

# DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL



## Fiscal Year 2019 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 2019 Audit and Inspection Plan* (Plan). This Plan, developed annually, operationalizes the OIG's oversight requirements for 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.

In preparing this Plan, the OIG conducted a comprehensive risk assessment of programs and operations within the District of Columbia government. This risk assessment considers many variables such as: feedback and identified priorities from both the Executive Office of the Mayor and the Council of the District of Columbia; statutory requirements; prior OIG work and open recommendations; previously identified management challenges; and our own internal risk identification and assessment process.

It is my responsibility to provide leadership, 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. Through the work identified in this Plan, I seek to help District leaders better understand the risks to the programs they manage and offer recommendations to guard against corruption, mismanagement, waste, fraud, and abuse.

I look forward to a productive 2019 as the District's independent fact-finder. For additional information about this Plan, please call our Office at (202) 727-2540 or visit <http://oig.dc.gov>.

  
Daniel W. Lucas  
Inspector General

# Table of Contents

<b>OUR PLANNING APPROACH.....</b>	<b>4</b>
<b>The OIG’s Comprehensive Risk Assessment Process.....</b>	<b>4</b>
<b>Emerging Requirements .....</b>	<b>4</b>
<b>Core Mission Areas .....</b>	<b>5</b>
<b>ENGAGEMENT LIST.....</b>	<b>6</b>
<b>PLANNED AUDITS .....</b>	<b>7</b>
<b>Audits Required by Law .....</b>	<b>7</b>
<b>Audits Identified through the OIG’s Comprehensive Risk Assessment     Process .....</b>	<b>11</b>
<b>PLANNED INSPECTIONS AND EVALUATIONS.....</b>	<b>19</b>
<b>Inspections and Evaluations Identified through the OIG’s     Comprehensive Risk Assessment Process .....</b>	<b>19</b>
<b>APPENDIX A – THE AUDIT PROCESS.....</b>	<b>25</b>
<b>APPENDIX B – THE INSPECTION/EVALUATION PROCESS .....</b>	<b>26</b>
<b>APPENDIX C – ONGOING PROJECTS .....</b>	<b>27</b>
<b>Audit Projects .....</b>	<b>27</b>
<b>Inspection and Evaluation Projects .....</b>	<b>28</b>
<b>APPENDIX D - OIG PRODUCTS.....</b>	<b>30</b>

# OUR PLANNING APPROACH

## The OIG's Comprehensive Risk Assessment Process

In planning our work for Fiscal Year (FY) 2019, we continued to refine our approach to risk identification and prioritization. Our internal Risk Identification Committee took a holistic view of the District, agencies, programs, and strategic priorities as detailed in the District's FY 2019 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 and review potential engagements based on the following factors:

- 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.
- Impact to District operations.

Our comprehensive and 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 2019, 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 the OIG's review.

## **Core Mission Areas**

### **Audit Unit**

The Audit Unit (AU) focuses its resources on programs and initiatives that pose serious challenges and risks for the District. The OIG designs audits to mitigate those risks and assess the results of budgeted programs 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 actions taken addressed the noted deficiencies. Much of the benefit from audit work is not in the findings reported or the recommendations made, but in their effective resolution.

### **Inspections and Evaluations Unit**

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

# 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 Consumer Restitution Fund
5. Audit of the West End Library and Fire Station Maintenance Fund
6. Audit of the District of Columbia Procurement System

### Audits Identified through the OIG's Comprehensive Risk Assessment Process

1. Audit of Department of General Services' Contract Modifications
2. Audit of the District of Columbia's Homelessness Programs
3. Audit of the School Health Services Program
4. Audit of the Anacostia River Clean Up Plan
5. Audit of the Department of Employment Services' Project Empowerment Program
6. Audit of the Economic Security Administration and District Medicaid Eligibility
7. Audit of the District of Columbia's Plan for Emergency Drinking Water Supply
8. Audit of the District of Columbia's Child Care Subsidy Program

## PLANNED INSPECTIONS AND EVALUATIONS

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

1. Inspection of the Department of Consumer and Regulatory Affairs' Velocity Fast-Track Permit Review Program
2. Inspection of the District of Columbia Public Schools' Student Activity Funds
3. Evaluation of the District of Columbia Public Schools' Emergency Response Planning and Readiness
4. Evaluation of the Office of the Chief Financial Officer's Central Collections Unit
5. Evaluation of Selected Contracts
6. Evaluation of Selected Grants

