

DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL



Fiscal Year 2018 Audit and Inspection Plan



Guiding Principles

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

Mission

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

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

Vision

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

Core Values

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





A Message from the Inspector General



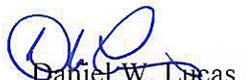
I am pleased to present the District of Columbia Office of the Inspector General's (OIG) *Fiscal Year 2018 Audit and Inspection Plan* (Plan). This plan, developed annually, operationalizes the OIG's proactive oversight requirements to promote economy, efficiency, and effectiveness; and to detect and prevent corruption, fraud, waste, abuse, and mismanagement in the District's programs and operations.

We strive to deliver relevant, accurate, and timely products and services that identify the best use of taxpayers' dollars through a series of integrated audits, inspections, and evaluations focused on high-risk and high-impact, vulnerable programs and operations. These activities generally focus on the nexus between program outcomes and the effectiveness of management controls in the areas of economic development, health, welfare, and public safety.

To that end, the FY 2018 Plan includes the first in a series of projects addressing risk areas identified by the OIG's FY 2017 Procurement Risk Assessment. The Procurement Risk Assessment examined the District's procurement system to identify: (1) procurement practices subject to the highest risk of corruption, fraud, waste, and abuse; (2) incongruences in the various procurement rules and regulations; and (3) high-risk structural issues related to the District's Procurement System (the full report can be found at <http://www.oig.dc.gov>).

As always, the OIG's success depends on your eyes and ears. We operate a hotline specifically for District stakeholders to report issues of suspected corruption, fraud, waste, abuse, or mismanagement within the District of Columbia government. While we cannot assure you that your submittal will trigger immediate OIG action, the information you provide will be maintained by the OIG, and could scope future oversight work that addresses risk areas within the District. A protected disclosure made to the OIG that assists in securing the right to recover, the actual recovery of, or the prevention of loss of more than \$100,000 in public funds may be entitled to a reward.¹

I look forward to 2018 being a productive year as we do our work to help the District better understand its vulnerabilities to corruption, fraud, waste, abuse, and mismanagement. For additional information about this Plan, please call our office at (202) 727-2540 or visit <http://oig.dc.gov>.


Daniel W. Lucas
Inspector General

¹ Certain restrictions apply. See D.C. Code § 1-615.54(e)(1).

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OUR PLANNING APPROACH

The OIG's Comprehensive Risk Assessment Process

In planning our work for Fiscal Year (FY) 2018, we continued to refine our approach to risk identification and prioritization. Our internal Risk Identification Committee took a holistic view of the District, its agencies, programs, and strategic priorities, as detailed in the District's FY 2018 Budget and Financial Plan, to identify potential risks for corruption, fraud, waste, abuse, and mismanagement. We also solicited feedback from affected stakeholders using surveys, and reviewed the priorities of other District oversight entities to ensure the best use of OIG resources.

Our Risk Identification Committee developed a matrix to evaluate potential engagements. The committee reviewed the following factors to make determinations:

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

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

Emerging Requirements

Understanding that oversight needs will evolve during FY 2018, we anticipate that projects in this Plan could be delayed, suspended, or cancelled based on emergent requests from the Executive Office of the Mayor, the Council of the District of Columbia, District agency leaders, and other issues necessitating review by the OIG.

ENGAGEMENT LIST

PLANNED AUDITS

Audits Required by Law

1. Comprehensive Annual Financial Report (CAFR)
2. Audit of the District of Columbia Highway Trust Fund and 5-Year Forecast
3. Audit of Special Education Attorney Certifications
4. Audit of the Office of the Attorney General's Consume Restitution Fund
5. Audit of the District of Columbia Procurement System

Audits Identified Through the OIG's Comprehensive Risk Assessment Process

1. Audit of the District of Columbia Department of Transportation Contracting Procedures
2. Audit of the District of Columbia's Supplemental Information Technology Staffing Resources Contract
3. Audit of the Department of Health Care Finance's Managed Care Programs
4. Audit of the District of Columbia Streetcar Program
5. Audit of District of Columbia Information Technology Purchases
6. Audit of the District of Columbia's Use of Federal Grant Funds
7. Audit of the District of Columbia's Monitoring of Lead in Drinking Water
8. Audit of the District of Columbia Street Resurfacing Program
9. Audit of the District of Columbia's Procurement System Data Integrity

PLANNED INSPECTIONS AND EVALUATIONS

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

1. Inspection of the Office of Contracting and Procurement Surplus Property Division
2. Inspection of the Department of Consumer and Regulatory Affairs' Civil Fines Recoupment System
3. Evaluation of the District of Columbia's Sustainable Energy Utility (SEU) Contract
4. Evaluation of Selected Contracts
5. Evaluation of Selected Grants

