

# DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

November 2016



## REPORT ON ACTIVITIES

FISCAL YEAR 2016



### *Guiding Principles*

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

## **Mission**

Our mission is to independently audit, inspect, and investigate matters 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





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

**Message from the Inspector General**



I am pleased to present the Annual Report for the District of Columbia Office of the Inspector General (OIG) for the reporting period October 1, 2015 to September 30, 2016. 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, 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.

Since becoming Inspector General in November 2014, I have been dedicated to fulfilling my Office's oversight mandate within the District, and have taken every opportunity to make a positive impact for all District residents and employees. It has been rewarding for us to identify District programs with the highest risk for corruption, fraud, waste, and abuse and make strides to mitigate those risks to ensure solvency in District programs. As Inspector General, I and all OIG staff, take great pride in continuing to monitor District programs susceptible to waste, fraud, abuse, and mismanagement and recommend improvements to the quantity and quality of services for the entire District.

During this year, we improved our work processes and strategic direction in order to identify and act upon gaps we identified in the oversight work OIG was engaged in. We did this in order to best direct our limited resources. Such changes have yielded mixed results, with some noteworthy accomplishments. OIG authored 19 audit and inspection reports and closed 62 investigations and obtained 7 criminal convictions in our Investigations Unit. The Medicaid Fraud Control Unit recovered \$91.2 million, an extraordinary increase from just last year.

We are proud of our progress and accomplishments reflected in the pages that follow, but recognize the need for improvement and the significant resource constraints we face moving forward. Our fiscal year (FY) 2016 accomplishments provide benchmarks to build upon. In that vein, we will continue to use collaborative and innovative approaches to consistently improve our work processes to better accomplish our oversight of the District, which is both multifaceted and complex in nature.

I want to give special thanks to my dedicated and talented staff for their hard work and commitment to the OIG's mission. Without them, the accomplishments detailed in this report would not have been possible. I am honored to lead this Office, and am confident that together we will continue to deliver on our promise to be a world class Office of the Inspector General that is customer-focused, and sets the standard for oversight excellence.

A handwritten signature in blue ink, appearing to read 'Daniel W. Lucas'. The signature is stylized with a large, looping 'D' and a long, sweeping underline.

Daniel W. Lucas  
Inspector General

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# EXECUTIVE SUMMARY OF ACTIVITIES

## EXECUTIVE SUMMARY

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.

The OIG realigned its operations in FY 2015, creating four new agency-level components: Risk Assessment and Future Planning, Quality Management, Operations, and Business Management. These structural changes, coupled with a newly implemented strategic plan, investments in technology, refinements to business processes, and recruitment and training of highly skilled personnel, will continue to yield world-class results in future years.

### Significant Accomplishments – Core Functions

***Audit Unit*** provided audit services to 9 District agencies by authoring 11 audit reports and letters that identified best practices, process flaws, and internal control deficiencies. These reports included 16 recommendations and 13 suggestions for improvement.

***Inspections and Evaluations Unit*** authored 8 reports with 47 recommendations for improving the efficiency and effectiveness of municipal services vital to District residents and stakeholders.

***Investigations Unit*** initiated 105 investigations in FY 2016 (68 criminal, 26 administrative, and 11 preliminary) and closed 62 investigations, some of which were initiated in previous fiscal years. Of the 62 cases closed, 32 were criminal, 24 administrative, and 6 were preliminary investigations. IU presented 16 of the 32 closed criminal cases to the United States Attorney Office for the District of Columbia (USAO) for prosecution; 5 cases were accepted and resulted in 7 criminal convictions. Cases resolved in FY 2016 primarily addressed criminal allegations of public corruption, procurement fraud, and healthcare fraud. Investigative receivables and recoveries totaled \$354,519.44, a decrease from \$1,297,700.41 in FY 2015.

***Medicaid Fraud Control Unit*** opened 41 investigations and obtained 16 criminal and civil resolutions. Recoveries resulting from criminal and civil resolutions totaled \$91,207,067.34, a significant increase from FY 2015.

## EXECUTIVE SUMMARY OF ACTIVITIES

### Statistical Highlights

#### OIG HOTLINE ACTIVITIES

Contacts <sup>1</sup> Analyzed	3,593
Percentage of Contacts Evaluated within 10 Days of Receipt	87%

#### AUDIT ACTIVITIES

Reports Published – OIG Staff	11
Reports Published – Contractors <sup>2</sup>	10
Recommendations Made – OIG Staff	16
Suggestions for Improvement Made – OIG Staff	13
District Agencies Provided with Audit Coverage	9

#### INSPECTION AND EVALUATION ACTIVITIES

Reports Published	8
Recommendations Made	47

#### ADMINISTRATIVE AND CRIMINAL INVESTIGATIVE ACTIVITIES

Total Investigative Receivables and Recoveries	\$354,519.44
Restitutions, Orders, and Fines	\$237,870.61
Referrals for Civil Recoupment	\$116,648.83
Investigative Activities	
Investigations Opened	105
Investigations Closed	62
Cases Presented to the USAO for Prosecution	16
Cases Accepted by the USAO for Prosecution	5
Convictions	7
Subpoenas Served	31
Significant Activity Reports Published	6
Civil Referrals to the D.C. Office of the Attorney General	4
Referrals to the Board of Ethics and Government Accountability	5

#### MEDICAID FRAUD CONTROL UNIT ACTIVITIES

Investigations Opened	41
Fraud Matters Opened	38
Abuse, Neglect, and Sexual Assault Matters Opened	3

<sup>1</sup> The OIG Hotline Program follows *Council of the Inspectors General on Integrity and Efficiency* (CIGIE) standards by noting all “complaints” as “contacts.” This number includes both contacts received through the OIG’s Hotline and referrals reviewed by the MFCU. CIGIE is an independent entity established within the federal executive branch to address integrity, economy, and effectiveness issues that transcend individual government agencies and to aid in the establishment of a professional, well-trained and highly-skilled workforce in over 70 federal Offices of Inspector General.

<sup>2</sup> These reports were issued as part of the District of Columbia Comprehensive Annual Financial Report (CAFR) audit process.

## EXECUTIVE SUMMARY OF ACTIVITIES

<b>MEDICAID FRAUD CONTROL UNIT ACTIVITIES (continued)</b>	
Criminal and Civil Resolutions	16
Criminal Convictions	7
Civil Resolutions	9
Total Criminal and Civil Recoveries	\$91,207,067.34
Criminal Recoveries	\$83,344,915.12
Civil Recoveries – Non-Global	\$6,151,302.51
Civil Recoveries – Global <sup>3</sup>	\$1,710,849.71

<sup>3</sup> This category involves any civil case in which the District and other states are party to the litigation. In these instances, global cases are worked jointly by the OIG's Medicaid Fraud Control Unit along with other state Medicaid Fraud Control Units.



# THE OIG OVERVIEW

## OVERVIEW

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.

## Organizational Structure

The OIG is supported by four divisions and the OIG Office of General Counsel (OGC), and is authorized 112 full-time employees and is organized to ensure full operational capacity while uniquely linking all divisions and units within the agency (see Figure 1).

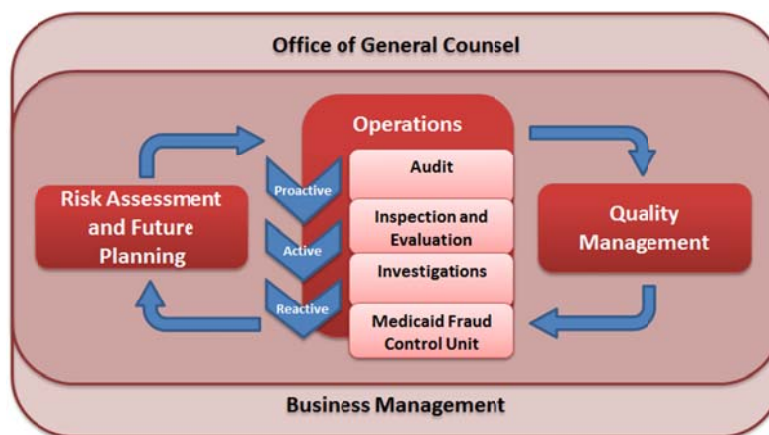


Figure 1: D.C. OIG Organizational Model<sup>4</sup>

## Strategic Goals

In 2016, the OIG developed a revised 5-year Strategic Plan to attain its mission and vision. The revised Strategic Plan was based on the OIG's new organizational structure that was implemented in late 2015.

OIG's Strategic Plan includes the following goals in pursuit of our mission and vision:

**Goal 1:** Proactively identify and reduce vulnerabilities that could lead to corruption, fraud, waste, abuse, and mismanagement.

**Goal 2:** Integrate plans, processes, and resources to support organizational accountability.

**Goal 3:** Deliver actionable, relevant, and timely products and services to customers and stakeholders that promote economic, efficient, and effective government operations, deter misconduct, and hold wrongdoers accountable.

<sup>4</sup> This organizational model was established in June 2015.

