

DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

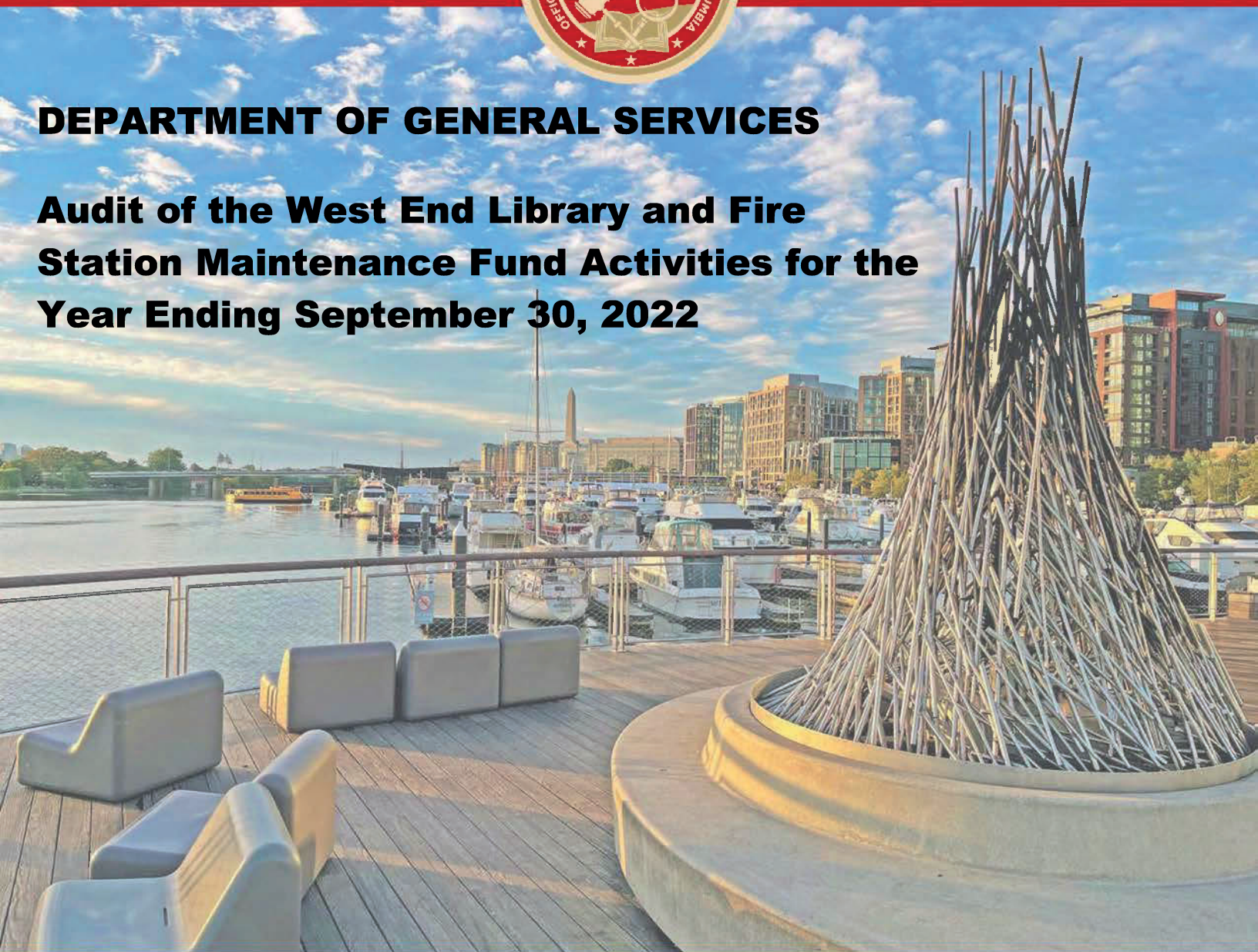
OIG Project No. 23-1-03MA

August 2023



DEPARTMENT OF GENERAL SERVICES

Audit of the West End Library and Fire Station Maintenance Fund Activities for the Year Ending September 30, 2022



GUIDING PRINCIPLES

*Workforce and Stakeholder Engagement * Process-oriented * Innovation
Objectivity and Independence * Diversity * Communication * Collaboration*

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

Accountability * Integrity * Professionalism
Transparency * Continuous Improvement * Excellence





Executive Summary

Audit of the West End Library and Fire Station Maintenance Fund Activities for the Year Ending September 30, 2022

WHY WE DID THIS AUDIT

D.C. Code § 1-325.181(e) requires the Office of the Inspector General (OIG) to conduct, on an annual basis, an audit of the West End Library and Fire Station Maintenance Fund (Maintenance Fund or Fund) and transmit the audit report to the Mayor and Council of the District of Columbia no later than 90 days after the close of the fiscal year.