PLANNED AUDITS

Audits Required by Law

Project Title	
FY 2017 Comprehensive Annual Financial Report (CAFR)	
Objectives	
<p>The objectives of this engagement are to: (1) oversee the progress of the audit executed by the contracted Certified Public Accounting firm (Independent Auditor); and (2) address any issues that may arise or may prevent timely completion of this engagement.</p>	
Background	Agency or Component
<p>D.C. Code § 1-301.115a(a)(3)(H) (Repl. 2016) requires the OIG to contract with an independent auditor to conduct a comprehensive audit of the District’s financial statement. The OIG chairs the CAFR audit oversight Committee. The Committee conducts regular meetings with Committee members and coordinates with the Office of the Chief Financial Officer (OCFO) and the Independent Auditor throughout the audit. The CAFR must be submitted to the Mayor and the Council of the District of Columbia (Council) by February 1st of each year following the end of the fiscal year audited.</p> <p>Besides the District’s General Fund, these District agencies and entities (component units) must be included in the audit:</p> <ul style="list-style-type: none"> • D.C. Lottery and Charitable Games Control Board (Financial Statements); • Department of Employment Services (Unemployment Compensation Fund – Financial Statements); • Washington Convention Center Authority/dba Events D.C. (Financial Statements); • University of the District of Columbia (Financial Statements); • Home Purchase Assistance Program (Financial Statements); • D.C. Post-Employment Benefit Trust Fund (Financial Statements and Actuarial Study); • Health Benefit Exchange Authority; • E911/311 Fund; • D.C. Public Schools; and • Not-For-Profit Hospital Corporation. 	<p>Multiple Agencies</p>

Project Title	
Audit of the District of Columbia Highway Trust Fund and 5-Year Forecast	
Objectives	
The objectives of this engagement are to: (1) express an opinion on the financial statements of the District of Columbia Highway Trust Fund (Fund) for the preceding fiscal year; and (2) examine the forecast statements of the Fund’s expected conditions and operations for the next 5 years.	
Background	Agency or Component
D.C. Code § 9-109.02(e) (LEXIS through D.C. Law 22-6, Aug. 3, 2017) requires the OIG to submit a report on the results of its audit of the financial statements of the Fund. The report is due to Congress, the Mayor, the Council, and OCFO by February 1st of each year for the preceding fiscal year. The Fund Forecast audit has a statutory due date of May 31 st .	District Department of Transportation (DDOT)

Project Title	
Audit of Special Education Attorney Certifications	
Objectives	
The objective of this engagement is to determine the accuracy of certifications made to the OCFO by attorneys in special education cases brought under the Individuals with Disabilities Education Act (IDEA) in the District.	
Background	Agency or Component
The OIG’s mandate is found in D.C. Code § 1-301.115a(3)(J) (Repl. 2016).	Office of the Chief Financial Officer (OCFO)

Project Title	
Audit of the Office of the Attorney General's Consumer Restitution Fund	
Objectives	
The objective of this engagement is to examine the income and expenditures of the Office of the Attorney General's (OAG) Consumer Restitution Fund.	
Background	Agency or Component
<p>The OIG's pending mandate is found in the District of Columbia's "Fiscal Year 2018 Budget Support Act of 2017" (Act).² This mandate will not be codified into D.C. Code until Congress approves the Act.</p> <p>According to the OAG, the Consumer Restitution Fund was established "for the collection and distribution of restitution awards made to private parties as a result of OAG's consumer protection enforcement actions. This fund will help protect consumers who have been wronged by a company, but are unable to recover funds because the company's assets are exhausted."³</p>	Office of the Attorney General (OAG)

² Comm. of the Whole, D.C. Council, Act 22-0130, (Jul. 31, 2017).

³ Press Release, Office of the Attorney General, Attorney General Racine Thanks Council for FY 2018 Budget Expanding Support for Public Safety, Workers, Environment (June 14, 2017) (available at: https://oag.dc.gov/sites/default/files/dc/sites/oag/release_content/attachments/FY_2018_OAG_Budget_Passed_Release_FINAL.pdf)

Project Title	
Audit of the District of Columbia Procurement System	
Objectives	
<p>The objectives of this engagement are to identify: (1) District procurement practices subject to 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.</p>	
Background	Agency or Component
<p>D.C. Code § 1-301.115a(a)(3)(E) (2016) requires the OIG to annually conduct an operational audit of all procurement activities of the District of Columbia.</p> <p>The scope of the assessment included the procurement authorities to which District government agencies are subject, including the Procurement Practices Reform Act of 2010 (PPRA) (D.C. Law 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.</p> <p>In FY 2017, the OIG met this statutory requirement by conducting a comprehensive risk assessment of the District’s procurement system, which identified high-risk systemic issues, practices, and incongruent rules and regulations for subsequent action by the OIG. The resulting report is available on the OIG’s website. The OIG will use this risk assessment to conduct additional oversight work during the next 3 fiscal years. These engagements are designed to provide the District with actionable recommendations to reduce the risk of fraud, waste, abuse, and mismanagement within the procurement system. Engagements planned as a result of this audit are detailed on pages 10, 11, 18, and 19.</p>	<p>Multiple Agencies</p>

