

# DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

November 2018



REPORT ON ACTIVITIES

FISCAL YEAR 2018



## *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 relating to the District of Columbia government in order to:

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

## Vision

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

## Core Values

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



**DISTRICT OF COLUMBIA  
OFFICE OF THE INSPECTOR GENERAL**

**Message from the Inspector General**



I am pleased to present this *Annual Report* summarizing the oversight activities of the District of Columbia Office of the Inspector General (OIG) for the period from October 1, 2017, to September 30, 2018. The OIG's legislative mandate is to promote economy, efficiency, and effectiveness and prevent and detect corruption, mismanagement, waste, fraud, and abuse in District government operations and programs. We fulfill our mandate through independent audits, inspections, evaluations, and investigations. We perform these functions with a professional staff of seasoned auditors, investigators, attorneys, and analysts committed to combating corruption and promoting greater accountability in the District government for District residents.

This year we mark the 40<sup>th</sup> anniversary of the Inspector General Act (the Act) and the creation of the original 12 Offices of Inspector General in 1978 within the Federal Government. One year later, the OIG was created, largely based on the model provided by the Act. Since that time, we have been overseeing the operations of nearly every aspect of the District government. Every fiscal year (FY), we provide the Executive Office of the Mayor, the Council of the District of Columbia, and the citizens of the District of Columbia with a report detailing our independent oversight of the District government during the reporting period. This is our 19<sup>th</sup> *Annual Report*. In the years to come, we look forward to continuing our efforts to provide independent oversight of District government operations.

During FY 2018, we had significant accomplishments while overseeing the District's \$13.9 billion of operating costs and its provision of public services. We issued 10 audit and inspection reports with 54 recommendations for corrective actions. These reports identified \$8.65 million in monetary benefits and \$2.7 million in questioned costs. We also evaluated 91 percent of 4,511 Hotline contacts within 10 days of receipt, opened 90 investigations, and had a total of \$11,609,204 in criminal and civil recoveries. As a result of this work we identified common themes that undermine the efficiency and economy of District government operations and suggest there is work to be done to improve the District's internal control framework: ambiguous contract/grant terms and conditions, inadequate contract/grant record keeping, insufficient monitoring of contractor performance, and lack of segregation of duties. The specific findings that underpin these themes are discussed in detail within this report.

The accomplishments reflected in this *Annual Report* are a credit to the talented and committed staff I have the privilege to lead. We remain dedicated to effective oversight of the District government to help ensure its resources are better protected against fraud, waste, abuse, corruption, and mismanagement. We will also continue to work collaboratively with our internal and external stakeholders to deliver timely, relevant, and impactful oversight of District government agencies.

A handwritten signature in blue ink, appearing to read "DwL", with a long, sweeping underline.

Daniel W. Lucas  
Inspector General

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### EXECUTIVE SUMMARY OF ACTIVITIES

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

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

#### Significant Accomplishments – Operations Division Units

*Audit Unit (AU)* issued 5 audit reports with 25 recommendations to improve District agencies' operations and programs. These reports identified \$8.65 million in monetary benefits and \$2.7 million in questioned costs. AU also administered the District of Columbia Comprehensive Annual Financial Report (CAFR) contract.

*Inspections and Evaluations Unit (I&E)* published 5 reports with 29 recommendations for improving the efficiency and effectiveness of municipal services vital to District residents and stakeholders. These reports continued to highlight vulnerabilities in the District's contract and grant management processes.

*Investigations Unit (IU)* opened 34 investigations (29 criminal, 2 administrative, and 3 preliminary) and closed 93 investigations (36 criminal, 32 administrative, 8 preliminary, and 17 after determining no further action could be taken). IU also issued 18 administrative referrals related to the cases closed.<sup>1</sup>

*Medicaid Fraud Control Unit (MFCU)* processed 1,878 referrals. In addition, MFCU accounted for \$9,566,823.56 in criminal recoveries and \$164,801.80 in global and non-global civil recoveries. MFCU recovered \$90,205.94 in total collections. The Unit participated in 10 outreach events designed to increase awareness of the MFCU.

#### FY 2018 Oversight Observation

During our FY 2018 engagements, we identified instances in which internal controls were either absent or not functioning as intended. Internal control is a process or system for assuring reliable financial reporting, compliance with laws, regulations and policies, and achievement of an organization's objectives related to operational efficiency and effectiveness. Effective internal control mitigates risks to organizations. Ultimately, the responsibility for developing and maintaining internal control falls to District managers. As such, the OIG makes recommendations to District managers to implement or strengthen the internal control environment. Continued internal control weaknesses put the District at risk for fraud, waste, abuse, and mismanagement.

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<sup>1</sup> These were made to the Board of Ethics and Government Accountability (BEGA), Office of the Attorney General for the District of Columbia, and District agencies for action deemed appropriate on completed investigations.

The OIG's FY 2018 portfolio of engagements, resulting findings, and recommendations identified common themes of internal control weaknesses:

### **Segregation of Duties, Management Oversight, and Recordkeeping**

The OIG observed instances in which District agencies lacked sound internal controls related to the segregation of duties, supervisory review, and audit trails. To reduce the risk of fraud and other improper payments, District agencies need to segregate roles and responsibilities associated with the payment process among different employees. Supervisory reviews, to include approvals, authorizations, verifications, and reconciliations, are an integral part of an agency's accountability for government resources, including the prevention and/or detection of fraudulent or improper payments. Finally, the OIG found District agencies did not maintain adequate documentation that could provide the OIG a means to trace transactions back to their origination. Maintaining adequate documentation allows management to detect and correct errors that arise during day-to-day business, which reduces the risk of fraud.

### **Competence and Enforcement of Accountability**

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

### **Triennial Peer Review**

The OIG must adhere to quality standards promulgated by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and the Government Accountability Office (GAO). In order to ensure adherence to these standards, by law the OIG must undergo a rigorous peer-review every 3 years of its "audit, inspection[,] and investigation sections' standards, policies, procedures, operations, and quality controls."<sup>2</sup>

To assess the OIG's compliance of these standards between FYs 2015-2017, the OIG hosted a team from the Association of Inspectors General (AIG) to conduct a peer review of our Audit Unit, Inspections and Evaluation Unit, and Investigations Unit in August 2018. The AIG opined that all three Units complied with applicable CIGIE and GAO standards. See **Appendix K** for the full text of AIG's opinion letter.

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<sup>2</sup> D.C. Code § 1-301.115a(f-5) (Repl. 2016).

## EXECUTIVE SUMMARY

In addition, the AIG noted in its Peer Review Management Letter dated October 29, 2018, that:

- Staff morale improved significantly since the previous Peer Review, with the staff members having a clear sense of direction and being more optimistic about the OIG's future successes.
- AU took positive steps to develop and maintain collaborative working relationships with audit customers during ongoing audit engagements.
- AU and I&E have been working collaboratively to develop a risk assessment tool that incorporates staff input, District management, and OIG's Hotline data in their annual planning process.
- The OIG has achieved great success despite having unique jurisdiction and responsibility unlike other local government offices of inspector general.

## EXECUTIVE SUMMARY

### Statistical Highlights

<b>OIG HOTLINE ACTIVITIES</b>	
Contacts <sup>3</sup> Analyzed	4,511
Percentage of Contacts Evaluated within 10 Days of Receipt	91%

<b>AUDIT UNIT ACTIVITIES</b>	
Reports Published – OIG Staff	5
Reports Published – Contractors <sup>4</sup>	17
Recommendations Made – OIG Staff	25
Recommendations Accepted by Agencies	17
Total Monetary Benefits	\$11,350,764
Funds Recovered	\$8,650,764
Questioned Costs	\$2,700,000
Return on Investment per Dollar (Excluding CAFR Fees)	\$4.37

<b>INSPECTIONS AND EVALUATIONS UNIT ACTIVITIES</b>	
Reports Published	5
Recommendations Made	29
Recommendations Accepted by Agencies	19

<b>INVESTIGATIONS UNIT ACTIVITIES</b>	
Total Investigative Receivables and Recoveries	\$1,877,579
Restitutions, Orders, and Fines	\$1,798,994
Referrals for Civil Recoupment	\$78,585
Investigative Activities	
Investigations Opened	34
Investigations Closed	93
Cases Presented to the United States Attorney’s Office (USAO) for Prosecution	19
Cases Accepted by the USAO for Prosecution	12
Convictions	10
Subpoenas Served	45
Significant Activity Reports Issued	8
Civil Referrals to the D.C. Office of the Attorney General	2
Referrals to the Board of Ethics and Government Accountability	14
Referrals to District Agencies (Management Authority)	2

<sup>3</sup> The OIG Hotline Program follows CIGIE standards by noting all “complaints” as “contacts.” This number includes both contacts received through the OIG’s Hotline and referrals reviewed by the MFCU. CIGIE is an independent entity established within the federal executive branch to address integrity, economy, and effectiveness issues that transcend individual government agencies and to aid in the establishment of a professional, well-trained and highly-skilled workforce in over 70 federal Offices of Inspector General.