# PLANNED AUDITS

## Audits Required by Law

Project Title	
<b>FY 2018 Comprehensive Annual Financial Report (CAFR)</b>	
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 1<sup>st</sup> of each year following the end of the fiscal year audited.</p> <p>In addition to 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"> <li>• D.C. Lottery and Charitable Games Control Board (financial statements);</li> <li>• Department of Employment Services (Unemployment Compensation Fund – financial statements);</li> <li>• Washington Convention Center Authority/dba Events D.C. (financial statements);</li> <li>• University of the District of Columbia (financial statements);</li> <li>• Home Purchase Assistance Program (financial statements);</li> <li>• D.C. Post-Employment Benefit Trust Fund (financial statements and actuarial study);</li> <li>• Health Benefit Exchange Authority;</li> <li>• E911/311 Fund; and</li> <li>• Not-For-Profit Hospital Corporation.</li> </ul>	<p>Multiple Agencies</p>



<b>Project Title</b>	
<b>Audit of the District of Columbia Highway Trust Fund and 5-Year Forecast</b>	
<b>Objectives</b>	
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.	
<b>Background</b>	<b>Agency or Component</b>
D.C. Code § 9-109.02(e) (Lexis – Statutes current through Aug. 3, 2018) 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 <sup>st</sup> .	District Department of Transportation (DDOT)

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

Project Title	
<b>Audit of the Office of the Attorney General’s Consumer Restitution Fund</b>	
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 mandate is found in D.C. Code § 1-301.86c (h) (Lexis – Statutes current through Aug. 3, 2018).</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.”<sup>1</sup></p>	Office of the Attorney General (OAG)

Project Title	
<b>Audit of the West End Library and Fire Station Maintenance Fund</b>	
Objectives	
The objectives of this engagement are to: (1) examine the assets, liabilities, fund balance, revenue, and expenditures of the Fund; (2) conduct a detailed accounting of expenditures; and (3) identify expenditures not permitted under law.	
Background	Agency or Component
<p>The OIG’s mandate is found in D.C. Code § 1-325.181(e) (Lexis – Statutes current through Aug. 3, 2018).</p> <p>This fund finances “supplemental maintenance service; common-area maintenance service; insurance; and capital improvements for the West End Library and West End Fire Station . . .” D.C. Code § 1-325.181(a). The Department of General Services, in close consultation with the District of Columbia Public Library, is responsible for management of the Fund.</p>	Department of General Services (DGS)

<sup>1</sup> Press Release, Office of the Attorney General, Attorney General Racine Thanks Council for FY 2018 Budget Expanding Support for Public Safety, Workers, Environment (June 14, 2017) (available at <https://oag.dc.gov/release/attorney-general-racine-thanks-council-fy-2018> (last visited Aug. 7, 2018)).

<b>Project Title</b>	
<b>Audit of the District of Columbia Procurement System</b>	
<b>Objectives</b>	
<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>	
<b>Background</b>	<b>Agency or Component</b>
<p>D.C. Code § 1-301.115a (a)(3)(E) (Repl. 2016) requires the OIG to conduct annually an operational audit of all procurement activities of the District of Columbia.</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.</p> <p>FY 2019 marks year 2 of 3 that the OIG will use the risk assessment to identify follow-on oversight work. This additional oversight work will provide the District with actionable recommendations that reduce the risk of fraud, waste, abuse, and mismanagement within the procurement system.</p>	<p>Multiple Agencies</p>