OBJECTIVES

Our objectives were to: (1) determine whether the assets, liabilities, fund balance, revenue, and expenditures of the Maintenance Fund got recorded and reported accurately; and (2) identify any Maintenance Fund expenditures that were not permitted under the law.

WHAT WE FOUND

Department of General Services (DGS) records indicated that as of September 30, 2022, the Maintenance Fund had (1) assets of \$2,718,705, (2) liabilities of \$63,317, and (3) a Fund balance of \$2,655,388.

From October 1, 2021, to September 30, 2022, the Office of Tax and Revenue (OTR) within the Office of the Chief Financial Officer (OCFO) deposited \$721,259 in deed transfer and recordation tax revenue into the Maintenance Fund. This was a \$369,133 increase from fiscal year (FY) 2021 due, in part, to an increase in the number of sold properties. DGS also recorded \$22,485 in interest revenue for the Maintenance Fund for FY 2022, a \$21,144 increase from FY 2021 due to higher interest rates on bank deposits. Finally, DGS records indicated \$244,117 in the Maintenance Fund expenditures. Our audit procedures did not identify any Maintenance Fund expenditures that were not permitted under the law.

Executive Summary

WHAT WE RECOMMEND

The OIG continues to report three findings and recommendations made to DGS in FY 2020 as open and unresolved. The recommendations were for DGS to implement management oversight activities to ensure that DGS proactively manages the Maintenance Fund according to the provisions set forth by the enabling legislation and the Property Maintenance Agreements (PMAs).

MANAGEMENT RESPONSE

DGS has previously concurred with the three recommendations made in the FY 2020 report.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



August 1, 2023

Delano Hunter
Acting Director
Department of General Services
2000 14th Street, N.W., 8th Floor
Washington, D.C. 20009


Dear Acting Director Hunter:

Enclosed is our report, *Audit of the West End Library and Fire Station Maintenance Fund Activities for the Year Ending September 30, 2022*, (OIG No. 23-1-03MA). Our audit objectives were to: (1) determine whether the assets, liabilities, fund balance, revenue, and expenditures of the Maintenance Fund were recorded and reported accurately; and (2) identify any Maintenance Fund expenditures that were not permitted under the law. We conducted this audit in accordance with generally accepted government auditing standards (GAGAS). This audit was included in our *Fiscal Year 2023 Audit and Inspection Plan*.

The OIG will continue to report Recommendations 3, 4, and 5, as previously reported in the [Maintenance Fund report](#) dated November 19, 2020, as open and unresolved. Accordingly, the OIG will not need to solicit management comments on this report. The open and unresolved findings and recommendations are included in Appendix C of this report.

We appreciate the cooperation and courtesies extended to our staff during this audit. If you have any questions concerning this report, please contact me or Mr. Fekede Gindaba, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,


Daniel Lucas (Aug 4, 2023 09:34 EDT)

Daniel W. Lucas
Inspector General

DWL/cmw

Enclosure

DISTRIBUTION (via email):