<sup>4</sup> Fifteen of the 17 reports were issued as part of the District of Columbia Comprehensive Annual Financial Report (CAFR) audit process.

## EXECUTIVE SUMMARY

<b>MEDICAID FRAUD CONTROL UNIT ACTIVITIES</b>	
Investigations Opened	56
Criminal Fraud Matters Opened	38
Abuse, Neglect, and Sexual Assault Matters Opened	18
Criminal and Civil Resolutions	17
Criminal Convictions/Indicted/Charged	6
Civil Resolutions	11
Total Criminal and Civil Recoveries	\$9,731,625
Criminal Recoveries	\$9,566,824
Total Collections (Criminal and Civil)	\$90,206
Civil Recoveries – Global <sup>5</sup>	\$164,802

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<sup>5</sup> This category involves any civil case in which the District and other states are party to the litigation. The OIG's Medicaid Fraud Control Unit works global cases jointly with other state Medicaid Fraud Control Units.

# ORGANIZATIONAL OVERVIEW

## OVERVIEW

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

### Organizational System

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

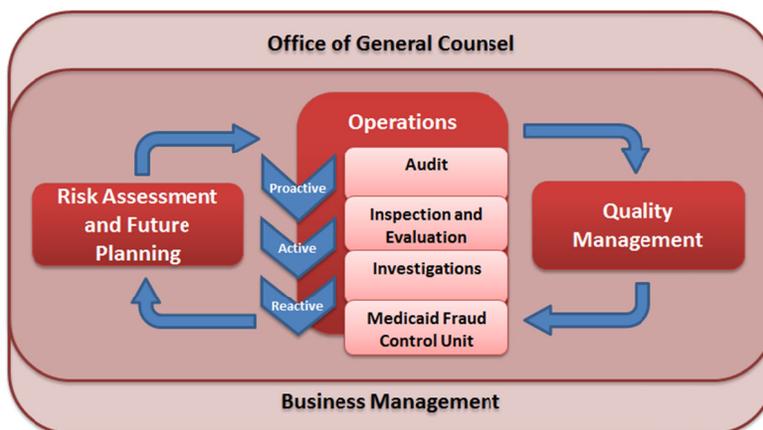


Figure 1: D.C. OIG Organizational Model<sup>6</sup>

### Office of the General Counsel

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

### Risk Assessment and Future Planning Division

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

<sup>6</sup> This organizational model was established in June 2015.

## ORGANIZATIONAL OVERVIEW

### Operations Division

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

The **Audit Unit (AU)** conducts audits of District agencies, programs, functions, and activities. In addition, AU monitors and oversees the audit process for the District of Columbia Comprehensive Annual Financial Report (CAFR).

The **Inspections and Evaluations Unit (I&E)** conducts inspections and special evaluations that provide decision makers with objective, thorough, and timely evaluations of District government agencies and programs.

The **Investigations Unit (IU)** investigates allegations of misconduct involving violations of District or federal criminal law, civil statutes, regulations, and employee standards of conduct.

The **Medicaid Fraud Control Unit (MFCU)**, certified by the U.S. Department of Health and Human Services on March 1, 2000, investigates and prosecutes fraud and abuse in the administration of the Medicaid program. The unit also investigates allegations of abuse, neglect, and theft involving persons who reside in Medicaid-funded facilities or who receive Medicaid-covered services.

### Quality Management Division

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

### Business Management

The Business Management Division (BM) supports OIG's mission by establishing policies and controls and delivering services to support the other division's goals and objectives. The BM division is OIG's internal operating division, including these units and programs: (1) Facilities; (2) Contracts and Procurement; (3) Information Technology; (4) Human Resources; (5) Administrative Services; (6) Records Management; and (7) Public Affairs.

# ORGANIZATIONAL HIGHLIGHTS

## 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 assesses the results of budgeted programs to ensure expected results are achieved. AU conducts performance audits and 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. See **Appendix C** for AU's organizational chart and structure.

### Comprehensive Annual Financial Report

The OIG is required by law to enter into a 5-year contract with an independent auditor to audit the District's financial statements annually. In FY 2018, the independent auditor, SB & Company LLC (SB&C), conducted the audit under the 3<sup>rd</sup> option year of the 5-year contract.

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

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

On January 31, 2018, the OIG published the District's FY 2017 CAFR, marking the 21<sup>st</sup> consecutive unqualified opinion of the District's financial statements. The independent auditors identified no material weaknesses or significant deficiencies related to the District's financial statements.

### Progress and Performance

In FY 2018, AU audited District agencies and published 5 audit reports that identified best practices, process flaws, and internal control weaknesses. The audit reports offered 25 recommendations to improve operations, address deficiencies, and ensure District agencies operate efficiently and effectively.

## ORGANIZATIONAL HIGHLIGHTS

During the year, AU reports had considerable impact in terms of funds recovered and improvements in District agencies. In addition, the OIG presented an AU Senior Auditor with the Von Stueben Award/Employee of the Year for exemplifying the OIG tenant of combating fraud, waste, abuse, and mismanagement while promoting economy and efficiency. The Senior Auditor achieved this recognition by demonstrating outstanding leadership and professionalism, while contributing exceptional audit work products.

### Significant Projects

Audit reports published in FY 2018 focused on issues related to student residency verification, capital funding for Metro, and contracting practices. See **Appendix G** for a complete list of the OIG's FY 2018 audit reports and number of recommendations for each report.

Highlights from selected FY 2018 AU projects include:

#### ***The District Lacked Control Activities Over Student Residency Verification and the Collection of Non-Resident Tuition (published April 17, 2018)***

District of Columbia Public Schools (DCPS) and District of Columbia Public Charter Schools (DCPCS) admitted non-resident students without collecting legally required tuition. Specifically, the District did not collect tuition in full from 82 of 85 non-resident students prior to admissions. Instead, the District extended payment contracts to 79 of the 82 students without obtaining required evidence that the students lacked a comparable educational program where they resided and suffered from severe, temporary financial problems.

The OIG analyzed 67 cases where the Office of the State Superintendent of Education (OSSE) identified parents/guardians who fraudulently claimed D.C. residency to enroll their children in the District's school systems. OSSE did not report all cases to the Office of the Attorney General (OAG) for enforcement. OSSE also failed to notify DCPS and DCPCS of these non-resident cases, which limited the school systems' ability to proactively identify similar cases. In 46 of the 67 cases, OSSE settled those cases for much less than the full tuition due; when parents/guardians defaulted on the settlement agreements, OSSE failed to notify DCPS and DCPCS, so they could discontinue the students' enrollment in accordance with District regulations. In 14 of the 46 cases, OSSE determined parents/guardians owed \$454,727 but has only collected \$73,090.

Further, in the 46 cases that OSSE settled, OSSE could not provide copies of corresponding residency fraud investigation reports. These reports could have identified how students circumvented the District residency verification process. Absent investigative reports, the OIG assessed the student residency verification process and noted that District residency documentation requirements were less stringent than those in neighboring jurisdictions. In some cases, the District either failed to obtain or retain residency verification documentation. The OIG also noted that DCPS identified and referred to the OAG 98 fraud cases valued at \$2.4 million. Finally, the OIG found that

## ORGANIZATIONAL HIGHLIGHTS

OSSE had not established a process to track fraud allegations and monitor investigators' performance.

The District is owed at least \$550,764 in unpaid non-resident tuition from the cases we reviewed. The OIG made 10 recommendations intended to improve residency verification, collect tuition, and recover tuition when owed.

### ***Report on the Examination of the Capital Funding Agreement Between the Washington Metropolitan Area Transit Authority and the District Of Columbia (published February 16, 2018)***

The District is one of several jurisdictions that financially support the Washington Metropolitan Area Transit Authority's (WMATA) Capital Improvement Program (CIP). The OIG assessed WMATA's compliance with financial and reporting terms of the Capital Funding Agreement (CFA). The CFA permits periodic audits for up to three (3) fiscal years. This examination covered July 1, 2013, through June 30, 2016. The OIG identified two findings related to compliance with the CFA.

The OIG found that WMATA did not properly calculate the District's allocated share of the CIP under the CFA, and the miscalculation resulted in a District overpayment of \$6.2 million. The OIG also found a miscalculation in the FY 2014 operating subsidy that resulted in an additional \$1.9 million in District overpayments to WMATA.

Although the District's share was miscalculated, the OIG found that WMATA properly expended funds received from the contributing jurisdictions under the approved CIP and modifications. The capital expenditures for the District under the CFA during the audit period totaled \$602.8 million.

The OIG recommended improving or correcting compliance with the CFA.

### ***District Response Times to Basic Life Support Calls Have Improved, but Contract Award and Administration Deficiencies Need to Be Addressed (published July 11, 2018)***

On November 11, 2016, the D.C. Fire and Emergency Medical Services Department signed a \$12 million contract with American Medical Response (AMR) to perform Basic Life Support transport services for patients experiencing minor injuries or illnesses, such as cold symptoms and ankle sprains. Overall, the contract between the District and AMR improved the District's capability to promptly respond to medical emergencies. Some improvements include reduced average response times, increased training hours for staff (emergency medical technicians and paramedics), and increased ambulance availability to respond to more serious or life threatening calls. District personnel, including the contract administrator and program manager, have worked hard to implement third-party Basic Life Support ambulance services; however, the OIG found deficiencies in both the award process and the administration function of the contract.

