

# DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

OIG Project No. 22-1-12BH(a)

January 2022



## GOVERNMENT OF THE DISTRICT OF COLUMBIA UNEMPLOYMENT COMPENSATION FUND

Management Recommendations  
For the Year Ended September 30, 2021



### *Guiding Principles*

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

## **Mission**

Our mission is to independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

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

## **Vision**

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

## **Core Values**

Excellence \* Integrity \* Respect \* Creativity \* Ownership  
\* Transparency \* Empowerment \* Courage \* Passion  
\* Leadership



GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of the Inspector General

Inspector General



January 31, 2022

The Honorable Muriel Bowser  
Mayor of the District of Columbia Mayor's  
Correspondence Unit  
John A. Wilson Building  
1350 Pennsylvania Avenue, N.W., Suite  
316 Washington, D.C. 20004

The Honorable Phil Mendelson  
Chairman  
Council of the District of Columbia  
John A. Wilson Building  
1350 Pennsylvania Avenue, N.W., Suite 504  
Washington, D.C. 20004

Dear Mayor Bowser and Chairman Mendelson:

Enclosed is the final report entitled *Government of the District of Columbia Unemployment Compensation Fund Management Recommendations for the Year Ended September 30, 2021* (OIG No. 22-1-12BH(a)). McConnell Jones, LLP (MJ) submitted this report as part of our overall contract for the audit of the District of Columbia's general-purpose financial statements for fiscal year 2021.

On January 18, 2022, MJ issued one recommendation intended to improve the effectiveness of internal controls over the District operations and programs. When addressed, this recommendation can increase assurances that District agencies run their operations efficiently and effectively, report reliable information about their operations, and comply with applicable laws and regulations.

If you have questions about this report, please contact me or Fekede Gindaba, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

A handwritten signature in blue ink that reads 'DW Lucas'.

Daniel W. Lucas  
Inspector General

DWL/wms

Enclosure

cc: See Distribution List

DISTRIBUTION (via email):

Mr. Kevin Donahue, City Administrator for the District of Columbia, Office of the City Administrator  
Mr. Barry Kreiswirth, General Counsel, Office of the City Administrator, District of Columbia  
Mr. Eugene Adams, Director, Mayor's Office of Legal Counsel  
Mr. John Falcicchio, Deputy Mayor for Planning and Economic Development and Chief of Staff, Executive Office of the Mayor  
The Honorable Kenyan R. McDuffie, Chair Pro Tempore, Council of the District of Columbia  
The Honorable Anita Bonds, At-Large Councilmember, Council of the District of Columbia  
The Honorable Christina Henderson, At-Large Councilmember, Council of the District of Columbia  
The Honorable Elissa Silverman, At-Large Councilmember, Council of the District of Columbia  
The Honorable Robert C. White, Jr., At-Large Councilmember, Council of the District of Columbia  
The Honorable Brianne K. Nadeau, Ward 1 Councilmember, Council of the District of Columbia  
The Honorable Brooke Pinto, Ward 2 Councilmember, Council of the District of Columbia  
The Honorable Mary M. Cheh, Ward 3 Councilmember, Council of the District of Columbia  
The Honorable Janeese Lewis George, Ward 4 Councilmember, Council of the District of Columbia  
The Honorable Charles Allen, Ward 6 Councilmember, Council of the District of Columbia  
The Honorable Vincent C. Gray, Ward 7 Councilmember, Council of the District of Columbia  
The Honorable Trayon White, Sr., Ward 8 Councilmember, Council of the District of Columbia  
Ms. LaToya Foster, Director of Communications, Office of Communications, Executive Office of the Mayor  
Ms. Jennifer Reed, Director, Office of Budget and Performance Management, Office of the City Administrator  
Dr. Unique N. Morris-Hughes, Director, Department of Employment Services  
Ms. Nyasha Smith, Secretary to the Council  
The Honorable Karl Racine, Attorney General for the District of Columbia  
Dr. Fitzroy Lee, Acting Chief Financial Officer, Office of the Chief Financial Officer  
Mr. Timothy Barry, Executive Director, Office of Integrity and Oversight, Office of the Chief Financial Officer  
The Honorable Kathy Patterson, D.C. Auditor, Office of the D.C. Auditor  
Mr. Jed Ross, Director and Chief Risk Officer, Office of Risk Management  
Mr. Wayne McConnell, Managing Partner, McConnell & Jones LLP

