

AUDIT REPORT

District of Columbia Government
Management Recommendations
Fiscal Year 2024
OIG No. 24-1-07MA(a)

January 31, 2025



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: January 31, 2025

Subject: **District of Columbia Government Management Recommendations**
OIG No. 24-1-07MA(a)

This memorandum transmits the final report *District of Columbia Government Management Recommendations* for fiscal year 2024. McConnell Jones, LLP (MJ) 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 2024.

On January 24, 2025, MJ issued 20 recommendations intended to improve the effectiveness of internal controls over operations and programs. When addressed, these improvements can increase assurances that District agencies run their operations efficiently and effectively, report reliable operational information, and comply with applicable laws and regulations.

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

**GOVERNMENT OF
THE DISTRICT OF COLUMBIA**

MANAGEMENT RECOMMENDATIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2024



McConnell Jones

To the Mayor, Members of the Council of the District of Columbia,
Inspector General of the District of Columbia, and
Chief Financial Officer of the District of Columbia

In planning and performing our audit of the financial statements of the Government of the District of Columbia and related entities (the District), as of and for the year ended September 30, 2024, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* as promulgated by the Government Accountability Office (GAO), we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified certain matters involving the internal control and other operational matters, which are summarized below. This letter does not affect our independent auditor's report, or our report issued under *Government Auditing Standards*, dated January 24, 2025, on the financial statements of the District.

Our findings and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We believe that the implementation of these recommendations will provide the District with a stronger system of internal control while also making its operations more efficient. We will review the implementation status of our findings and recommendations during the next audit engagement.

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

Respectfully,

McConnell Jones LLP

Washington, DC
January 24, 2025

TABLE OF CONTENTS

I. CURRENT YEAR FINDINGS		PAGE
2024-001	OCFO – Controls over emergency and regular purchase card disbursements are not operating effectively	3
2024-002	OCFO – IT vulnerabilities identified within the vendor payment system in DIFS	4
2024-003	OCP – Controls over emergency, sole source and normal procurements are not operating effectively	5
2024-004	OCP – Controls over emergency procurements are not operating effectively	7
2024-005	DGS – Controls over sole source procurements are not operating effectively	8
2024-006	DCPL – Controls over procurement are not operating effectively	9
2024-007	DDOT – Controls over procurement are not operating effectively	10
2024-008	DCNG – Controls over sole source procurements are not operating effectively	12
2024-009	DCPS – Lack of evidence of review of personnel action forms (SF-50)	13
2024-010	DCPS – Payments to vendors were not in compliance with the Quick Payment Act	14
2024-011	OSSE – Payments to vendors were not in compliance with the Quick Payment Act	15
2024-012	DACL – Payments to vendors were not in compliance with the Quick Payment Act	16
II. PRIOR YEAR FINDINGS		
	Status of Prior Year Findings and Recommendations	18



I. CURRENT YEAR FINDINGS

OFFICE OF THE CHIEF FINANCIAL OFFICER (OCFO)

Finding 2024-001 – Controls over emergency and regular purchase card disbursements are not operating effectively

Emergency and Regular Purchase Card (P-Card) transactions were not posted to the approved general ledger accounts and not reviewed and approved by the designated approving officials in timely manner.

We tested controls 45 Emergency P-Card transactions; and 35 Regular P-Card transactions, including the receipt of goods and services, the approval of the disbursements, and the posting of transactions to the appropriate general ledger accounts, and noted the following:

- 7 of the 35 selected Regular P-card transactions and 3 of the 45 emergency P-Card transactions were not posted to the appropriate general ledger accounts because the P-Card holders did not submit the expense reports in the DIFS.
- 6 of the 45 Emergency P-Card transactions selected were coded to the incorrect general ledger account because of erroneous expense codes used by employees completing their expense reports. These transactions, totaling \$63,091, were for hotel lodging, contractual labor services, professional services fees, and transportation services.
- We received and reviewed the trial balance report related to the P-Card transactions payments at the District level and it showed total payments of \$68,618,460 made to JPMorgan Bank, for P-Card transactions between the period of October 1, 2023 and September 30, 2024. Of this amount, \$4,207,121 remained in the clearing account, as of October 18, 2024. These transactions were not posted to the appropriate general ledger accounts because, either the P-Card holders did not submit the expense report in DIFS, or the transactions were not approved by the approving officials in DIFS.

