appendix D](#) for I&E's organizational chart and structure.

Progress and Performance

I&E's FY 2017 projects focused on evaluating key District organizations to improve the efficiency and effectiveness of municipal services that are vital to District residents and other stakeholders. I&E's analysis, findings, and recommendations are published in Reports of Inspection and Reports of Special Evaluation. In FY 2017, I&E published 5 reports with 34 recommendations. See [Appendix H](#) for a complete list of the OIG's FY 2017 inspection and evaluation reports and number of recommendations for each report.

Significant Projects

In FY 2017, I&E implemented a practice of identifying and reviewing specific District contracts and grant awards for vulnerabilities to fraud, waste, abuse, mismanagement, and inefficiency. I&E reviewed several contracts to identify control weaknesses and provide recommendations to improve contract administration, and deliver information to assist District managers with future contract modifications and other decision making. In addition to entering into contracts for goods and services, District government agencies and programs both receive and award substantial levels of grant funding to support initiatives in areas such as housing, healthcare, education, homeland security, recreation, and the humanities. The primary objectives of I&E grant reviews are to: (1) identify possible high risk programs and grantees; (2) examine compliance with grant requirements; and (3) improve grant program administration to minimize the potential for corruption, fraud, waste, and abuse. I&E will continue to evaluate selected contracts and grants in FY 2018.

Highlights from FY 2017 inspection and evaluation projects include:

University of the District of Columbia (UDC) – Special Evaluation of the Office of Contracting and Procurement (UDC-OCP) (published March 9, 2017)

The objectives of this special evaluation were twofold: 1) to determine whether sampled procurements were administered, documented, and publicized properly; and (2) make recommendations to strengthen the efficacy of UDC's contracting practices and procurement environment. The OIG found that some UDC-OCP actions did not comply with requirements put forth in the Procurement Practices Reform Act of 2010 (PPRA). UDC believed, however, it is exempt from PPRA requirements and stated it would "collaborate with the D.C. Council to amend ambiguous language in the D.C. Code." The OIG continues to monitor UDC's efforts to resolve this issue. The report presented a total of seven recommendations to improve the documentation and oversight of contracting activities; clarify employees' duties and responsibilities; and facilitate knowledge and awareness of those doing business or seeking to do business with UDC.

CORE MISSION AREAS

Department of Health (DOH), Health Regulation and Licensing Administration (HRLA) – Inspection of HRLA’s Use of Federal Grant Funds for Criminal Background Checks of Long Term Care Employees (published August 31, 2017)

As part of the ongoing initiative to conduct grant reviews in different areas of District government during FY 2017, the OIG selected this grant for two primary reasons: (1) DOH receives a substantial amount of federal grant funds each year; and (2) in a September 2013 report of special evaluation, the OIG assessed DOH’s progress toward implementing this grant’s requirements and found obstacles to implementation that DOH had yet to address.

The Centers for Medicare and Medicaid Services awarded DOH \$3 million in federal funds over a 6-year grant period to enhance its criminal background check program. DOH failed to implement a key grant requirement due to poor communication within the agency. Further, DOH lacked an identified single entity responsible for grant compliance. Specifically, DOH failed to ensure that it had rap back capability, which is an automated criminal background check process managed by the Federal Bureau of Investigation. Rap back would allow DOH to continuously monitor individuals who have already undergone a fingerprint-based background check at DOH.

This report presents four recommendations that are intended to improve DOH’s ability to monitor and ensure compliance with grant award requirements, and improve DOH senior leadership’s awareness of instances where DOH is at risk of not complying, or has not complied, with grant requirements.

Office of the Deputy Mayor for Planning and Economic Development (DMPED) – Review of the H Street N.E. Starburst Revitalization Grant (published September 19, 2017)

On August 30, 2016, DMPED authorized a \$500,000 grant from the H Street Retail Priority Area Grant Fund to H Street Main Street, Inc. (HSMS). According to the scope of work, HSMS was expected to “establish and implement a plan that will organize and coordinate marketing and other promotion efforts in the tri-corridors of Bladensburg Rd., Benning Rd., and H Street; to provide technical assistance to corridor businesses; and to repair, maintain and activate the Starburst Plaza and combat crime, drug usage, and loitering in this area.”

The objectives of this review were to: (1) examine the grant application and award process and grantee’s compliance with grant requirements; (2) identify any grant oversight weaknesses that could increase the potential for fraud, waste, and abuse; and (3) where applicable, make recommendations for improving grant program effectiveness and administration to ensure that grant fund expenditures achieve desired results. The OIG identified numerous areas for improvement within DMPED’s grant administration and oversight processes, including: lack of coordination and undefined roles; failure to vet the grantee’s supporting invoices and expense reports; and lack of adherence to, or knowledge of, DMPED policies and procedures. The OIG presented seven recommendations to strengthen DMPED’s grant administration and oversight practices, and will follow up with DMPED in FY 2018 to monitor implementation of corrective actions.

CORE MISSION AREAS

Department of Health Care Finance (DHCF) – Inspection of the Non-Emergency Medical Transportation Program (published September 29, 2017)

DHCF administers an annual contract of approximately \$28,000,000 with a contractor that is responsible for coordinating the delivery of nonemergency medical transportation (NET) services to Medicaid beneficiaries in the District. The objectives of this inspection were to: evaluate the District's contract against best practices and relevant criteria; identify recommendations for strengthening the effectiveness and sufficiency of the contract; and determine whether DHCF maintains proper oversight of contract deliverables.

The team identified five findings and presented six recommendations for improving the contract and strengthening DHCF's oversight of the contractor. The OIG believes that by implementing a targeted, systematic approach to overseeing contractor performance and improving performance data collection and procurement planning, DHCF can strengthen its administration of the NET program.

Department of Consumer and Regulatory Affairs (DCRA) – Inspection of the Illegal Construction Enforcement Program (published September 29, 2017)

The objectives of this inspection were to determine DCRA's capability to: proactively identify and address illegal construction; respond to complaints and allegations within agency identified timeframes; and deter illegal construction before it begins.

The team determined that DCRA's management information system (ACCELA), as it is currently configured, is insufficient to track illegal construction inspectors' performance, responsiveness, and workflow. In addition, the agency lacks adequately documented policies and procedures that standardize its response to allegations of illegal construction and response timelines. Finally, although DCRA received additional funds to increase staffing levels to support enforcement on weekends, holidays, and after normal working hours, the agency was unable to fill the required positions and is not consistently covering those time periods.

Investigations Unit

The Investigations Unit (IU) investigates allegations of misconduct involving violations of District or federal criminal law, civil statutes, regulations, and employee standards of conduct. IU reports may include findings and recommendations regarding program weaknesses, contracting irregularities, and other institutional problems discovered as a result of OIG initiated complaints or investigations. See [Appendix E](#) for IU's organizational chart and structure.

