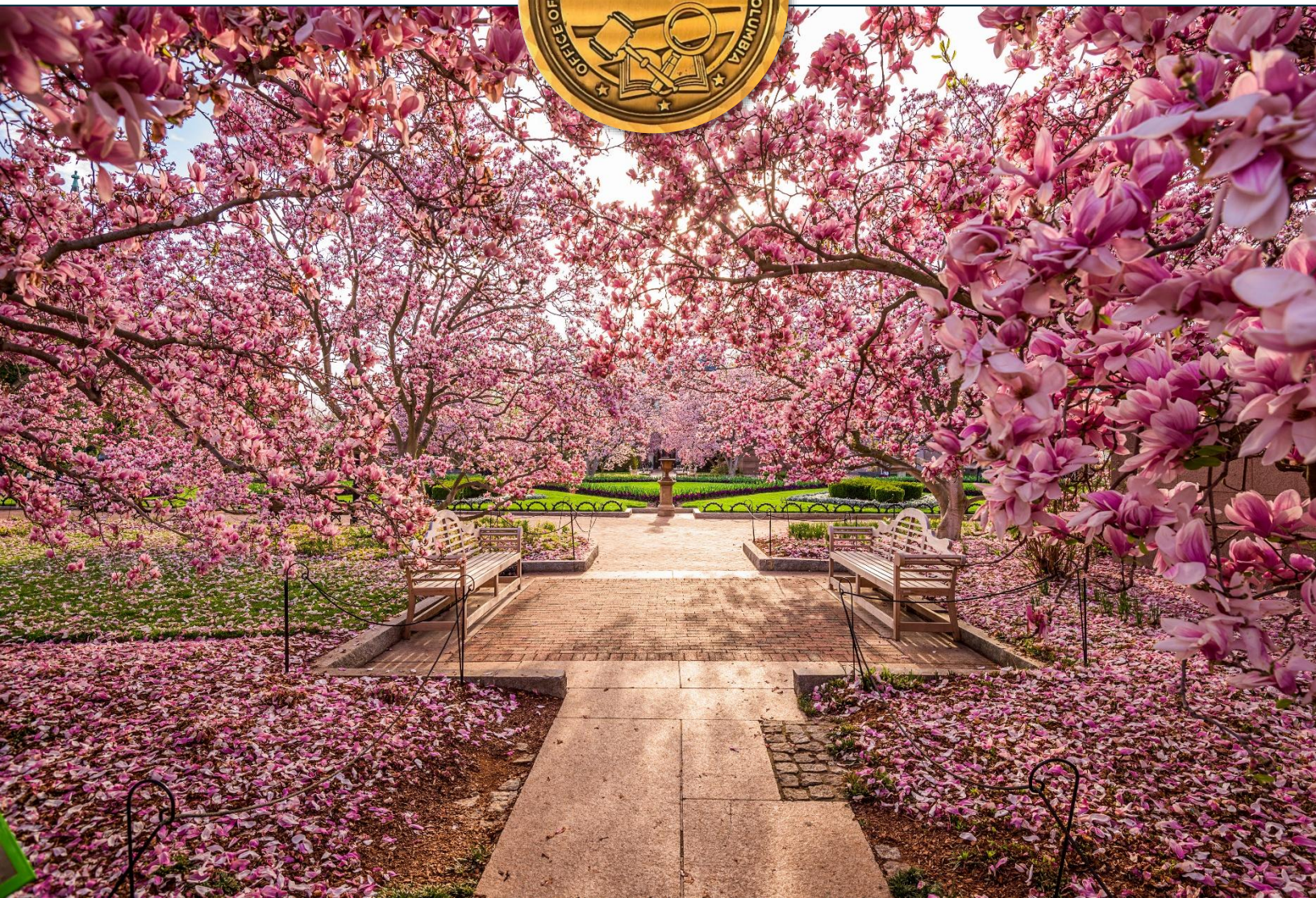
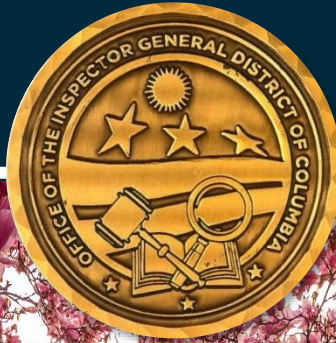


AUDIT REPORT

University of the District of Columbia
Management Recommendations
Fiscal Year 2025

OIG No. 25-1-10GG(a)

February 4, 2026



DANIEL W. LUCAS
INSPECTOR GENERAL

OUR MISSION

We 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.