## Audits Identified through the OIG’s Comprehensive Risk Assessment Process

Project Title	
<b>Audit of the Department of General Services’ Contract Modifications</b>	
Objectives	
The objective of this engagement is to assess the effectiveness of contracting practices at the Department of General Services.	
Background	Agency or Component
<p>The District of Columbia Department of General Services (DGS) is responsible for carrying out a broad range of real estate management functions, as well as managing capital improvements and construction programs for a variety of District government agencies. DGS also executes real property acquisitions by purchase or lease.</p> <p>One example of a project in DGS’s portfolio is the Washington Wizards’ practice facility, which is currently under construction at the St. Elizabeths campus. The original price tag for the facility was \$55 million. However, 1½ years after announcing the project, the cost has grown to \$68.8 million. The Wizards’ project follows a similar pattern in District contracting practices, whereby the D.C. Council initially approves large-scale projects at an agreed-to cost, but that cost is increased incrementally by a series of contract modifications to a price tag much larger than what the Council originally approved.</p> <p>In awarding contracts, DGS is subject to the Procurement Practices Reform Act of 2010 (PPRA), but is independent of the Chief Procurement Officer’s authority.<sup>2</sup> The OIG identified this engagement based on the results of the OIG’s FY 2017 Procurement Practices Risk Assessment, which highlighted both the positive and negative aspects of decentralized program management and procurement offices in each District agency. 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?”<sup>3</sup></p>	Department of General Services (DGS)

<sup>2</sup> D.C. Code § 2-352.01(b)(11), available at: <https://code.dccouncil.us/dc/council/code/sections/2-352.01.html>.

<sup>3</sup> 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, issued July 2017).

Project Title	
<b>Audit of the District of Columbia's Homelessness Programs</b>	
Objectives	
The objectives of this engagement are to: (1) assess the District's homelessness response coordination; and (2) identify and assess the District's strategic plan to reduce or eliminate homelessness.	
Background	Agency or Component
<p>The District of Columbia government operates a multitude of homelessness-related programs, including Rapid Re-Housing, Permanent Supportive Housing, and other programs with the goal of making homelessness rare, brief, and non-recurring.</p> <p>The District of Columbia Fiscal Year 2019 budget increases homelessness spending over previous years and includes more than \$23 million for new housing solutions, \$10.2 million to support operating costs of short-term family housing, \$40.6 million for Rapid Re-Housing, and \$40 million to build a replacement for the 801 East Men's shelter. Additionally, as part of the District's strategic plan to prevent and end homelessness, <i>Homeward DC</i>, the District has allocated \$22 million from the Capital Budget to complete Short-term Family Housing buildings in Wards 1, 3, 5, and 6 as part of the plan to shut down the D.C. General shelter in 2018.<sup>4</sup></p> <p>The OIG identified this engagement because of reported delays in the Short-term Family Housing projects, 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>Department of Human Services (DHS)</p>

<sup>4</sup> MAYOR BOWSER'S FY 2019 PROPOSED BUDGET, A FAIR SHOT (updated Apr. 3, 2018), available at [https://dhs.dc.gov/sites/default/files/dc/sites/dhs/publication/attachments/Budget%20One-pager\\_FY19\\_v4.pdf](https://dhs.dc.gov/sites/default/files/dc/sites/dhs/publication/attachments/Budget%20One-pager_FY19_v4.pdf). (Last visited Aug. 8, 2018).

<b>Project Title</b>	
<b>Audit of the School Health Services Program</b>	
<b>Objectives</b>	
The objectives of this engagement are to: (1) determine whether the Department of Health School Health Services Program ensures that schools have adequate staffing; and (2) assess the effectiveness of the new service delivery mechanism.	
<b>Background</b>	<b>Agency or Component</b>
<p>Beginning in January 2017, the Department of Health transitioned school nursing services for District of Columbia Public Schools and most D.C. Public Charter Schools from a contracted program to the School Health Services Program. The new approach is modeled after the Centers for Disease Control and Prevention’s Whole School, Whole Community and Whole Child Program.<sup>5</sup> The previous school nursing program was funded in FY 2016 as a \$19.2 million contract. The School Health Services Program is now funded as a \$25 million grant that allows the grantee to sub-grant for services and does not require the D.C. Council to approve the funding. Additionally, the FY 2019 Budget Support Act increases FY 2019 spending for the School Health Services Program by \$4.4 million.</p> <p>The OIG identified this engagement because of the potential for monetary benefits or funds put to better use within the District; and vulnerabilities to corruption, fraud, waste, abuse, and mismanagement.</p>	Department of Health (DOH)

<sup>5</sup> Office of the State Superintendent of Education website, <https://osse.dc.gov/publication/school-health-services-program-update> (last visited Aug. 8, 2018).