Progress and Performance

In FY 2017, IU opened 47 investigations (25 criminal, 8 administrative, and 14 preliminary) and closed 87 investigations (53 criminal, 27 administrative, and 7 preliminary). IU also completed nine administrative referrals. In addition, 9 of the 53 closed criminal cases were prosecuted by the United States Attorney's Office (USAO) for the District of Columbia, resulting in eight criminal convictions for fraud, bribery, conspiracy to commit bribery, bank fraud, and money

CORE MISSION AREAS

laundering.⁹ Cases resolved in FY 2017 primarily addressed allegations of public corruption, procurement fraud, and financial and general crimes. Investigative recoveries and civil recoupments totaled \$260,049. FY 2017 results are presented in Table 1 below.

Investigative Activity	FY 2017
Investigations Opened	47
Investigations Closed	87
Criminal Investigations Presented to USAO	9
Cases Accepted for Prosecution	4
Subpoenas Served	25
Search Warrants	9
Convictions	8
Restitutions, Orders, and Fines	\$71,851
Civil Referrals to the Office of Attorney General (OAG)	6
Amount of Recoupments Referred to the OAG	\$188,198
Referrals to Board of Ethics and Government Accountability	6
Referrals to District Agencies (Management Authority)	3
Significant Activity Reports (SARs) Issued	5

Table 1: Summary of IU FY 2017 Performance Data

Significant Activities

In FY 2017, IU and its federal and local law enforcement partners engaged in the following types of investigative activity:

- Criminal Investigations
- Administrative Investigations
- Civil Referrals

Summaries of IU FY 2017 investigative activity are detailed below.

Criminal Investigations

When investigative findings indicate criminal conduct, the OIG is required by law to present them to the USAO or the appropriate local prosecuting agency, for prosecutorial action. When a case is referred for prosecutorial consideration, the investigation proceeds under the guidance and direction of an Assistant U.S. Attorney or local prosecutor, often in conjunction with other law enforcement partners, such as the Federal Bureau of Investigation (FBI) and federal OIGs. The investigative findings also are used to determine whether civil action is appropriate in addition to or in lieu of criminal prosecution.

⁹ Of the eight criminal convictions obtained in FY 2017, five are related to matters that are still under investigation; therefore no additional information regarding those investigations will be provided.

¹⁰ BEGA investigates alleged ethics laws violations by District government employees and public officials, provides binding ethics advice, and conducts mandatory training on the D.C. Government's Code of Conduct.

CORE MISSION AREAS

Former Associate Director of Department of Employment Services (DOES) Sentenced for Fraud

From January 2010 through September 2011, Gaby Fraser, former Associate Director, DOES submitted fraudulent information on behalf of her daughter and daughter's boyfriend to qualify them to receive unemployment insurance (UI) compensation benefits to which they were not entitled.

On November 29, 2016, Ms. Fraser pled guilty to one count of first degree misdemeanor fraud. On December 13, 2016, Ms. Fraser was sentenced to 5 years of supervised probation, 180 days incarceration (suspended), and was ordered to pay restitution in the amount of \$19,027.

A Member of the Public Sentenced for Fraud

From June 21, 2011, through September 2012, Ashaunti Harris, a member of the public, submitted fraudulent documentation to the District of Columbia Office of the State Superintendent of Education to obtain subsidized childcare benefits.

On August 24, 2016, Ms. Harris pled guilty to one count of second degree felony fraud. On December 7, 2016, Ms. Harris was sentenced to 365 days incarceration (364 days suspended), 5 years of supervised probation, and was ordered to pay restitution in the amount of \$22,187.35.

A Member of the Public Sentenced for Fraud

From December 2012 through July 2015, Carlton Blackwell, a member of the public, submitted fraudulent claims to obtain unemployment compensation benefits.

On November 1, 2016, Mr. Blackwell pled guilty to one count of second degree felony fraud. On January 9, 2017, Mr. Blackwell was sentenced to 5 years of supervised probation, 6 months incarceration (suspended), and was ordered to pay restitution in the amount of \$30,637.

Civil Referrals

Under certain circumstances where the USAO declines prosecution in a criminal investigation, IU can request the OAG pursue civil recoupment of improperly received funds.

Financial Assistance Recipients Improperly Receive District Government Benefits

In FY 2017, IU referred six investigations to the OAG Civil Enforcement Section for civil recoupment action against members of the public who improperly received financial assistance. Five of the investigations revealed members of the public applied for and received UI compensation benefits to which they were not entitled. The investigations found those individuals submitted false unemployment claims to the Department of Employment Services (DOES) indicating they were unemployed when they were in fact

CORE MISSION AREAS

employed. The IU presented the findings of these investigations to the USAO; however, the USAO ultimately decided not to move forward with prosecution.

The remaining investigation revealed a member of the public applied for and received Medicaid benefits to which she was not entitled. This investigation found she failed to report income earned while employed; as a result she improperly received Medicaid benefits. Similarly, the IU presented the findings of this investigation to the USAO, which declined prosecution in this case as well.

Administrative Investigations

Administrative investigations uncover violations of District laws, policies, and/or regulations and make recommendations, when appropriate, for administrative action against those responsible. IU prepares a Report of Investigation (ROI) detailing the findings, and forwards the ROI to the responsible agency head for action. The investigative process may also identify program weaknesses, contract irregularities, and other institutional problems that place a District government agency at risk for waste, fraud, and abuse.

Former Chancellor of DCPS Gave Preferential Treatment when Granting Discretionary Out-of-Boundary School Transfers

The OIG investigation revealed that the former Chancellor of DCPS, from April 2015 to August 2015, failed to act impartially by giving preferential treatment to certain District government officials and members of the public when granting discretionary out-of-boundary school transfers.

On February 10, 2017, the OIG referred this investigation and corresponding recommendation to the Mayor for action deemed appropriate. On April 11, 2017, the Deputy Mayor for Education, the Mayor's representative, advised the current Chancellor on his statutory authority, stating it is very limited, and must be used in an impartial manner, taking care not to show favoritism.

Former Director, D.C. Homeland Security and Emergency Management Agency Misused Government Resources for Unauthorized Purposes and used his Public Office for Private Gain.

The OIG investigation revealed that the former Director HSEMA, from December 2012 to December 2015, misused his government position and government resources for unauthorized purposes and used his public office for the private gain of a close personal acquaintance and her business. The investigation also revealed that the Director engaged in the unauthorized use of a District vehicle and the unauthorized transport of a non-District employee in a District vehicle.