OUR VISION

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

OUR VALUES

Accountability: We recognize that our duty extends beyond oversight; it encompasses responsibility. By holding ourselves accountable, we ensure that every action we take contributes to the greater good of the District.

Continuous Improvement: We view challenges not as obstacles, but as opportunities for growth. Our commitment to continuous improvement drives us to evolve, adapt, and enhance our practices.

Excellence: Mediocrity has no place in our lexicon. We strive for excellence in every facet of our work.

Integrity: Our integrity is non-negotiable. We act with honesty, transparency, and unwavering ethics. Upholding the public's trust demands nothing less.

Professionalism: As stewards of oversight, we maintain the utmost professionalism. Our interactions, decisions, and conduct exemplify the dignity of our role.

Transparency: Sunlight is our ally. Transparency illuminates our processes, decisions, and outcomes. By sharing information openly, we empower stakeholders, promote understanding, and reinforce our commitment to accountability.

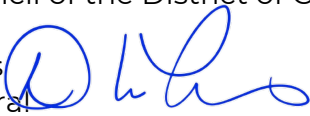


DISTRICT OF COLUMBIA | OFFICE OF THE INSPECTOR GENERAL

MEMORANDUM

To: The Honorable Muriel Bowser
Mayor of the District of Columbia

The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

From: Daniel W. Lucas 
Inspector General

Date: February 4, 2026

Subject: **University of the District of Columbia Management
Recommendations | [OIG No. 25-1-10GG\(a\)](#)**

This memorandum transmits the final report *University of the District of Columbia Management Recommendations* for fiscal year 2025. CliftonLarsonAllen LLP (CLA) provided this report to the Office of the Inspector General as part of the annual audit of the District of Columbia's general-purpose financial statements for fiscal year 2025.

On January 6, 2026, CLA issued a management letter, noting six internal control deficiencies discovered during the audit. CLA provided six recommendations to enhance internal control over financial reporting.

Should you have questions or concerns, please contact me or Dr. Slemo Warigon, Assistant Inspector General for Audits, at (202) 792-5684.



Management of the
University of the District of Columbia
Washington, DC

In planning and performing our audit of the financial statements of the business-type activities and the aggregate discretely presented component units of the University of the District of Columbia (the University), a component unit of the Government of the District of Columbia, as of and for the year ended September 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

However, during our audit we became aware of a deficiency in internal control other than significant deficiencies and material weaknesses that is an opportunity to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below. We previously provided a written communication dated January 6, 2026, on the Fund's internal control. This letter does not affect our report on the financial statements dated January 6, 2026, nor our internal control communication dated January 6, 2026.

We will review the status of these comments during our next audit engagement. We have already discussed this comment and suggestions with various Fund personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

The University's written response to the deficiencies in internal control and other matters identified in our audit was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we do not provide any assurance on those responses.

This communication is intended solely for the information and use of management, the Mayor and Members of the Council of the Government of the District of Columbia, and the Office of the Chief Financial Officer and the Inspector General of the Government of the District of Columbia, and others within the University, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Arlington, Virginia
January 6, 2026

CURRENT YEAR FINDINGS AND RECOMMENDATION

UDC-2025-001 Account Management – Banner System

An issue was noted with the account management lifecycle for separated user accounts.

We noted one (1) Banner user who was terminated during the period that was also listed in the active user listings with two different roles and an active account.

Criteria or Specific Requirement: User Access Management (UAM) Standard Operating Procedure (SOP).

Without disabling inactive and separated users' account access to District systems and applications, UDC is at risk of allowing excessive or unauthorized access to information systems and data.

Per IT, IT was not notified timely of the termination of this particular employee.