According to the *Office of Contracting & Procurement's (OCP) P-Card Program Policy and Procedures*, all transactions must have an associated expense report, approved within ten business days of the close of each month. If the transactions are not associated with an expense report, OCP will suspend the P-Card until all transactions are cleared. In addition, *the District Integrated Financial System, Manage Clearing Accounts Version: 0.06 Manual*, also states that clearing accounts and other related reconciliation reports should be reviewed at least monthly, to monitor account balances.

In discussing this with the District officials, they stated that the P-Card holders did not submit the expense reports in DIFS, and the approving officials did not review and approve the P-Card transactions in a timely manner. The appropriate personnel (accounting officers and controllers) are not part of the P-Card disbursements review and approval process in DIFS. As a result, the posting errors made by P-Cardholders could not be identified in a timely manner.

The failure to timely submit and approve the expense reports may result in understatement of some expenditure accounts and overstatement of the clearing expenditure account in the financial statements. In addition, posting and approving a large number of transactions in DIFS at the end of the fiscal year may result in posting to the wrong general ledger accounts, and reporting amounts in the incorrect line items of expenditures in the financial statements.



Recommendation:

1. We recommend that management ensure the District's P-Card process includes activities to verify transactions are properly reviewed and approved, and then coded to the appropriate general ledger accounts in DIFS. Such internal controls should ensure that transactions that enter the P-Card clearing account are resolved timely.

Management Response:

Management concurs with the finding. Effective September 1, 2024, the District implemented a new P-Card process. The new process features:

- One point of entry: Cardholders only need to log in to JP Morgan PaymentNet to record P-Card transactions, rather than recording the transactions in JP Morgan PaymentNet and the DIFS system,
- JP Morgan PaymentNet now accesses the DIFS Chart of Accounts structure to ensure proper coding.
- Approvals are completed in JP Morgan PaymentNet by the Approving Official. Budget Approvers have access to JP Morgan PaymentNet to correct and approve the P-Card transaction for proper account coding and funding.
- Daily interfaces from JP Morgan PaymentNet to DIFS of all approved P-Card transactions to the AP module, offsetting the P-Card clearing account.
- OCP administers the P-Card program and is enforcing the policy to suspend P-Cards if transactions are not reconciled within the 10th day of the month (or the next business day if the 10th day happens on a weekend or holiday).

The District has implemented a process that resolves the finding from this audit and considers this finding resolved.

Finding 2024-002 – IT vulnerabilities identified within the vendor payment system in DIFS

Note: Additional details regarding this finding will be provided in a separate management letter to ensure security.

Two access control incidents occurred that resulted in attempts at fraudulent payments.

During our testing we noted that these payments were originally processed by the District, however once identified the payments were recovered, preventing a loss from occurring.

According to DIFS P2P 1050 – Manage Supplier Profile Policy, Section 4.3.2 Supplier Profile Update – Manual Process specifically lists the review and validation steps that the supplier maintenance team should follow.

In discussions with management, it was stated that OCFO did not adhere to the procedures outlined in the DIFS P2P 1050, Manage Supplier Profile Policy.



Additionally, access control incidents could potentially lead to attempts at fraudulent transactions.

Recommendation:

2. We recommend OCFO to follow their procedures and implement controls to help prevent/deter fraudulent access to their systems.

Management Response:

Management concurs with the finding. Management has been proactive in implementing controls and processes to deter possible fraudulent access to the DIFS supplier portal and payments to incorrect bank accounts. In addition to following the documented policies and procedures, the District has implemented the corrective actions to deter fraudulent access and improper payments to bank accounts.

DISTRICT OF COLUMBIA OFFICE OF CONTRACTING AND PROCUREMENT (OCP)

Finding 2024-003 – Controls over emergency, sole source and normal procurements are not operating effectively

Determination and Findings (D&F) forms, which set forth the justification for emergency, normal, and sole source procurements, were not prepared and approved by the designated approving officials, nor retained in the contract file.

During our testing, we tested controls over the emergency, sole source, and normal procurement award processes, including the preparation and approval of the D&F form that sets forth the justification for the procurement and noted the following:

- **D&F forms for three emergency procurement transactions were not prepared and signed by the designated approving officials, prior to contract award and execution.**

The Department of Human Services acquired moving and cleaning services. We received copies of the contract agreements, purchase orders, proof of payments, and receipts for three sample transactions tested, however, we were not provided with any D&F forms, prepared and approved by the designated approving officials, documenting the justification for these emergency procurements.