## ORGANIZATIONAL HIGHLIGHTS

During the contract award process, the District may not have established a fair and reasonable price for the services. Specifically, the District did not obtain adequate competition to award the contract; cited pricing from vendors who did not participate in the Request For Proposal process; and inappropriately developed the Statement of Work and specifications. Competition for the solicitation may have been unnecessarily restricted.

The OIG also found that during contract administration, the District did not monitor AMR to assess penalties for failure to promptly meet performance targets and did not ensure the amount AMR billed the District was accurate, complete, and verifiable.

Had the District based payments for Basic Life Support services on actual, verifiable documentation of ambulance hours spent responding to Basic Life Support calls (from the time AMR received calls to when it cleared calls), the District would have paid approximately \$2.7 million less than the \$6 million total payment it made under the contract from November 11, 2016, to May 31, 2017.

The OIG made seven recommendations that focused on ensuring the District receives a fair and reasonable price for services and ensuring that vendors meet performance targets specified in the contract.

### Inspections and Evaluations Unit

The Inspections and Evaluations Unit (I&E) focuses its resources on conducting inspections and evaluations to highlight needs for corrective measures that 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, and the effectiveness of quality assurance procedures.

I&E also conducts contract and grant reviews to: (1) determine whether there are any terms or conditions unfavorable to the District or conflict with best practices or applicable criteria; (2) assess whether parties to the contract/grant have effectively operationalized administration of key terms; and (3) assess whether the District maintains proper oversight of deliverables required by the contract/grant. Such reviews also look for vulnerabilities to fraud, waste, abuse, mismanagement, and inefficiency.

I&E conducts its projects under quality standards promulgated by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). Performance indicators of the overall effectiveness of I&E's work include the number of projects completed, findings identified, recommendations made to and recommendations agreed to by an inspected entity, and ultimately the subsequent improvements in agency or program operations. The findings developed during inspections may also lead to referrals to the OIG's Investigations or Audit Units. See **Appendix D** for I&E's organization chart.

## ORGANIZATIONAL HIGHLIGHTS

### Progress and Performance

I&E's FY 2018 projects focused on evaluating key District organizations to improve the efficiency and effectiveness of municipal services vital to District residents and other stakeholders. In FY 2018, I&E published 5 reports that presented 29 recommendations. In October 2018, CIGIE recognized I&E's Assistant Inspector General with an "Award of Training Excellence" for exhibiting commitment and dedication while serving as an adjunct instructor for CIGIE Training Institute's Audit, Inspection, and Evaluation Academy.

### Significant Projects

In FY 2018, I&E continued its practice of identifying and reviewing specific District contracts and grant awards for vulnerabilities to fraud, waste, abuse, mismanagement, and inefficiency. These reviews also present information that assists District managers with decisions on future contract and grant awards, modifications, and oversight. See **Appendix H** for a complete list of the OIG's FY 2018 inspection and evaluation reports and number of recommendations for each report.

Highlights from selected FY 2018 I&E projects include:

#### ***Deputy Mayor for Planning and Economic Development (DMPED) – Evaluation of the Dix Street Revitalization Grant (published August 17, 2018)***

I&E evaluated a \$465,678 sole source grant the Office of the Deputy Mayor for Planning and Economic Development (DMPED) awarded in June 2016 to Dix Street Corridor Revitalization Partners, LLC (DSCRCP) to construct five affordable housing units in the Deanwood neighborhood.

The OIG's objectives for this evaluation were to assess DMPED's grant award processes, DSCRCP's compliance with grant agreement requirements, and DMPED's administration of the grant to determine compliance with the Citywide Grants Manual and Sourcebook and applicable statutes and regulations.

The OIG found that prior to the June 2016 grant award, DSCRCP had a history of unsatisfactory performance, which included missed deadlines and cost overruns, and DMPED did not enforce key terms of previous funding and construction agreements with DSCRCP. During the grant review, DMPED could not provide the OIG documentation of actions taken and decisions it made earlier in the project, such as documentation of the 2008 competitive solicitation; subsequent negotiations with and funding commitments to DSCRCP appear to have been poorly documented. DMPED could not articulate whether DSCRCP incurred a loss or earned a profit on the Dix Street development project. Determining whether DSCRCP profited from its development of the affordable housing units will inform DMPED decision making on future development projects, particularly the extent to which such projects should be subsidized by the District.

## ORGANIZATIONAL HIGHLIGHTS

The report presented 6 findings and 12 recommendations to strengthen DMPED’s grant application, award, and administration processes.

### *Office of Campaign Finance (OCF) – Evaluation of the Reports Analysis and Audit Division (RAAD) (published September 26, 2018)*

D.C. Code § 1-1163.04(8) authorizes the OCF Director to conduct audits and investigations of reports and statements filed by candidates and their campaign committees with OCF, and “alleged failures to file any report or statement” required by D.C. Code. RAAD’s primary function is to “conduct[ ] audits of OCF programs and operations to promote economy, efficiency, and effectiveness; to ensure compliance, to prevent and detect fraud; and to keep the agency’s Director informed of its findings.”<sup>7</sup>

This report summarized the OIG’s observations of RAAD’s audit processes as defined in OCF written guidance and exemplified in the five audit reports that constituted the scope of our evaluation, and presented several opportunities for improvement we identified through the interviews, observations, and research we conducted during fieldwork.

During our evaluation, the OIG observed that RAAD auditors are provided clear, written procedures they appear to understand and follow, and routinely meet with RAAD managers and members of OCF’s Office of General Counsel to discuss their work.

The OIG identified several opportunities for improvement, including:

- Implementing work paper software to improve audit efficiency and the organization of information and documentation.
- Increased engagement with the campaign finance oversight “community of practice” to seek input on technology and training initiatives that enhance RAAD operations and audit effectiveness.

### **Investigations Unit**

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

### **Progress and Performance**

In FY 2018, IU opened 34 investigations (29 criminal, 2 administrative, and 3 preliminary) and closed 93 investigations (36 criminal, 32 administrative, 8 preliminary, and 17 after determining

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<sup>7</sup> <https://ocf.dc.gov/page/audit-analysis-reports> (last visited Nov. 21, 2018).

## ORGANIZATIONAL HIGHLIGHTS

no further action could be taken.). IU also completed 18 administrative referrals. In addition, 12 of the 19 criminal cases presented to the USAO for the District of Columbia were accepted for prosecution of fraud, bribery, conspiracy to commit bribery, bank fraud, and money laundering. Cases resolved in FY 2018 primarily addressed allegations of public corruption, procurement fraud, and financial and general crimes. Investigative recoveries and civil recoupments totaled \$1,798,994. FY 2018 results are presented in Table 1 below.

In October 2018, the U.S. Attorney for the District of Columbia (USAO) recognized an IU Special Agent at the USAO’s Thirty-Sixth Law Enforcement Awards Ceremony. The award was presented in recognition of an investigation that found an unlicensed contractor had defrauded District homeowners out of hundreds of thousands of dollars related to faulty contracting work and hiding assets from creditors in bankruptcy proceedings.

Investigative Activity	FY 2018
Restitutions, Orders, and Fines	\$1,798,994
Amount of Recoupments Referred to the OAG	\$78,585
Investigations Opened	34
Investigations Closed	93
Criminal Investigations Presented to USAO	19
Cases Accepted by the USAO for Prosecution	12
Convictions	10
Subpoenas Served	45
Significant Activity Reports (SARs) Issued	8
Civil Referrals to the Office of Attorney General (OAG)	2
Referrals to Board of Ethics and Government Accountability (BEGA) <sup>8</sup>	14
Referrals to District Agencies (Management Authority)	2
Search Warrants	7

Table 1: Summary of IU FY 2018 Performance Data

### Significant Activities

In FY 2018, IU engaged in these types of investigations:

- Criminal Investigations
- Civil Referrals
- Administrative Investigations

Summaries of selected IU FY 2018 investigative activity are detailed below. See **Appendix I** for a list of FY 2018 investigative outcomes available from the OIG’s website.

<sup>8</sup> BEGA investigates alleged ethics laws violations by District government employees and public officials, provides binding ethics advice, and conducts mandatory training on the D.C. Government’s Code of Conduct.

## ORGANIZATIONAL HIGHLIGHTS

### **Criminal Investigations**

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

#### ***A Member of the Public Sentenced for Fraud***

From August 2012 through February 2016, Carl Powers Jr., a member of the public, submitted fraudulent claims to obtain unemployment compensation benefits. On March 20, 2018, Mr. Powers pled guilty to one count of second degree felony fraud. On May 30, 2018, Mr. Powers was sentenced to 5 years of supervised probation, 60 days incarceration (suspended), and ordered to pay \$25,288 in restitution.