On April 26, 2017, the OIG referred this investigation to the Mayor for action deemed appropriate. On August 1, 2017, the Mayor responded and stated that District employees will continue to be reminded of their ethical obligations and a Mayor's Memorandum

CORE MISSION AREAS

regarding the use of District government vehicles will be published. In addition to referring this matter to the Mayor, the OIG provided a copy of the report of investigation to BEGA for action deemed appropriate.

A Deputy Mayor for the Executive Office of the Mayor, Requested Subordinate Employees to Perform Personal Services not related to Official District Government Functions and Activities During Work Hours.

The OIG investigation revealed that a Deputy Mayor directed staff to watch her minor child in the office, transport the minor child to a family member's house, and pick the child up from school during government work hours.

On September 20, 2017, the OIG referred this investigation to the responsible management authority for action deemed appropriate. The matter was also referred to BEGA for action deemed appropriate.

Medicaid Fraud Control Unit

The Medicaid Fraud Control Unit (MFCU) investigates three categories of offenses: provider fraud committed against the District's Medicaid program; misuse of patient funds; and criminal abuse of persons who receive Medicaid-funded services or reside in Medicaid-funded healthcare facilities (such as hospitals, nursing homes, and residences for adults with cognitive disabilities or mental illness). See [Appendix F](#) for the MFCU's organizational chart and structure.

Progress and Performance

In FY 2017, the MFCU received 2,154 referrals¹¹ ranging from reports of changes in the condition of nursing home residents to allegations of serious assaults and provider fraud. During this reporting period, the MFCU opened 76 fraud cases and 20 abuse cases. The MFCU obtained dispositions in 13 active investigations, and made substantial progress on many other cases that are expected to conclude in FY 2018.

The MFCU is currently investigating 196 matters. This number includes criminal fraud and civil investigations. The MFCU is also actively monitoring another 238 *qui tam* cases around the country that may require direct OIG involvement in the future. FY 2017 results are presented in Table 2 below.

¹¹ The MFCU considers "referrals" to be synonymous as "contacts." For the purposes of external reporting requirements to the HHS-OIG, the MFCU considers a referral to be any contact where MFCU staff undertakes some investigative effort, legal review, or analysis. Referrals are received through various mediums to include but not limited to: internet; phone; in person; or fax.

CORE MISSION AREAS

Performance Statistics	FY 2017
Number of Fraud Cases Opened	76
Number of Abuse, Neglect, or Sexual Assault Cases Opened	20
Criminal Convictions	2
Civil Resolutions	11
Criminal Restitution Docketed Against Defendant	\$108,000
Civil Recoveries – Global	\$1,979,750
Total Collections (Criminal and Civil)	\$49,677

Table 2: Summary of MFCU FY 2017 Performance Data

In FY 2017, the MFCU maintained its organizational structure of four separate investigative teams. Each team has a case mix that includes fraud, abuse, and occasional civil investigations. Team members work together on investigations, maximize cooperation, improve communication, and eliminate investigative impediments. However, for complex cases or cases where time is of the essence, staff members assigned to one team may be called upon to assist another team's investigation.

The MFCU made significant strides to engage in more outreach efforts to heighten public awareness of the unit and its mission. In addition, MFCU increased its visibility amongst external and internal stakeholders to by seeking opportunities where the unit can effectively work along-side other federal and District agencies.

Over the course of FY 2017, the MFCU participated in numerous roundtable discussions with various District agencies and residents to inform them about vulnerable adult abuse, neglect, and fraud. MFCU team members made presentations and participated in open forum discussions designed to elicit free flowing communication on how to best serve the District's vulnerable adults.

In addition, the MFCU participated in monthly meetings with the Department of Health Care Finance and a number of other external partners who have an organizational interest in preventing and deterring healthcare fraud. The meeting participants included Managed Care Organizations, the FBI, the Department on Disability Services, and the District's Office on Aging.

CORE MISSION AREAS

Significant Activities

Summaries of MFCU FY 2017 criminal and civil recoveries are detailed below.

Notable Criminal Dispositions

Dr. Ivan Robinson

On August 10, 2017, a United States District Court for the District of Columbia jury found 46-year old Licensed Nurse Practitioner, Ivan Lamont Robinson (Robinson), guilty of 42 federal charges that he distributed oxycodone outside the legitimate scope of his professional practice and without a legitimate medical purpose, and two counts of money laundering. According to the government's evidence, Robinson conducted a pain management practice and "Pill mill" from 2011 until 2013, in the 2000 block of Martin Luther King Jr., Avenue S.E., Washington, D.C.

Although Robinson was authorized in the District of Columbia to prescribe oxycodone to patients, he sold prescriptions to customers for approximately \$370 in cash or blank money orders. Robinson sold sixty (60) 30-milligram tablets of oxycodone to customers who came from outside the District of Columbia. Further, the government's evidence showed that Robinson deposited into his bank account over \$100,000 in money orders from customers in a 4-month period in 2013 and used the proceeds to purchase a new Volvo automobile. During the execution of a search warrant on June 19, 2013, Robinson withdrew \$108,000 from his bank account to avoid seizure. After returning the guilty verdicts, the jury also voted to forfeit Robinson's \$108,000 and the Volvo automobile that he had gained from his illegal pill mill practice.

The USAO for the District of Columbia prosecuted this matter, which was jointly investigated by the MFCU, Metropolitan Police Department, Department of Health and Human Services, Department of Defense, Drug Enforcement Administration, and Defense Criminal Investigative Service.

Robinson was remanded to the custody of the U.S. Marshals Service, and is waiting to be sentenced at a later date.

Notable Civil Dispositions

Global Civil Efforts

A significant component of the MFCU's national anti-fraud activity is its participation in global *qui tam* litigation with the National Association of Medicaid Fraud Control Units (NAMFCU).¹² In FY 2017, the MFCU attorneys coordinated with other

¹² In these cases, a "relator" (person with knowledge of fraudulent activity) files the action on behalf of the government, often asserting a scheme of widespread, institutional fraud by a multinational corporation. The federal government and the states impacted by the alleged scheme investigate the allegation to determine whether to "intervene" in the action, either individually or jointly. Due to their breadth and subject matter, most *qui tam* cases

CORE MISSION AREAS

subcommittee members on pending lawsuits as well as on developing strategies for investigating and prosecuting these cases. The MFCU attorneys have also assisted NAMFCU teams since 2008.

Omnicare Incorporated

On May 10, 2017, the OIG announced a civil settlement between the District of Columbia, in collaboration with the federal government and state Medicaid Fraud Control Units, and Omnicare Incorporated. The civil settlement resolved allegations that the company entered into contracts with drug company Organon USA, Inc., and agreed to recommend the prescription of antidepressant drugs Remeron and Remeron Sol Tab in exchange for monetary payments disguised as rebates.

The total value of the civil fraud settlement was \$23 million, of which the District of Columbia received \$132,645.89.