- **The District did not provide D&F forms for thirteen emergency procurements, two sole source procurements, and one normal procurement transaction.**

Various departments of the District acquired different types of services; including sheltering, staffing, consulting, laundering, recycling, and maintenance services. We received copies of the contract agreements, purchase orders, proof of payments, and receipts; for the sample transactions tested, however, the Contracting Officer was unable to provide us with the D&F forms, prepared and approved by the designated approving officials, to justify the procurements, since they were not retained in the contract file.



- **D&Fs forms for two sole source and one normal procurement transactions were not signed by the designated approving official.**

In the three selected transactions above, the District procured laboratory services, online registry and repository services, and home care services. The services were acquired by the Department of Energy and Environment, the Department of Health, and the Department of Youth Rehabilitation Services, respectively. We received a copy of the purchase requisitions, purchase orders, proof of payment(s), and receipts for each of these acquisitions. All of the documents provided were, contemporaneously, dated to the receipt date, however, we noted that the D&F forms for two sole source procurements and one normal procurement were not signed by the designated approving official.

According to the Procurement Procedures Manual (PPM) issued by OCP, the contract specialist must prepare a D&F form for Price Reasonableness and Contractor Responsibility, explaining and justifying a sole source procurement; if the sole source procurement is greater than \$10,000. For emergency procurements; the contact specialist must prepare a D&F; then the form is to be forwarded to the contracting officer for review and approval. The contracting officer must ensure that the D&F form contains all the required information, in accordance with the requirements of 27 D.C.M.R. 1702.2; and that the emergency is justified. In addition, the *Procurement Procedures Manual* states, on pg. 99, that the contracting officer shall retain the contract specialists' contract files, until the files have been properly transferred to either a new contract specialist or the Records Management Unit.

In discussing this with management, they stated that the designated procurement officials did not follow the guidelines stipulated in the OCP PPM and the District of Columbia General Records, Schedule 3, and did not appropriately retain the D&F form in the contract file.

Failure to prepare or document approval of a D&F form for procurement may result in using the wrong justification in the procurement process. The District may not be obtaining products or services at a reasonable price, under the selected procurement methods. The lack of proper review and approval may result in fraud, waste, and/or abuse of government funds. The absence of signed D&F forms may make it difficult to hold designated officials accountable for failing to fulfill their responsibility for procuring goods or services in accordance with the guidelines stipulated in the PPM.

Recommendations:

We recommend OCP management:

3. Implement controls to ensure that all D&F forms are retained, in accordance with the requirements of the District of Columbia General Records, Schedule 3.
4. Ensure that D&F forms are prepared and approved for all procurements, prior to award, in accordance with the requirements of *Procurement Procedures Manual*.

Management Response:

Management concurs with the finding.



Finding 2024-004 – Controls over emergency procurements are not operating effectively

The Determination and Findings (D&F) for Contractor Responsibility form that sets forth the justification for emergency procurements was not retained in the contract file.

We tested controls over the emergency procurement award processes, including the preparation and approval of the Determination and Findings (D&F) form that sets forth the justification for emergency procurement. For 1 of a sample of 6 emergency procurement transactions, the Contracting Officer was unable to provide us with the D&F for Contractor Responsibility form, prepared and approved by the designated approving officials, to justify for contractor responsibility, since it could not be located in the contract file.

The D&F form is required by statute or regulation, as a prerequisite to taking certain contracting action. The determination is a conclusion or decision that is supported by the findings. The findings are statements of fact, or the rationale essential to support the determination, and cover each applicable requirement of the statute or regulation. The D&F form must be approved by an authorized Contracting Officer, prior to award and execution of the related contracting document(s).

According to the *Procurement Procedures Manual* (PPM) issued by the Office of Contracting and Procurement (OCP), the contracting officer shall retain the contract specialists' and contract files, until the files have been properly transferred to either a new contract specialist or the Records Management Unit. Also, the *District of Columbia General Records Schedule 3* (pg.2) states that a contract, requestion, purchase order, lease, and bond and surety records including correspondence and related papers pertaining to awards for more than \$10,000 should be destroyed 6 years and 3 months after final payments.

The PPM states, on pg. 45, that the contract specialist must prepare a D&F for Contractor Responsibility form for the emergency procurement; then forward it to the contracting officer for review and approval. The contracting officer must ensure that the D&F form contains all the required information, in accordance with the requirements of 27 D.C.M.R. 1702.2; and that the emergency is justified.

In discussing this with management, they stated that designated procurement officials did not follow the guidelines stipulated in the PPM; and the District of Columbia General Records, Schedule 3 and the designated official could not locate the D&F form in the contract file.