#### ***Former District Government Contractor Sentenced for Fraud***

From March 22, 2012, through June 17, 2015, Robert Mitchell, former District government contractor, defrauded DC Water by under-reporting the weight of scrap brass water meters he hauled for DC Water and remitted to DC Water less than the amount due.

On February 24, 2017, Mr. Mitchell pled guilty to one felony count of interstate transportation of stolen property. On November 9, 2017, Mr. Mitchell was sentenced to 3 years of probation, to include 4 months of home confinement and location monitoring, and was ordered to pay \$117,595.08 in restitution.

#### ***Former District Government Employee Sentenced for Bribery***

From June 2012 through February 2014, Shauntell Harley, former District of Columbia Office of the State Superintendent of Education (OSSE) employee, submitted fraudulent invoices to cause OSSE to pay for services never performed.

On March 13, 2018, Ms. Harley pled guilty to two counts of conspiracy to commit bribery. On July 17, 2018, Ms. Harley was sentenced to 56 months incarceration, 3 years of supervised release, and was ordered to pay \$488,311 in restitution.

#### ***A District Government Vendor, Business Owner, and Former D.C. Public Schools Employee Plead Guilty to Fraud***

From July 2012 through July 2014, Charles E. Scott, District government vendor; John A. Faulkner, business owner; and Isaiah Johnson, former DCPS employee, created and

## ORGANIZATIONAL HIGHLIGHTS

submitted fraudulent invoices to cause DCPS to pay for tutoring services never performed for special needs students.

On April 6, 2018, Mr. Scott pled guilty to one count of mail fraud and one count of identity theft. On July 18, 2018, Mr. Scott was sentenced to 26 weekends of incarceration, to be followed by 180 days of home confinement and 5 years of probation. Mr. Scott was also ordered to pay \$75,398 in restitution.

On June 14, 2018, Mr. Faulkner and Mr. Johnson each pled guilty to one felony count of mail fraud and one felony count of identity theft. On September 11, 2018, Mr. Faulkner and Mr. Johnson were sentenced to 52 weekends of incarceration, to be followed by 270 days of home confinement, and were ordered to pay \$217,366 in restitution. Mr. Faulkner and Mr. Johnson must pay \$142,866 and \$74,500 respectively in forfeiture money judgments.

### *A Member of the Public Sentenced for Fraud*

From 2008 through 2013, Michael Rosebar, a member of the public, engaged in a scheme to defraud customers by misrepresenting himself as a licensed home-improvement contractor and negotiating contracts he did not intend to complete. In addition, between 2008 and 2013, Mr. Rosebar submitted false statements regarding his income and expenses in three separate bankruptcy proceedings. Finally, from July 2010, through September 2014, Mr. Rosebar submitted fraudulent claims to obtain D.C. Department of Human Services (DHS) benefits.

On June 20, 2017, Mr. Rosebar was found guilty by a jury of six counts of concealment of bankruptcy assets and aiding and abetting, three counts of false declaration and statement in bankruptcy, three counts of wire fraud, and four counts of first degree felony fraud. On October 16, 2017, Mr. Rosebar was sentenced to 120 months incarceration and 3 years of supervised probation. On December 5, 2017, Mr. Rosebar was ordered to pay \$701,242 in restitution.

### **Civil Referrals**

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

### *District Government Employees Improperly Received District Government Benefits*

In FY 2018, IU referred an investigation to the OAG Civil Enforcement Section for civil recoupment action against a District government employee who improperly received financial assistance. The investigation found the District government employee received subsidies to which they were not entitled for the guardianship of a minor child. The Superior Court of the District of Columbia, Family Court, terminated the employee's guardianship agreement on March 26, 2015, but the employee failed to report to the D.C. Child and Family Services Agency that the minor child no longer resided in their home.

## ORGANIZATIONAL HIGHLIGHTS

As a result, the employee improperly received subsidies totaling \$11,793.12. The District government employee was terminated.

A second investigation revealed that in November 2017, the OAG took administrative action against a District government employee for unjust enrichment by improperly enrolling their two children in Duke Ellington School of the Arts between 1999 and 2012. The employee signed a settlement agreement to pay full restitution in the amount of \$66,623 and was terminated from government employment.

### Administrative Investigations

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

### Medicaid Fraud Control Unit

The Medicaid Fraud Control Unit (MFCU) is the single identifiable entity within the District of Columbia responsible for investigating and prosecuting healthcare providers that defraud the Medicaid program. The Secretary of the U.S. Department of Health and Human Services (HHS) annually recertifies the MFCU and exercises oversight over its performance and compliance with federal requirements. Besides provider fraud, the MFCU also investigates misuse of patient funds and criminal abuse of persons who reside in Medicaid-funded healthcare facilities (such as hospitals, nursing homes, and residences for adults with cognitive disabilities or mental illness). See **Appendix F** for the MFCU's organizational chart.

### Progress and Performance

In FY 2018, the MFCU received 1,878 referrals<sup>9</sup> ranging from reports of changes in the condition of nursing home residents, to allegations of serious assaults and provider fraud. During this reporting period, the MFCU opened 38 fraud cases and 18 abuse cases. The MFCU obtained dispositions in 17 active investigations, and made substantial progress on many other cases expected to conclude in FY 2019. Summaries of selected MFCU FY 2018 investigative activity are detailed below. See **Appendix J** for a list of FY 2018 MFCU outcomes available from the OIG's website.

The MFCU is investigating 101 matters. This number includes criminal fraud and civil investigations. The MFCU is also actively monitoring 248 *qui tam* cases around the country that may require direct OIG involvement.

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<sup>9</sup> The MFCU considers "referrals" to be synonymous as "contacts." For the purposes of external reporting requirements to the HHS-OIG, the MFCU considers a referral to be any contact where MFCU staff undertakes some investigative effort, legal review, or analysis.

## ORGANIZATIONAL HIGHLIGHTS

Performance Statistics	FY 2018
Number of Fraud Cases Opened	38
Number of Abuse, Neglect, or Sexual Assault Cases Opened	18
Criminal Convictions/Indicted/Charged	6
Global and Non-Global Civil Dispositions	11
Criminal Recoveries	\$9,566,824
Total Collections (Criminal and Civil)	\$90,206
Civil Recoveries – Global Cases	\$164,802

**Table 2: Summary of MFCU FY 2018 Performance Data**

In FY 2018, approximately 85 percent of MFCU staff participated in outreach efforts to heighten public awareness of the OIG and the MFCU. Outreach was conducted with public and private sector organizations that support and provide services to District residents.

The MFCU also participated in monthly meetings with the Department of Health Care Finance (DHCF) and several other external partners who have an organizational interest in preventing and deterring healthcare fraud. These include: the FBI; U.S. Attorney’s Office, other Offices of Inspectors General, Managed Care Organizations; the Department on Disability Services (DDS); and the District of Columbia Office on Aging (DCOA).

### Significant Activities

In FY 2018, MFCU engaged in these types of investigations:

- Criminal Investigations
- Civil Investigations

Summaries of selected MFCU FY 2018 investigative activity are detailed below.

### Criminal Dispositions

#### *WaveCare*

On July 25, 2018, Waveney Blackman, of Bowie, Maryland, pled guilty in the U.S. District Court for the District of Columbia to defrauding the Medicaid Program of more than \$9 million. Blackman was the owner of WaveCare Health Services LLC, a District-based company that provided durable medical equipment, to include wound care supplies.

Blackman submitted false and fraudulent claims to the Medicaid program for medical equipment that she knew was not purchased or provided for Medicaid beneficiaries. From January 2010 until June 2016, Blackman sent and encouraged her employees to send false invoices to a biller working with WaveCare. The biller then submitted the claims to the Medicaid program for payment.

Blackman was charged on June 26, 2018. According to documents, Blackman used the proceeds of this fraudulent scheme to obtain three properties in Florida, four in Maryland,

## ORGANIZATIONAL HIGHLIGHTS

and a luxury vehicle. The government obtained a judgment against Blackman for \$9,431,979.56.

### *Vincent Njong*

On August 29, 2018, Vincent Njong, who served as a home health aide, pled guilty in the U.S. District Court for the District of Columbia to health care fraud charges for submitting more than \$66,000 in false claims to the District of Columbia Medicaid program for services not rendered. Njong was ordered to and agreed to pay \$66,086 dollars in restitution to the District's Medicaid program. He is also subject to a forfeiture money judgment for \$43,209, representing his share of the proceeds from the scheme.

### **Civil Dispositions**

#### *Davita Rx*

On February 5, 2016, Davita Rx self-disclosed to the government certain potential violations of law affecting federal healthcare programs and paid refunds to the government.

On April 5, 2016, a relator<sup>10</sup> filed an action in the U.S. District Court for the Northern District of Texas asserting Davita Rx violated the federal False Claims Act. The relator alleged that from January 2010 through June 2016, Davita Rx submitted claims to the District's Medicaid program for prescription medications shipped from Davita Rx and returned to Davita Rx, but billed to the Medicaid program. These prescriptions were never shipped to a patient and prescriptions were automatically refilled, without sufficient documentation of patient consent, in violation of Medicaid regulations in various states.