Audits Identified Through the OIG’s Comprehensive Risk Assessment Process

Project Title	
Audit of the District of Columbia Department of Transportation Contracting Procedures	
Objectives	
<p>The objective of this engagement is to assess the District of Columbia’s contracting procedures for transportation projects.</p>	
Background	Agency or Component
<p>The District of Columbia Department of Transportation (DDOT) manages and maintains the District’s transportation infrastructure, including streets, bridges, and traffic signals. DDOT also facilitates improvements to the street system to improve traffic flow, including management of capital projects and long-term improvements to infrastructure.</p> <p>In awarding contracts, DDOT is subject to both the Procurement Practices Reform Act of 2010 (PPRA) and the Chief Procurement Officer’s authority.⁴ Contracts let against DDOT’s proposed FY 2018 \$246 million capital fund budget⁵ and \$119.9 million operating budget⁶ must be carefully coordinated between DDOT and the Office of Contracting and Procurement (OCP). To accomplish this regulatory arrangement, OCP employees are embedded within DDOT.</p> <p>This engagement was identified as a result of the OIG’s FY 2017 Procurement Practices Risk Assessment, which highlighted both the positive and negative aspects of segregated program management and procurement offices. Specifically, “having . . . organic assets in-house may create opportunities for improper influence [,]. . . . [which] could lead to circumventions of compliance requirements and result in less vendor competition, higher procurement costs, and legal exposure.”⁷</p>	<p>District Department of Transportation (DDOT)</p> <p>Office of Contracting and Procurement (OCP)</p>

⁴ D.C. Code § 2-352.01(a) (LEXIS through D.C. Law 22-6, Aug. 3, 2017).

⁵ D.C. OFFICE OF THE CHIEF FINANCIAL OFFICER, DEPARTMENT TRANSPORTATION FY 2018 CAPITAL BUDGET 2 (2018 KA0 Department of Department of Transportation July 2017) (*available at*: https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/ka_ddot_capital_2018j.pdf)

⁶ D.C. OFFICE OF THE CHIEF FINANCIAL OFFICER, DEPARTMENT TRANSPORTATION FY 2018 BUDGET 1 (2018 KA0 Department of Department of Transportation July 2017) (*available at*: https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/ka_ddot_chapter_2018j.pdf)

⁷ D.C. OFFICE OF THE INSPECTOR GENERAL, GOV’T OF THE DISTRICT OF COLUMBIA FISCAL YEAR 2017 PROCUREMENT PRACTICES RISK ASSESSMENT 31 (OIG Project No. 16-1-17MA July 2017).

Project Title	
Audit of the District of Columbia’s Supplemental Information Technology Staffing Resources Contract	
Objectives	
The objectives of this engagement are to: (1) assess the effectiveness of supplemental information technology staffing resources provided under the contract; and (2) determine whether the contract is providing the intended benefits for the District.	
Background	Agency or Component
<p>The District of Columbia government awarded a \$55 million Information Technology Staffing Augmentation (ITSA) contract (called “Pipeline”) on January 3, 2017, to Computer Aid, Inc. (CAI).⁸ “The purpose of the contract is for CAI to provide the District with information technology staffing resources to supplement the District’ citywide IT Staff.” CAI will provide IT staffing resources to District programs directly or through subcontractors. Pipeline is a transition from the previous ITSA contract.⁹</p> <p>Per the District, Pipeline is intended to be a “true IT staffing augmentation contract, and is not intended to be used to acquire resources for projects that have distinct deliverables to meet specific project requirements. The Office of the Chief Technology Officer (OCTO), and the Office of Contracting and Procurement (OCP), along with appropriate program agencies determine if certain IT requirements will operate under separate contracts with specific project deliverables, or through Pipeline.”¹⁰</p> <p>This engagement was identified due to the OIG’s FY 2017 Procurement Practices Risk Assessment, which highlighted Pipeline under the Sourcing Practice section. Specifically, one agency used Pipeline to provide IT staff to programs under its cognizance. Alternatively, an agency exempt from the Chief Procurement Officer’s authority reportedly engaged 11 different IT service vendors for needs that could be provided through Pipeline.¹¹</p>	Office of the Chief Technology Officer (OCTO)

⁸ CITYWIDE IT STAFFING SERVICES (PIPELINE), CONTRACT NO. CW46503 (CA21-0593 deemed approved on Jan. 1, 2017).

⁹ Letter from The Honorable Muriel Bowser, Mayor, to the Honorable Phil Mendelson, Chairman, Council of the District of Columbia, (December 21, 2016) (*available at*: <http://lims.dccouncil.us/Download/37045/CA21-0593-Introduction.pdf>)

¹⁰ Letter from George A. Schutter, Chief Procurement Officer, Archana Vemulapalli, Chief Technology Officer, and Ana Harvey, Director, Department of Small and Local Business Development, to CBE [Certified Business Entity] Community (January 11, 2017) (*available at* <https://ocp.dc.gov/release/letter-cbe-community-regarding-award-octos-pipeline-contract>).