Failure to prepare, approve and retain a D&F for Contractor Responsibility form related to emergency procurements may result in procuring goods or services without adequate justification for the requirement of emergency procurement. Additionally, the lack of proper review and approval may result in fraud, waste, and/or abuse of government funds. The absence of signed D&F forms may make it difficult to hold designated officials accountable for failing to fulfill their responsibility for procuring goods or services in accordance with the guidelines stipulated in the PPM.

Recommendations:

We recommend OCP management:



5. Implement controls to ensure that all D&F forms are retained, in accordance with the requirements of the District of Columbia General Records, Schedule 3.
6. Ensure that D&F for Contractor Responsibility forms are prepared and approved for emergency procurements, prior to award, in accordance with the requirements of the PPM.

Management Response:

Management concurs with the finding and will implement the recommendations.

DISTRICT OF COLUMBIA DEPARTMENT OF GENERAL SERVICES (DGS)

Finding 2024-005 – Controls over sole source procurements are not operating effectively

The District of Columbia Department of General Services (DGS) did not retain the Determination and Findings (D&F) that sets forth the justification for sole source procurements in the contract file.

During our testing, we noted the D&F form for one sole source procurement was not provided by the District. The Department of General Services acquired screening devices lease services. We received copies of the contract agreement, purchase order for the sample transaction tested, however, the Contracting Officer was unable to provide us with the D&F forms, prepared and approved by the designated approving officials, to justify the sole source procurement, since it could not be located in the contract file.

The D&F form is required by statute or regulation, as a prerequisite to taking certain contracting action. The determination is a conclusion or decision that is supported by the findings. The findings are statements of fact, or the rationale essential to support the determination, and cover each applicable requirement of the statute or regulation. The D&F form must be approved by an authorized Contracting Officer, prior to award and execution of the related contract.

According to the *Procurement Practice Reform Act (PPRA) 2010* states, on pg. 23, that the contracting officer shall make a determination and findings justifying the sole source procurement. *The Procurement Regulations under 27 District of Columbia Municipal Regulations (DCMR) Chapter 47, Section 4718.2* also states “that prior to entering into a sole-source contract, the Contracting Officer shall first make a determination and finding justifying the sole source procurement provided, however, that if the sole-source contract will be in an amount over two hundred fifty thousand dollars (\$250,000), the CCO’s approval shall also be required.”

The *District of Columbia General Records Schedule 3* (pg. 2) states that Contract, requestion, purchase order, lease, and bond and surety records including correspondence and related papers pertaining to awards for more than \$10,000 should be destroyed 6 years and 3 months after final payments.

The designated procurement officials did not follow the guidelines stipulated in PPRA; 27 DCMR 47; and the District of Columbia General Records Schedule 3. Additionally, the designated official could not locate the D&F in the contact file.



The failure to prepare, approve, and retain a D&F form may result in procuring goods or services without adequate justification for the requirement of sole sources procurement, and may make it difficult to hold designated officials accountable for failing to fulfill their responsibility for procuring goods or services. In addition, the lack of proper review and approval may result in fraud, waste, and/or abuse of government funds.

Recommendations:

We recommend DGS management:

7. Implement controls to ensure that all D&F forms are retained, in accordance with the requirements of the District of Columbia General Records, Schedule 3.
8. Ensure that D&F forms are prepared and approved for sole sources procurements, prior to award, in accordance with the requirements of the PPRA; and 27 DCMR 47.

Management Response:

Management concurs with the finding. DGS recognizes the critical importance of thorough documentation through the D&F process and overall record-keeping of all procurement files. DGS remains committed to ensuring that all D&F forms are properly prepared and approved for sole source procurements. DGS will enforce strict controls to ensure D&F forms are retained in compliance with the PPRA and 27 DCMR.

DISTRICT OF COLUMBIA PUBLIC LIBRARY (DCPL)

Finding 2024-006 – Controls over procurement are not operating effectively

The Determination and Findings (D&F) for Use of Competitive Sealed Proposals, was not prepared and approved by the designated approving officials.

During our testing, we noted that the designated approving officials did not prepare and approve the required D&F form for Use of Competitive Sealed proposals during the procurement of janitorial services.

The District of Columbia Public Library acquired janitorial services. We received copies of the contract agreement, purchase order, D&Fs for price reasonableness and contractor responsibility, proof of payment(s), and receipts for the sample transaction tested, however, no D&F form for Use of Competitive Sealed Proposals was prepared and approved by the designated approving officials to justify this procurement.