## THE OIG OVERVIEW

**Goal 4:** Implement an information and knowledge management system that supports the OIG mission.

**Goal 5:** Recruit, develop, and retain a highly qualified and diverse workforce.

### Risk Assessment and Future Planning Division

The Risk Assessment and Future Planning Division (RAFP) is tasked with evaluating risk as it relates 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.

### 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. AU provides agency management with an independent and objective assessment of whether desired results and objectives are achieved efficiently, economically, and in compliance with prescribed laws, regulations, policies, and procedures. AU performs financial and performance audits, and attestation<sup>5</sup> engagements. In addition, AU monitors and oversees the District of Columbia Comprehensive Annual Financial Report (CAFR) audit process.

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

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

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

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<sup>5</sup> Attestation engagements are usually suitable for users who have reporting needs that do not require a financial statement audit. An attestation engagement examines, reviews, or applies agreed-upon procedures to an assertion or a subject matter, which is the responsibility of another party.

# THE OIG OVERVIEW

## Quality Management Division

The Division of Quality Management (DQM) ensures all OIG audit, inspection, evaluation, and investigation products 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. And QM tracks the implementation status of OIG recommendations made to District agencies.

## Business Management Division

The Business Management Division establishes policies and controls, and delivers services to support the other OIG divisions' goals and objectives. These internal functions exist within Business Management: (1) Facilities; (2) Contracts and Procurement; (3) Information Technology; (4) Human Resources; (5) Administrative Services; (6) Budget and Finance (in collaboration with the Office of the Chief Financial Officer); and (6) Communications and Public Relations. Business Management is charged with ensuring the OIG divisions and units have tools to prevent and detect corruption, mismanagement, waste, fraud, and abuse in District government operations and programs.

## Office of General Counsel

The Office of General Counsel (OGC) provides in-house legal services by ensuring OIG operations, activities, and communications conform to applicable legal requirements; rendering frank and objective legal advice to protect the OIG against legal liability; and advocating the OIG's legal position in disputes.

## FY 2016 Priorities

To develop our *FY 2016 Audit and Inspection Plan* (Plan), we evaluated the District's strategic vision as outlined in the FY 2016 Budget and Financial Plan titled *Pathways to the Middle Class*; reviewed executive branch priorities; assessed statutory requirements; and revisited our open recommendations to District agencies, including previously identified management challenges. And we consulted with the Mayor, District of Columbia councilmembers, agency officials, and other stakeholders to identify current or emerging areas requiring our attention.

Based on information obtained from those various sources, our FY 2016 priorities focused on programs and operations designed to:

- spur economic development and growth;
- improve the health, welfare, and security of District residents, particularly the most vulnerable segments of our population; and
- evaluate major service delivery models implemented to realize efficiencies in government, including cost savings.

## THE OIG OVERVIEW

In prioritizing our FY 2016 oversight activities to address those risk and opportunity areas, we formulated the Plan to focus on key intersecting controls, which, if properly designed and administered, would assure economic and efficient achievement of executive branch goals and objectives. Accordingly, we directed our efforts at: (1) promoting management accountability to ensure program integrity; (2) determining how District government programs and operations were evolving to counter emerging risks; (3) evaluating management and financial controls to ensure the District was efficiently managing and safeguarding public resources and making well-informed decisions on program investments; and (4) adjusting planned work and priorities throughout the reporting period to respond to new requests from the executive branch, Council, OIG hotline allegations, and other emergent requirements.

Besides our proactive planned activities in our Plan, our investigative activities resulted in criminal, civil, and administrative resolutions. This annual report highlights the OIG investigative priorities for crimes affecting the District:

- Public corruption;
- Procurement fraud;
- Contract fraud;
- Cash disbursement fraud
- Payroll fraud;
- Health care fraud;
- Childcare subsidy benefit fraud; and
- Unemployment compensation benefit fraud.

Finally, our Business Management Division facilitated staffing changes, technology upgrades, and facility improvements to ensure that the OIG had the tools to respond to its priorities.

OIG also recognizes that there are areas for improvement. OIG saw some staff turnover and as new leaders and staff were hired, they also needed training on key expectations of the OIG and the workings of District government. This, in part, contributed to a decrease in some of our FY 2016 performance metrics, compared to the previous reporting period. However, steady leadership, an effective organizational structure, and OIG's new Strategic Plan will support goals of efficiency and effectiveness in addressing corruption, mismanagement, waste, fraud, and abuse in District government.

## CORE FUNCTIONS

### CORE MISSION AREAS

The OIG's staff recorded the following notable accomplishments in FY 2016:

- analyzed 3,593 OIG Hotline contacts;
- initiated 122 investigations;
- obtained 14 criminal convictions;
- secured \$91,561,586.78 in investigative receivables and recoveries; and
- authored 19 audit and inspection reports with 63 recommendations and 13 suggested improvements.

### Operations Division

The Deputy Inspector General for Operations assists the Inspector General and Principal Deputy Inspector General (PDIG) in coordinating activities designed to promote economy, efficiency, and effectiveness and to prevent and detect corruption, fraud, waste, abuse and mismanagement in District government programs and operations; as well as helps facilitate agency-wide initiatives by:

- maximizing the effectiveness of OIG products and services;
- synchronizing and synergizing efforts among the OIG's operating units; and
- managing unit operations to include prioritizing workload, allocating resources, and optimizing core work processes.

The Deputy Inspector General for Operations is supported by four Assistant Inspectors General (AIGs):

1. AIG – Audit Unit
2. AIG – Inspections and Evaluations Unit
3. AIG – Investigations Unit
4. AIG/Director – Medicaid Fraud Control Unit

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

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

### **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 and,



## CORE FUNCTIONS

through the DAIGA, provides leadership and direction for AU, while branch directors supervise the day-to-day projects and activities of audit staff. The three branches oversee a portfolio of agencies encompassing the District's primary operational functions: Contracts and Procurements; Programs; and Financial Management and Information Technology (IT). See **Appendix C** for AU's organizational chart.

### **Comprehensive Annual Financial Report**

The OIG is required by law to enter into a 5-year contract with an independent auditor to accomplish an annual audit of the District's financial statements. For FY 2015, the OIG contracted with SB & Company LLC (SB&C) to conduct the audit.

The District of Columbia Comprehensive Annual Financial Report (CAFR). The CAFR is a report comprised of the District's financial statements and an independent certified accounting firm's opinion as to whether: (1) the financial statements were fairly presented in accordance with GAAP; and (2) there were any instances of noncompliance and/or weaknesses in internal controls, which materially affected the District's financial position and operating results as of the end of the fiscal year.

On January 27, 2016, SB&C published the District's FY 2015 CAFR. This was the District's 19th consecutive unqualified opinion on its financial statements and did not identify any material weaknesses or significant deficiencies related to the District's financial statements.

The OIG established the CAFR Committee (Committee) to monitor and oversee the audit process; it is chaired by the Assistant Inspector General for the Audit Unit. The Committee monitors the progress of the audit including: (1) monitoring the reliability and integrity of the OCFO financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance; (2) monitoring the independence and performance of the District's independent auditors; and (3) providing an open avenue of communication among the independent auditors, Executive Office of the Mayor, D.C. Council, OCFO, and other District management officials.

### **Progress and Performance**

In FY 2016, AU provided audit services to 9 District agencies by publishing 11 audit reports and letters that identified best practices, process flaws, and internal control weaknesses. The reports included 16 recommendations and 13 suggestions for corrective actions to improve operations, address noted deficiencies, and ensure that District agencies comply with prescribed regulations, policies, procedures, and standards. Each report included written comments from District agencies about actions taken or planned to address OIG audit recommendations.

### Significant Projects

Audits released in FY 2016 focused on areas required by law, revenue enhancement, delivery of citizen services, and spending and efficient use of resources. See **Appendix G** for a complete list of the OIG's FY 2016 audit reports and corresponding recommendations.

Four of AU's FY 2016 audits are discussed on the following page.

1. District of Columbia Housing Authority (DCHA) Local Rent Supplement Program (LRSP): Participants Met Eligibility Requirements, But Controls Over Safety and Income Verification Are Weak (published September 9, 2016)

The OIG's original audit objective was to audit the federal Housing Choice Voucher Program. However, this program was included in the A-133 Single Audit conducted by an external auditor as part of DCHA reporting requirements to the U.S. Department of Housing and Urban Development (HUD). Therefore, OIG modified our objectives to audit the LRSP, which is a District-run, local program, to determine whether: (1) participants in the LRSP met qualifications, criteria, and guidelines for housing assistance; and (2) internal controls were established to prevent fraud, waste, and abuse within the program during FY 2014.

The audit determined that participants in the LRSP met standards for housing assistance in accordance with established qualifications, criteria, and guidelines during the sample period. However, DCHA did not establish sufficient controls to ensure documentation of state-registered, lifetime-sex-offender checks in accordance with HUD guidance. DCHA also did not establish sufficient controls to safeguard against fraud during the eligibility determination process by verifying income earned in neighboring jurisdictions.