Project Title	
<b>Audit of the Anacostia River Clean Up Plan</b>	
Objectives	
The objective of this engagement is to assess the District’s progress toward achieving the District’s established goal to make the Anacostia River fishable and swimmable by 2032.	
Background	Agency or Component
<p>As discussed on the Department of Energy and Environment webpage:<sup>6</sup>  The Anacostia River is one of the District’s most valuable resources and one of our most challenging projects. Throughout the District’s history, the river has served as a descriptive geographic landmark, as an oasis amidst an urban center, and as a symbol of environmental degradation. Its riverbanks are home to both major parcels slated for economic development and one of the nation’s largest urban green spaces. Restoring the Anacostia goes beyond simply reducing pollutants or meeting environmental standards— to make the Anacostia a vibrant community resource once again requires returning the river to a state where residents and visitors can actively use and enjoy it.</p> <p>The District has established a series of initiatives to accomplish this goal, including the Clean Rivers Project and the Anacostia River Clean Up and Protection Fund.</p> <p>As part of the \$2.6 billion Clean Rivers Project, DC Water is constructing a 2.4-mile long Anacostia River Tunnel to mitigate combined sewer overflows discharged into the Anacostia River.</p> <p>In 2009, the D.C. Council established a 5-cent tax on disposable plastic bags, a commemorative license plate, and the proceeds from a voluntary tax to create the Anacostia River Clean Up and Protection Fund. The fund was to be used solely for the purposes of cleaning and protecting the Anacostia River and other impaired waterways, according to the Anacostia River Clean Up and Protection Act of 2009.<sup>7</sup></p> <p>The OIG identified this engagement because of the potential effects on the environment and public safety.</p>	Department of Energy and Environment (DOEE) and DC Water

<sup>6</sup> DISTRICT DEP’T OF THE ENVIRONMENT, ANACOSTIA 2032: PLAN FOR A FISHABLE AND SWIMMABLE ANACOSTIA RIVER 5 (May 2008), available at <https://doee.dc.gov/sites/default/files/dc/sites/ddoe/publication/attachments/Anacostia2032.pdf> (last visited Aug. 8, 2018).

<sup>7</sup> D.C. Code § 8-102.05 (Lexis – Statutes current through Aug. 3, 2018).

<b>Project Title</b>	
<b>Audit of the Department of Employment Services' Project Empowerment</b>	
<b>Objectives</b>	
The objectives of this engagement are to: (1) assess whether Project Empowerment is achieving its intended goals of providing employment opportunities to District residents; and (2) assess Project Empowerment's use of federal grant funds.	
<b>Background</b>	<b>Agency or Component</b>
<p>Project Empowerment provides supportive services, adult basic education, job coaching, employability and life skills, limited vocational training, and job search assistance to District residents living in areas with high unemployment and/or poverty levels. Project Empowerment seeks to help alleviate widespread joblessness among the District's hard-to-serve population with multiple employment barriers and successfully move them into the workforce.</p> <p>Project Empowerment had 1,447 total active participants in FY 2017. In the <i>FY 2017-18 Performance Oversight Hearing</i>, DOES reported sustained interest and low levels of attrition in the project. Nonetheless, this engagement was identified as a Council concern. Research findings on transitional jobs programs similar to Project Empowerment present mixed reviews on whether they produce better employment in the long-term, but similar programs have reduced recidivism.</p>	Department of Employment Services (DOES)



Project Title	
<b>Audit of the Economic Security Administration and District Medicaid Eligibility</b>	
Objectives	
The objectives of this audit are to determine whether ESA: (1) maintained sufficient eligibility documentation for program participants; (2) made eligibility determinations in a timely manner; and (3) ensured District employee participants were eligible.	
Background	Agency or Component
<p>The District’s Economic Security Administration (ESA) housed under the District Department of Human Services (DHS) determines eligibility for multiple programs, including Medicaid, Temporary Assistance for Needy Families (TANF), and the Supplemental Nutrition Assistance Program (SNAP).</p> <p>An A-133 Single Audit of expenditures of federal awards to the Government of the District of Columbia for FY 2015 found that ESA could not provide supporting documentation to verify eligibility for 10 percent of individuals sampled, and did not comply with federal requirements to separate determining benefit eligibility and authorizing benefits.<sup>8</sup> The District’s Independent Auditors also identified Medicaid eligibility as a repeat issue during the past two CAFRs. Specifically, in FY 2017, the Independent Auditors found that Medicaid claim payments made for eligible recipients were not provided; and were unable to determine whether information contained in the District’s Medicaid Management Information System (MMIS) was supported by client files.<sup>9</sup> In FY 2018, the Independent Auditors again found issues with Medicaid eligibility files and recommended that the District ensure that proper client files are maintained to support the client information included in the MMIS.<sup>10</sup></p> <p>The OIG identified this engagement because of the potential for monetary benefits or funds put to better use within the District; and vulnerabilities to corruption, fraud, waste, abuse, and mismanagement.</p>	Department of Human Services (DHS)