On December 5, 2017, Davita Rx signed a settlement agreement to resolve these allegations. Davita Rx agreed to pay the District \$57,532. This amount includes restitution to the federal and District Medicaid programs, along with other administrative costs.

#### *AstraZeneca*

AstraZeneca signed a settlement agreement to resolve allegations it concealed safety information from regulators and engaged in off-label marketing of the antipsychotic drugs Seroquel and Seroquel XR. AstraZeneca failed to disclose that when taken alone or combined with other medications the drugs had potentially harmful effects. Under the agreement, the District received \$39,608.15. The agreed amount included reimbursement to the federal and District Medicaid programs, along with other administrative costs.

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<sup>10</sup> In the context of a qui tam action, a relator is a private party who brings the action against a defendant to assist a government entity. The relator does not have to be personally harmed by the actions of the defendant. Most often the action is based on relator's knowledge of wrongdoing against a government entity.

# ORGANIZATIONAL HIGHLIGHTS

## ENABLING MISSION AREAS

This section presents the roles, responsibilities, and FY 2018 accomplishments of the OIG's organizational components supporting its core mission areas, and significant hearings, testimonies and meetings with oversight bodies that occurred during the reporting period.

### Risk Assessment and Future Planning Division (RAFP)

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

#### Hotline Program

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

During FY 2018, the OIG Hotline operated by RAFP received 2,633 contacts, a 9 percent increase over FY 2017. The OIG Hotline referred 100 contacts to other District or federal agencies, assisted 528 contacts with the proper avenue of redress to remedy their issue, and recommended 139 contacts for investigation or inclusion in the OIG's *FY 2019 Audit and Inspection Plan*. During this period, the OIG Hotline decided on a course of action within 10 days of receipt of a contact 91 percent of the time.

#### Data Analysis Unit (DAU)

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

During FY 2018, the DAU provided analytical case support for 32 OIG investigations, identified risk areas throughout the District government to support the OIG Risk Committee, and completed 10 proactive projects, with 40 percent leading to initiating an investigation, audit, or inspection.

## ORGANIZATIONAL HIGHLIGHTS

### Business Management Division (BM)

BM is charged with ensuring all OIG operational divisions and units have tools needed to prevent and detect corruption, mismanagement, waste, fraud, and abuse while ensuring that best practices are followed under regulations and holding ourselves to the same accountability as we would other agencies.

BM helps facilitate agency-wide initiatives in these ways:

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

BM facilitated these initiatives:

#### Outreach

In FY 2018, the OIG took a three-pronged approach to outreach, participating in training for District agencies, presenting to vulnerable populations in the District's communities, and joining in District-wide events that impact the District.

The OIG continued its work from FY 2017 engaging other District agencies, such as HSEMA and OUC, in "OIG 101," formal refresher training on the OIG's mission and how District employees can report fraud, waste, abuse, and mismanagement to the OIG.

The OIG also participated in several ANC meetings and community outreach activities throughout the District, most notably, *Read Across America* with DCPS, Arbor Day with the Department of Public Works, and Earth Day, with agencies across the District.

In addition, the OIG hosted several international delegations at the request of the Executive Office of the Mayor and assisted DCHR with Sexual Harassment training to District government employees.

Finally, the OIG, with its Medicaid Fraud Control Unit, also participated in monthly educational sessions with the District's AARP chapters and multiple Senior Centers, partnering with the D.C. Office on Aging.

## ORGANIZATIONAL HIGHLIGHTS

### Records Management

In FY 2018, the OIG finalized its efforts to transition from paper to electronic records management. This initiative included approval of a final revised records retention schedule, and the destruction or archiving of over 600 boxes of records for the agency. This will place the OIG on better footing for both a facility move and implementing an agency-wide Knowledge Management (KM) System.

### Facility Relocation

In FY 2018, the OIG collaborated with the Department of General Services (DGS) on plans to move its headquarters to a facility better equipped for its law enforcement mission. OIG staff participated in focus groups regarding both location and build out needs for the OIG. OIG leadership shared these insights with DGS.

### Quality Management Division (QM)

The OIG established QM to ensure that agency operations are:

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

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

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

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

## ORGANIZATIONAL HIGHLIGHTS

In FY 2018, QM's accomplishments include:

- Issued 12 quality assurance reports with 85 recommendations for improvement.
- Reconciled OIG recommendations tracking data for accuracy and completeness.
- Developed and disseminated a monthly key performance indicators (KPI) tracker to OIG divisions and units for internal and external reporting purposes.
- Prepared and issued OIG's annual performance plan and report on activities.
- Developed and presented initial agency-wide dashboard designs to OIG leadership.
- Prepared and initiated triennial peer review of audit, inspection, and investigation units.
- Provided performance measurement training to OIG personnel.

### Significant Hearings and Testimonies

- On February 5, 2018, the IG testified before the Committee of the Whole on the *Fiscal Year 2017 Comprehensive Annual Financial Report (CAFR)*.
- On February 23, 2018, the IG testified before the Committee on Government Operations at its Fiscal Year 2017 Performance Oversight Hearing.
- On April 13, 2018, the IG testified before the Committee on Government Operations at its Fiscal Year 2019 Budget Oversight Hearing. The IG provided testimony on the OIG's proposed FY 2019 budget, and outlined the OIG's budget request in terms of personal and non-personal services funding requirements.

### Significant Meetings with Oversight Bodies

- On a quarterly basis, the IG met separately with the Mayor, Council Chairman, and the City Administrator. During these meetings, the IG provided District leaders with an overview of ongoing oversight projects, solicited feedback on future projects, and discussed any other matters of interest.
- Throughout FY 2018, the IG met with other Inspectors General during monthly Council of the Inspectors General on Integrity and Efficiency (CIGIE) meetings. By statute, the OIG must adhere to CIGIE quality standards.<sup>11</sup>
- Throughout FY 2018, the IG and other OIG leaders met with members of the United States Attorney's Office for the District of Columbia. The OIG is required to report matters to the U.S. Attorney's Office when there are reasonable grounds to believe a violation of Federal or District criminal law has occurred.<sup>12</sup>
- Monthly during FY 2018, leaders from the OIG and BEGA met to discuss matters of mutual interest and de-conflict any oversight overlap.
- During FY 2018, the OIG hosted several delegations from various international oversight bodies. This included delegates from the Republic of Mali and the Islamic Republic of Afghanistan.

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<sup>11</sup> D.C. Code § 1-301.115a(b)(1) (Repl. 2016).

<sup>12</sup> *Id.* § 1-301.115a(f).

## APPENDICES

### Appendix A – Reporting Requirements

D.C. Code § 1-301.115a(f-2) requires the OIG to prepare an annual report, by December 1<sup>st</sup> each year, summarizing its activities during the preceding fiscal year. This legislation also outlines the Office’s purpose and specific responsibilities.