The Honorable Muriel Bowser, Mayor, District of Columbia, Attention: Betsy Cavendish
Mr. Kevin Donahue, City Administrator for the District of Columbia, Office of the City Administrator
Mr. Barry Kreiswirth, General Counsel, City Administrator, District of Columbia
Mr. Eugene Adams, Director, Mayor's Office of Legal Counsel
Ms. Lindsey Parker, Assistant City Administrator, District of Columbia
Mr. Keith Anderson, Interim Deputy Mayor for Planning and Economic Development
The Honorable Phil Mendelson, Chairman, Council of the District of Columbia
The Honorable Trayon White, Sr., Chairperson, Committee on Recreation, Libraries and Youth Affairs, Council of the District of Columbia
The Honorable Brooke Pinto, Chairperson, Committee on the Judiciary and Public Safety, Council of the District of Columbia
The Honorable Janeese Lewis George, Chairperson, Committee on Facilities and Family Services, Council of the District of Columbia
Ms. Susana Castillo, Director of Communications, Executive Office of the Mayor
Ms. Jennifer Reed, Director, Office of Budget and Performance Management, Office of the City Administrator
Mr. Richard Reyes-Gavilan, Executive Director, District of Columbia Public Library
Mr. John Donnelly, Sr, Chief, Fire & EMS, District of Columbia
Ms. Nyasha Smith, Secretary to the Council
The Honorable Brian Schwalb, Attorney General for the District of Columbia
Mr. Glen Lee, Chief Financial Officer, Office of the Chief Financial Officer, District of Columbia
Mr. Timothy Barry, Executive Director, Office of Integrity and Oversight, Office of the Chief Financial Officer
The Honorable Kathleen Patterson, District of Columbia Auditor, Office of the D.C. Auditor
Mr. Jed Ross, Director and Chief Risk Officer, Office of Risk Management

TABLE OF CONTENTS

	Page
BACKGROUND	1
FINDINGS	2
Revenue Deposited into the Maintenance Fund	2
Expenditures from the West End Library Maintenance Fund	3
Expenditures from the West End Fire Station Maintenance Fund	4
Maintenance Fund Balance	4
Liabilities of the Maintenance Fund	5
Assets of the Maintenance Fund	5
Prior Year Recommendation Implementation Status	5
CONCLUSION	5
APPENDICES	7
Appendix A. Objectives, Scope, and Methodology	7
Appendix B. Acronyms and Abbreviations	8
Appendix C. Table of Recommendations	9

BACKGROUND

The Council of the District of Columbia enacted the West End Parcels Development Omnibus Act of 2010 (West End Act or Act), effective April 8, 2011, which authorized the District of Columbia Board of Library Trustees and the District of Columbia Fire and Emergency Medical Services Department (FEMS) to procure services for the design, development, and construction of a new library and fire station. The West End Library was to be built in Square 37 and the West End Fire Station in Square 50, both located in the District's West End neighborhood.

The West End Act also established a West End Library and Fire Station Maintenance Fund (Maintenance Fund or Fund). The Maintenance Fund was created as a mechanism for the District to pay for supplemental expenses and maintenance, insurance, and capital replacement for the West End Library and West End Fire Station. According to the Act, the Maintenance Fund is to be funded by "85 percent of the Deed Transfer and Recordation taxes attributable to the new buildings constructed on Lots 836, 837, and 855 in Square 37."¹ The purpose of the Maintenance Fund is to ensure both the West End Fire Station and West End Library are "maintained in a manner that is consistent with the high-quality conditions of the larger buildings of which they are a part."²

The Council of the District of Columbia enacted the West End Parcels Development Omnibus Amendment Act of 2016, effective March 11, 2017, which assigned joint management responsibility for the Maintenance Fund to the Department of General Services (DGS) and the District of Columbia Public Library (DCPL). DGS and DCPL entered into a Memorandum of Agreement (MOA) in March 2018, which further refined each agency's responsibilities pertaining to the use and management of the Maintenance Fund. Through amendments, the term of the agreement was subsequently extended to September 30, 2022.

The OIG must conduct an annual audit of the Maintenance Fund and transmit the report to the Mayor and the Council of the District of Columbia no later than 90 days after the close of the fiscal year.

The objectives of this audit were to: (1) determine whether the assets, liabilities, fund balance, revenue, and expenditures of the Maintenance Fund got recorded and reported accurately; and (2) identify any Maintenance Fund expenditures that were not permitted under the law. We conducted this audit in accordance with generally accepted government auditing standards (GAGAS). Additional details on the objectives, scope, and methodology are available in Appendix A.

¹ D.C. Code § 1-325.181(a) (Lexis current through Mar. 21, 2023).

² *Id.*

FINDINGS

Revenue Deposited into the Maintenance Fund

From October 1, 2021, to September 30, 2022, the Office of Tax and Revenue (OTR) within the Office of the Chief Financial Officer (OCFO) deposited a total of \$721,259 in deed transfer and recordation tax revenue into the Maintenance Fund. DGS also recorded \$22,485 in interest revenue for the Maintenance Fund for FY 2022. The revenue assessed and earned for FY 2022 was \$743,744, as indicated in Table 1.

