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

![DC Logo](image)
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
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:


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,

Daniel W. Lucas
Inspector General

DWL/wms

Enclosure

cc: See Distribution List
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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
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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
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, 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.

To report fraud, waste, abuse, or mismanagement:

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

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