Mylan Incorporated

On September 29, 2017, the OIG announced a civil settlement between the District of Columbia, in collaboration with the federal government and state Medicaid Fraud Control Units, and Mylan Incorporated. Under the terms and conditions of the civil settlement, the company resolved allegations that Mylan Incorporated knowingly underpaid rebates owed to the Medicaid program for the drugs EpiPen and EpiPen Jr. (EpiPen) dispensed to Medicaid beneficiaries.

The criminal complaint against Mylan, Inc., which Mylan, Inc. agreed was true specifically resolved allegations that from July 29, 2010, to March 31, 2017, Mylan, Inc. submitted false statements to the Centers for Medicare and Medicaid Services (CMS) that incorrectly classified EpiPen as a “noninnovator multiple source” drug, as opposed to a “single source” drug. In addition, Mylan, Inc. did not report a Best Price to CMS for EpiPen, which it was required to do for all “single source” drugs.

The total value of the civil settlement was \$465 million. Pursuant to the agreement, the District recovered \$1,527,145.14.

Celgene Corporation

On September 6, 2017, the OIG announced a civil settlement between the District of Columbia, in collaboration with the federal government and state Medicaid Fraud Control Units, and Celgene Corporation. Pursuant to the terms and conditions of the settlement, Celgene Corporation resolved allegations that it improperly marketed Thalomid and

are factually and procedurally complex. In meeting the unique challenges of global civil cases, the 50 independent states and the District’s MFCU work together, under the auspices of the NAMFCU, to investigate, litigate, settle, or otherwise resolve these cases. OIG MFCU attorneys participate as active members of the NAMFCU Qui Tam Subcommittee, which is comprised of representatives from the MFCUs of states with False Claims Act statutes containing *qui tam* provisions. Currently, the District and 31 states have such statutes.

CORE MISSION AREAS

Revlimid for use that was not approved by the U.S. Food and Drug Administration (FDA).

In addition, the agreement settled allegations that Celgene Corporation violated the Anti-Kickback Statute by paying physicians who prescribed Thalomid or Revlimid to conduct speaker programs, serve on boards, and be listed as authors on medical literature to further support the off-label marketing of Thalomid and Revlimid.

The total civil value of the settlement was \$259,269,640, of which the District of Columbia received \$97,104.04.

ENABLING MISSION AREAS

ENABLING MISSION AREAS

This section presents the roles, responsibilities, and FY 2017 accomplishments of the OIG's organizational components supporting its core mission areas, as well as significant hearings, testimonies, and meetings with oversight bodies that occurred during the reporting period.

Risk Assessment and Future Planning Division (RAFP)

RAFP consists of the Hotline Program and the Data Analysis Unit. RAFP is the focal point of the OIG's Strategic Goal to *proactively identify and reduce vulnerabilities that could lead to corruption, fraud, waste, abuse, and mismanagement that impacts the District of Columbia*. RAFP works across OIG operational units to provide a unified view of District operations; identify and prioritize risks; assist in identifying audits, inspections, and investigations; as well as to eliminate duplicative efforts and provide focus for the OIG's limited resources.

Hotline Program

The Hotline Program serves as the single point for intake and initial analysis of allegations of corruption, fraud, waste, abuse, and mismanagement within District government operations and programs. Allegations are received from multiple sources, to include phone calls, email, fax, postal mail, and walk-in complaints. Hotline program analysts review and analyze all allegations to determine the appropriate actions to take for resolution.

During FY 2017, the OIG Hotline received 2,413 contacts, a 31-percent increase over FY 2016. The OIG Hotline referred 92 contacts to other District or federal agencies, assisted 650 contacts to determine a proper avenue of redress to remedy their issue, and recommended 109 contacts for investigation or inclusion in the OIG's *FY 2018 Audit and Inspection Plan*. During this period, the OIG Hotline decided on a course of action within 10 days of receipt, 93 percent of the time.

Data Analysis Unit

The Data Analysis Unit (DAU) is the primary data analytics operation for the OIG with a mission to provide analytical case support to ongoing investigations, audits, and inspections as well as to proactively identify risk and instances of corruption, fraud, waste, abuse, and mismanagement throughout the District government. As DAU capabilities continue to develop, analysts will have sophisticated analytical tools along with many open source, law enforcement, and District government data sources at their disposal.

During FY 2017, the DAU provided analytical case support for 21 OIG investigations, identified risk areas throughout the District government in support of the OIG Risk Committee and the *FY 2018 Audit and Inspection Plan*, and completed 15 proactive projects of which 3 led to an investigation, audit, or inspection.

ENABLING MISSION AREAS

Business Management Division (BM)

These internal functions exist within BM: (1) Facilities; (2) Contracts and Procurement; (3) Information Technology; (4) Human Resources; (5) Administrative Services; (6) Budget and Finance (in collaboration with the Office of the Chief Financial Officer); and (7) Communications and Public Relations.

BM helps facilitate agency-wide initiatives by:

- Providing safe and secure working environments;
- Providing necessary tools for our staff to accomplish the OIG's goals;
- Recruiting highly qualified and motivated staff;
- Providing high quality administrative support services to all OIG components;
- Ensuring that the OIG engages in contact with the media, community, and other stakeholders;
- Ensuring that the OIG budget is linked to strategic goals and objectives and followed per rules and regulations of the District; and
- Ensuring that all staff have the technology needed to complete their mission and goals in the most time effective and resource efficient manner.

BM facilitated the following initiatives:

Engagement Projects

In FY 2017, the OIG began working collaboratively with the D.C. Office of the Chief Technology Officer (OCTO) to improve our website and information available to the public. Part of that initiative was a go-live for several social media platforms that allow us to give to and receive information from the community.

The OIG also began visiting District agencies to lead refresher training on the OIG's mission and how District employees can report fraud, waste, abuse, and mismanagement to the OIG. This effort will continue into FY 2018.

Technology Upgrades

In FY 2017, the OIG worked to further and/or complete several major technology upgrades to improve efficiency and effectiveness for other divisions and operational units. Some examples include increased data analytics capabilities, integration of case management systems, a migration to the cloud, a laptop refresh, and a rejuvenation of copiers at the OIG.

Records Management

In FY 2017, the OIG completed the transfer of all paper records to electronic format. This effort is the beginning of the OIG's efforts to implement a paperless workplace while developing an agency-wide management information system (MIS).

ENABLING MISSION AREAS

Quality Management Division (QM)

QM was established to ensure that OIG operations are:

- Adhering to internal policies, procedures, and standards;
- Complying with applicable professional and quality standards of performance; and
- Carried out economically, efficiently, and effectively.