#### PURPOSE

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

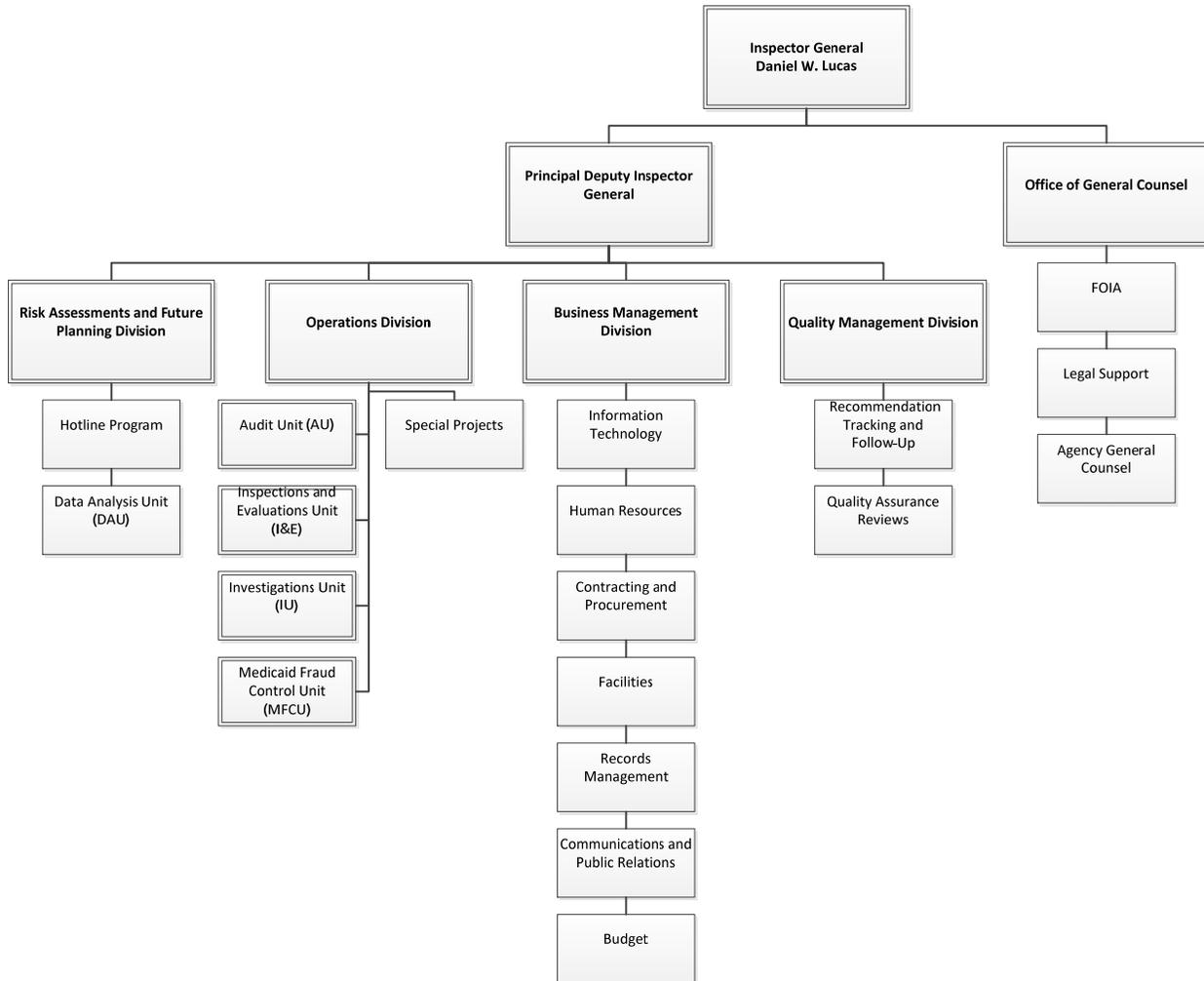
#### RESPONSIBILITIES

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

## APPENDICES

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

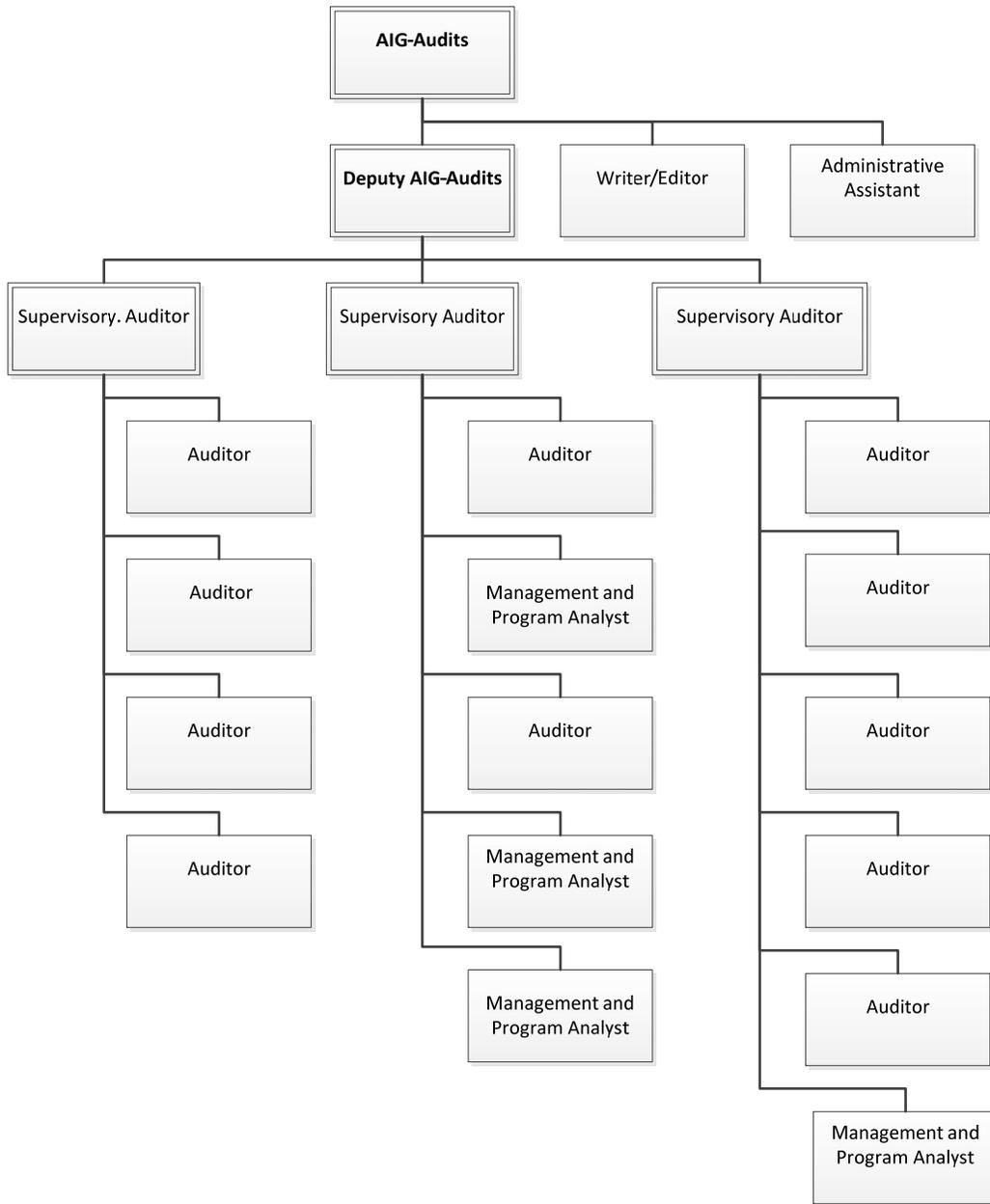
## Appendix B – OIG Organizational Chart



### Organizational Structure

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

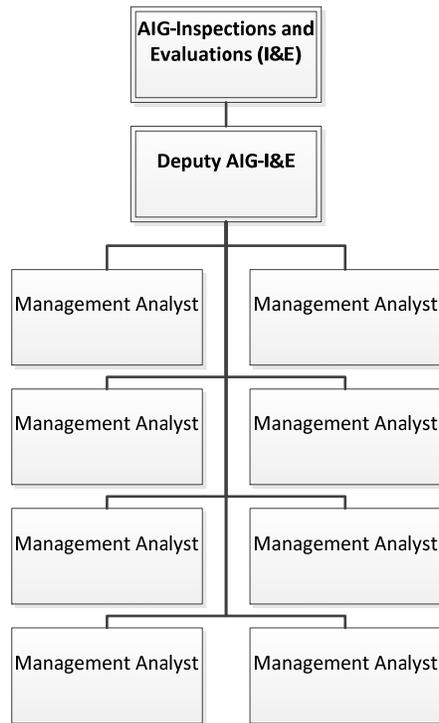
**Appendix C – AU Organizational Chart and Structure**



**Organizational Structure**

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

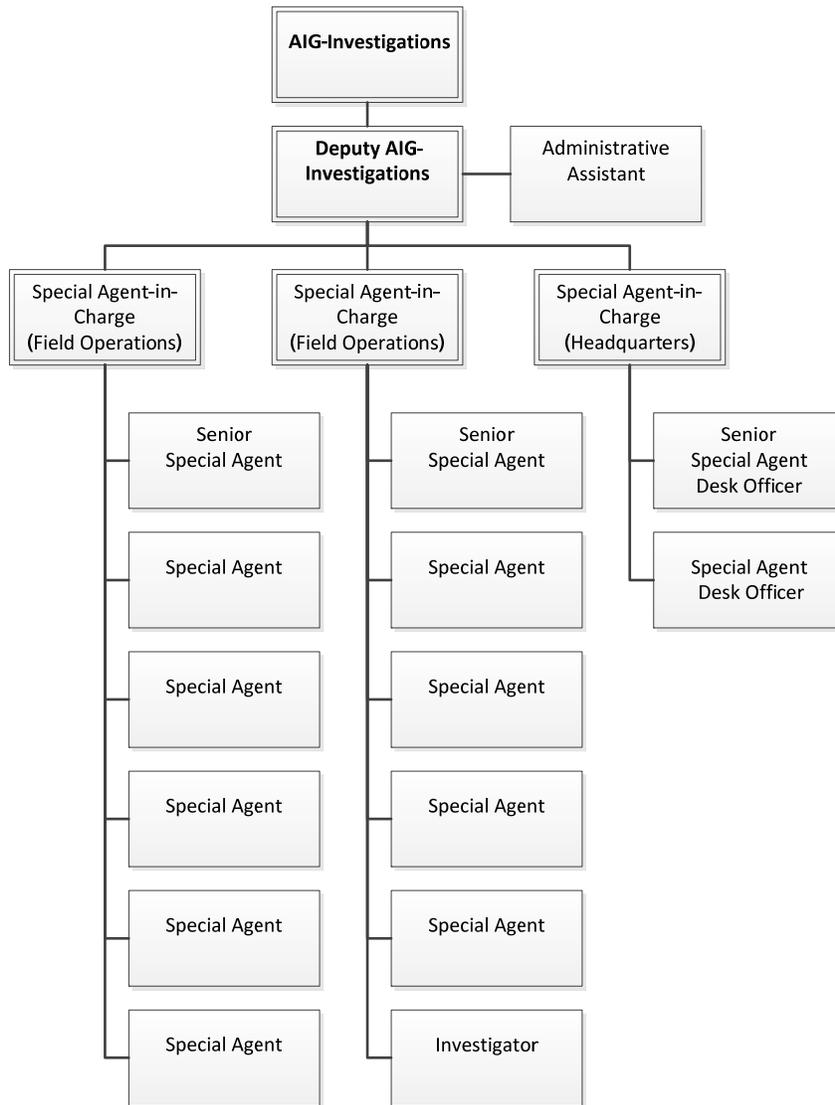
## Appendix D – I&E Organizational Chart and Structure



### Organizational Structure

I&E is managed by the Assistant Inspector General for Inspections and Evaluations (AIGIE), the Deputy Assistant Inspector General for Inspections and Evaluations (DAIGIE). The AIGIE sets policy and project priorities, and provides leadership and direction to the unit. The DAIGIE manages the unit's day-to-day operations and administrative activities, and the professional development of the Management Analysts.