<sup>8</sup> BDO USA, LLP, GOVERNMENT OF THE DISTRICT OF COLUMBIA, SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND REPORTS REQUIRED BY OMB CIRCULAR A-133, YEAR ENDED SEPTEMBER 30, 2015 *available at* <https://osse.dc.gov/sites/default/files/dc/sites/osse/publication/attachments/Q128%20Attachment%201%20-%2020A-133%20Audit%20FY15.pdf>.

<sup>9</sup> D.C. OFFICE OF THE INSPECTOR GENERAL, DISTRICT OF COLUMBIA MANAGEMENT RECOMMENDATIONS, FISCAL YEAR 2016 (OIG Project No. 17-1-18MA Apr. 2017), *available at* <http://app.oig.dc.gov/news/view2.asp?url=release10%2FOIG+No%2E+17-1-18MA+DC+Management+Recommendations1%2Epdf&mode=audit&archived=0&month=20173&agency=0>.

<sup>10</sup> D.C. OFFICE OF THE INSPECTOR GENERAL, DISTRICT OF COLUMBIA MANAGEMENT RECOMMENDATIONS, FISCAL YEAR 2017 (OIG Project No. 18-1-20MA Mar. 2018), *available at* [http://app.oig.dc.gov/news/view2.asp?url=release10%2FOIG\\_No\\_18-1-20MA\\_DC\\_Mgmt\\_Recs\\_Final\\_Report%2Epdf&mode=release&archived=0&month=20182&agency=0](http://app.oig.dc.gov/news/view2.asp?url=release10%2FOIG_No_18-1-20MA_DC_Mgmt_Recs_Final_Report%2Epdf&mode=release&archived=0&month=20182&agency=0)

<b>Project Title</b>	
<b>Audit of the District of Columbia’s Plan for Emergency Drinking Water</b>	
<b>Objectives</b>	
The objectives of this engagement are to assess: (1) the District of Columbia’s emergency response plan in the event of a water supply emergency; and (2) the District’s progress toward identifying and funding an alternative water source.	
<b>Background</b>	<b>Agency or Component</b>
<p>The Washington Aqueduct provides drinking water to the District of Columbia and Virginia. According to the general manager of the Washington Aqueduct, the District has no backup water supply and only 24 to 48 hours of water supply available should the Potomac River become contaminated. An estimated cost to connect the District to an alternative water source is \$300 million to \$400 million.</p> <p>The OIG identified this engagement because of the risk to public safety.</p>	DC Water

<b>Project Title</b>	
<b>Audit of the District’s Child Care Subsidy Program</b>	
<b>Objectives</b>	
<p>The objectives of this engagement are to: (1) determine whether child care service providers meet the requirements to participate in the program; (2) assess the process for determining whether a child is eligible for the program; and (3) assess the effectiveness of the billing and payment process.</p>	
<b>Background</b>	<b>Agency or Component</b>
<p>To receive payments for services provided to eligible families, providers in the Child Care Subsidy Program must meet the conditions established in a signed agreement with the Office of the State Superintendent of Education. This agreement specifies the types of services that may be provided, required staff qualifications, insurance requirements, and the payment process.</p> <p>Further, the providers are paid for each day that a child is enrolled. OSSE’s policies allow a provider to bill the District for a certain number of unexcused absences, excused absences, and vacation days during the eligibility period. Given the complexity of this process and the requirements, this project was identified through our comprehensive risk analysis as having potential for waste and fraud.</p> <p>This engagement was identified due to Council concern; for 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>Office of the State Superintendent for Education (OSSE)</p>