The OIG made two recommendations to strengthen controls over LRSP participants' safety and to prevent fraud within the program.

2. Audit of the District's Managed Care Organizations (MCOs) Administered by the Department of Health Care Finance (DHCF) (letter published April 29, 2016)

The audit objectives were to determine whether the District's MCOs: (1) performed in compliance with requirements of applicable laws, rules, regulations, and policies and procedures; (2) managed and administered healthcare services efficiently and effectively; and (3) operated in a manner where internal controls were in place to safeguard against fraud, waste, and abuse.

The OIG made five suggested improvements to strengthen DHCF's administration and oversight of the District's MCOs and enrollment broker contracts.

3. Audit of the Department of General Services' (DGS) Award and Administration of the City-Wide Security Contract (letter published March 4, 2016)

The audit objectives were to determine: (1) whether the contract award was made in compliance with applicable laws, rules, regulations, policies, and procedures; (2) the effectiveness of contract administration; and (3) the adequacy of internal controls to safeguard against fraud, waste, and abuse. In addition, for calendar years 2012 and 2013, we conducted a review of the DGS purchase card (P-Card) program to determine whether DGS: (1) complied with the requirements of applicable laws, regulations, policies, and procedures; and (2) implemented adequate internal controls to safeguard against fraud, waste, and abuse.

The OIG made two suggested improvements to strengthen DGS's contract administration and P-Card program oversight.

4. Audit of the Management of Financial Operations at the Child and Family Services Agency (CFSA) (published October 1, 2015)

The original audit objectives for this engagement were to determine whether CFSA: (1) adequately managed controls over business operations, including payments to vendors and providers, grant funds, and financial transactions; (2) effectively processed and managed Medicaid claims; and (3) implemented internal controls to safeguard against fraud, waste, and abuse. We subsequently amended these objectives to remove objective 2, and merge objectives 1 and 3.

The OIG's review of CFSA's contract administration found that CFSA did not have adequate supporting documentation and administrative controls to support and monitor its contract actions. Specifically, the review of contract files indicated: (1) inadequate contract records management; (2) a lack of deliverables and supporting contract documentation; and (3) noncompliance of contract closeout procedures in accordance with District procurement laws and regulations.

Additionally, CFSA did not properly manage its grant operations. Our review of CFSA grant files determined non-compliance with: (1) District laws and regulations governing grants; (2) reporting requirements and maintenance of grant deliverables; (3) record maintenance and retention policies; and (4) formal closeout procedures.

The OIG made 11 recommendations to CFSA for actions deemed necessary to correct the identified deficiencies.

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

I&E projects can take from 6 months to over a year, depending on the size of the inspected agency, the complexity of any issues found, and the inspection resources available. The recommendations made within I&E's reports call for corrective measures to improve operations, address deficiencies, and ensure District and federal laws, regulations, and policies are followed.

## CORE FUNCTIONS

Performance indicators of the overall effectiveness of I&E's work include the number of inspections conducted, findings identified, recommendations made and agreed to by an inspected entity, and ultimately the subsequent improvements in agency or program operations as determined through re-inspections and other compliance activities. The findings developed during inspections may also lead to recommendations for OIG investigations or audits.

### Organizational Structure

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

### Progress and Performance

I&E's FY 2016 projects focused on evaluating key District organizations to improve the efficiency and effectiveness of municipal services that are vital to District residents and other stakeholders. I&E's analysis, findings, and recommendations are published in Reports of Inspection, Management Alert Reports (MARs), and Reports of Special Evaluation. I&E authored 8 reports with 47 recommendations in FY 2016 (see **Appendix H**).

### Significant Projects

Inspections provide senior 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. I&E also conducts special evaluations that focus on a specific facet of an agency's or program's operations, or a particular condition or incident that calls into question the integrity or efficacy of District government operations.

Four of I&E's FY 2016 reports are discussed below.

1. Office of the Attorney General (OAG) Child Support Services Division (CSSD) – Report of Inspection (published October 9, 2015)

This inspection covered the child support process up to the point of obtaining a child support order, and the report contained recommendations for improving management oversight of CSSD employees and serving summons on non-custodial parents (NCPs) to appear at hearings, particularly for employed NCPs. The OIG also recommended additional monitoring of backlogged cases requiring processing, improvements to CSSD's quality control review process, and better coordination between CSSD and the Department of

## CORE FUNCTIONS

Human Services. During fieldwork, the OIG sent a Management Alert Report (MAR 15-I-001) to OAG entitled, *Field Investigators Lack Training, Procedures, and Precautions for Managing Threatening Individuals and Dangerous Situations*.

2. Department of Human Services (DHS), Office of the State Superintendent of Education (OSSE) – Special Evaluation of the Child Care Services Division (CCSD) – Child Care Subsidy Program (published August 9, 2016)

This evaluation followed OIG investigations into ineligible individual(s) receiving child care subsidies. Several such cases of fraud over the last few years resulted in sentences requiring restitution amounts ranging from \$25,000 to \$42,000. The OIG conducted this special evaluation to: (1) assess CCSD's administration and oversight of child care subsidy eligibility determinations; and (2) identify possible process and procedure enhancements that could be implemented to reduce the likelihood that an ineligible child care subsidy applicant receives District benefits. The report presented a total of six recommendations aimed at improving written directives and training provided to CCSD employees, implementing a procedure for performing quality assurance reviews (QARs) at CCSD, and providing OSSE with regular reports summarizing the findings of CCSD's QARs.

3. Metropolitan Police Department – Inspection of Station and Substation Building Conditions (published August 30, 2016)

This inspection assessed the overall physical conditions of station and substation buildings and key systems, with a particular focus on those systems and equipment that, if deficient, would adversely impact MPD personnel's ability to perform their duties safely and efficiently. The inspection team found: (1) MPD stations were not compliant with the Americans with Disabilities Act's accessibility requirements, thereby limiting public and employee access; and (2) building conditions at several MPD stations and substations that could pose threats to the safety and security of MPD employees and equipment, and adversely impact the health and comfort of MPD employees.

The report included a separate summary of conditions found at each station/substation, and the OIG will continue to monitor MPD's and the Department of General Services'<sup>6</sup> progress in abating and correcting the issues identified during the inspection.

4. D.C. Public Schools (DCPS) – Special Evaluation of D.C. Public Schools Emergency Response Planning and Readiness (published September 19, 2016)

This special evaluation focused on the existence of an emergency response plan at each school; orientation and training events for school staff; drills; and the role of the District's Emergency and Safety Alliance (ESA) in reviewing and approving plans. The report presented findings regarding deficiencies in each of the four areas evaluated, but also noted that DCPS was making significant efforts to improve schools' emergency preparedness.

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<sup>6</sup> DGS is responsible for maintaining and repairing District-owned buildings.



## CORE FUNCTIONS

The report made four recommendations to DCPS, some of which necessitate coordination and collaboration between DCPS and ESA partner agencies, which include the D.C. Fire and Emergency Medical Services Department (FEMS). The OIG communicates with DCPS periodically and requests updates on DCPS' progress toward implementing the report's recommendations and other initiatives DCPS presented in its response to the findings.

### *Investigations Unit (IU)*

#### **Organizational Structure**

The Assistant Inspector General for Investigations (AIGI), the Deputy Assistant Inspector General for Investigations (DAIGI), three Directors, and the Records Management Supervisor manage IU. The AIGI sets policy and provides leadership for the unit. The DAIGI supervises the Directors and the Records Management Supervisor, estimates workloads, and outlines anticipated problems to be resolved and objectives to be obtained during investigations. Directors supervise criminal investigators' day-to-day activities. The Records Management Supervisor provides organization and accountability for the OIG's various record systems. See **Appendix E** for IU's organizational chart.

#### **Progress and Performance**

IU initiated 105 investigations in FY 2016 (68 criminal, 26 administrative, and 11 preliminary) and closed 62 investigations, some of which were initiated in previous fiscal years. Of the 62 cases closed, 32 were criminal, 24 administrative, and 6 were preliminary investigations. IU presented 16 of the 32 closed criminal cases to the United States Attorney Office for the District of Columbia (USAO) for prosecution; 5 cases were accepted and resulted in 7 criminal convictions. Subsequently, IU referred 4 of the 11 declined cases to the Office of the Attorney General for the District of Columbia (OAG) for civil enforcement. These cases resulted in substantial recoupment to the District. These and other FY 2016 results are presented in Table 1 below.

<b>Investigative Activity</b>	<b>FY 2016</b>
Investigations Opened	105
Investigation Closed	62
Criminal Investigations Presented to USAO	16
Cases Accepted for Prosecution	5
Civil Referrals to OAG	4
Amount of Recoupments Referred to the OAG	\$116,648.83
Referrals to Board of Ethics and Government Accountability (BEGA) <sup>7</sup>	5
Convictions	7
Restitutions, Orders, and Fines	\$237,570.61
Search Warrants	0
Subpoenas Served	31

<sup>7</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.

