

DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

OIG Project No. 20-1-01MA(a)

August 2020



OFFICE OF THE ATTORNEY GENERAL FOR THE DISTRICT OF COLUMBIA AND THE OFFICE OF THE CHIEF FINANCIAL OFFICER

Audit of the Attorney General Income and Expenditures Restitution Fund

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* Diversity * Measurement * Continuous Improvement*

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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
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Audit of the Attorney General Income and Expenditures Restitution Fund

EXECUTIVE SUMMARY

WHY WE DID THIS AUDIT

D.C. Code § 1-301.86c(h) requires the Office of the Inspector General (OIG) to conduct, on an annual basis, an audit of the income and expenditures of the Restitution Fund (Fund) and submit the audit to the Attorney General, Mayor, and Council of the District.



OBJECTIVE

The OIG conducted this audit to determine whether OAG (1) received and deposited revenues into the Fund account, (2) used the money for authorized purposes, and (3) deducted any excess funds from the award for money owed to the District as required by D.C. laws and regulations.

WHAT WE FOUND

From July 1, 2018, to September 30, 2019,¹ the Office of the Attorney General (OAG) received checks totaling \$253,686 in restitution awards for property loss or damages suffered by consumers. There were no awards due to damages suffered on behalf of aggrieved employees. As required by D.C. Code, once OAG receives the awards, the Office of the Chief Financial Officer (OCFO) is responsible for depositing the money and recording Fund transactions into the District's financial system.

Additionally, the Fund's accounting record did not include \$47,336 in restitution, awarded but uncollected, for property loss or damages suffered by consumers.

During the period audited, OAG distributed \$187,913 in restitution payments to consumers. During the same period, OCFO made an erroneous duplicate payment of \$130.50 to a restitution recipient. OCFO created duplicate electronic direct vouchers for a request by OAG. We note authorized OCFO officials reviewed, reconciled, and approved the direct vouchers but did not prevent the error from occurring, or detect the error. The OIG immediately notified OCFO regarding the duplicate payment, and OCFO acknowledged the error and recouped the duplicate amount.

¹ As the scope of the prior audit of the Fund covered October 1, 2017, through June 30, 2018, the OIG included the last quarter of FY 2018 (July 1 to September 30, 2018) in the FY 2019 review.

***EXECUTIVE
SUMMARY***

Finally, the OIG noted that the Unclaimed Fund Balance as of September 30, 2019, was \$257,873. However, the Fund balance was understated by \$47,466.50 (\$130.50 duplicate payment and \$47,336 uncollected restitution).

WHAT WE RECOMMEND

The OIG made three recommendations to the OAG and OCFO to improve internal controls over the Fund's administration.

MANAGEMENT RESPONSES

Both OAG and OCFO concurred with all three recommendations.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



August 26, 2020

The Honorable Karl A. Racine
Attorney General
Office of the Attorney General for the District
of Columbia
441 4th Street, N.W., Suite 1100 South
Washington, D.C. 20001

Jeffrey S. DeWitt
Chief Financial Officer
Office of the Chief Financial Officer
1350 Pennsylvania Avenue, N.W., Room 203
Washington, D.C. 20004

Dear Attorney General Racine and Chief Financial Officer DeWitt:

Enclosed is our final report, *Audit of the Attorney General Restitution Fund Income and Expenditures for the Period July 1, 2018, through September 30, 2019* (OIG Project No. 20-1-01MA(a)). Our audit objectives were to determine whether the Office of the Attorney General (OAG) (1) received and deposited revenues into the Fund account, (2) used the money for authorized purposes, and (3) deducted any excess funds from the award for money owed to the District as required by D.C. laws and regulations. We conducted this audit in accordance with generally accepted government auditing standards (GAGAS). The audit was included in our *Fiscal Year 2020 Audit and Inspection Plan*.

We provided OAG and the Office of the Chief Financial Officer (OCFO) with our draft report on July 28, 2020, and received their responses on August 12, 2020, and August 13, 2020, respectively. We appreciate that OAG and OCFO officials began addressing some of the findings immediately upon notification during the audit. OAG's and OCFO's responses to the draft report are included in their entirety in Appendix E and F, respectively.

We made three recommendations to OAG and OCFO for actions deemed necessary to correct the identified deficiencies. OAG and OCFO concurred with all three recommendations. OAG's and OCFO'S actions taken and/or planned are responsive and meet the intent of these recommendations. Therefore, we consider these recommendations resolved but open pending evidence of stated actions.

Attorney General Racine and Chief Financial Officer DeWitt
Audit of OAG's Restitution Fund
Final Report OIG Project No. 20-1-01MA(a)
August 26, 2020
Page 2 of 3

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 Fekede Gindaba, Acting Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

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

Daniel W. Lucas
Inspector General

DWL/cmw

Enclosure

cc: See Distribution List

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BACKGROUND

Legislation creating the Attorney General Restitution Fund (Fund) was introduced to the Council of the District of Columbia's Committee on the Judiciary and Public Safety during the Fiscal Year 2018 performance and budget oversight period. The Fund was established to provide a mechanism for the District to collect and distribute awards for restitution payable to consumers harmed by unlawful trade practices.

Upon receipt of revenue resulting from a restitution award for property loss or damages suffered by consumers, the Office of the Attorney General (OAG) is required to locate each person entitled to receive an award, ensure that any outstanding debts to the District are paid, and distribute the remaining amounts to these individuals.

OAG treats any amount that remains after all claims are paid as unclaimed property unless otherwise directed by court order, judgment, or settlement. Furthermore, any funds appropriated in the Fund shall be continually available and subject to authorization in an approved budget and financial plan.