According to the Procurement Procedures Manual (PPM), issued by the Office of Contracting and Procurement (OCP), the contract specialist must prepare a D&F for Use of Competitive Sealed Proposals for approval by the contracting officer.

The designated procurement officials did not follow the guidelines stipulated in the OCP PPM.



Failure to prepare or fully approve a D&F form for Use of Competitive Sealed Proposals procurement may result in procuring goods or services, without adequate justification for the requirement of Competitive Sealed Proposals procurement. Additionally, the lack of proper review and approval may result in fraud, waste, and/or abuse of government funds.

Recommendation:

We recommend DCPL management:

9. Ensure that a D&F form is prepared and approved, prior to award, for all Competitive Sealed Proposals procurements, in accordance with the requirements of OCP PPM.

Management Response:

DCPL concurs with the finding and acknowledges the D&F for Use of Competitive Sealed Proposals was not prepared prior to award of the above janitorial services. The DCPL Procurement team has ensured that the required D&F was prepared and approved per DCPL Title 19 DCMR, Chapter 43 Procurement prior to the award of subsequent RFPs.

DISTRICT OF COLUMBIA DEPARTMENT OF TRANSPORTATION (DDOT)

Finding 2024-007 – Controls over procurement are not operating effectively

The Determination and Findings (D&F) that sets forth the justification for contractor's responsibility for normal procurements was not signed by the designated officials, and the D&F for price reasonableness was not retained in the contract file.

During our testing, we tested controls over the normal procurement award process, including the preparation and approval of the Determination and Findings (D&F) form price reasonableness and contractor responsibility, and noted the following:

- **The D&F form for price reasonableness for one normal procurement transaction was not provided by the District.**

We received copies of the contract agreement, purchase order, proof of payment(s), and receipts for the sample transaction tested. The Contracting Officer was unable to provide us with the D&F form, prepared and approved by the designated approving officials, to justify for price reasonableness, since it could not be located in the contract file.

The D&F form is required by statute or regulation, as a prerequisite to taking certain contracting action. The determination is a conclusion or decision that is supported by the findings. The findings are statements of fact, or the rationale essential to support the determination, and cover each applicable requirement of the statute or regulation. The D&F form must be approved by an authorized Contracting Officer, prior to award and execution of the related contracting document(s).



- **The D&F form for contractor responsibility for one normal procurement transaction was not signed by the designated approving officials.**

We received copies of the contract agreement, purchase order, D&Fs for price reasonableness and contractor responsibility, proof of payment(s), and receipts for the sample transaction tested. The D&F form for contractor responsibility was not signed by the designated approving officials to justify this procurement.

According to the Procurement Procedures Manual (PPM), issued by the Office of Contracting and Procurement (OCP), the contracting officer shall retain the contract specialists' contract files, until the files have been properly transferred to either a new contract specialist or the Records Management Unit.

Additionally, The *District of Columbia General Records Schedule 3* (pg. 2) states that contract, requestion, purchase order, lease, and bond and surety records including correspondence and related papers pertaining to awards for more than \$10,000 should be destroyed 6 years and 3 months after final payments. PPM states, on pg. 35, that the contract specialist must prepare a D&F for Price Reasonableness and Contractor Responsibility, ensuring that it is the appropriate procurement method for obtaining the required services.

In discussing this with management, they stated that the designated procurement officials did not follow the guidelines stipulated in the OCP PPM, and the District of Columbia General Records Schedule 3. The designated official could not locate the D&F form for price reasonableness in the contract file.

The failure to prepare, approve, and retain a D&F form may result in procuring goods or services without adequate justification for the requirement of sole sources procurement, and may make it difficult to hold designated officials accountable for failing to fulfill their responsibility for procuring goods or services. In addition, the lack of proper review and approval may result in fraud, waste, and/or abuse of government funds

Recommendations:

We recommend DDOT management:

10. Implement controls to ensure that all D&F forms are retained, in accordance with the requirements of the District of Columbia General Records, Schedule 3.
11. Ensure that D&F forms are prepared and approved for sole sources procurements, prior to award, in accordance with the requirements of the PPRA; and 27 DCMR 47.

Management Response:

Management concurs with the finding.



DISTRICT OF COLUMBIA NATIONAL GUARD (DCNG)

Finding 2024-008 – Controls over sole source procurements are not operating effectively

One Purchase transaction was improperly coded as a sole source procurement within the Procurement Automated Support System (PASS).