## CORE FUNCTIONS

Investigative Activity	FY 2016
Significant Activity Reports (SARs)	6

Table 1: Summary of IU FY 2016 Performance Data

### Significant Activities

In FY 2016, IU and its federal and local law enforcement partners engaged in the following types of investigative activity:

- Criminal Investigations
- Administrative Investigations
- Civil Referrals

Summaries of IU FY 2016 investigative activity are detailed below.

#### 1. Criminal Investigations

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

##### *a. Former DCPS Employee Sentenced for Fraudulently Receiving Unemployment Compensation Benefits*

From July 2009, through June 2010, Mercedes A. Johnson, former Educational Aide, DCPS submitted fraudulent claims to obtain unemployment compensation benefits.

On February 12, 2014, Ms. Johnson pled guilty to one count of felony fraud in the first degree. On September 9, 2015, Ms. Johnson was sentenced to 5 years of supervised probation, and was ordered to pay restitution in the amount of \$13,912.

##### *b. Former District of Consumer and Regulatory Affairs (DCRA) Employee Sentenced for Receiving Bribe*

Lucretia B. Barksdale, a former DCRA employee misused her official position to extort money from customers by illegally issuing construction permits in exchange for money that she kept for her personal use.

On March 24, 2016, Ms. Barksdale pled guilty to one felony count of receipt of a bribe by a public official. On July 13, 2016, Ms. Barksdale was sentenced to 3 years of probation, to include 180 days of home confinement and location monitoring. In addition, the court

## CORE FUNCTIONS

ordered Ms. Barksdale to complete 80 hours of community service and to pay a special assessment of \$100.00.

*c. District of Columbia Office of the Chief Technology Officer (OCTO) Employee Sentenced for Unlawfully Receiving Social Security Benefits*

Gloria Wilson, an OCTO employee, received U.S. Social Security Administration (SSA) Survivor's Insurance benefits intended for her step-mother, after the step-mother's death and did not report the death to the SSA.

On December 9, 2015, Ms. Wilson pled guilty to one count of theft of government property. On May 19, 2016, Ms. Wilson was sentenced to 8 months of home confinement, 36 months of probation, and 100 hours of community service, and was ordered to pay restitution in the amount of \$176,874.

*d. Former DC Water Employee Sentenced for Conflict of Interest*

In his official capacity as DC Water Permit Office Supervisor, Mr. Watson approved applications, directly or indirectly through his subordinates, and issued DC Water permits to a number of applicants who paid Ardnol of DC, LLC (Ardnol) while failing to disclose his financial interest in Ardnol to DC Water.

On March 30, 2016, Mr. Watson pled guilty to one count of felony conflict of interest, and on June 27, 2016, was sentenced to 12 months of supervised probation and ordered to pay a special assessment in the amount of \$100.

*e. Former District of Columbia Department of Human Resources (DCHR) Employee Sentenced for Fraud*

Jacqueline Cox, former Supervisor, DCHR, accessed the employee payroll system to increase her hourly pay rate. At the close of each pay period, Ms. Cox would re-enter the payroll system and reset the previously increased hourly pay rate to her correct hourly pay rate.

On April 15, 2016, Ms. Cox pled guilty to one count first degree felony fraud. On August 23, 2016, Ms. Cox was sentenced to 3 months of incarceration (suspended) and 24 months of unsupervised probation. In addition, Ms. Cox was ordered to pay restitution in the amount of \$11,384.61.

*f. Department of Public Works (DPW) employee sentenced for Receipt of a Bribe*

A joint investigation with the FBI revealed that former DPW employee Vernita Greenfield and an owner of a towing company came to an agreement that the owner would deposit between \$200 and \$500 per week into Ms. Greenfield's bank account. In exchange, Ms. Greenfield agreed to divert rotational towing assignments from other companies. The towing company's owner provided Ms. Greenfield with \$35,300.

## CORE FUNCTIONS

On May 5, 2016, Ms. Greenfield pled guilty to a charge of receipt of a bribe by a public official, and on July 19, 2016, Ms. Greenfield was sentenced to 3 years of probation. In addition, the court ordered a \$35,000 forfeiture.

### 2. 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), which details 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.

#### *a. D.C. Housing Authority (DCHA) employee improperly used a Maryland disability placard to obtain free parking in the District*

A DCHA employee improperly used a Maryland disability placard to obtain free parking in the District. She admitted to using a Maryland disability placard in both a rental vehicle and her personal vehicle so she could park in reserved spaces or beside parking meters without making payment.

This matter was referred to the DCHA, BEGA, and the Maryland Motor Vehicle Administration for action deemed appropriate. A response from DCHA advised that the employee received an official reprimand.

### 3. Civil Referrals

#### *a. A Serve DC employee and a member of the public conspired to defraud the District government*

A former Serve DC employee and her boyfriend conspired to illegally obtain District funds. The former employee approved time and attendance reports for her boyfriend who was never a District employee or contractor, but was an active duty member of the U.S. Army. The OIG presented this investigation to the USAO, which declined prosecution. The OIG subsequently referred the investigation to the OAG for civil recoupment, to BEGA for consideration of ethical violations, and to the U.S. Army Criminal Investigation Command for consideration of further action.

### ***Medicaid Fraud Control Unit (MFCU)***

The MFCU investigates and prosecutes two distinct categories of offenses: provider fraud committed against the District's Medicaid program; and criminal abuse of persons who receive Medicaid-funded services or reside in Medicaid-funded healthcare facilities (such as hospitals, nursing homes, and residences for adults with cognitive disabilities or mental illness).

## CORE FUNCTIONS

### Organizational Structure

The Director, Deputy Director, and two Supervisory Special Agents (SSAs) manage the MFCU. The Director establishes the Unit's goals and operational policies in accordance with the OIG's strategic framework and provides leadership and direction for the Unit. 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. See **Appendix F** for the MFCU's organizational chart.

In FY 2016, the MFCU maintained its organizational structure of four separate investigative teams; however, one investigative team now exclusively investigates abuse and neglect cases and violations of the District and federal False Claims Acts. This change was enacted to ensure that MFCU conducts a mix of fraud and abuse investigations. Team members work together on investigations, maximize cooperation, improve communication, and eliminate investigative impediments. However, for complex cases, staff members assigned to one team may be called upon to assist another team's investigation or case.

In January 2015, the U.S. Department of Health & Human Services, Office of the Inspector General (HHS-OIG) conducted an onsite review of the MFCU based on an analysis of data from seven sources: (1) policies and procedures, and documentation related to the Unit's operations, staffing, and caseload for FYs 2013 through 2015; (2) financial documentation for FYs 2013 through 2015; (3) structured interviews with key stakeholders; (4) a survey of Unit staff; (5) structured interviews with Unit management; (6) a sample of files for cases open at any time in FYs 2013 through 2015; and (7) observation of Unit operations.

In September 2015, HHS-OIG released its onsite review report, which included several recommendations aimed at improving MFCU operations. OIG concurred with all recommendations, and the MFCU began modifying its practices in four key areas to implement the recommendations: (1) management processes; (2) use of the case management system; (3) communication with external partners; and (4) reporting within required timeframes.

### Progress and Performance

In FY 2016, the MFCU received 1,750 referrals<sup>8</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 3 abuse cases. The MFCU obtained dispositions in 16 matters, and made substantial progress on many other cases that are expected to conclude in FY 2017.

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<sup>8</sup> The OIG considers "referrals" to be synonymous as "contacts." For the purposes of external reporting requirements to the HHS-OIG, the MFCU considers any referrals to be contacts where MFCU staff undertakes some investigative analysis, legal review, or action was undertaken by MFCU staff.



## CORE FUNCTIONS

The MFCU is currently investigating 129 matters. This number includes criminal fraud and civil investigations. The MFCU is also actively monitoring another 251 *qui tam* cases around the country that may require direct OIG involvement in the future.

Performance Statistics	FY 2016
Number of Fraud Cases Opened	38
Number of Abuse, Neglect, or Sexual Assault Cases Opened	3
Criminal Convictions	7
Civil Resolutions	9
Criminal Restitution Docketed Against Defendant	\$83,344,915.12
Civil Recoveries – Global	\$1,710,849.71
Civil Recoveries – Non-Global	\$6,151,302.51

**Table 2: Summary of MFCU FY 2016 Performance Data**

### Significant Activities

Summaries of MFCU FY 2016 criminal and civil recoveries are detailed below.

#### 1. Criminal Recoveries

##### *a. Global Healthcare Incorporated*

Florence and Michael Bikundi, owners of Global Healthcare, Inc., were arrested as part of the *Operation Capital Ills* takedown in February of 2014. Ms. Bikundi engaged in a scheme to secure more than \$80 million in District Medicaid payments, even though she was barred from participating in any federal health care programs. In addition, Ms. Bikundi and others conspired to bill the Medicaid program for services that were not provided.