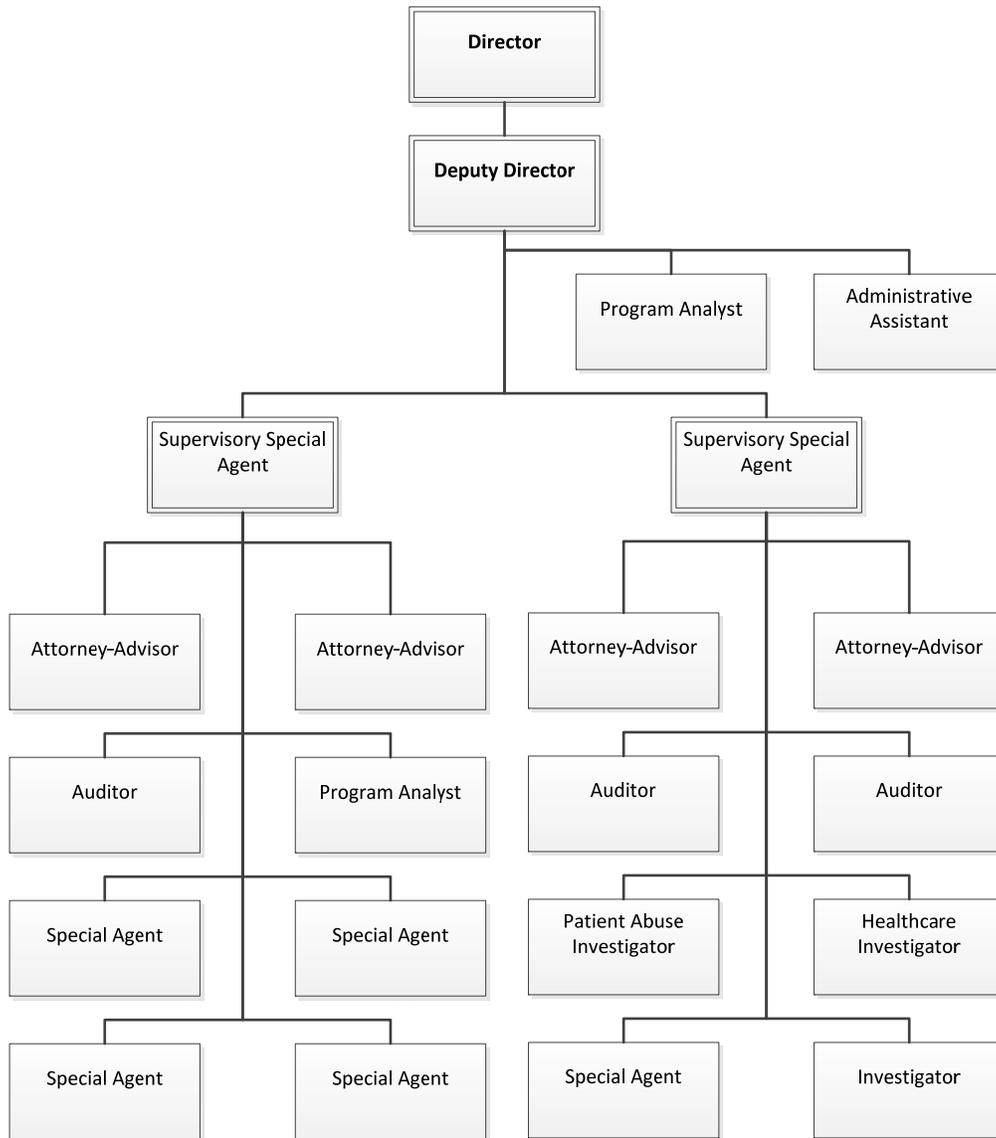
**Appendix E – IU Organizational Chart and Structure**



**Organizational Structure**

The Assistant Inspector General for Investigations (AIGI), the Deputy Assistant Inspector General for Investigations (DAIGI), three Supervisory Special Agents manage IU. The AIGI sets policy and provides leadership for the unit. The DAIGI supervises the Supervisory Special Agents estimates workloads, and outlines anticipated problems to be resolved and investigative objectives. Supervisory Special Agents supervise criminal investigators’ day-to-day activities.

**Appendix F – MFCU Organizational Chart and Structure**



**Organizational Structure**

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

## APPENDICES

### Appendix G – FY 2018 Audit Reports and Recommendations<sup>13</sup>

Agency	Title	Report Date	Number of Recommendations
Multiple Agencies	<a href="#">Follow-Up Review of OIG Recommendations</a>	11/28/17	0
DDOT	<a href="#">District Department of Transportation: Report on the Examination of the Capital Funding Agreement Between the Washington Metropolitan Area Transit Authority and the District of Columbia</a>	02/16/18	8
DCPS	<a href="#">DC Public Schools and Office of the State Superintendent of Education: The District Lacked Control Activities Over Student Residency Verification and the Collection of Non-Resident Tuition</a>	04/17/18	10
FEMS/OCP	<a href="#">Audit of the District of Columbia Fire and Emergency Medical Services Department and Office of Procurement: District Response Times to Basic Life Support Calls Have Improved, but Contract Award and Deficiencies Need to be Addressed</a>	07/11/18	7
DCPS	<a href="#">OIG Report on Special Education Attorney Certifications Prior Year Findings</a>	08/30/18	0

<sup>13</sup> This table only includes those audit engagements executed by OIG staff. Audits performed by contracted firms are not included in this table.

## APPENDICES

### Appendix H – FY 2018 Inspection and Evaluation Reports and Recommendations

Agency	Title	Report Date	Number of Recommendations
DHS	<a href="#">Evaluation of Two Contracts for Hotel Accommodations for Homeless Families</a>	12/04/17	4
OCP	<a href="#">Evaluation of Selected D.C. Supply Schedule Temporary Support Services Contracts</a>	02/28/18	4
DMPED	<a href="#">Evaluation of the Dix Street Revitalization Grant</a>	08/17/18	12
DOEE	<a href="#">Evaluation of the D.C. Sustainable Energy Utility Contract</a>	09/25/18	9
OCF	<a href="#">Evaluation of the Reports Analysis and Audit Division</a>	09/26/18	0 <sup>14</sup>

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<sup>14</sup> The report cited five specific opportunities for improvement.

## APPENDICES

### Appendix I – FY 2018 Investigations Unit Outcomes

Agency	Title	Date
OSSE	<a href="#"><u>Former District of Columbia Government Employee Sentenced to 56 Months in Prison for Bribery Schemes</u></a>	07/18/18
DOES	<a href="#"><u>Significant Activity Report - Man Sentenced for Fraudulent Unemployment Compensation Claims to DOES</u></a>	07/02/18
DCPS	<a href="#"><u>Business Owner and Former D.C. School's Employee Plead Guilty to Carrying Out Fraudulent Billing Scheme</u></a>	06/14/18
OSSE	<a href="#"><u>Former District of Columbia Government Employee Pleads Guilty To Federal Charges in Bribery Schemes: Crimes Cost Government More Than \$400,000</u></a>	03/13/18
DMGEO	<a href="#"><u>Significant Activity Report: Substantiated Administrative Investigation into Allegations of Misconduct by Deputy Mayor for Greater Economic Opportunity (DMGEO)</u></a>	11/22/17
DC Water	<a href="#"><u>Significant Activity Report: Former DC Water Contractor Sentenced and Ordered to Pay \$117,595.08</u></a>	11/16/17
DCPS	<a href="#"><u>Business Owner and Former DC Schools Employee Accused of Carrying Out Fraudulent Billing Scheme Scam Allegedly Generated More Than \$200,000 Meant for Special-Needs Students</u></a>	10/05/17