In supporting the OIG's mission, QM employs a systemic process of: (1) involving all OIG employees in innovation, customer satisfaction, and continual improvement of work processes, products, and services to ensure the OIG's long-term success; (2) maximizing the efficiency, effectiveness, transparency, and accountability of OIG operations to maintain the desired level of excellence; (3) ensuring OIG work processes provide timely, high-quality products that promote improvement in District government programs and operations; (4) collaborating with all divisions to define, track, and report performance measures for each strategic objective; (5) implementing an effective visual performance metrics dashboard to facilitate data-driven, fact-based decision-making; (6) coordinating peer reviews for OIG Audit, Inspections and Evaluations, and Investigations Units to provide a formal, objective assessment of their operations; and (7) conducting benchmarking studies to determine how the Audit, Inspections and Evaluations, and Investigations Units compare to those of other OIGs.

QM develops and utilizes best practices for government oversight to ensure:

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

QM's accomplishments in FY 2017 include:

- Initiated quality assurance reviews of 12 audit engagements.
- Performed quality reviews of reports, letters, testimonies, and other documents.
- Completed statutorily-mandated annual reports within required timeframes.
- Facilitated discussions and approvals of major technology investments through the Information Technology Governance Committee.
- Developed a complete inventory of OIG recommendations with historical data to support the OIG's risk assessment and recommendation follow-up efforts.

Significant Hearings and Testimonies

- On October 25, 2016, the IG testified before the Committee on Finance and Revenue on Bill 21-813, the "Comprehensive Inspector General Independence and Empowerment Amendment Act of 2016." This bill was submitted to Council from the OIG, and was

ENABLING MISSION AREAS

designed to enhance OIG independence from several District agencies, enhance law enforcement authorities for OIG special agents, and to alter current statutory requirements that are either outdated or have been overcome by events. The Committee on Finance and Revenue did not take action during the Council Period.

- On February 2, 2017, the IG testified before the Committee of the Whole on the *Fiscal Year 2016 Comprehensive Annual Financial Report* (CAFR).
- On February 23, 2017, the IG testified before the Committee on Government Operations at its Fiscal Year 2016 Performance Oversight Hearing.
- On April 13, 2017, the IG testified before the Committee on Government Operations at its Fiscal Year 2018 Budget Oversight Hearing. The IG provided testimony on the OIG's proposed FY 2018 budget, and outlined the OIG's budget request in terms of personal and non-personal services funding requirements.

Significant Meetings with Oversight Bodies

- Throughout 2017, the IG met with other Inspectors General during the monthly CIGIE meetings. By statute, the OIG is required to adhere to CIGIE quality standards.¹³
- Throughout FY 2017, the IG and other OIG leaders met with members of the United States Attorney's Office for the District of Columbia. The purpose of these meetings was twofold: (1) to identify opportunities to synergize the OIG's respective oversight missions; and (2) to manage ongoing joint cases.
- On a monthly basis during FY 2017, leaders from the OIG and the BEGA met to discuss matters of mutual interest.
- On March 1-2, 2017, OIG leaders attended the CIGIE FY 2017 Investigations Committee and Investigations Annual Training. Topics discussed during this training included: (1) the prevention and recovery of improper payments; (2) the use of E-Discovery and digital evidence; and (3) the use of body cameras by Special Agents.
- On March 22-23, 2017, leaders from the OIG's MFCU attended the NAMFCU Annual Director's Meeting. Topics discussed during this meeting included: (1) data mining in support of investigations; (2) best practices on several different Medicaid fraud schemes; (3) presentations from the Department of Health and Human Service Office of the Inspector General, U.S. Department of Justice, and the National Association of Medicaid Program Integrity.
- On August 23, 2017, OIG leaders hosted over 30 delegates from the Chinese National Audit Office. The OIG provided the delegates with an overview of the processes and techniques used to provide oversight for the District of Columbia.

¹³ D.C. Code § 1-301.115a (b)(1) (Repl. 2016).