¹¹ D.C. OFFICE OF THE INSPECTOR GENERAL, GOV’T OF THE DISTRICT OF COLUMBIA FISCAL YEAR 2017 PROCUREMENT PRACTICES RISK ASSESSMENT 26 (OIG Project No. 16-1-17MA July 2017).

Project Title	
Audit of the Department of Health Care Finance’s Managed Care Program	
Objectives	
The objectives of this engagement are to: (1) determine whether the Department of Health Care Finance’s (DHCF) Managed Care Program is providing adequate oversight of managed care organizations; and (2) assess the accuracy of capitation data provided by managed care providers.	
Background	Agency or Component
<p>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.</p> <p>In 2017, DHCF, through OCP and following Council approval, awarded an indefinite delivery/indefinite quantity contract to three contractors for FY 2018. The total not-to-exceed amount for FY 2017 is \$1.011 billion. DHCF’s operating budget has allocated \$6.73 million for the “oversight, evaluation, and enforcement of contracts with organizations managing the care and service delivery of Medicaid and Alliance beneficiaries, along with providing oversight and enrollment of eligible beneficiaries.”¹²</p> <p>This engagement was identified due to the potential risk to public safety and the potential impact to District operations associated with a new managed care provider contract.</p>	<p>Department of Health Care Finance (DHCF)</p>

¹² D.C. OFFICE OF THE CHIEF FINANCIAL OFFICER, DEPARTMENT OF HEALTHCARE FINANCE FY 2018 BUDGET CHAPTER 5 (2018 HT0 Department of Health Care Finance July 2017) (available at: https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/ht_dhcf_chapter_2018j.pdf)

Project Title	
Audit of the District of Columbia Streetcar Program	
Objectives	
The objectives of this engagement are to: (1) determine whether the District of Columbia Streetcar program is cost effective compared to alternative transportation options; and (2) identify root causes for delays related to construction and testing.	
Background	Agency or Component
<p>The Streetcar transit system is intended to make travel within the District easier for residents, workers and visitors, and complement existing transit options. The streetcar project has experienced delays, cost increases, and a reduction in scale from the originally planned 22 miles of streetcar lines to 8 miles. The existing streetcar cost the District \$200 million to develop. An extension is planned along Benning Road N.E., and is budgeted for \$199 million through FY 2023.</p> <p>In June 2015, the North American Transit Services Association issued its final report entitled Peer Review Panel on the Streetcar Services Readiness Provided at the City of Washington, DC. The peer review panel provided DDOT with 18 recommendations in “preparation for revenue service.”¹³ As of December 10, 2015, DDOT reported that 17 of the recommendations had been closed.¹⁴</p> <p>DDOT’s FY 2018 Capital Budget has allocated \$106.56 million to the streetcar over the next 6 fiscal years. Over 80 percent of budget outflows will occur in FYs 2021 through 2023. DDOT’s planning and execution over the next 3 fiscal years, in anticipation of major expenditures, is imperative to minimize risks to project delivery.</p> <p>This engagement was identified due to these project risks, the lack of previous review by independent oversight entities, and the potential for monetary benefit or funds put to better use within the District.</p>	<p>District Department of Transportation (DDOT)</p>

¹³ AMERICAN PUBLIC TRANSPORTATION ASSOCIATION, PEER REVIEW FOR DISTRICT DEPARTMENT OF TRANSPORTATION 6 (JUNE 2015) (available at: <https://ddot.dc.gov/sites/default/files/dc/sites/ddot/publication/attachments/DDOT%20Final%20Report%20June%2017%202015.pdf>)

¹⁴ District Department of Transportation, *American Public Transportation Association Final Report*, (available at: <https://ddot.dc.gov/publication/american-public-transportation-association-final-report>).

Project Title	
Audit of District of Columbia Information Technology Purchases	
Objectives	
The objectives of this engagement are to: (1) assess the Office of the Chief Technology Officer's (OCTO) oversight of information technology (IT) acquisitions; and (2) determine whether these acquisitions are realizing intended benefits to the District.	
Background	Agency or Component
<p>Pursuant to D.C. Code §1-1403(2) (LEXIS through D.C. Law 22-6, Aug. 3, 2017), OCTO is authorized to review all IT procurements and recommend approval or disapproval to the Chief Procurement Officer. The consequences of failed information technology investments are significant, including lost productivity and wasted resources. OCTO has authority to exercise oversight of IT acquisitions to enhance the effectiveness of these systems and ensure they are deployed efficiently.</p> <p>This engagement was identified because the IT environment is dynamic and represents a significant portion of District operating expenses, at over \$250 million annually.</p>	Office of the Chief Technology Officer (OCTO)

