

DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

OIG Project No. 21-1-23MA

September 2021



DEPARTMENT OF GENERAL SERVICES AND OFFICE OF THE CHIEF FINANCIAL OFFICER

Audit of the West End Library and Fire Station Maintenance Fund Activities for the Year Ending September 30, 2020



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

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- 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.

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* Transparency * Empowerment * Courage * Passion
* Leadership



GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



September 16, 2021

Keith A. Anderson
Director
Department of General Services
2000 14th Street, N.W., 8th Floor
Washington, D.C. 20009

Richard Reyes-Gavilan
Executive Director
District of Columbia Public Library
1990 K Street, N.W.
Washington, D.C. 20006

Dear Director Anderson and Executive Director Reyes-Gavilan:

Enclosed is our final report, *Audit of the West End Library and Fire Station Maintenance Fund Activities for the Year Ending September 30, 2020* (OIG Project No. 21-1-23MA). 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). The audit was included in our *Fiscal Year 2021 Audit and Inspection Plan*.

In accordance with GAGAS, we are required to report all deficiencies that are significant deficiencies or material weaknesses in the operating effectiveness of internal control that have a material effect on 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 did not disclose any reportable weaknesses or deficiencies in the operating effectiveness of internal control. However, our examination of the Fund's expenditures identified reportable weaknesses or deficiencies in the operating effectiveness of internal control. The identified weaknesses or deficiencies are repeat findings, as included in the [OIG Maintenance Fund report](#) dated November 19, 2020. The OIG will not issue additional recommendations to address the repeat findings but will continue to report Recommendations 3, 4, and 5 included in the prior OIG report as open and unresolved. Accordingly, the OIG will not need to solicit management comments on this report. The status of the OIG's prior year findings and recommendations are included in their entirety in Appendix C of this report.

Director Anderson and Executive Director Reyes-Gavilan
Audit of the West End Library and Fire Station
Maintenance Fund Activities for the Year Ending
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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,

A handwritten signature in blue ink, appearing to read "D.W. Lucas", with a long horizontal stroke extending to the right.

Daniel W. Lucas
Inspector General

DWL/cmw

Enclosure

cc: See Distribution List

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BACKGROUND

The Council of the District of Columbia enacted the West End Parcels Development Omnibus Act of 2010 (West End Act or Act), effective February 4, 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). 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% of the Deed Transfer and Recordation taxes attributable to the new buildings constructed on Lots 836, 837, and 855 in Square 37," and 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."

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 use and management of the Maintenance Fund. Through amendments, the term of the agreement subsequently extended to September 30, 2020.

The OIG is required to 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 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 were recorded and reported accurately and (2) identify any Maintenance Fund expenditures that were not permitted under the law.

FINDINGS

REVENUE DEPOSITED INTO WEST END LIBRARY AND FIRE STATION MAINTENANCE FUND

From October 1, 2019, to September 30, 2020, the Office of Tax and Revenue (OTR) deposited \$244,774.50 in revenue into the Maintenance Fund as shown in Table 1 below.

Table 1. Fund Revenue

FY 2020 Monthly Fees Collected and Deposited	Amount
October	\$47,205
November	\$66,925
January	\$45,479
March	\$49,670
July	\$35,496
Total Revenue	\$244,775

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, 2019, to September 30, 2020, were \$72,600 as shown in Table 2 below.

Table 2. West End Library Maintenance Expenditures

FY 2020 Monthly Expense	Amount
October	\$6,050
November	\$6,050
December	\$6,050
January	\$6,050
February	\$6,050
March	\$6,050
April	\$6,050
May	\$6,050
June	\$6,050
July	\$6,050
August	\$6,050
September	\$6,050
Total	\$72,600

Source: OIG analysis of DGS financial records

EXPENDITURES FROM THE FIRE STATION MAINTENANCE FUND

DGS and FEMS records indicate that the total Fire Station Maintenance Fund expenditures for the period October 1, 2019, to September 30, 2020, was \$117,381 as shown in Table 3 below.

Table 3. Fire Station Maintenance Expenditures

FY20 Monthly Expense	Amount
October	\$9,782
November	\$9,782
December	\$9,782
January	\$9,782
February	\$9,782
March	\$9,782
April	\$9,782
May	\$9,782
June	\$9,782
July	\$9,782
August	\$9,782
September	\$9,782
Total	\$117,381¹

Source: OIG analysis of DGS Financial Records

MAINTENANCE FUND BALANCE

DGS records indicated that the Maintenance Fund balance was \$2,226,778 as of September 30, 2020, as shown in Table 4 below.

Table 4. Maintenance Fund Balance as of September 30, 2020

Descriptions	Amount
Beginning Balance as of September 30, 2019	\$2,309,317
Fund Income (Table 1)	\$244,774
Fund Expenditures (Tables 2 and 3)	(\$189,981)
Interest Revenue	\$18,746
Prior Year OIG Audit Adjustment	(156,078)
Ending Fund Balance	\$2,226,778

Source: OIG analysis of DGS financial records

¹ The sum of these items does not foot due to rounding.