Ms. Bikundi and others, including family members, falsified patient files and employee files to make it appear as though claims for payment were legitimate when they were not. In addition, Bikundi's employees made cash payments to Medicaid beneficiaries in exchange for signatures falsely stating that services had been provided.

In November 2015, Ms. Bikundi was found guilty of 12 charges in the United States District Court for the District of Columbia: one count of conspiracy to commit healthcare fraud; one count of conspiracy to commit money laundering; two counts of healthcare fraud; one count of Medicaid fraud; and seven counts of money laundering.

Mr. Bikundi was found guilty of 10 charges in the United States District Court for the District of Columbia: one count of conspiracy to commit healthcare fraud; one count of conspiracy to commit money laundering; one count of healthcare fraud and seven counts of money laundering.

Mr. and Ms. Bikundi were sentenced to 7 years and 10 years in prison, respectively. Following their prison terms, the Bikundis will be placed on 3 years of supervised release, and they were ordered to pay \$80,620,929 in restitution to the D.C. Medicaid program.

### 2. Civil Settlements and Recoveries

#### a. *Global Civil Efforts*

A significant component of the MFCU's national anti-fraud activity is its participation in global *qui tam* litigation.<sup>9</sup> FY 2016, MFCU attorneys coordinated with other subcommittee members on pending lawsuits as well as on developing strategies for investigating and prosecuting these cases. These attorneys also attended and participated in relator interviews, and drafted "intake memoranda" on new cases.<sup>10</sup> MFCU attorneys have served on national teams since 2008.

#### i. Novartis Pharmaceuticals Corporation

On December 4, 2015, the OIG announced a civil settlement between the District of Columbia, in collaboration with the federal government and state Medicaid Fraud Control Units, and Novartis Pharmaceuticals Corporation. The civil settlement resolved allegations that the company engaged in several disguised kickback arrangements to increase the overall utilization of Exjade, a treatment for patients with underlying conditions affecting blood cells and/or bone marrow.<sup>11</sup>

The total value of the civil fraud settlement is \$370 million, of which the District of Columbia received \$453,773.41.

#### ii. Olympus Corporation

On April 22, 2016, the OIG announced a civil settlement between the District of Columbia, in collaboration with the federal government and state Medicaid Fraud Control Units, and

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<sup>9</sup> In these cases, a "relator" (person with knowledge of fraudulent activity) files the action on behalf of the government, often asserting a scheme of widespread, institutional fraud by a multinational corporation. The federal government and the states impacted by the alleged scheme investigate the allegation to determine whether to "intervene" in the action, either individually or jointly. Due to their breadth and subject matter, most *qui tam* cases are factually and procedurally complex. In meeting the unique challenges of global civil cases, the 50 independent states and the District's MFCU work together, under the auspices of the National Association of Medicaid Fraud Control Units (NAMFCU), to investigate, litigate, settle, or otherwise resolve these cases. OIG MFCU attorneys participate as active members of the NAMFCU Qui Tam Subcommittee, which is comprised of representatives from the MFCUs of states with False Claims Act statutes containing *qui tam* provisions. Currently, the District and 29 states have such statutes.

<sup>10</sup> These memoranda contain analyses of the allegations of improper conduct, theories of liability, credibility of the relator, and anticipated defenses, and provide recommendations about how to proceed. The memoranda are ultimately distributed to each of the state MFCUs and the president of NAMFCU, who appoints several subcommittee members to partner with federal prosecutors on national investigation, negotiation, litigation, or settlement teams if a lawsuit has merit.

<sup>11</sup> The civil settlement involved conduct occurring from 2007 and 2012, wherein Novartis allegedly paid kickbacks to three specialty pharmacies – BioScrip, Accredo, and U.S. Bioservices. As a result of the alleged kickback arrangement, Novartis had significant control over how many patient referrals each pharmacy received in order to increase the overall utilization of Exjade. The civil settlement resolved allegations that Novartis' conduct violated the federal Anti-Kickback statute resulting in the submission of false claims to the D.C. Medicaid program.

## CORE FUNCTIONS

Olympus Corporation. Under the terms and conditions of the civil settlement, the company resolved allegations that it had obtained new business and rewarded sales by providing doctors and hospitals kickbacks, in violation of the Anti-Kickback statute, 42 U.S.C. § 1320a-7b(b). The alleged kickbacks included consulting payments, travel to foreign countries, lavish meals, as well as millions of dollars in grants and free endoscopes to healthcare providers nationwide.<sup>12</sup>

The total value of the civil fraud settlement to the federal government and the state Medicaid programs is \$310.8 million, of which the District of Columbia received \$365,501.12.

### *iii. Genentech and OSI Pharmaceuticals*

On June 6, 2016, the OIG announced a civil settlement between the District of Columbia, in collaboration with the federal government and state Medicaid Fraud Control Units, and two pharmaceutical companies – Genentech, Inc. and OSI Pharmaceuticals, LLC. Under the terms and conditions of the civil settlement, the companies resolved allegations concerning off-label marketing practices for Tarceva, a medication prescribed to treat non-small cell lung cancer.<sup>13</sup> The total value of the civil fraud settlement to the federal government and the various state Medicaid programs is \$67 million.

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<sup>12</sup> The settlement resolved civil fraud allegations that from January 1, 2006, through December 31, 2011, Olympus provided kickbacks to physicians and hospital employees and representatives, in order to induce them to purchase Olympus endoscopes and other Olympus medical and surgical equipment. As a result of this scheme, Olympus caused the submission of false claims to the D.C. Medicaid program.

<sup>13</sup> The settlement resolved civil fraud allegations that between January 2006 and December 2011, Genentech and OSI Pharmaceuticals made misleading representations to physicians and other healthcare providers about the effectiveness of Tarceva to treat certain patients with non-small cell lung cancer, despite the fact that there was little evidence supporting these claims. As a result of this scheme, Genentech and OSI Pharmaceuticals caused the submission of false claims to the D.C. Medicaid program.

## ENABLING MISSION AREA

### ENABLING MISSION AREAS

#### Risk Assessments and Future Planning (RAFP)

RAFP consists of the Hotline Program and the Data Analysis Unit. RAFP is the focal point of the OIG's Strategic Goal to *proactively identify and reduce vulnerabilities that could lead to corruption, fraud, waste, abuse, and mismanagement that impacts the District of Columbia*. RAFP works across OIG operational units to provide a unified view of District operations; identify and prioritize risk; assist in identifying audits, inspections, and investigations; as well as to eliminate duplicative effort and provide focus for the OIGs 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 2016, the OIG Hotline received 1,842 contacts. The OIG Hotline referred 145 contacts to other District or federal agencies, assisted 560 contacts to determine a proper avenue of redress to remedy their issue, and recommended 125 contacts for investigation or inclusion in the OIG's *FY 2017 Audit and Inspection Plan*. During this period, the OIG Hotline decided on a course of action within 10 days of receipt, 87 percent of the time.

##### *Data Analysis Unit (DAU)*

The DAU was established in December 2015 as the primary data analytics operation for the OIG. The DAU's mission is to provide analytical case support to ongoing investigations, audit, and inspections as well as to proactively identify risk and instances of corruption, fraud, waste, abuse, and mismanagement throughout the District government. As DAU capabilities continue to develop, analysts will have sophisticated analytical tools along with many open source, law enforcement, and District government data sources at their disposal.

During this abbreviated period of the FY, the DAU provided analytical case support for four OIG investigations, identified risk areas throughout the District government in support of the OIG Risk Committee and the *FY 2017 Audit and Inspection Plan*, and completed two proactive projects.

#### Business Management

The Business Management Division helps facilitate agency-wide initiatives by:

- Providing safe and secure working environments.
- Providing necessary tools for our staff to accomplish the OIG's goals.
- Recruiting highly qualified and motivated staff.

## ENABLING MISSION AREA

- Providing high quality administrative support services to all OIG components.
- Ensuring that the OIG engages in contact with the media, community, and other stakeholders.
- Ensuring that the OIG budget is linked to strategic goals and objectives and followed per rules and regulations of the District.
- Ensuring that all staff have the technology needed to complete their mission and goals in the most time effective and resource efficient manner.

Business Management facilitated the following initiatives:

### 1. Facilities Management Projects

In FY 2016, in collaboration with the Department of General Services (DGS), the OIG renovated two floors to improve work spaces for all OIG operational units. The OIG also continued to: (1) implement corrective actions for 11 critical findings from a previous DGS threat assessment; and (2) monitor and enhance facility security.

### 2. Technology Upgrades

In FY 2016, the OIG undertook several major technology upgrades to improve efficiency and effectiveness for other divisions and operational units. Some examples include increased data analytics capability and link analysis software solutions. The OIG also continues to update and integrate the IU's case management system, iSight. Further, the OIG upgraded computer equipment for its staff, including tablets, notebooks, printers, scanners, and copy machines.