Project Title	
Audit of the District of Columbia's Use of Federal Grant Funds	
Objectives	
The objectives of this engagement are to: (1) identify the dollar amount of lapsed grant funds administered; and (2) determine whether policies and procedures exist for optimizing the use of federal grant funds to supplement local funds.	
Background	Agency or Component
<p>In FY 2018, the District's Gross \$13.9 billion budget includes \$3.4 billion (or 24.2%) in federal grants and Medicaid.¹⁵ Federal grants are grants the District of Columbia receives from federal agencies, including block grants, formula grants, certain entitlements, and competitive grants. Often, federal grants come with specialized requirements that can apply to the general operations of the grant, specific compliance rules, monitoring of other parties that may receive resources from the grants, and specialized reporting requirements. A mismanaged federal grant can result in the failure to meet all requirements of the grant and may cause the return of some or all of the grant resources.</p> <p>For example, over the past 3 years, the Department of Housing and Community Development forfeited \$15.8 million in federal housing money issued as part of the U.S. Department of Housing and Urban Development's HOME Investment Partnerships Program due to its failure to meet key spending deadlines.</p> <p>This engagement was identified as a means to evaluate and ensure federal grant funds awarded to the District of Columbia government are leveraged to the greatest extent possible.</p>	Multiple Agencies

¹⁵ Gov't of the District of Columbia FY 2018 PROPOSED BUDGET AND FINANCIAL PLAN CONGRESSIONAL SUBMISSION 1-8 (VOLUME 1 EXECUTIVE SUMMARY July 19, 2017).

Project Title	
Audit of the District of Columbia's Monitoring of Lead in Drinking Water	
Objectives	
The objectives of this engagement are to determine whether: (1) DC Water's lead testing and oversight procedures are adequate to ensure that city-wide lead levels are below mandated limits; and (2) whether lead levels in District schools and government buildings are below mandated limits.	
Background	Agency or Component
<p>The District of Columbia water supply comes from a water treatment plant operated by the U.S. Army Corps of Engineers. DC Water delivers this water to the District through pipes and monitors the District's water supply for lead according to standards established by the Environmental Protection Agency.</p> <p>These standards protect drinking water quality by limiting the levels of specific contaminants that can adversely affect public health and are known or anticipated to occur in water from public water systems. Since 2001, lead levels and testing procedures in the District have been scrutinized by the media and have resulted in widespread changes to methods and policies.</p> <p>This engagement was identified due to the potential risk to public safety and previously identified lead in the drinking water at D.C. Public Schools periodically during 2017.</p>	DC Water

Project Title	
Audit of the District of Columbia Street Resurfacing Program	
Objectives	
The objectives of this engagement are to: (1) assess the District Department of Transportation’s (DDOT) process for planning and prioritizing street resurfacing projects; and (2) determine whether DDOT is meeting annual street resurfacing goals according to their plans.	
Background	Agency or Component
<p>Approximately 400 miles of District streets and highways are eligible for federal aid. The Federal Highway Administration (FHWA) administers the Federal-aid Highway Program and reimburses DDOT for eligible expenditures related to approved highway projects according to cost-sharing formulas. The District’s share of eligible project costs is funded with the local Highway Trust Fund (HTF). The Capital Budget for FY 2018 identifies \$27.76 million in local-match funds.¹⁶</p> <p>DDOT maintains over 600 miles of local roadways, which are ineligible for federal funding. The capital budget for maintaining local streets using local dollars is divided equally by Ward. For FY 2018, each Ward is allocated \$3.67 million (\$29.36 million total). This represents an increase of \$2.32 million per Ward over FY 2017 levels.¹⁷</p> <p>DDOT’s Asset Management Division maintains the citywide roadway condition and inventory database. The roadway database is managed through the Pavement Management System, which is used to determine a roadway condition rating, pavement analysis, selection of the type of pavement, and determine project planning and work prioritization. Pavement condition data is collected on over 4,300 lane miles of pavement surface annually on most parts of the roadway network.</p> <p>This engagement was identified due to the potential for monetary benefits or funds put to better use within the District and vulnerabilities to corruption, fraud, waste, abuse, and mismanagement.</p>	<p>District Department of Transportation (DDOT)</p>

¹⁶ D.C. OFFICE OF THE INSPECTOR GENERAL, GOV’T OF THE DISTRICT OF COLUMBIA FISCAL YEAR 2017 PROCUREMENT PRACTICES RISK ASSESSMENT 12 (OIG Project No. 16-1-17MA July 2017).

¹⁷ Council of the District of Columbia, Comm. on Transportation & the Environment (Fiscal Year 2018 Committee Budget Report 80-81 May 17, 2017).

Project Title	
Audit of the District of Columbia's Procurement System Data Integrity	
Objectives	
The objectives of this engagement are to: (1) identify inconsistent and conflicting data fields in multiple procurement systems; and (2) assess transactions for compliance with procurement regulations.	
Background	Agency or Component
<p>The District procures over \$4.4 billion in goods and services each year for over 100 different agencies.</p> <p>The lack of standardized data fields makes it difficult to compare procurement activities across the District, to include independent agencies. Multiple procurement applications are in use across the District, which requires defining and standardizing data elements and fields to prevent and detect waste, fraud, and abuse.</p> <p>This engagement was identified as a result of the OIG's FY 2017 Procurement Practices Risk Assessment, which highlighted that the lack of standardized data field definitions hinders the ability to conduct meaningful data analytics.¹⁸</p>	<p>Office of the Chief Financial Officer (OCFO)</p> <p>Office of Contracting and Procurement (OCP)</p>

¹⁸ D.C. OFFICE OF THE INSPECTOR GENERAL, GOV'T OF THE DISTRICT OF COLUMBIA FISCAL YEAR 2017 PROCUREMENT PRACTICES RISK ASSESSMENT 10-11 (OIG Project No. 16-1-17MA July 2017).