**UNEMPLOYMENT  
COMPENSATION FUND**  
(An Enterprise Fund of the District of Columbia)

**MANAGEMENT RECOMMENDATION**

**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**TABLE OF CONTENTS**

**I CURRENT YEAR FINDINGS**

**2021-001 DOES did not assess certain information system risk 2**



# McConnell Jones

To the Mayor, Members of the Council of the District of Columbia, and  
the Inspector General of the District of Columbia  
Washington, D.C.

In planning and performing our audit of the basic financial statements of Government of the District of Columbia Unemployment Compensation Fund (the Fund), an enterprise fund of the Government of the District of Columbia, as of and for the year ended September 30, 2021, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the Fund's internal controls over financial reporting (internal controls) as a basis for designing audit procedures that were appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls. Accordingly, we did not express an opinion on the effectiveness of the Fund's internal controls over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. Although no matter of a material weakness was noted, other recommendations have been noted which we believe will further improve the Fund's internal controls or operating effectiveness.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

This letter does not affect our report dated January 18, 2022, on the financial statements of the Fund. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal controls or result in other operating improvements.

This report is intended solely for the information and use of management, the Mayor and members of the Council of the District of Columbia, and the Inspector General of the District of Columbia, and is not to be and should not be used by anyone other than these specified parties. We will be pleased to discuss these comments with you and, if desired, to assist you in implementing any of the suggestions.

Washington, D.C.  
January 18, 2022

4828 Loop Central Dr.  
Suite 1000  
Houston, TX 77081  
Phone: 713.968.1600  
Fax: 713.968.1601

WWW.MCCONNELLJONES.COM



# McConnell Jones

## I. CURRENT YEAR FINDINGS

### DEPARTMENT OF EMPLOYMENT SERVICES (DOES)

#### *Finding 2021-001 – DOES did not assess certain information system risk.*

According to the Office of the Chief Technology Officer's (OCTO) risk assessment policy<sup>1</sup> Section 4.2, DOES must "[c]onduct assessments of risks, including the likelihood and magnitude of the harm, from the unauthorized access, use, disclosure, disruption, modification, or destruction of the information system and the information it processes, stores, or transmits." However, DOES did not assess risk on the District Online Compensation System (DOCS) and the District Unemployment Insurance Tax System (DUTAS).

We discussed a lack of risk assessments over these two systems with DOES officials, who stated that DOES understands the system limitations and is projecting a complete system modernization of the Unemployment Insurance applications in FY23.

As a result, system and process limitations may not be tracked and communicated appropriately to ensure that any associated risks have been managed according to the organization's risk profile and any associated legal, regulatory, or contractual requirements.

#### **Recommendation**

1. DOES should conduct a risk assessment as required by OCTO policies.

#### **Management Response**

DOES OIT Management concurs with the Notification of Findings and Recommendation and will prepare a formal risk assessment document as suggested. In addition, DOES management understands the system limitations and is projecting a complete system modernization of the Unemployment Insurance applications in FY23. These initiatives, along with DOES' Security Self-Assessment, aim to ensure that our systems comply with the Federal regulations and security requirements for receiving Federal Parent Locator Service (FPLS) information, Wage Record Interchange System (WRIS) information, Federal Tax Information (FTI), and Social Security Administration (SSA) data validation.

---

<sup>1</sup> OCTO Risk Assessment Policy, Section 4.2(a) (Rev. May 25, 2021), <https://octo.dc.gov/publication/risk-assessment-policy> (last visited Jan. 26, 2022).



To report fraud, waste, abuse, or mismanagement:



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



<http://oig.dc.gov>



[oig@dc.gov](mailto:oig@dc.gov)