## PLANNED INSPECTIONS AND EVALUATIONS

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

Project Title	
<b>Inspection of the Department of Consumer and Regulatory Affairs’ Velocity Fast-Track Permit Review Program (Velocity Program)</b>	
Objectives	
<p>The objectives of this inspection are to: (1) evaluate DCRA’s administration of the Velocity Program; and (2) determine whether implementation of the Velocity Program has had an effect on DCRA’s capabilities and effectiveness in reviewing plans and permit applications that are not “fast-tracked.”</p>	
Background	Agency or Component
<p>Introduced as a temporary program in FY 2017, DCRA’s Velocity Program is an optional review process intended to streamline the plan review and permitting process for customers who pay additional fees. In addition to DCRA’s standard permit fees, Velocity Program participants pay fast-track review fees ranging from \$5,000 to \$75,000, depending on the type of expedited service DCRA provides. “In many cases, plans will be reviewed and approved in [1] day,” according to DCRA. In its program overview, DCRA notes that while a project may require review and approval by other District agencies, such as the Department of Energy and Environment or DC Water, the fast-track plan and permit review processes are limited to DCRA only. DCRA’s statement that: “[o]ther agencies may decide to participate in fast-track plan reviews on a case-by-case basis, but there may be additional requirements and costs” suggests that the District may consider introducing other fee-based, fast-track services.</p> <p>This engagement was identified as a Council concern; for the potential for monetary benefits or funds put to better use within the District; and for vulnerabilities to corruption, fraud, waste, abuse, and mismanagement. Specifically, in D.C. Council hearings regarding the Department of Building Establishment Act of 2018, which would split DCRA into two separate agencies, the Velocity Program was identified as a symptom of DCRA’s inability to efficiently process permit applications.</p>	<p>Department of Consumer and Regulatory Affairs (DCRA)</p>

Project Title	
<b>Inspection of the District of Columbia Public Schools’ Student Activity Funds</b>	
Objectives	
The objective of this inspection is to assess the District of Columbia Public Schools’ compliance with Student Activity Fund (SAF) policies and procedures published by the Office of the Chief Financial Officer.	
Background	Agency or Component
<p>As described in the Office of the Chief Financial Officer’s <i>District of Columbia Public Schools Standard Operating Procedure Manual [-] Student Activity Fund (SAF)</i>, the policies and procedures include general principles of internal control, such as record keeping and segregation of duties, as well as specific accounting requirements pertaining to the deposit and disbursement of SAF funds and the submission of mandatory monthly reports for review by OCFO personnel. Additionally, “SAF accounts are not required by any DCPS policy or regulation... [t]hey are provided as a means to finance and manage the extra-curricular activities that enhance the students’ overall educational experience.”</p> <p>Thus, SAF may not be used to supplement a school’s operating budget. OCFO’s Manual presents numerous expenditure guidelines, internal controls, and accounting and reporting requirements. While roles and duties pertaining to management of a school’s SAF are divided among a business manager, school banker, and staff members who act as authorized signatories, the Manual states that the school principal has “the ultimate responsibility for all SAF funds received and disbursed within the school.”</p> <p>The OIG identified this engagement because of the vulnerabilities to corruption, fraud, waste, abuse, and mismanagement.</p>	<p>District of Columbia Public Schools (DCPS)</p>

Project Title	
<p align="center"><b>Evaluation of the District of Columbia Public Schools’ Emergency Response Planning and Readiness</b></p>	
Objectives	
<p>The objective of this evaluation is to assess the progress and improvements DCPS has made to develop, implement, and practice emergency response protocols for active shooters, tornadoes, and other emergencies.</p>	
Background	Agency or Component
<p>In September 2016, the OIG published a report entitled <i>Special Evaluation of Emergency Response Planning and Readiness (OIG No. 16-I-0076)</i>. At that time, the OIG found that DCPS appeared to be working to improve its emergency preparedness capabilities but noted that deficiencies remained including: submission, review, and approval of schools’ emergency response plans; orientation and training for school staff; and completion and documentation of drills at schools. In its response to the draft report, DCPS stated that in addition to other planned corrective actions, its “newly created [Emergency Planning and Guidance] team will plan, design, and evaluate training programs and exercises to facilitate safe and secure environments for the DCPS students, employees, and others.”</p> <p>The OIG identified this engagement because of the potential risk to public safety.</p>	<p>District of Columbia Public Schools (DCPS)</p>