Table 1. Comparison of Monthly Revenue Activities and Earned Interest Income by Fiscal Year

Monthly Revenue Activities	FY 2022		FY 2021	
	No. of Sold Properties	Total Value	No. of Sold Properties	Total Value
October	1	\$45,603	-	-
November	1	\$89,110	-	-
December		-	1	\$44,617
January	1	\$18,488	1	\$78,387
February	2	\$141,491	-	-
March	2	\$172,304	-	-
April	3	\$138,656	-	-
June	2	\$97,491	-	-
July		-	2	\$109,693
August	1	\$18,118	3	\$119,429
Deed Transfer and Recordation Revenue		\$721,259		\$352,126
Interest Income		\$22,485		\$1,341
Total	13	\$743,744	7	\$353,467

Source: OIG Analysis of OTR Financial Records.

Expenditures from the West End Library Maintenance Fund

DGS and DCPL records indicated that the total West End Library Maintenance Fund expenditures for the period of October 1, 2021, to September 30, 2022, were \$80,088, as shown in Table 2.

Table 2. West End Library Maintenance Expenditures

FY 2022 Monthly Expense	Invoice Date	Payment Date	Invoice Amount
October	2/5/22	2/18/22	\$6,674
November	2/5/22	2/18/22	\$6,674
December	2/5/22	2/18/22	\$6,674
January	2/5/22	2/18/22	\$6,674
February	3/7/22	4/25/22	\$6,674
March	4/6/22	5/23/22	\$6,674
April	5/3/22	6/28/22	\$6,674
May	6/1/22	9/6/22	\$6,674
June	7/1/22	9/26/22	\$6,674
July	8/1/22	12/4/22	\$6,674
August	9/1/22	9/27/22	\$6,674
September	11/1/22	12/4/22	\$6,674
Total			\$80,088

Source: OIG Analysis of DGS Financial Records.

Expenditures from the West End Fire Station Maintenance Fund

DGS and FEMS records indicated that the total West End Fire Station Maintenance Fund expenditures for the period of October 1, 2021, to September 30, 2022, were \$164,029, as shown in Table 3.

Table 3. West End Fire Station Maintenance Expenditures

FY 2022 Monthly Expense	Invoice Date	Payment Date	Invoice Amount
October	1/26/22	3/3/22	\$11,406
November	1/26/22	2/1/22	\$11,406
December	1/26/22	2/17/22	\$11,406
January	1/27/22	2/18/22	\$11,406
February	2/28/22	3/21/22	\$11,406
March	3/31/22	4/6/22	\$11,406
April	4/29/22	5/4/22	\$11,406
May	5/27/22	6/13/22	\$11,406
June	6/30/22	7/15/22	\$11,406
July	8/1/22	8/22/22	\$11,406
August	9/1/22	10/4/22	\$11,406
September	10/1/22	10/19/22	\$10,365
	12/14/22	3/16/23	\$19,693
October-August Extra Services	10/1/22	10/24/22	\$8,505
Total			\$164,029

Source: OIG Analysis of DGS Financial Records.

Maintenance Fund Balance

OIG analysis of DGS records indicated that the Maintenance Fund balance was \$2,655,388 as of September 30, 2022, as shown in Table 4.

Table 4. Maintenance Fund Balance as of September 30, 2022

Descriptions	FY 2022
Beginning Balance as of October 1, 2021	\$2,155,761
Fund Income (Table 1)	\$743,744
Fund Expenditures (Tables 2 and 3)	(\$244,117)
Ending Fund Balance	\$2,655,388

Source: OIG Analysis of DGS Financial Records.

Liabilities of the Maintenance Fund

OIG analysis of DGS records indicated that the liabilities of the Maintenance Fund balance were \$63,317 as of September 30, 2022, as shown in Table 5.

Table 5. Maintenance Fund Liabilities as of September 30, 2022

West End Maintenance Fund Expenditures Incurred in FY 2022 but Paid in FY 2023	Amount
Library Maintenance Expenditures (Table 2)	\$13,348
Fire Station Maintenance Expenditures (Table 3)	\$49,969
Total Liabilities	\$63,317

Source: OIG Analysis of DGS Financial Records.