APPENDICES

APPENDIX A – REPORTING REQUIREMENTS

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

PURPOSE

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

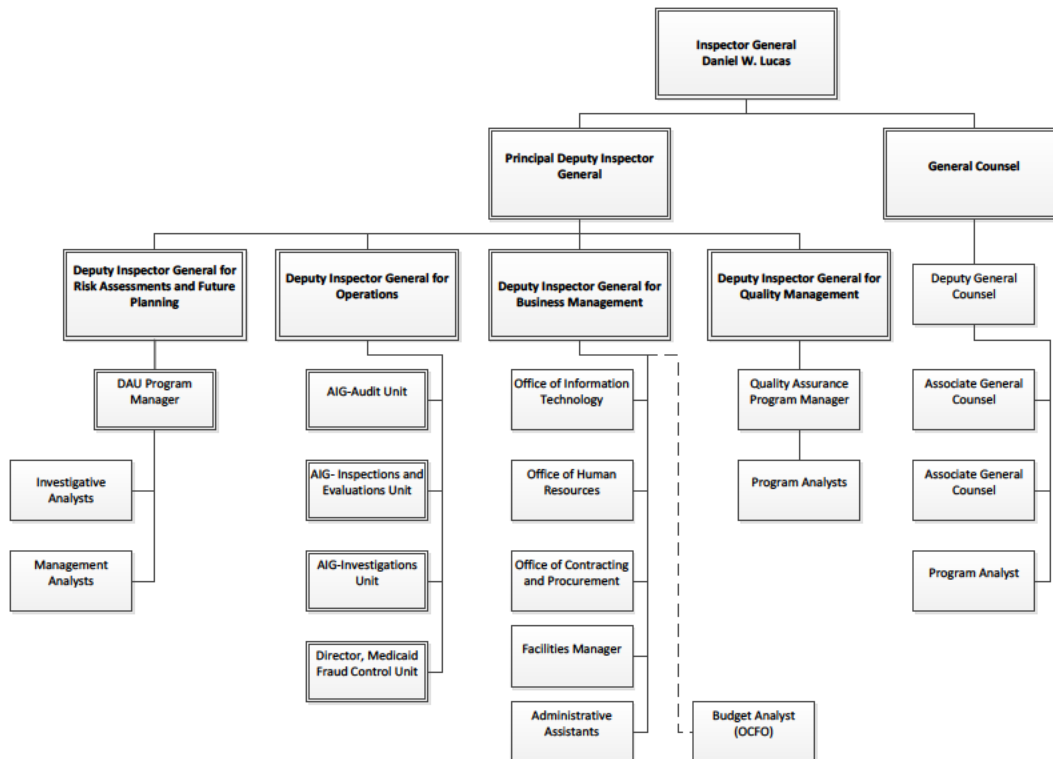
RESPONSIBILITIES

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

APPENDICES

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

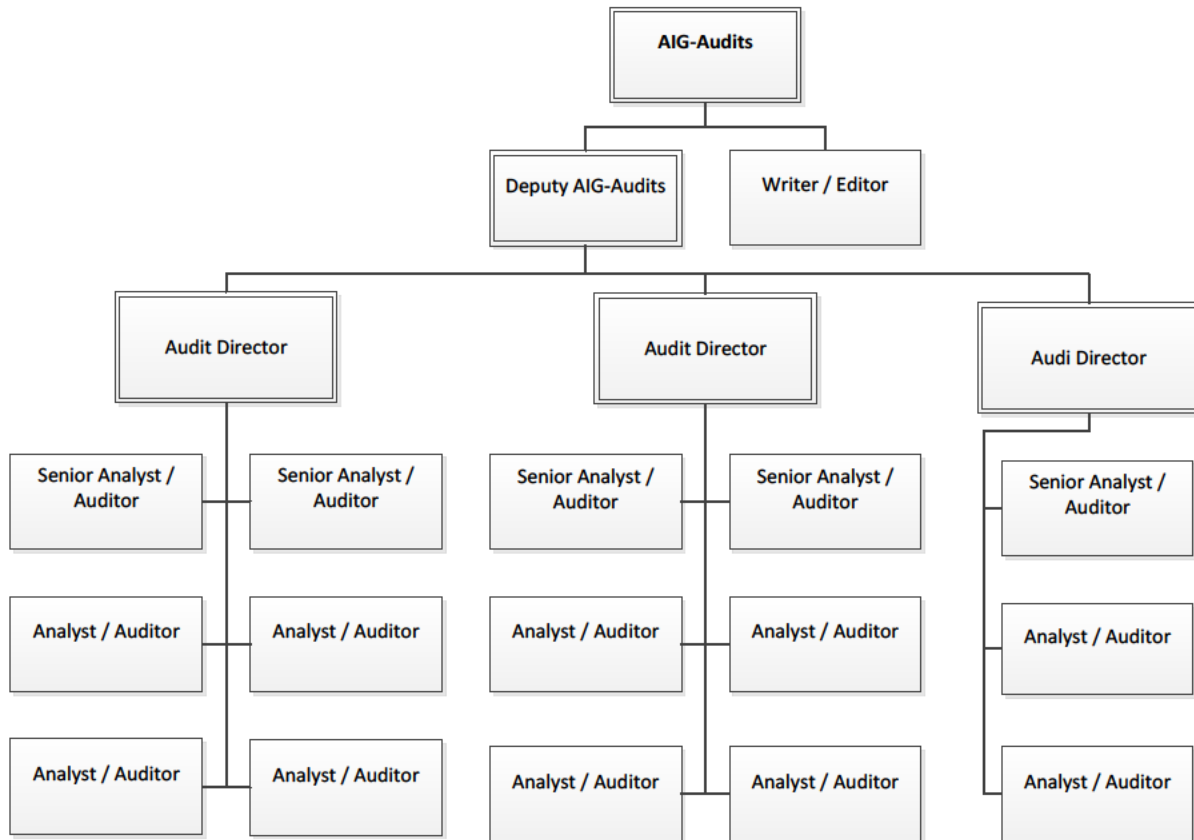
APPENDIX B – OIG ORGANIZATIONAL CHART



Organizational Structure

The OIG is led by the Inspector General, who is immediately supported by the Principal Deputy Inspector General and the General Counsel. The Principal Deputy Inspector General oversees the day-to-day operations of the OIG and provides leadership and direction to the OIG's four Deputy Inspectors General. The Deputy Inspectors General each lead a specific division which, in total, comprise the system by which the OIG has been arranged to execute its mission. The General Counsel oversees the Office of the General Counsel and provides leadership and direction to the OIG's Deputy and Associate General Counsel.

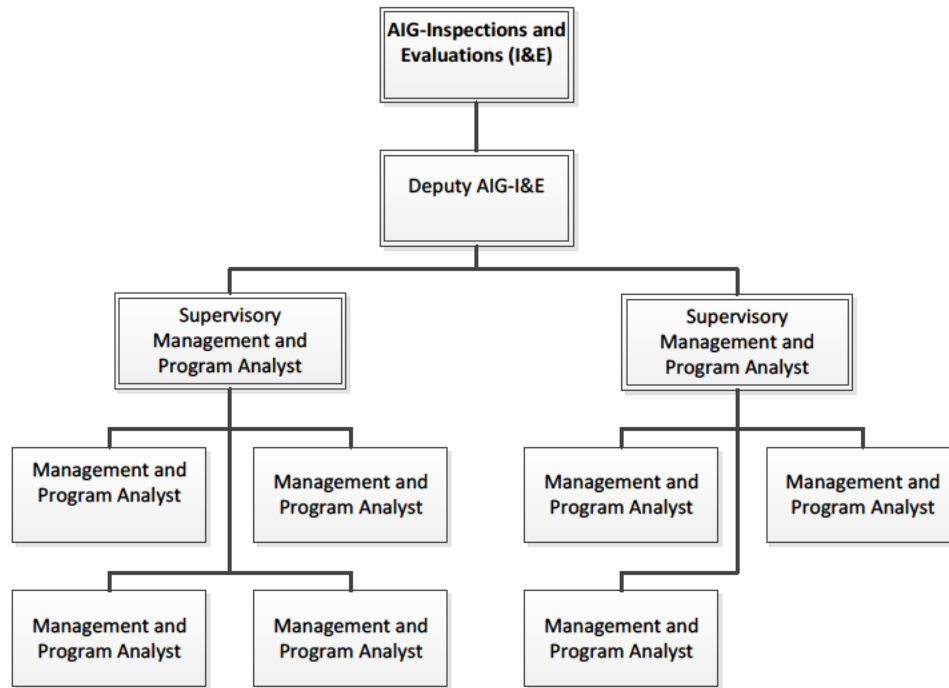
APPENDIX C – AU ORGANIZATIONAL CHART AND STRUCTURE



Organizational Structure

The Assistant Inspector General for Audits (AIGA), the Deputy Assistant Inspector General for Audits (DAIGA), and three branch directors manage the AU. The AIGA sets policy, the DAIGA provides leadership and direction for AU, and branch directors supervise the day-to-day projects and activities of audit staff. Staffing for branches is organized according to tactical operational needs, which gives AU the flexibility to respond to unexpected requests while matching staff and projects based on need.