<b>Project Title</b>	
<b>Evaluation of the Office of the Chief Financial Officer’s Central Collections Unit (CCU)</b>	
<b>Objectives</b>	
The objectives of this evaluation are to evaluate: (1) the processes through which District agencies identify, document, and transfer aged receivables (i.e., debts) to the CCU; and (2) the efficiency and effectiveness of CCU operations, to include its administration of District contracts with outside collections agencies that attempt to collect debts on the District’s behalf.	
<b>Background</b>	<b>Agency or Component</b>
<p>Housed within the OCFO’s Office of Finance and Treasury, “the CCU is responsible for collecting virtually all District government- related debts with the exception of tax debts collected by the Office of Tax and Revenue, [D.C. Water], and Child Support. The CCU is not yet fully operational; therefore, not all eligible debts are assigned to the CCU for collection.”</p> <p>In performance oversight responses submitted to the Council in February 2018, OCFO stated that it had four active contracts that attempt to collect debts owed to the following agencies: Department of Motor Vehicles, United Medical Center, and the University of the District of Columbia.</p> <p>The OIG identified this engagement because of the potential for monetary benefits or funds put to better use within the District; and vulnerabilities to corruption, fraud, waste, abuse, and mismanagement.</p>	Office of the Chief Financial Officer (OCFO)

<b>Project Title</b>	
<b>Evaluation of Selected Contracts</b>	
<b>Objectives</b>	
<p>The objectives of this type of evaluation are to: (1) review executed District government contracts for vulnerabilities to corruption, fraud, mismanagement, waste, and abuse; and (2) assess whether parties to the contract have effectively operationalized key contract terms and conditions to ensure that the District is receiving maximum benefits and expected goods and services.</p>	
<b>Background</b>	<b>Agency or Component</b>
<p>Throughout FY 2019, the OIG will monitor contract awards and use a methodology developed internally to quantify risk in order 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>



<b>Project Title</b>	
<b>Evaluation of Selected Grants</b>	
<b>Objectives</b>	
The objectives of this type of evaluation are to: (1) review specific grants for vulnerabilities to corruption, fraud, mismanagement, waste, and abuse; and (2) identify areas for improvement in grant administration and oversight.	
<b>Background</b>	<b>Agency or Component</b>
<p>Every fiscal year, District of Columbia government agencies and programs 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 2019, the OIG will monitor 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) recommend ways to improve grant program effectiveness and administration to ensure that funds achieve the desired results.</p>	Multiple Agencies

# APPENDIX A – THE AUDIT PROCESS

## **Engagement Letter**

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

## **Entrance Conference**

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

## **Fieldwork**

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

## **Exit Conference**

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

## **Draft and Final Report**

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

## **Audit Follow-up**

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

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

## **Engagement Letter**

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

## **Entrance Conference**

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

## **Fieldwork**

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

## **Draft and Final Report**

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

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

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

## APPENDIX C – ONGOING PROJECTS

### Audit Projects

**Audit of Agency Fund Reprogramming (OIG No. 17-1-20MA):** The objectives of the engagement 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 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 2018 Audit and Inspection Plan*. As of the date of this Plan, this engagement is in the draft report phase.

**Audit of the D.C. Streetcar Program (OIG No. 18-1-01KA):** The objectives of the engagement are to: (1) assess DDOT's 6-year capital budget plan for the Streetcar Program; and (2) identify root causes of delays related to the delivery of the currently operating streetcar system. This is a planned project identified in the OIG's *Fiscal Year 2018 Audit and Inspection Plan*. As of the date of this Plan, this engagement's fieldwork is ongoing.

**Audit of District Department of Transportation (DDOT) Contracting Procedures (OIG No. 18-1-02KA):** The objective of this engagement is to assess District of Columbia contracting procedures for transportation projects. This is a planned project identified in the OIG's *Fiscal Year 2018 Audit and Inspection Plan*. As of the date of this Plan, this engagement's fieldwork is ongoing.

**Audit of Monitoring Lead in the Drinking Water (OIG No. 18-1-04LA):** The objective of this engagement is to determine whether DC Water and District government water quality testing and oversight procedures are adequate to ensure that lead levels in the District's drinking water are below mandated limits. This is a planned project identified in the OIG's *Fiscal Year 2018 Audit and Inspection Plan*. As of the date of this Plan, this engagement's fieldwork is ongoing.