During our testing, we noted that one purchase transaction was improperly coded as a sole source procurement within the Procurement Automated Support System (PASS). The District of Columbia National Guard (DCNG) acquired administration services and the awarded amount was \$13,149. We received a copy of the purchase requestions, purchase order, proof payment(s) and receipt. We noted, however, that the transaction was inappropriately entered in PASS as a sole source procurement, rather than an ‘exempt from competition’ procurement.

According to the Procurement Procedures Manual (PPM), issued by the Office of Contracting and Procurement (OCP), after the agency requirements are identified, the contracting officer and agency staff ascertain the appropriate procurement method; based on the available sources of goods or services, the urgency of the requirement, the type of product or service, and the dollar amount of the procurement.

Additionally, the Procurement Practice Reform Act of 2011 (PPRA) states, on pg. 27, that maintenance service provided by another public entity, agency, or authority is exempt from competition.

In discussing this with management, they stated that the contracting officer did not properly review the purchase requestion created in PASS; and, as a result, coded/entered the purchase as a sole source procurement instead of as an ‘exempt from competition’ procurement.

The failure to properly classify procurement types does not have an impact on the financial statements, however, it increases the risk that contracting officer(s) may apply incorrect procurement procedures, which could result in non-compliance with procurement laws and regulations. Additionally, this also creates the risk or opportunity for District procurement policies to be circumvented, and therefore, procurements that require competition or justification may not be procured appropriately.

Recommendation:

12. We recommend contracting officers properly review the purchase requisitions created in PASS, before they approve them and make determinations as to the correct procurement method.

Management Response:

Management concurs with finding. DCNG management has established a Contracting and Procurement Standard Operating Procedure that outlines proper review protocols. Current contracting officers were required to review the Contracting and Procurement Standard Operating Procedure and sign an acknowledgment or review; future contracting officers will be required to do the same during their onboarding.



DISTRICT OF COLUMBIA PUBLIC SCHOOLS (DCPS)

Finding 2024-009 – Lack of sufficient review and approval of personnel actions (Form SF-50)

The SF-50, Notification of Personnel Action Form, was not reviewed and approved by the designated approving official from DCPS.

During testing over the District-wide payroll process, we noted 7 out of 35 sample items tested, all seven from DCPS, did not have evidence of the designated approving official's approval signature on the Form SF-50.

The U.S. Office of Personnel Management (OPM) – Chapter 4: Requesting and Documenting Personnel Actions, states that no personnel action can be made effective prior the date on which the appointing officer approved the action, and that approval is documented by the appointing officer's pen and ink signature or by an authentication in block 50 of the SF-50.

In discussing this with management, they confirmed that its Employee Services Team has recently undergone changes and are in the process of updating its electronic signature field to not only capture the HR processor that created SF-50, but also include the designated approving official's signature.

Failure to have sufficient review and proper approval of SF-50s could result in the designated approving official (i.e., individual in whom the power of appointment is vested by law or policy or whom it has been legally delegated) being unable to prevent, detect, and correct in a timely manner for any incorrect and/or fraudulent employee attributes (e.g., position title, pay group, pay rate, effective dates, etc.) recorded in Talent, Selection, Hiring, and Onboarding (TSHO) and migrated into PeopleSoft before generating an SF-50. Additionally, this could result in the DCPS paying overstated and/or understated salaries that may not have been reviewed and approved appropriately.

Recommendations:

We recommend DCPS management ensure:

13. The designated approving official review the SF-50s, to verify the accuracy and completeness of the data, and certify that the action complies with all legal and regulatory requirements.
14. The designated approving official approve SF-50s by signing in the approval box at the bottom of the form.

Management Response:

DCPS concurs with the finding. Given the size and complexity of DC Public Schools (DCPS), the SF-50 forms do not require a pen and ink signature; instead, they feature an electronic signature from the Chief of Employee Services. Each personnel action undergoes multiple approval processes before being entered into PeopleSoft, and records of these approvals are maintained in our internal systems, including SalesForce (TSHO) and QuickBase. While it is true that some SF-50s may have been missing the electronic signature (an issue they have now resolved), this should not be interpreted as a failure in the review process. The absence of a signature does not necessarily indicate a lack of oversight or due diligence; the comprehensive approval workflow in place ensures that all actions are thoroughly



reviewed prior to finalization. We remain committed to maintaining the integrity of our processes and addressing any discrepancies promptly.

Finding 2024-010 – Payments to vendors were not in compliance with the Quick Payment Act

Payments to vendors were not made within 30 days from the receipt of invoices and interest was not accrued in compliance with the requirements of the Quick Payment Act (QPA).