LIABILITIES OF THE MAINTENANCE FUND

DGS records indicated that the liabilities of the Maintenance Fund balance were \$15,832 as of September 30, 2020, as shown in Table 5 below.

Table 5. Fund Liabilities as of September 30, 2020

Expenditures Incurred in FY20 but paid in FY21	Amount²
West End Library Maintenance in expenditures (Table 2)	\$6,050
Fire Station Maintenance in expenditures (Table 3)	\$9,782
Total Liabilities	\$15,832

Source: OIG analysis of DGS financial records.

ASSETS OF THE MAINTENANCE FUND

DGS records indicated that the Asset of the Maintenance Fund balance was \$2,242,611 as of September 30, 2020, as shown in Table 7 below.

Table 7. Fund Asset as of September 30, 2020

Asset	Amount
Pooled Cash ³	\$2,242,611
Total Asset	\$2,242,611

Source: OIG analysis of DGS financial records

PRIOR YEAR RECOMMENDATION IMPLEMENTATION STATUS

Office of the Chief Financial Officer (OCFO) has designed and implemented corrective actions for four of seven recommendations (Recommendations 1, 2, 6, and 7) included in the OIG’s prior year audit report dated November 19, 2019.⁴ However, DGS did not design and implement corrective actions for the remaining recommendations (Recommendations 3, 4, and 5).

The OIG noted the following repeat conditions:

- DGS did not approve the overall budget and line item increases in accordance with the Property Maintenance Agreement (PMA). The OIG found that the FY 2020 total budget exceeded the total corresponding budget for FY 2019 by more than 10 percent. The OIG also found specific line items in the FY 2020 budget that exceeded the corresponding line items in the FY 2019 budget by more than the allotted 10 percent.

² This amount was paid in full on October 5, 2020, for the Fire station and October 9, 2020, for the Library.

³ Cash for the Fund is deposited into a pooled account with the District.

⁴ D.C. OFFICE OF THE INSPECTOR GEN., OIG Project No. 20-1-01MA, AUDIT OF THE WEST END LIBRARY AND FIRE STATION MAINTENANCE FUND (Nov. 2020)

- DGS did not receive all invoices on or before the last day of each calendar month to ensure payments occurred on or before the 30th day of the subsequent month as required by the PMA.
- DGS did not receive an annual statement in reasonable detail of actual expenses for FY 2020 within sixty (60) days after the end of the FY as required by the PMA.

The OIG will not issue additional recommendations to address these repeat conditions but will continue to report Recommendations 3, 4, and 5 from the prior OIG report as open and unresolved. See Appendix C of this report for recommendation details.

CONCLUSION

The OIG performed the West End Library and Fire Station Maintenance Fund audit covering the period from October 1, 2019, to September 30, 2020. 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 revenue did not disclose any reportable weaknesses or deficiencies in the operating effectiveness of internal control. However, our examination of financial and operational records for the Fund's expenditures identified reportable weaknesses or deficiencies in the operating effectiveness of internal control. The identified weaknesses or deficiencies are repeat findings as included in the OIG report dated November 19, 2020, the status of which is included in Appendix C of this report.

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 March 2020 to August 2020, 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, 2019, to September 30, 2020. 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

CAMA	Computer-Assisted Mass Appraisal
D.C.	District of Columbia
DCPL	District of Columbia Public Library
DGS	Department of General Services
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
RAA	Revenue Accounting Administration
ROD	Recorder of Deeds

APPENDIX C. Status of Prior Year Findings and Recommendations

Report	Finding	Recommendations	Agency Response	Recommendation Status
Audit of the West End Library and Fire Station Maintenance Fund (issued November 19, 2020)	West End Library and Fire Station Maintenance Fund	1. Enhance the CAMA system to maintain a complete listing of all new buildings constructed on Lots 836, 837, and 855 in Square 37.	Disagree	Closed
		2. Update RAA’s policy and procedures to periodically update the listing of buildings constructed on Lots 836, 837, and 855 in Square 37.	Agree	Closed
	Budgets Were Not Approved by DGS as Required	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.	Agree	Open
	Invoices for West End Library Were Not Submitted, Reviewed, and Approved for Payments in a Timely Manner.	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.	Agree	Open
	DGS Did Not Receive Annual Statements for Fire Station Maintenance Fund Expenditures.	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.	Agree	Open

APPENDIX C. Status of Prior Year Findings and Recommendations

Report	Finding	Recommendations	Agency Response	Recommendation Status
Audit of the West End Library and Fire Station Maintenance Fund (issued November 19, 2020)	Maintenance Fund Balance	6. Adjust the Maintenance Fund balance to correct the overstatement by transferring \$155,165 in deed transfer and recordation taxes from the Maintenance Fund into the District’s General Fund.	Agree	Closed
	Liabilities of the Maintenance Fund	7. Develop procedures to ensure the Maintenance Fund Liabilities are reported accurately.	Agree	Closed

Source: OIG Analysis