### 3. Training

In addition to the training programs offered through the D.C. Department of Human Resources, training efforts were conducted for the OIG staff in the following areas:

- **Leadership:** Three of the OIG's executive leadership staff attended executive leadership training programs through the Council of Inspectors General on Integrity and Efficiency (CIGIE) and Harvard University's John F. Kennedy School of Government. Additionally, 19 executive leadership and supervisory/non-supervisory personnel attended the George Washington University Emerging Leaders Program.
- **Investigations:** In collaboration with CIGIE, the OIG hosted a 2-week Investigator Certification Training for all of the OIG's special agents in both the IU and MFCU.
- **Auditing:** All OIG auditors are required to complete 40 hours of continuing professional education (CPE) each year. The OIG collaborated with the General Accountability Office to provide training on the audit process and standards to its auditors.
- **Strategic Planning and Performance Excellence:** All OIG executive leadership and supervisory team members attended Baldrige Excellence Framework training to establish a systematic approach for improving the OIG's efficiency and effectiveness.



## ENABLING MISSION AREA

### Quality Management

The Quality Management Division (QM) was established to ensure that OIG operations are:

- Adhering to internal policies, procedures, and standards.
- Complying with applicable professional and quality standards of performance.
- 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, inspection, and investigation units to provide a formal, objective assessment of their operations; and (7) conducting benchmarking studies to determine how the audit, inspection, and investigation units compare to those of other OIGs.

QM uses best practices for government oversight to ensure:

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

QM accomplishments in FY 2016 include:

- Completed quality assurance reviews of eight audit engagements.
- Performed quality reviews of 64 reports, letters, and testimonies.
- Completed statutorily-mandated annual reports within required timeframes.
- Completed the OIG's *Information Technology Assessment*.
- Coordinated a Peer Review of the Audit Unit's system of quality control.
- Led the establishment of the Information Technology Governance Committee.
- Developed a detailed plan for the implementation of the *OIG-wide Recommendation Monitoring and Follow-up System*.

## ENABLING MISSION AREA

### Significant Hearings and Testimony

On February 3, 2016, the IG testified before the D.C. Council Committee of the Whole Public Oversight Hearing on the Fiscal Year 2015 Comprehensive Annual Financial Report (CAFR), and reported the District had received its 19th consecutive clean audit opinion from the CAFR auditors.

On March 3, 2016, the IG testified before the D.C. Council Committee on Finance and Revenue at its Agency Performance Oversight Hearings on Fiscal Year 2015.

On March 9, 2016, the Principal Deputy Inspector General (PDIG) testified before the D.C. Council Committee on Business, Consumer, and Regulatory Affairs during its Public Oversight Roundtable on the Review of District Agencies' Compliance with Certified Business Enterprise Expenditure Goals. The PDIG's testimony provided a summary of the OIG's FY 2015 expenditures with Certified Business Enterprises (CBEs).

On April 25, 2016, the IG testified before the D.C. Council Committee on Finance and Revenue at its Fiscal Year 2017 Budget Oversight Hearing. The IG provided testimony on the OIG's proposed FY 2017 budget, and outlined the agency's budget request in terms of personal services and non-personal services funding requirements.

### Significant Meetings with Oversight Bodies and Partners

In total during FY 2016, the IG held over 70 meetings with various leaders from both the executive and legislative branches within the federal and District of Columbia governments. Some notable meetings are as follows:

Throughout FY 2016, the IG strengthened OIG's relationship with the Council of Inspector Generals for Integrity and Efficiency (CIGIE). By statute, the OIG is required to adhere to quality standards promulgated by CIGIE.<sup>14</sup> As a result of the IG's initiative, in November 2015, the CIGIE Chairman offered the IG a standing invitation to CIGIE meetings and activities, including regular monthly meetings. Additionally, the Chairman offered enhanced access to CIGIE training opportunities for OIG staff.

Throughout FY 2016, the IG and other OIG leaders met with members of the United States Attorney's Office for the District of Columbia. The purpose of these meetings was twofold: (1) to identify opportunities to synergize our respective oversight missions; and (2) to manage ongoing joint cases.

On a monthly basis during FY 2016, leaders from the OIG and BEGA met to discuss matters of mutual interest.

On October 7, 2015, the OIG hosted over 40 delegates from the Qinghai Province of China. The OIG provided the delegates with an overview of how it operates, to include

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<sup>14</sup> D.C. Code § 1-301.115a (b)(1) (Supp. 2015).

## ENABLING MISSION AREA

processes and techniques used in providing oversight for the District of Columbia.

During the week of October 19, 2015, the IG attended the Association of Inspectors General (AIG) Annual Conference in Detroit, Michigan. During this conference, the IG was elected to serve on the AIG Board of Directors.

On March 1, 2016, the OIG hosted members of the District of Columbia's local chapter of the Association of Inspectors General. During this meeting, members of the local inspectors general community congregated to network, receive training, and ultimately earn continuing professional education credits.

From March 29-30, 2016, leaders from the OIG attended the CIGIE Investigations Committee and Assistant Inspector General for Investigations (AIGI) Annual Training Conference at the Federal Law Enforcement Training Center (FLETC) located in Glycol, GA. The conference discussed issues related to 21st Century Policing and new initiatives underway regarding criminal and administrative investigation practices within offices of inspector general.

From September 27-29, 2016, OIG leaders attended the FLETC Summit on Trending Issues in Policing. Summit topics included Mental Health and Wellness and the Mindset of Policing in the 21st Century.

## APPENDICES

### APPENDIX A – REPORTING REQUIREMENTS

D.C. Code § 1-301.115a(f-2) requires the OIG to prepare an annual report, no later than December 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, as listed below.

#### PURPOSE

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

#### RESPONSIBILITIES

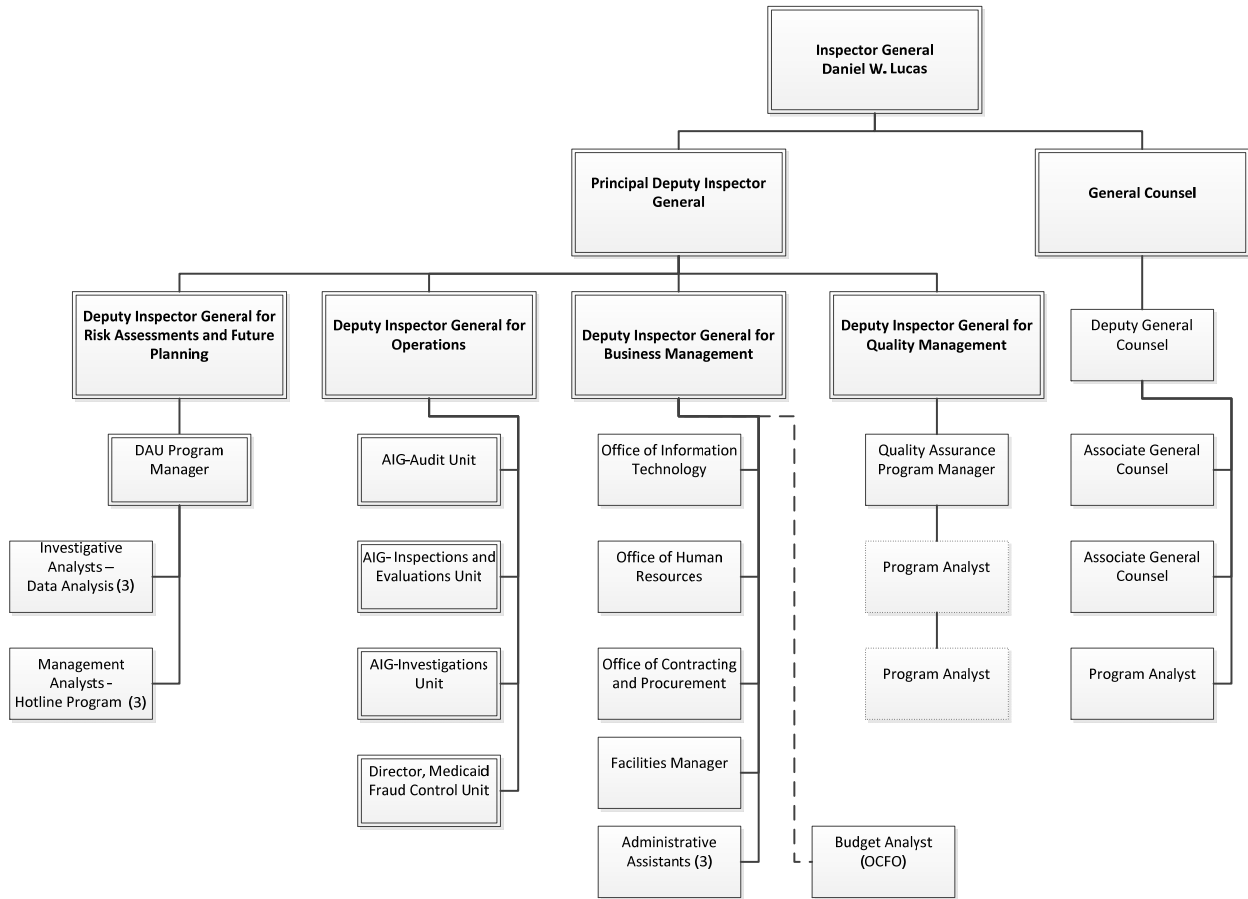
- Section (a)(3)(A) “Conduct independent fiscal and management audits of District government operations . . .”
- Section (a)(3)(C) “Serve as principal liaison between the District government and [U.S. General Accountability Office] . . .”
- Section (a)(3)(D) “Independently conduct audits, inspections,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