**Audit of District of Columbia IT Purchases (OIG No. 18-1-19TO):** The objectives for this engagement are to: (1) assess the Office of the Chief Technology Officer's (OCTO) oversight of IT acquisitions; and (2) determine whether acquisitions are realizing intended benefits to the District. This is a planned project identified in the OIG's *Fiscal Year 2018 Audit and Inspection Plan*. As of the date of this Plan, this engagement's fieldwork is ongoing.

**Audit of the Office of Attorney General's Consumer Restitution Fund (OIG No. 18-1-21CB):** The objective of the audit is to examine the income and expenditures of the Fund. This is a planned project identified in the OIG's *Fiscal Year 2018 Audit and Inspection Plan*. As of the date of this Plan, this engagement's fieldwork is ongoing.

**Audit of the West End Library and Fire Station Maintenance Fund (OIG No. 18-1-22MA):** The objectives for this engagement are to: (1) assess the assets, liabilities, fund balance, revenue, and expenditures of the Fund; and (2) determine if any Fund expenditures were not permitted under the law. This is a planned project identified in the OIG's *Fiscal Year 2018 Audit and Inspection Plan*. As of the date of this Plan, this engagement's fieldwork is ongoing.

## Inspection and Evaluation Projects

**Evaluation of the District’s Sustainable Energy Utility Contract:** The objectives of this evaluation are to: (1) ascertain whether there are any terms or conditions that are unfavorable to the District or that conflict with best practices or applicable criteria; and (2) assess whether parties to the contract have effectively operationalized administration of key contract terms and conditions and whether DOEE maintains proper oversight of deliverables. This is a planned project identified in the OIG’s *Fiscal Year 2018 Audit and Inspection Plan*. As of the date of this Plan, this engagement is in the draft report phase.

**Inspection of the Office of Contracting and Procurement (OCP) Surplus Property Division:** The objectives of this inspection are to assess: (1) OCP’s oversight of its Surplus Property Division; and (2) procedures and controls used to guide the sale and disposition of surplus District government property. This is a planned project identified in the OIG’s *Fiscal Year 2018 Audit and Inspection Plan*. As of the date of this Plan, this engagement’s fieldwork is ongoing.

**Inspection of the Department of Consumer and Regulatory Affairs’ (DCRA) Civil Fines Recoupment System:** The objective of this inspection is to assess the effectiveness of the DCRA’s enforcement process, which issues civil infractions and assesses fines and penalties. This is a planned project identified in the OIG’s *Fiscal Year 2018 Audit and Inspection Plan*. As of the date of this Plan, this engagement’s fieldwork is ongoing.

**Evaluation of Selected Contracts Awarded and Administered by the Department of General Services (DGS):** The objectives of this evaluation are to: (1) review the solicitations, evaluation processes, and resulting contracts for vulnerabilities to corruption, fraud, mismanagement, waste, and abuse; (2) identify internal control weaknesses and provide recommendations to improve control deficiencies; and (3) provide analysis that informs DGS’ processes and decision making. As identified in the OIG’s *FY 2018 Audit and Inspection Plan*, this project is a 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 the Office of Campaign Finance’s (OCF) Reports Analysis and Audit Division (RAAD):** The objective of this evaluation 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. This is an emergent project not identified in the OIG’s *Fiscal Year 2018 Audit and Inspection Plan*. As of the date of this Plan, this engagement’s fieldwork is ongoing.

**Evaluation of Two Solicitations and Contracts Awarded by DGS:** The objectives for this evaluation are to: (1) review solicitations, evaluation processes, and the resulting contracts for vulnerabilities to corruption, fraud, mismanagement, waste, and abuse; (2) identify internal control weaknesses and provide recommendations to improve control deficiencies; and (3) provide analysis that informs processes and decision-making. This engagement was conducted as part of an ongoing initiative described in the OIG’s *Fiscal Year 2018 Audit and Inspection Plan* to evaluate specific contracts. OIG selected these specific solicitations and contracts for evaluation based on response to widespread public concern and complaints received by the OIG Hotline. As of the date of this Plan, this engagement is in the draft report phase.

## 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 publicly 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 publicly 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 publicly available on our website.

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

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

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