Assets of the Maintenance Fund

DGS records indicated that the assets of the Maintenance Fund totaled \$2,718,705 as of September 30, 2022, as shown in Table 6.

Table 6. Fund Assets as of September 30, 2022

Asset	FY 2022
Pooled Cash	\$2,718,705
Total Assets	\$2,718,705

Source: OIG Analysis of DGS Financial Records.

Prior Year Recommendation Implementation Status

DGS provided the OIG with SOPs and policy documentation to support the remediation of three previously issued audit recommendations (Recommendations 3, 4, and 5), initially reported in the OIG’s Audit of the Maintenance Fund report dated November 19, 2020. The OIG continues to report three open and unresolved findings and recommendations made to DGS in FY 2020. The recommendations were for DGS to implement management oversight activities to ensure that DGS proactively manages the Maintenance Fund according to the provisions set forth by the enabling legislation and the Property Maintenance Agreements (PMAs).

For more details on these recommendations, refer to Appendix C.

CONCLUSION

The OIG performed the West End Library and Fire Station Maintenance Fund audit covering the period from October 1, 2021, to September 30, 2022. The OIG examined and reported the

Fund's assets, liabilities, fund balance, revenue, and expenditures. Our examination of financial and operational records for the Fund's assets, liabilities, fund balance, and revenue disclosed no reportable weaknesses or deficiencies in the operating effectiveness of internal control. Our audit procedures did not identify any Maintenance Fund expenditures that were not permitted under the law.

However, our examination of financial and operational records for the Maintenance Fund's expenditures continues to have reportable weaknesses or deficiencies in the operating effectiveness of internal control. The identified weaknesses or deficiencies are related to repeat findings included in OIG reports dated November 19, 2020. DGS previously agreed (in FY 2020) with the OIG's recommendations to address these findings per Appendix C but did not meet the intent of the recommendations.

Appendix A. Objectives, Scope, and Methodology

The OIG conducted this audit to: (1) determine whether the assets, liabilities, fund balance, revenue, and expenditures of the Maintenance Fund were recorded and reported accurately and (2) identify any Maintenance Fund expenditures that were not permitted under the law. We conducted our audit field work from January to May of 2023, in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit covered the West End Library and Fire Station Maintenance Fund activities, for the period of October 1, 2021, to September 30, 2022. We met with District officials at DGS, OTR, and DCPL to obtain an understanding of the environment in which the Fund was managed. We reviewed internal controls within the DGS and OTR applicable to the Fund. We obtained copies of the accounting entries of the Fund and analyzed them for conformity with accounting principles generally accepted in the United States, and for the presentation of accounting results as required by the legislation creating the Fund. We also reviewed maintenance agreements, memoranda of agreement, invoices, deeds, and sales data. We verified the computation of the 85 percent of the deed transfer and recordation taxes attributable to the new buildings constructed on Lots 836, 837, and 855 in Square 37.

We assessed the validity and reliability of computer-processed data and performed limited existence and completeness tests to verify the accuracy of the data.

Appendix B. Acronyms and Abbreviations

D.C.	District of Columbia
DCPL	District of Columbia Public Library
DGS	Department of General Services
FEMS	Fire and Emergency Medical Services
FY	Fiscal Year
GAGAS	Generally Accepted Government Auditing Standards
MOA	Memorandum of Agreement
OCFO	Office of the Chief Financial Officer
OIG	Office of the Inspector General
OTR	Office of Tax and Revenue
PMA	Property Maintenance Agreement

Appendix C. Table of Recommendations

Responsible Agency	Recommendations	Potential Monetary Benefits	Agency Response
DGS	3. Develop procedures to enforce the annual review and approval of the Maintenance Fund budget in accordance with D.C. Code § 1–325.181(a) and the PMAs for the West End Library and the Fire Station.	N/A	Agree-FY2020
	4. Develop and implement policies and procedures to ensure vendor invoices are received, processed, and paid timely in accordance with the PMA for the West End Library and the Fire Station.	N/A	Agree-FY2020
	5. Develop a plan to perform periodic and regular reconciliation of estimated and actual expenditures to ensure the Maintenance Fund excludes expenditures that are not permitted under the law.	N/A	Agree-FY2020

To report fraud, waste, abuse, or mismanagement:



(202) 724-TIPS (8477) and (800) 521-1639



<http://oig.dc.gov>



oig@dc.gov