During our testing, we identified payments to vendors, related to three ‘Other Vouchers’ disbursement transactions, were not made within 30 days in accordance with the Quick Payment Act. The District of Columbia Public Schools received contractual IT invoices on October 5, 2023, and professional development services invoices on April 12, 2024, and September 14, 2024. The details of the transactions are as follows:

Item No.	Purchase Order	Amount	Invoice Receipt Date (A)	Payment Date (B)	Days between invoice receipt date and payment C=B-A
1	PO673875	\$30,294	10/5/2023	11/15/2023	41
2	PO698588	\$3,700	4/12/2024	5/17/2024	35
3	PO692192	\$3,839	9/14/2024	11/14/2024	61

We received copies of the purchase order, receiving reports, proof of payments, and receipts, however, we found that the District did not pay the vendors within 30 days of receipt.

The QPA, which is referenced in the District of Columbia Municipal Regulation (DCMR), states that if the vendor does not specify a payment date, the required payment date for services rendered by the contractor is the thirtieth (30th) day after the designated payment officer receives a proper invoice (1707.2(c)). It also states that the vendor is entitled to receive an interest penalty payment if the payment is made on or after the 15th calendar day after the payment due date (1709.1A(d)(3)).

In discussing this with DCPS officials, they stated the District did not follow the guidelines stipulated in the QPA. They experienced delays in processing primarily due to process changes as a result of the DIFS implementation and staffing shortages within the Accounts Payable Unit.

DCPS failed to comply with the QPA and as a result, the relationships with vendors may strain from the payment delays.

Recommendations:

We recommend that DCPS management:



- 15. Implement controls to ensure proper invoices are paid on a timely basis.
- 16. Implement controls to ensure discrepancies in the invoice are identified and resolved on a timely basis.

Management Response:

Management concurs with the finding. DCPS experienced changes in business processes and staffing challenges during the year which resulted in minor delays in invoice processing. OCFO Education Cluster management has taken steps to address staffing needs within the Accounts Payable Unit and will continue to collaborate with Human Resources to ensure Accounts Payable staffing is in alignment with current business processes.

OFFICE OF THE STATE SUPERINTENDENT OF EDUCATION (OSSE)

Finding 2024-011 – Payments to vendors were not in compliance with the Quick Payment Act

The District Office of the State Superintendent of Education (OSSE) does not appear to be making payments to vendors in compliance with the Quick Payment Act (QPA). Payments to vendors were not made within 30 days from the receipt of invoices and interest was not accrued in compliance with the requirements of the QPA.

During our testing, we identified that payment to a vendor, related to an ‘Other Vouchers’ disbursement transaction, was not made within 30 days in accordance with the Quick Payment Act. OSSE acquired professional services on November 14, 2023. The details of the transaction are as follows:

Item No.	Purchase Order	Amount	Invoice Receipt Date (A)	Payment Date (B)	Days between invoice receipt date and payment C=B-A
1	PO699463	\$4,707	11/14/2023	12/20/2023	36

We received copies of the purchase order, receiving reports, proof of payments, and receipts, however, we found that the District did not pay the vendors within 30 days of receipt.

The QPA, which is referenced in the District of Columbia Municipal Regulation (DCMR), states that if the vendor does not specify a payment date, the required payment date for services rendered by the contractor is the thirtieth (30th) day after the designated payment officer receives a proper invoice (1707.2(c)). It also states that the vendor is entitled to receive an interest penalty payment if the payment is made on or after the 15th calendar day after the payment due date (1709.1A(d)(3)).



In discussing this with the District officials, they stated that the District did not follow the guidelines stipulated in the QPA. The District did not complete the receipts and voucher approval in a timely manner due to a discrepancy between the invoice and the receiving report.

OSSE failed to comply with the QPA and as a result, the relationships with vendors may strain from the payment delays.

Recommendations:

We recommend OSSE management:

17. Implement controls to ensure that proper invoices are paid on a timely basis.
18. Implement controls to ensure that discrepancies between the invoice and receiving reports are identified and resolved on a timely basis.

Management Response:

Management concurs with the finding. OSSE has created and implemented a new internal process of monitoring invoices on a weekly basis that are deemed high risk of late payment and involved appropriate parties into reviewing and processing as quickly as possible. OSSE Program also performed an internal training session for all involved Program teams around the Quick Payment Act and its repercussions of interest payments.