Recommendation:

We recommend removing access for all individuals who were terminated in a timely manner.

Management Response:

Management acknowledges the finding; however, we respectfully disagree with the conclusion, as the IT process functioned as designed and intended. The established control requires the Office of Human Resources to initiate user access termination by disabling the account in PeopleSoft. Completion of this action automatically triggers the corresponding access change in Banner. Evidence of successful execution is system-generated and may be validated via email notification, report, or file.

In this instance, the Office of Information Technology was not notified because the required action in PeopleSoft was not completed. As a result, the automated Banner update was not triggered, and no validation evidence was produced. HR confirmed the delay was due, to at the time of retirement, there were discussions regarding whether this faculty member would be permitted to retain the UDC email address. It was ultimately determined by the Chief Academic Officer that she would not be able to keep the UDC email address. The Office of Human Resources did not receive the final decision until September 5, 2025. Additionally, the Office of the Chief Academic Officer has determined that any faculty member who retires and wishes to retain access to their UDC email address must submit a formal justification outlining the reason for continued access. The final determination will be made by the Chief Academic Officer.

UDC-2025-002 Penetration Testing

Per IT, a penetration test was performed in 2024, however no supporting documentation was retained. There is a planned test to be performed in December 2025.

Criteria or Specific Requirement: NIST SP 800-53 RA-5

Without performing penetration testing on application environments, UDC is at risk of operating systems with code weaknesses and vulnerabilities that have not been identified or managed.

The cause was no supporting documentation was retained to support the penetration testing for the Banner system.

Recommendation:

We recommend that the University of DC retains documentation to support the performance of the Banner vulnerability assessments and/or penetration tests on an annual basis to assess and remediate any critical or high vulnerabilities.

Management Response:

Management concurs with the Notice of Finding and Recommendation.

UDC-2025-003 Overtime Approval Process – Office of Public Safety and Emergency Management

There is currently no formal, documented process for approving overtime within the Public Safety Department. Overtime is approved by the Chief of Police on an ad hoc basis, typically in response to special events or minimum staffing shortages.

Overtime assignments are made and approved by the Chief of Police as needed, without a standardized or documented approval workflow. Staff report overtime needs directly to the Chief, who then approves them based on operational requirements.

Best practices and internal controls require that overtime approval processes be formalized, documented, and consistently applied to ensure transparency, accountability, and compliance with organizational policies.

The absence of a formal overtime approval process may result in inconsistent application, lack of transparency, and increased risk of errors or misuse of overtime resources.

The department has been operating without a formal process due to ongoing staffing shortages and the need to backfill vacancies. Overtime approval has been managed informally by the Chief of Police.

Recommendation:

We recommend the University establish and implement a formal, documented process for overtime approval in the Public Safety Department. The process should include clear criteria, required documentation, and defined roles and responsibilities to ensure consistency and compliance.

Management Response:

Management concurs with the Notice of Finding and Recommendation.

UDC-2025-004 Non-Student AR Account 103221 - 3rd Party Billing Subsidiary Ledger

UDC was unable to provide a subsidiary ledger for their Non-Student Accounts Receivable (AR) 3rd party billing account that details AR balances by vendor.

The subsidiary ledger for Non-Student AR 3rd party billing, which should show AR balances by vendor, did not accurately reflect the accounts receivable balance.

Accounting standards and District policy require that subsidiary ledgers be maintained, reconciled, and available to support the balances reported in the general ledger, including details by vendor for third-party receivables.

Without reconciling the subsidiary ledger, the accuracy and completeness of the Non-Student AR 3rd party billing account cannot be verified. This limits transparency and may impact the reliability of financial reporting.

UDC incorrectly adjusted the revenue account instead of the accounts receivable account when payments were received from the Foundation. In addition, as payments are received, they are credited to the third-party contract charge rather than tracking it by the individual vendor.

Recommendation:

UDC should implement procedures to ensure that subsidiary ledgers for all AR accounts, including Non-Student 3rd party billing, are maintained, reconciled, and available for audit. These ledgers should detail AR balances by vendor to support financial reporting and audit requirements.

Management Response:

Management concurs with the Notice of Finding and Recommendation.