PLANNED INSPECTIONS AND EVALUATIONS

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

Project Title	
Inspection of the Office of Contracting and Procurement Surplus Property Division	
Objectives	
The objectives of this inspection are to assess: (1) the Office of Contracting and Procurement’s (OCP) oversight of its Surplus Property Division; and (2) procedures and controls used to guide the sale and disposition of surplus District government property.	
Background	Agency or Component
<p>OCP’s Surplus Property Division supports the sale of approximately \$2.5 million of surplus property each year, in addition to property sales that accrue to specific agencies such as the Metropolitan Police Department. The Division “manages the sale of its surplus assets through online auction sales[,] [which]... create[] a valuable revenue stream and meet[] the District's criteria for transparent tracking and real-time reporting on transactions involving surplus property.”¹⁹ Online auctions include items such as District-owned passenger cars and trucks; MPD and D.C. Fire and EMS vehicles; computers and electronic equipment; and items including jewelry, cars, and other personal property.</p> <p>This engagement was identified as a result of the OIG’s FY 2017 Procurement Practices Risk Assessment, which highlighted OCP’s online property surplus disposal program is not consistently utilized across the District. Inconsistent use of the program may result in reduced revenue opportunities, increased material obsolescence, and a heightened risk for corruption, fraud, waste, abuse, and mismanagement.²⁰</p>	Office of Contracting and Procurement (OCP)

¹⁹ DC.gov Office of Contracting and Procurement, DC Surplus Property Auction, http://app.ocp.dc.gov/RUI/information/ppd/auction_main.asp (last visited Aug. 9, 2017).

²⁰ D.C. OFFICE OF THE INSPECTOR GENERAL, GOV’T OF THE DISTRICT OF COLUMBIA FISCAL YEAR 2017 PROCUREMENT PRACTICES RISK ASSESSMENT 12-13 (OIG Project No. 16-1-17MA July 2017).

Project Title	
Inspection of the Department of Consumer and Regulatory Affairs' Civil Fines Recoupment System	
Objectives	
The objective of this inspection is to assess the effectiveness of the Department of Consumer and Regulatory Affairs' enforcement process, which issues civil infractions and assesses fines and penalties.	
Background	Agency or Component
<p>DCRA has the authority to issue notices of infraction pertaining to housing, zoning, construction, and professional licensing violations, and to assess related fines and penalties. DCRA's Regulatory Enforcement Administration coordinates and monitors enforcement of violations identified by the agency's regulatory programs and works closely with the Office of the Attorney General to also compel compliance through judicial orders.</p> <p>This engagement was identified as a Council concern. Specifically, in its Fiscal Year 2018 committee budget report, the Committee of the Whole noted that DCRA should be more stringent in imposing and collecting fines from housing, zoning, and construction code violations. The OIG will assess whether DCRA has an effective system for imposing and collecting fines related to violations of laws and regulations under its jurisdiction.²¹</p>	Department of Consumer and Regulatory Affairs (DCRA)

²¹ Comm. of the Whole, D.C. Council (Fiscal Year 2018 Committee Budget Report 36 May 18, 2017) (available at: [http://dccouncil.us/files/user_uploads/event_testimony/COW_FY2018_Budget_Recommendations_-_DRAFT_\(002\).pdf](http://dccouncil.us/files/user_uploads/event_testimony/COW_FY2018_Budget_Recommendations_-_DRAFT_(002).pdf))

Project Title	
Evaluation of the District of Columbia's Sustainable Energy Utility (SEU) Contract	
Objectives	
<p>The objectives of this evaluation are to: (1) review the District government's Sustainable Energy Utility contract for indicators of potential corruption, fraud, mismanagement, waste, and abuse; and (2) assess whether parties to the contract have effectively operationalized key contract terms and conditions to ensure that the District is receiving maximum benefits and expected goods and services.</p>	
Background	Agency or Component
<p>The Clean and Affordable Energy Amendment Act of 2008 (Act) granted the District the authority to contract with a private company, to be known as a Sustainable Energy Utility, to administer sustainable energy programs in the District. The District's contract must include specific performance benchmarks that provide assurance to the public, the Sustainable Energy Utility Advisory Board, and the District Department of Energy and Environment that the entity awarded the SEU contract is making progress toward meeting the goals of the Act.</p> <p>This engagement was identified as a result of the District entering into a new 5-year contract with the Vermont Energy Investment Corporation, the contractor administering sustainable energy programs in the District since 2011. The total not-to-exceed amount for the base plus four option years is \$95 million.</p>	<p>Department of Energy and the Environment (DOEE)</p>