DISTRICT OF COLUMBIA DEPARTMENT OF AGING AND COMMUNITY LIVING (DACL)

Finding 2024-012 – Payments to vendors were not in compliance with the Quick Payment Act

Payments to vendors were not made within 30 days from the receipt of invoices and interest was not accrued in compliance with the requirements of the Quick Payment Act (QPA).

During our testing, we identified payments to a vendor, related to an ‘Other Vouchers’ disbursement transaction, was not made within 30 days in accordance with the Quick Payment Act. The DC Department of Aging and Community Living (DACL) acquired professional services on October 17, 2023. The details of the transaction are as follows:



Item No.	Purchase Order	Amount	Invoice Receipt Date (A)	Payment Date (B)	Days between invoice receipt date and payment C=B-A
1	PO674531	\$215,504	10/17/2023	11/21/2023	35

We received copies of the purchase order, receiving report, proof of payment, and receipts, however, we found that the District did not pay the vendor within 30 days of receipt.

The QPA, which is referenced in the District of Columbia Municipal Regulation (DCMR), states that if the vendor does not specify a payment date, the required payment date for services rendered by the contractor is the thirtieth (30th) day after the designated payment officer receives a proper invoice (1707.2(c)). It also states that the vendor is entitled to receive an interest penalty payment if the payment is made on or after the 15th calendar day after the payment due date (1709.1A(d)(3)).

In discussions with District officials, they acknowledged that the District did not adhere to the guidelines stipulated in the QPA. They experienced delays in processing and approving payments due to competing priorities during the year-end close.

DACL failed to comply with the QPA and as a result, the relationships with vendors may strain from the payment delays.

Recommendations:

We recommend DACL management:

- 19. Implement controls to ensure that proper invoices are paid on a timely basis.
- 20. Implement controls to ensure that discrepancies in the invoice are identified and resolved on a timely basis.

Management Response:

DACL concurs with the finding. There are effective policies, internal controls, and procedures in place that are operating efficiently to ensure timely payments to suppliers. The District identified the late payment as an isolated case.



II. PRIOR YEAR FINDINGS

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

The following chart outlines the status of the four prior year management recommendations that were not fully implemented as of September 30, 2024:

MANAGEMENT RECOMMENDATIONS		
#	RECOMMENDATIONS	STATUS
OFFICE OF THE CHIEF TECHNOLOGY OFFICER (OCTO)		
2021-001	Manage, develop and implement a tracking solution relating to system vulnerabilities.	The Cybersecurity Risk Mitigation Activities order from OCTO was approved and required all DC agencies must report any known cybersecurity vulnerability to OCTO Security Operations Center (SOC) within 24 hours of becoming aware of the vulnerability. The report shall include 1) details of the system, 2) details of any existing controls, and 3) remediation plan. Additionally, cybersecurity incidents must be reported within 2 hours after the agency becomes aware of the incident, and report shall include 1) details of the system, 2) sensitivity of the system, and 3) details of any existing controls. OCTO is in the process of developing a solution to perform District-wide vulnerability scanning and continuous monitoring with full implementation expected in fiscal year 2025.
2018-03	Implement a Risk Management Framework to Comply with National Institute of Standards and Technology (NIST) Publication 800-37.	OCTO is in the process of developing and implementing the risk management framework with full implementation in fiscal year 2025.
OFFICE OF THE STATE SUPERINTENDENT OF EDUCATION (OSSE)		
2023-006	Implement controls to ensure that proper invoices are paid on a timely basis and interest due on payments outstanding for more than 45 calendar days from the invoice receipt date, are recorded in the general ledger, and paid to the vendors in compliance with the QPA and DCMR.	OSSE is in the process of developing corrective actions steps related to the recommendations. As was noted in Finding 2024-011, similar QPA exceptions continued to exist in fiscal year 2024. Full remediation is expected to be completed in fiscal year 2025.



MANAGEMENT RECOMMENDATIONS		
#	RECOMMENDATIONS	STATUS
OFFICE OF CONTRACTING AND PROCUREMENT (OCP)		
2023-007	Implement controls to ensure a D&F is prepared and approved prior to award for all emergency procurements and contracting officers to properly review purchase requisitions created in PASS before they approve them and make determinations of the correct procurement method.	OCP is in the process of developing corrective actions steps related to the recommendations. As was noted in Finding 2024-004, such emergency procurement exceptions continued to exist in fiscal year 2024. Full remediation is expected to be completed in fiscal year 2025.

REPORT WASTE, FRAUD, ABUSE, AND MISMANAGEMENT.

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