## APPENDICES

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

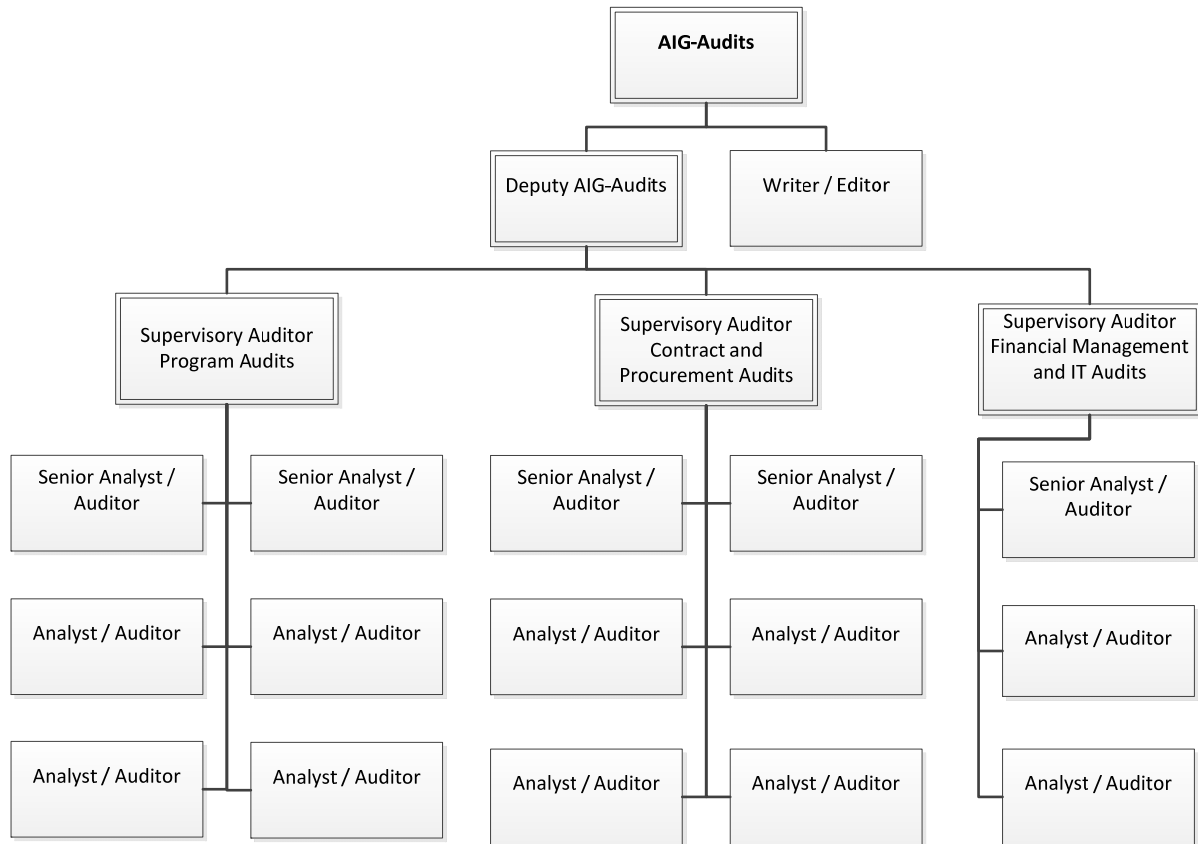
# APPENDICES

## APPENDIX B – OIG ORGANIZATIONAL CHART

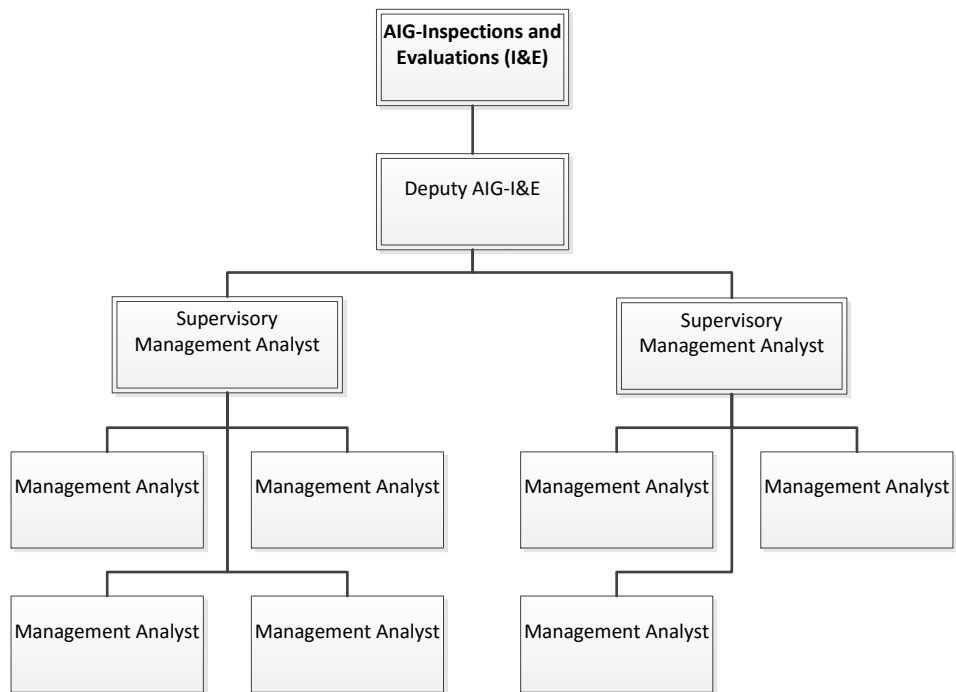




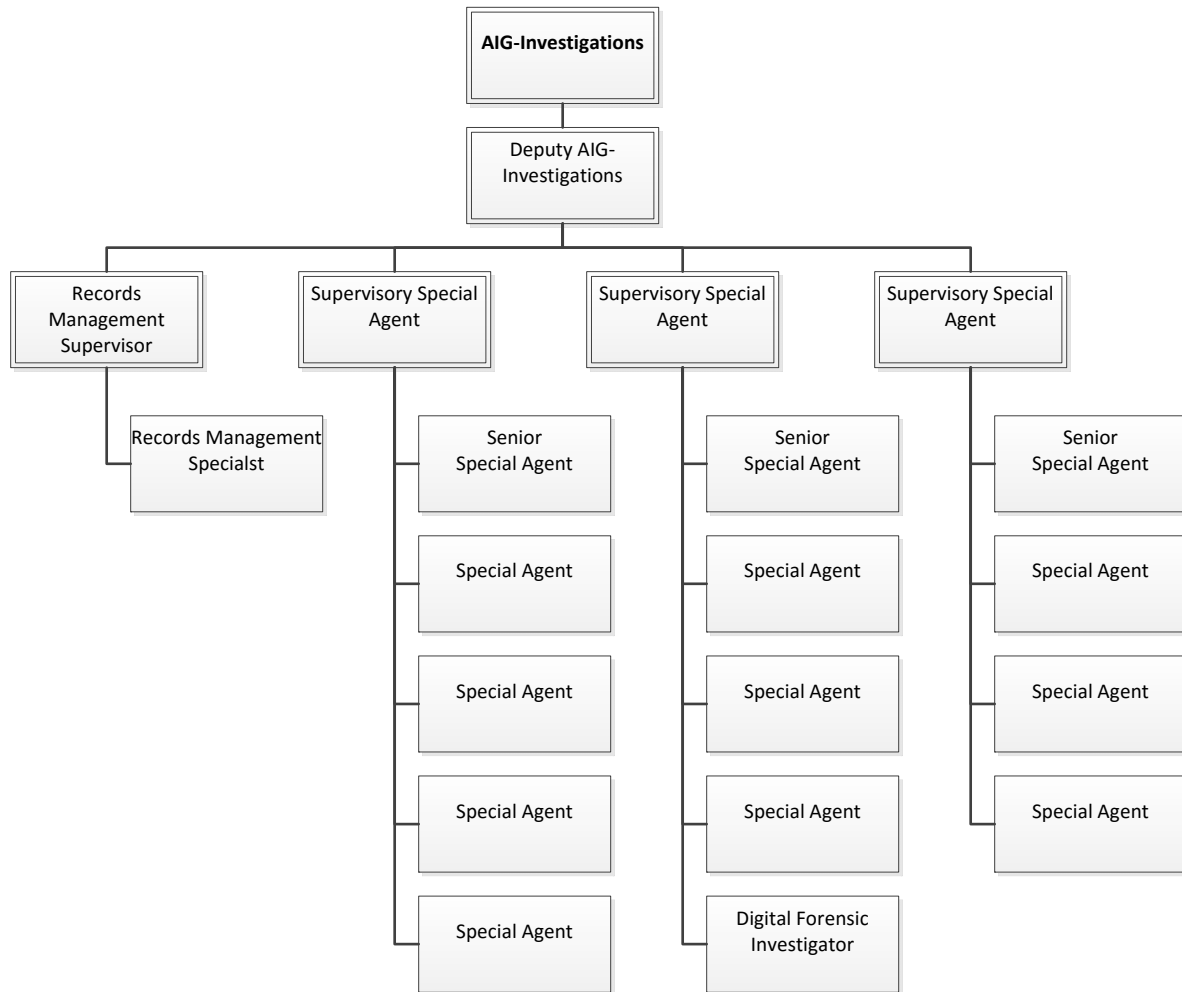
## APPENDIX C – AU ORGANIZATIONAL CHART



## APPENDIX D – I&E ORGANIZATIONAL CHART

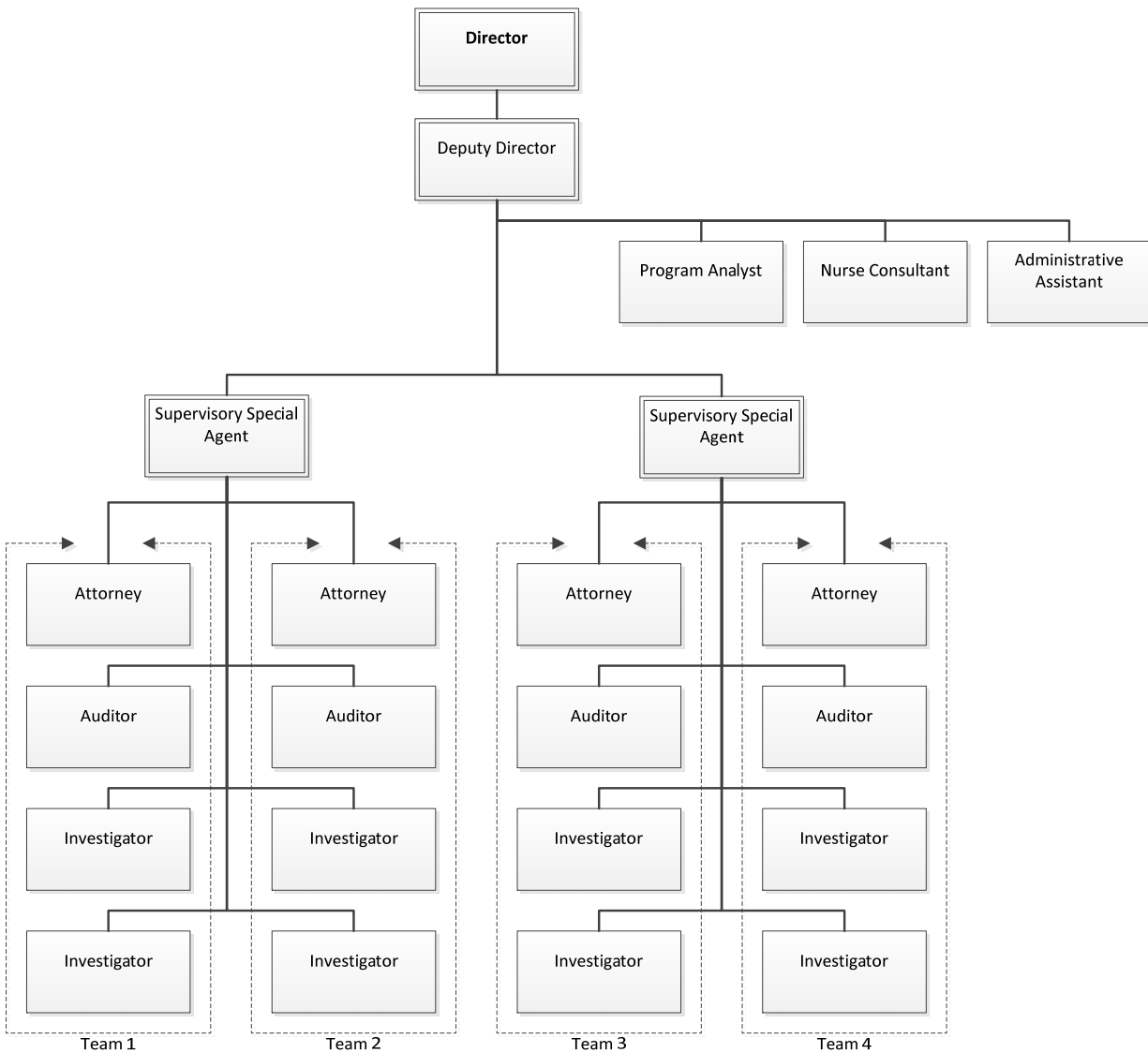


## APPENDIX E – IU ORGANIZATIONAL CHART



# APPENDICES

## APPENDIX F – MFCU ORGANIZATIONAL CHART



## APPENDICES

### APPENDIX G – FY 2016 AUDIT REPORTS AND RECOMMENDATIONS<sup>15</sup>

Agency	Title	Publication Date	Number of Recommendations
CFSA	<a href="#">Audit on the Management of Financial Operations at the Child and Family Services Agency</a>	October 2015	11
DBH	<a href="#">Audit of the Department of Behavioral Health's Program Management and Administration of Provider Benefits</a>	November 2015	3 (Suggested Improvements)
OCFO / Multiple	<a href="#">Audit of Remediation Efforts in Response to Significant Deficiencies Identified in the FY 2014 Independent Auditors' Report</a>	December 2015	0
DDOT	<a href="#">Highway Trust Fund Financial Statement Audit - For the Fiscal Year Ended September 30, 2015</a>	January 2016	0
OCP	<a href="#">Audit of the D.C. Supply Schedule Discount Revenue</a>	March 2016	3 (Suggested Improvements)
DGS	<a href="#">Audit of the Award and Administration of the City-Wide Security Contract</a>	March 2016	2 (Suggested Improvements)
MPD	<a href="#">Re-Audit of the Management of Seized and Confiscated Property</a>	March 2016	0
DDOT	<a href="#">Report on the Examination of the District of Columbia's Highway Trust Fund Forecast Statements for the Fiscal Years 2016-2020 With Actual Audited Figures for Fiscal Year 2015</a>	April 2016	0
DHCF	<a href="#">Audit of the District's Managed Care Organizations</a>	April 2016	5 (Suggested Improvements)
DCHA	<a href="#">District of Columbia Housing Authority Local Rent Supplement Program - Participants Met Eligibility Requirements, But Controls Over Safety and Income Verification Are Weak</a>	September 2016	2