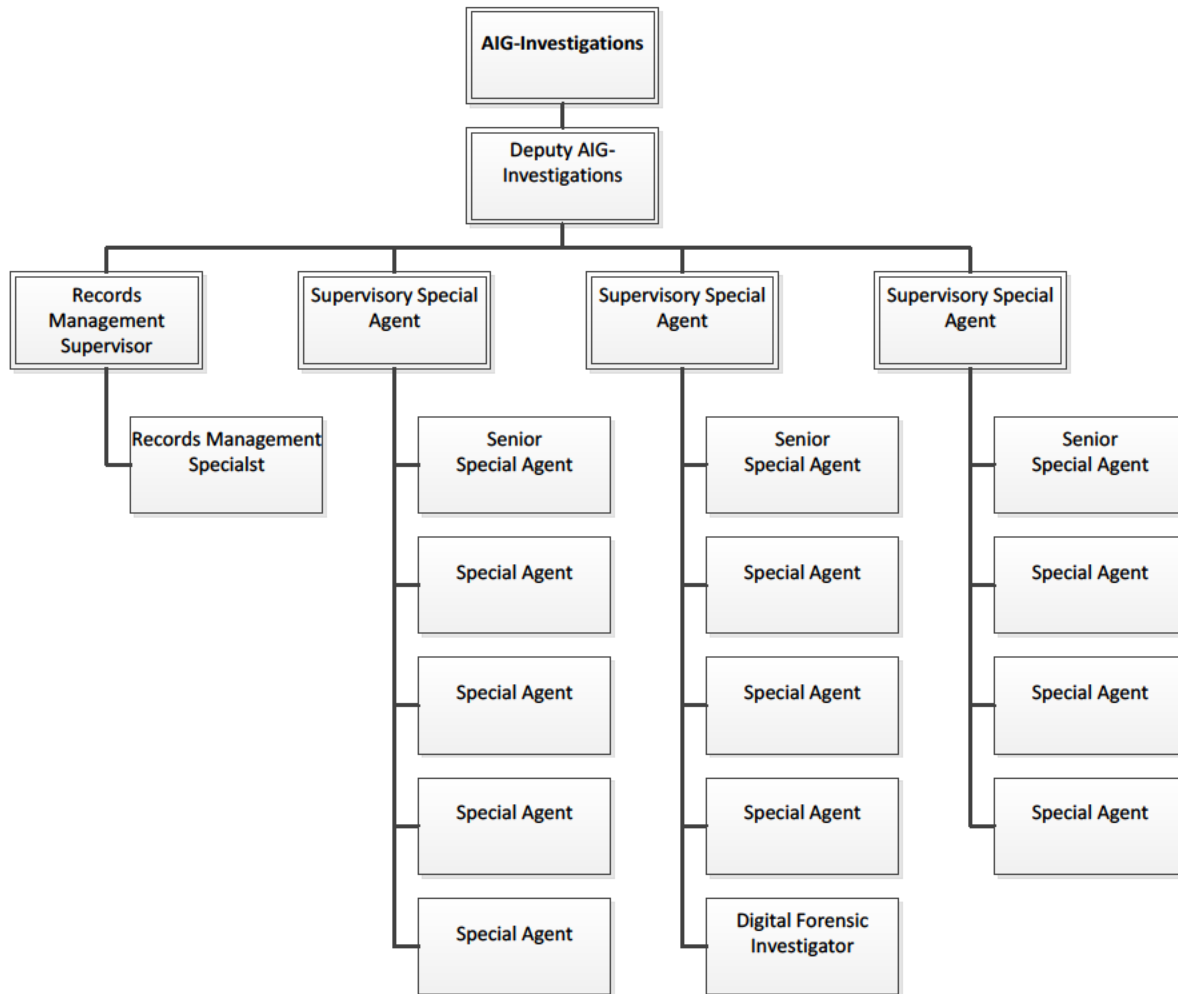
APPENDIX D – I&E ORGANIZATIONAL CHART AND STRUCTURE



Organizational Structure

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

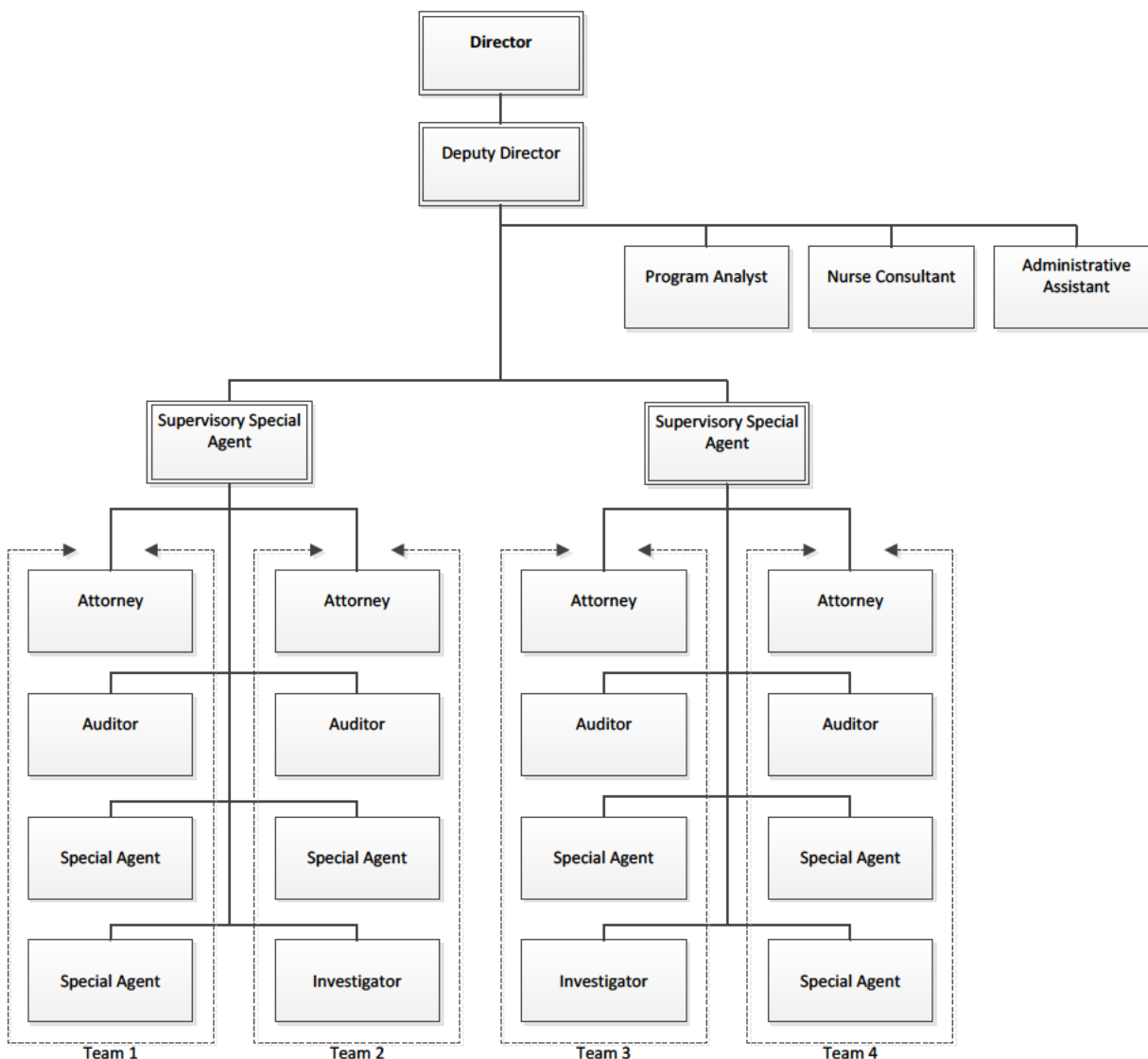
APPENDIX E – IU ORGANIZATIONAL CHART AND STRUCTURE



Organizational Structure

The Assistant Inspector General for Investigations (AIGI), the Deputy Assistant Inspector General for Investigations (DAIGI), three Supervisory Special Agents, and the Records Management Supervisor manage IU. The AIGI sets policy and provides leadership for the unit. The DAIGI supervises the Supervisory Special Agents and the Records Management Supervisor, estimates workloads, and outlines anticipated problems to be resolved and investigative objectives. Supervisory Special Agents supervise criminal investigators' day-to-day activities. The Records Management Supervisor provides organization and accountability for the OIG's various record systems.

APPENDIX F – MFCU ORGANIZATIONAL CHART AND STRUCTURE



Organizational Structure

The Director, Deputy Director, and two Supervisory Special Agents (SSAs) manage the MFCU. The Director provides leadership and direction for the unit, including establishing the unit's goals and operational policies in accordance with the OIG's strategic framework. The Deputy Director supervises the unit's Program Analyst, Staff Assistant, and the two SSAs. The SSAs oversee the day-to-day activities of two investigative teams composed of an attorney, an auditor, and two investigators.

APPENDICES

APPENDIX G – FY 2017 AUDIT REPORTS AND RECOMMENDATIONS¹⁴

Agency	Title	Report Date	Number of Recommendations
DCPS	District of Columbia Public Schools Food Services Management with Chartwells: Actions Needed to Improve Compliance with Pre-Award and Post-Award Procurement Requirements	10/04/16	3
ORM	Office of Risk Management: Management Oversight of the Public Sector Workers' Compensation Program is not Adequate	10/17/16	4
DHS	Department of Human Services: Contracted Services Under the Permanent Supportive Housing Program were not Adequately Monitored	11/18/16	9
DCTC	D.C. Taxicab Commission: Controls Over Revenue Collection, Record Maintenance, and Vehicle Registration are not Adequate	11/21/16	5
DDOT	Highway Trust Fund Financial Statement Audit for the Fiscal Year Ended September 30, 2016	02/01/17	0
DPW	Department of Public Works: Oversight of District Fleet Vehicle Usage and Inventory is not Adequate	03/31/17	4
CFSA	Child and Family Services Agency: FACES Information System did not Ensure Control Objectives Were Consistently Met	03/31/17	29
DHCF	Department of Health Care Finance: Controls Over Record Maintenance For Providers and Personal Care Aides are not Adequate	04/11/17	5
DDOT	District Department of Transportation: Report on the Examination of the District of Columbia's Highway Trust Fund Forecast Statements for Fiscal Years 2017-2021 with Actual Audited Figures for Fiscal Year 2016	05/30/17	N/A
HSEMA	Homeland Security and Emergency Management Agency: Continuity of Operations Planning Activities are not Adequately Managed	06/15/17	2