## APPENDICES

### Appendix J –FY 2018 Medicaid Fraud Control Unit Press Releases

Title	Date
<a href="#"><u>Owner of Durable Medical Equipment Company Pleads Guilty To Defrauding Medicaid of More Than \$9 Million</u></a>	07/25/18
<a href="#"><u>Maryland Man Pleads Guilty to Health Care Fraud in Scheme Targeting D.C. Medicaid Program</u></a>	08/29/18
<a href="#"><u>Maryland Woman Arrested on Federal Charges Alleging She Defrauded D.C. Medicaid Program</u></a>	06/28/18
<a href="#"><u>Court Orders Home Health Care Company to Pay United States Nearly \$2 Million in Damages in False Claims Case</u></a>	10/24/17
<a href="#"><u>\$1.5 Million Dollar Settlement Against Mylan Inc. for D.C. EpiPen Settlement</u></a>	10/12/17

## Appendix K– AIG Peer Review Opinion Letter



**Association of Inspectors General**  
**524 West 59<sup>th</sup> Street, 3532N**  
**New York, New York 10018**

September 4, 2018

Daniel Lucas  
Inspector General  
D.C. Office of Inspector General  
717 14<sup>th</sup> Street Northwest  
Washington D.C. 20005

Dear Inspector General Lucas,

The Association of Inspectors General (AIG) performed a Peer Review of the District of Columbia Office of Inspector General (DCOIG) Audit Unit (AU), Investigations Unit (IU), and Inspections and Evaluations Unit (I&E) at your request. The Peer Review Team (Team) evaluated the work of these three units covering the last three years (October 1, 2015 – September 30, 2017). The Team performed the review during the week of August 27, 2018 through August 30, 2018, and took place at your offices at 717 14<sup>th</sup> Street Northwest, Washington D.C., 20005. The Peer Review assessed the work of the AU, IU, and I&E Units for compliance with the AIG Principles and Standards for Offices of Inspector General (Green Book), the Government Auditing Standards (Yellow Book) issued by the U. S. Government Accountability Office (GAO), and the Council of Inspectors General on Integrity and Efficiency (CIGIE) Quality Standards for Investigations and the CIGIE Quality Standards for Inspections and Evaluations. These standards are consistent with the qualitative standards under which your office's AU, IU, and I&E Units have operated throughout the review period.

The six-person Peer Review Team consisted of the following individuals:

AU Review [REDACTED], Regional Investigator/Accreditation Manager (Team Leader)  
Office of Inspector General, Florida Department of Children and Families

[REDACTED], Deputy Inspector General for Audit (Team Member)  
Office of Inspector General, City of New Orleans

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IU Review [REDACTED], Assistant Director of Investigations (Team Member)  
Office of Inspector General, Port Authority of New York/New Jersey

[REDACTED], Special Agent, Investigations (Team Member)  
Office of the State Inspector General, Virginia

I&E Division [REDACTED], Deputy Inspector General (Team Member)  
Office of Inspector General, US Department of Defense  
Defense Contract Audit Agency

[REDACTED], Regional Investigator (Team Member)  
Office of Inspector General, Florida Department of Children and Families

On behalf of the Team, I am pleased to advise that we found no reportable instances of failure to meet these standards. There are no limitations or qualifications on our opinion. It is the unanimous conclusion of the Team that the AU, IU, and I&E Units met all relevant AIG, GAO, and CIGIE standards for the period under review.

The remainder of this letter sets forth the purpose, scope, and methodology of the Peer Review.

### Purpose

The Team conducted an independent, qualitative review of the operations of the AU, IU, and I&E Units of the DC OIG focusing on compliance with agreed-upon standards.

### Scope

The Peer Review covered AU, IU, and I&E operations, resulting work products, and related file materials chosen from closed audits, investigations, and completed inspections between October 1, 2015 and September 30, 2017 for all three Units. The Peer Review's scope also covered the Units' compliance with their relevant policy and process manuals and procedural guides; staff qualifications; and professional training requirements, including firearms training for law enforcement staff. Lastly, the Peer Review assessed supervisory review and quality control over the work product, reporting of results, and the DC OIG relationship and communications with outside agencies. For this last step, the Peer Review Team met with external stakeholders with whom the DC OIG frequently work, or who are the recipients of DC OIG work products.

### Method

The Peer Review Team generally followed the Peer Review/Qualitative Assessment Review Checklists developed by the Team for the AU, IU, and I&E Units. These Checklists are based on the AIG, GAO, and CIGIE standards. The Team also called upon their own professional experience as senior managers of various Offices of

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Inspectors General and through their knowledge of and familiarity with best practices within the Inspector General community.

Prior to the actual on-site review, the Team requested information from the AU, IU, and I&E Units, including but not limited to policy and procedures manuals, closed case logs, a list of issued reports, and a list of external stakeholders. The Team used this information to select the work products and related case materials that were ultimately reviewed.

On August 27, 2018, the Team held an entrance conference with your executive leadership and you, during which time we explained the Peer Review scope, methodology, limitations, and proposed schedule. During that morning, we also delivered our request for sample review materials. During the week, the Peer Reviewers conducted their fieldwork through examination of the selected case files. Peer Reviewers also interviewed staff from the AU, IU, and I&E Units. Interviewees for all the Units included the Deputy Inspector General (DIG) and Supervisors; and selected staff. Members of the Peer Review Team also interviewed the Supervisory Information Technology Specialist.

The Team also reviewed the personnel files of AU, IU, and I&E employees and reviewed their Training and Continuing Education files, Firearms Qualifications files, and all relevant policy and process manuals and procedural guides. All file requests were met fully and timely.

Team members also met with you and with members of your executive leadership to gauge their involvement and interaction with AU, IU, and I&E.

- ██████████, Principal Deputy Inspector General
- ██████████, General Counsel
- ██████████, Deputy General Counsel
- ██████████, Deputy Inspector General for Operations

The Team conducted all interviews in confidence and without any limitation on scope or time. Reviewers requested follow-up interviews and explanations, as well as any supplemental documentation, and DC OIG staff graciously accommodated the Team.

The Team also independently chose several external stakeholders to interview, respective of their assigned Units. Meetings were arranged between the Peer Reviewers and the external stakeholders for the purpose of evaluating agency cooperation, effectiveness, and responsiveness. Stakeholders included representatives from the:

- D.C. Office of the Attorney General
- D.C. Board of Ethics and Accountability
- Federal Bureau of Investigation – Washington D.C. Field Office
- United States Attorney's Office for the District of Columbia

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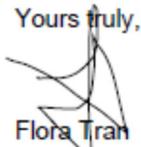
Finally, the Team held an exit conference with your executive leadership and you on August 30, 2018, during which time the Team shared its conclusion that all three Units fully met AIG, GAO, and CIGIE standards. Team members provided you with our observations and opinions gathered during the review. We held separate exit conferences with you and the respective DIGs of AU, IU, and I&E. During each of these exit conferences, Peer Review Team members elaborated on the observations made during the week of review. In each of the exit conferences, Team members provided several observations that did not limit or qualify the opinion of the Peer Review, but were shared with you and your leadership team as possible areas of consideration going forward. Throughout the week, we had productive discussions with DC OIG members (from leadership to professional staff) regarding their positive experiences from past Peer Reviews and their affirming opinions about the Peer Review process.

As noted above, it is the unanimous conclusion of the Peer Review Team that AU, IU, and I&E met all current and relevant AIG, GAO, and CIGIE standards for the review period.

On behalf of the AIG, I want to thank you for the confidence placed in the AIG by requesting that we conduct this review. On behalf of the Peer Review Team, we would like to acknowledge and thank Inspector General Daniel Lucas and his designee, Special Projects Coordinator [REDACTED] and Administrative Assistant [REDACTED], for all of their efforts in the coordination and planning of this event and for ensuring that we were provided with the necessary records and tools for a thorough and smooth review. Lastly, on behalf of the Team, we would like to recognize that in all of our interactions with your staff, we were shown the respect and cooperation that is the hallmark of a professional staff truly interested in a full and open review of their work. At the same time, this has been a learning experience for each member of the Peer Review Team, for which we wish to convey our sincerest thanks.

Please feel free to contact me or any member of the Peer Review Team if you have any questions.

Yours truly,



Flora Tran  
Team Leader, AIG Peer Review for the District of Columbia Office of Inspector General,  
August 2018  
Peer Review Committee, Association of Inspectors General

cc:

[REDACTED], Team Member, AIG Peer Review for the District of Columbia Office of Inspector General, August 2018

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██████████, Team Member, AIG Peer Review for the District of Columbia Office of Inspector General, August 2018

██████████, Team Member, AIG Peer Review for the District of Columbia Office of Inspector General, August 2018

██████████, Team Member, AIG Peer Review for the District of Columbia Office of Inspector General, August 2018

██████████, Team Member, AIG Peer Review for the District of Columbia Office of Inspector General, August 2018

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The Honorable Kenyan McDuffie, Chair Pro Tempore, Council of the District of Columbia  
The Honorable Anita Bonds, At-Large Councilmember, Council of the District of Columbia  
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