DDOT	<a href="#">District Department of Transportation Highway Trust Fund Management Recommendations</a>	September 2016	3

<sup>15</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 2016 INSPECTION AND EVALUATION REPORTS AND RECOMMENDATIONS

Agency	Title	Publication Date	Number of Recommendations
OAG	<a href="#"><u>Inspection of the Office of the Attorney General Child Support Services Division</u></a>	October 2015	21
DOC	<a href="#"><u>Special Evaluation of the Department of Corrections' Inmate Release Procedures at the Central Detention Facility</u></a>	December 2015	0
FEMS and OUC	<a href="#"><u>Special Evaluation of Four Incidents with Delayed Response</u></a>	March 2016	5
DMV, MPD, DPW and DDOT	<a href="#"><u>Special Evaluation of the District's Adjudication of Parking Tickets and Photo-Enforced Red Light and Speed Camera Violations</u></a>	May 2016	4
DHS and OSSE	<a href="#"><u>Special Evaluation of the Department of Human Services Child Care Services Division – Child Care Subsidy Program</u></a>	August 2016	6
DCPS	<a href="#"><u>Special Evaluation of the D.C. Public Schools' Office of Food and Nutrition Services</u></a>	August 2016	4
MPD	<a href="#"><u>Inspection of Station and Substation Building Conditions</u></a>	August 2016	3
DCPS	<a href="#"><u>Special Evaluation of Emergency Response Planning and Readiness</u></a>	September 2016	4



## **DISTRIBUTION LIST**

The Honorable Muriel Bowser, Mayor, District of Columbia, Attention: Betsy Cavendish (via email)

Mr. Rashad M. Young, City Administrator, District of Columbia (via email)

Mr. Barry Kreiswirth, General Counsel, City Administrator, District of Columbia (via email)

The Honorable Phil Mendelson, Chairman, Council of the District of Columbia (via email)

The Honorable Jack Evans, Chairperson, Committee on Finance and Revenue, Council of the District of Columbia (via email)

Mr. John Falcicchio, Chief of Staff, Office of the Mayor (via email)

Mr. Rob Hawkins, Interim Director, Office of Communications, Executive Office of the Mayor (via email)

Ms. Nyasha Smith, Secretary to the Council (via email)