¹⁴ This table only includes those audit engagements executed by OIG staff. Audits performed by contracted firms are not included in this table.

APPENDICES

Agency	Title	Report Date	Number of Recommendations
DCPS	District of Columbia Public Schools and Office of the Chief Financial Officer Agencies: Record Keeping Practices Supporting Attorney Certification Payments for Special Education Cases Have Improved, but Some Problems Persist	07/27/17	4
DGS	Department of General Services: Management of the District's Real Property Assets and Leasing Processes Needs Significant Improvement, Which Could Lead to Substantial Cost Savings	08/17/17	14
OCTO	Office of the Chief Technology Officer: Actions Needed to Strengthen the District's External Cybersecurity Preparedness	10/05/17	9

APPENDICES

APPENDIX H – FY 2017 INSPECTION AND EVALUATION REPORTS AND RECOMMENDATIONS

Agency	Title	Report Date	Number of Recommendations
UDC	Special Evaluation - Office of Contracting and Procurement	03/09/17	7
DOH	Health Regulation and Licensing Administration - Inspection of HRLA's Use of Federal Grant Funds for Criminal Background Checks for Long Term Care Employees	08/31/17	4
DMPED	Review of the H Street N.E. Starburst Revitalization Grant	09/19/17	7
DHCF	Inspection of the Non-Emergency Medical Transportation Program	09/29/17	6
DCRA	Inspection of the Illegal Construction Enforcement Program	09/29/17	10

DISTRIBUTION LIST

The Honorable Muriel Bowser, Mayor, District of Columbia, Attention: Betsy Cavendish (via email)
Mr. Rashad M. Young, City Administrator, District of Columbia (via email)
Mr. Barry Kreiswirth, General Counsel, City Administrator, District of Columbia (via email)
The Honorable Phil Mendelson, Chairman, Council of the District of Columbia (via email)
The Honorable Kenyan McDuffie, Chair Pro Tempore, Council of the District of Columbia
The Honorable Anita Bonds, At-Large Councilmember, Council of the District of Columbia
The Honorable David Grosso, At-Large Councilmember, Council of the District of Columbia
The Honorable Elissa Silverman, At-Large Councilmember, Council of the District of Columbia
The Honorable Robert C. White, At-Large Councilmember, Council of the District of Columbia
The Honorable Brianne K. Nadeau, Ward 1 Councilmember, Council of the District of Columbia
The Honorable Jack Evans, Ward 2 Councilmember, Council of the District of Columbia
The Honorable Brandon T. Todd, Ward 4 Councilmember, Council of the District of Columbia
The Honorable Mary M. Cheh, Ward 5 Councilmember, Council of the District of Columbia
The Honorable Charles Allen, Ward 6 Councilmember, Council of the District of Columbia
The Honorable Vincent C. Gray, Ward 7 Councilmember, Council of the District of Columbia
The Honorable Trayon White, Sr., Ward 8 Councilmember, Council of the District of Columbia
Mr. John Falcicchio, Chief of Staff, Office of the Mayor (via email)
Ms. Anu Rangappa, Director, Office of Communications, Executive Office of the Mayor (via email)
Ms. Nyasha Smith, Secretary to the Council (via email)