Project Title	
Evaluation of Selected Contracts	
Objectives	
<p>The objectives of this type of evaluation are to: (1) review executed District government contracts for indicators of potential corruption, fraud, mismanagement, waste, and abuse; and (2) assess whether parties to the contract have effectively operationalized key contract terms and conditions to ensure that the District is receiving maximum benefits and expected goods and services.</p>	
Background	Agency or Component
<p>Throughout FY 2018, the OIG will monitor contract awards and use an internally-developed methodology to quantify risk to identify specific contracts to evaluate.</p> <p>The OIG will review contract documentation and deliverables, conduct interviews with District government employees responsible for contract award and administration, and conduct onsite observations. The assessment of selected contracts will deliver two primary benefits: (1) identify control weaknesses and provide recommendations to improve control deficiencies; and (2) provide information to decision makers regarding ongoing and future contract performance.</p>	<p>Multiple Agencies</p>

Project Title	
Evaluation of Selected Grants	
Objectives	
<p>The objectives of this type of evaluation are to: (1) review specific grants for indicators of potential corruption, fraud, mismanagement, waste, and abuse; and (2) identify areas for improvement in grant administration and oversight.</p>	
Background	Agency or Component
<p>Every fiscal year, District of Columbia government agencies and programs both receive and award substantial grant funds to support initiatives in areas such as housing, healthcare, education, homeland security, recreation, and the humanities.</p> <p>Throughout FY 2018, the OIG will monitor grant awards and identify specific grants based on an internally-developed methodology. The OIG will conduct reviews that assess the District’s duties as both grant recipient and grantor. The OIG will: (1) identify possible high-risk programs and grantees; (2) examine compliance with grant requirements; (3) identify oversight weaknesses that could increase the potential for corruption, fraud, waste, and abuse; and (4) identify recommendations for improving grant program effectiveness and administration to ensure that funds achieve the desired results.</p>	<p>Multiple Agencies</p>

APPENDIX A – THE AUDIT PROCESS

Engagement Letter

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

Entrance Conference

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

Fieldwork

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

Exit Conference

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

Draft and Final Report

The OIG will provide a draft report, which allows the agency to indicate actions taken and planned, target dates for any incomplete actions, and any disagreements with the 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. OIG audit reports may also be provided to congressional committees, individual members of Congress, and the media. Audit reports are available to the public on the OIG website.

Audit Follow-up

Periodically, the OIG conducts follow-up audits to verify that pledged actions have been taken and were effective in correcting reported deficiencies. District officials and managers are responsible for implementing the corrective actions they have agreed to undertake in response to the audit reports. The OIG monitors progress in implementing audit recommendations.

APPENDIX B – THE INSPECTION/EVALUATION PROCESS

Engagement Letter

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

Entrance Conference

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

Fieldwork

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

Draft and Final Report

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

I&E Follow-up

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

APPENDIX C – ONGOING PROJECTS

Audit Projects

Audit of District Information Technology Systems - Cyber Security (OIG No. 16-1-16TO).

The objective of this engagement is to determine whether current policies and procedures were in place to prevent, detect, and respond to external cybersecurity threats to District information technology (IT) systems. This is a planned project identified in the OIG's *Fiscal Year 2017 Audit and Inspection Plan*. The OIG transmitted the draft report to the Chief Technology Officer on August 3, 2017, and will include its response in the final report.

Audit of the Washington Metropolitan Area Transit Authority (WMATA) Capital Funding Agreement (OIG No. 17-1-17KE). The objective of this engagement is to assess the District of Columbia's participation in the WMATA Capital Funding Agreement to ensure conformance to contractual requirements. This is a planned project identified in the OIG's *Fiscal Year 2017 Audit and Inspection Plan*. As of the date of this Plan, this engagement's fieldwork is ongoing.

Audit of DC Public Schools (DCPS) and Public Charter Schools (PCS) Student Residency Verification (OIG No. 17-1-16GA). The objectives of this engagement are to assess DCPS' and PCS': (1) enrollment processes for non-resident students; and (2) revenue collection processes for recording and reporting non-resident tuition and fines. This is a planned project identified in the OIG's *Fiscal Year 2017 Audit and Inspection Plan*. As of the date of this Plan, this engagement's fieldwork is ongoing.

Audit of D.C. Fire and Emergency Services (FEMS) Contract with Third-Party Basic Life Support (BLS) Ambulance Service Provider Project (OIG No. 17-1-15FB). The objectives of this engagement are to assess FEMS': (1) management oversight of the third-party Basic Life Support (BLS) transport services contract; (2) Emergency Medical Technicians and Paramedics' compliance with training, license, and certification requirements; and (3) response times and availability of ambulance units as a result of the third-party BLS transport services contract. This is a planned project identified in the OIG's *Fiscal Year 2017 Audit and Inspection Plan*. As of the date of this Plan, this engagement's fieldwork is ongoing.