UDC-2025-005 Contingent Liability

The University recorded a contingent liability of \$2,205,500 on its FY25 financial statements. CLA reached out to legal counsel regarding the underlying cases, and the response indicated that outside counsel could not determine whether an unfavorable outcome is probable or remote. Furthermore, it is impossible to make a meaningful estimate of the amount or range of potential loss in the event of an unfavorable outcome.

UDC's contingent liability is overstated on the financial statements as legal counsel has advised that the likelihood and amount of loss cannot be reasonably estimated at this time.

GASB 62 requires that contingent liabilities be recognized only when it is probable that a loss has been incurred, and the amount can be reasonably estimated. If neither condition is met, disclosure is required but recognition is not.

By recording the full amount as a liability, UDC may be overstating its financial obligations, potentially misrepresenting its financial position.

The liability was recorded based on the schedule of active cases without sufficient legal basis to determine probability or estimate the amount of loss, contrary to accounting guidance.

Recommendation:

UDC should review its contingent liability recognition process to ensure compliance with applicable accounting standards. Only amounts that meet the criteria for recognition should be recorded as liabilities; otherwise, amounts should be disclosed in the notes to the financial statements.

Management Response:

The University does not concur with the finding that the contingent liability related to litigation is overstated on the financial statements. The liability in question was recorded based on a schedule of active legal cases and it provides a conservative financial management measure to have funds available for payment should the University be found liable. Pursuant to the American Bar Association's Statement of Policy Regarding Lawyers' Responses to Auditors' Requests for Information, December 1975 (hereinafter the "ABA Statement"), there is insufficient legal basis to determine both the probability of loss and to reasonably estimate the amount of potential loss for each matter. Legal counsel advised that neither the likelihood of an unfavorable outcome nor the range of potential exposure can be reliably assessed at the stage of the proceedings, so a conservative approach was taken to record the liability at the current level with an expectation to true up or true down the balance once more information on the outcome becomes available.

While GASB Statement No. 62 provides that contingent liabilities should be recognized only when it is probable that a loss has been incurred and the amount can be reasonably estimated, management exercised judgment in recording the liability based on current known facts to mitigate the risk of financial hardship should an unfavorable legal outcome occur. Failure to account for potential exposure could materially impair the University's ability to absorb or respond to adverse legal judgments, thereby posing a financial risk to operations.

Management acknowledges the distinction between recognition and disclosure under GASB 62 and remains committed to compliance with applicable accounting standards. However, counsel must comply with the ABA statement. Given the uncertainty surrounding the cases and the potential magnitude of exposure, the University determined that recording the liability was a prudent safeguard and most conservative approach rather than an overstatement. The contingent liability list is a reasonable and reasonable assessment of potential exposure to ensure that there are resources available to pay adverse judgments. The University will continue to reassess contingent liabilities in coordination with legal counsel and finance leadership to ensure that recognition and disclosure are aligned with evolving case developments, available information, and applicable accounting guidance to the extent there is alignment with the ABA statement.

UDC-2025-006 Depreciation Schedules

During the FY25 audit, it was noted that certain individual asset records within UDC's depreciation schedules reflected negative depreciation amounts. The presence of negative values within the detailed schedules indicates that the asset-level data requires cleanup to ensure accuracy and prevent potential misstatements in future periods.

Several asset-level depreciation records contained errors, including negative depreciation amounts, outdated asset information, and inconsistencies within depreciation expense fields. These issues signal that the detailed depreciation schedules are not being consistently updated or maintained.

GAAP requires governmental entities to maintain accurate and complete records supporting capital asset activity and depreciation. Schedules used to calculate depreciation should reflect correct asset statuses, useful lives, accumulated depreciation, and depreciation methods.

The data quality issues within the supporting schedules increase the risk of future errors, incorrect asset balances, and potential misstatements if not addressed.

The issues observed were caused by the write-off of assets in FY24.

Recommendation:

It is recommended that UDC should perform a comprehensive cleanup of its fixed asset and depreciation schedules to ensure that underlying data is accurate, complete, and reflective of each asset's true status.

Management Response:

Management concurs with the Notice of Finding and Recommendation.

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