Follow-up Audit of OIG Recommendations Project (OIG No. 17-1-19MA). The objectives of this engagement are to determine: (1) the status of open recommendations; (2) whether corrective actions remedied key conditions identified in prior OIG reports; and (3) whether agencies realized monetary benefits (if applicable). This is a planned project identified in the OIG's *Fiscal Year 2017 Audit and Inspection Plan*. As of the date of this Plan, this engagement's fieldwork is ongoing.

Audit of Agency Fund Reprogramming (OIG No. 17-1-20MA). The objectives of the audit are to determine: (1) whether District agencies are reprogramming funds with the requisite approval and notification to the appropriate oversight authority; (2) whether District agencies' fund expenditures are being used for their intended purposes; and (3) the root cause of variances among budgeted amounts, planned amounts, and actual expenditures. This is a planned project

identified in the OIG's *Fiscal Year 2017 Audit and Inspection Plan*. The OIG transmitted this project's engagement letter on August, 25, 2017, and will begin fieldwork in September 2017.

Inspection and Evaluation Projects

Inspection of the Department of Consumer and Regulatory Affairs (DCRA)

Illegal Construction Enforcement Program. The objectives of this engagement are to assess DCRA's oversight and administration of the Illegal Construction Enforcement Program to determine DCRA's capability to: 1) proactively identify and address illegal construction; 2) respond to complaints and allegations within agency identified timeframes; and 3) deter illegal construction before it begins. This is a planned project identified in the OIG's *Fiscal Year 2017 Audit and Inspection Plan*. The OIG will transmit the draft report to the Director, DCRA, in September 2017, and will include its response in the final report.

Inspection of the Department of Health Care Finance's (DHCF) Non-Emergency Medical Transportation Program (NET). The objectives of this engagement are to assess: 1) DHCF's oversight and controls for billing and service delivery within the NET Program to and 2) assess the District's contract with Medical Transportation Management, Inc. (MTM) to ascertain whether there are any terms that conflict with best practices/Centers for Medicare and Medicaid Services (CMS) guidance, Office of Contracting and Procurement (OCP) requirements, and to identify recommendations for strengthening the effectiveness, efficiency, and sufficiency of the contract. The OIG will also determine whether DHCF maintains proper oversight of contract deliverables. This is a planned project identified in the OIG's *Fiscal Year 2017 Audit and Inspection Plan*. The OIG transmitted this project to the Director, DHCF, on August 18, 2017, and will include its response in the final report.

Evaluation of Temporary Staffing Services Contracts. The objectives of this engagement are to: (1) review executed District government contracts for indicators of potential corruption, fraud, mismanagement, waste, and abuse; and (2) assess whether parties to the contract have effectively operationalized key contract terms and conditions to ensure the District is receiving maximum benefit and expected goods and services. As identified in the OIG's *Fiscal Year 2017 Audit and Inspection Plan*, this project is part of the OIG's ongoing efforts to evaluate specific contracts. As of the date of this Plan, this engagement is in the draft report phase.

Evaluation of Selected Contracts for Hotel/Motel Accommodations Awarded by the Department of Human Services. The objectives of this engagement are to: (1) review executed District government contracts for indicators of potential corruption, fraud, mismanagement, waste, and abuse; and (2) assess whether parties to the contract have effectively operationalized key contract terms and conditions to ensure the District is receiving maximum benefit and expected goods and services. As identified in the OIG's *Fiscal Year 2017 Audit and Inspection Plan*, this project is part of the OIG's ongoing efforts to evaluate specific contracts. As of the date of this Plan, this engagement is in the draft report phase.

Evaluation of Selected Revitalization Grants Awarded by the Deputy Mayor for Planning and Economic Development (DMPED). The objectives of this engagement are to: (1) examine the application and award process and grantees' compliance with grant agreement 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 the desired results. As identified in the OIG's *Fiscal Year 2017 Audit and Inspection Plan*, this project is part of the OIG's ongoing efforts to evaluate specific grants. As of the date of this Plan, this engagement's fieldwork is ongoing.

Evaluation of the Office of Campaign Finance's (OCF) Reports Analysis and Audit Division (RAAD). As part of the evolving oversight need, the OIG identified and initiated this engagement after publication of the *Fiscal Year 2017 Audit and Inspection Plan*. The primary objective of this engagement is to evaluate RAAD's full field audit processes. The engagement will evaluate OCF's audit processes against relevant criteria and requirements found in D.C. Code, D.C. Municipal Regulations, and OCF internal guidance, policies and procedures, and other written directives. As of the date of this Plan, this engagement's fieldwork is ongoing.

APPENDIX D - OIG PRODUCTS

Audits: 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 publically available on our website.

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

Evaluations: An OIG evaluation is a review of an agency operation, condition, or event of concern or interest to the Inspector General, the Council of the District of Columbia, or the Executive Office of the Mayor. OIG evaluations adhere to Quality Standards for Inspections and Evaluations promulgated by CIGIE. Evaluations are not an audit, inspection, or an administrative or criminal investigation. Evaluation reports are publically 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 Reports (MIR): An OIG MIR is issued to inform multiple District agencies of a matter that surfaced during our work. MIRs are publically available on our website.

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