The objectives of this audit were to determine whether OAG (1) received and deposited revenues into the Fund account, (2) used the money for authorized purposes, and (3) deducted any excess funds from the award for money owed to the District as required by D.C. laws and regulations. We conducted this audit in accordance with generally accepted government auditing standards (GAGAS).

FINDINGS

INCOME RECEIVED AND DEPOSITED TO THE ATTORNEY GENERAL RESTITUTION FUND

D.C. Code § 1-301.86c(b) requires that revenue OAG receives from the following awards shall be deposited into the Attorney General Restitution Fund:

- (1) Awards of restitution for property loss or damages suffered by consumers made under a court order, judgment or settlement in any action or investigation under § 28-3909(a);² and
- (2) Awards on behalf of an aggrieved employee made under a court order, judgment, or settlement in any action or investigation under § 32-1306(a)(2)(A)(iii).³

From July 1, 2018, to September 30, 2019,⁴ OAG collected and deposited \$253,686 in revenue to the Fund account in accordance with D.C. Code § 1-301.86c(b)(1). Our review of Fund income activities indicated that OAG received checks from four separate entities during the review period (see Table 1 below).

Table 1: Fund Income

Entity	Award Description	Amount Collected and Deposited
1	Consent order in an unlawful trade practices consumer protection case.	\$232,664
2	Parties entered into an Assurance of Voluntary Compliance.	\$15,000
3	Unclaimed Restitution Fund balance.	\$4,792
4	Unclaimed Restitution Fund balance.	\$1,230
Total Amount Collected and Deposited		\$253,686

Source: OIG analysis of OAG’s memorandum of deposit records.

² D.C. Code § 28-3909(a) authorizes the Attorney General for the District of Columbia to bring an action in D.C. Superior Court to obtain injunctions prohibiting certain acts, methods or practices that are not in the public’s interest, and requiring violators to take affirmative action, including the restitution of money or property.

³ D.C. Code § 32-1306(a)(2)(A)(iii) authorizes the Attorney General for the District of Columbia to bring a civil action against an employer or any other person who violates certain labor laws for restitution or injunctive, compensatory, or other authorized relief for any individual or the public at large.

⁴ As the scope of the prior audit of the Fund covered October 1, 2017, through June 30, 2018, we included the last quarter of FY 2018 (July 1 to September 30, 2018) in the FY 2019 review.

OAG Did Not Record Restitution Award Amount that was in the Process of Collection

The Fund's accounting record did not include an awarded but uncollected amount of \$47,336 in restitution for property loss or damages suffered by consumers. On January 9, 2019, the Superior Court of the District of Columbia issued an order requiring the defendants in a consumer protection civil action to pay \$300,000 to OAG no later than February 26, 2019. The court order stipulated that the District should deposit \$280,000 in the Fund account and retain \$20,000 as a penalty payment to the District.⁵ Of the \$280,000, OAG collected and deposited a combined total of \$232,664 into the Fund account as of September 30, 2019. The remaining \$47,336 was in the process of collection as of the same date.

Governmental Accounting Standards Board (GASB) Statement No. 33 requires that imposed non-exchange revenues be recorded when the use of the resources is required or first permitted by time requirements.⁶ According to GASB 33, “[i]n a non-exchange transaction, a government gives (or receives) value without directly receiving (or giving) equal value in return.”⁷ In this case, OAG should have recorded non-exchange revenue of \$280,000 by February 26, 2019. Instead, OAG recorded non-exchange revenue of \$232,664 it received.

OCFO did not record the \$47,336 in uncollected restitution amount as income. We discussed the unrecorded amount with OAG and OCFO officials who acknowledged the need to revise the existing procedures and capture the full restitution award amount. OCFO's practice of not recording the awarded but uncollected amount could cause the District to report the fund's income inaccurately.

We recommend that the Attorney General and Chief Financial Officer:

1. Establish procedures to record and recognize the full restitution award amount, fewer penalties, and costs as Fund income as required by GASB 33.

EXPENDITURES FROM THE ATTORNEY GENERAL RESTITUTION FUND

D.C. Code § 1-301.86c(c) states money in the Fund shall be used for the following purposes:

- (1) The payment of awards as required by court order, judgment, or settlement in an action or investigation OAG conducts under § 28-3909(a) or § 32-1306(a)(2)(A)(iii); and
- (2) The payment of costs and expenses related to maintaining the Fund, including costs associated with the claims process described in this section's subsection (e).

⁵ D.C. Code § 1-301.86c(b) does not authorize OAG to deposit and record penalties and costs into the Fund account. Therefore, we excluded the outstanding amount of \$20,000 in penalties and costs from our findings.

⁶ GOVERNMENTAL ACCOUNTING STANDARDS BD., STATEMENT NO. 33 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD, No. 165-B, v. (Dec. 1998), https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176160029148&acceptedDisclaimer=true.

⁷ *Id.* at *i*.

From July 1, 2018, through September 30, 2019, OAG distributed \$187,913 from the Fund for payments authorized under D.C. Code § 1-301.86c(c)(1). The OIG noted no recorded expenditures for costs and expenses (see Table 2 below).

Table 2: Fund Expenditure Activity

Award Paid	Amount
Consent order in a bankruptcy proceeding consumer protection case.	\$46,847
Consent award in an unlawful trade practices consumer protection case.	\$136,974
Parties entered into an Assurance of Voluntary Compliance.	\$4,092
Total Payments as of September 30, 2019	\$187,913
Adjusted Total Fund Expenditure	\$187,913

Source: OIG Analysis of Fund Expenditures.

OAG and OCFO Made a Duplicate Payment from the Fund Account

OCFO made an erroneous duplicate payment of \$130.50 to a restitution recipient. OCFO created duplicate electronic direct vouchers for a request by OAG. We note authorized OCFO officials reviewed, reconciled, and approved the direct vouchers but did not prevent the error from occurring, or detect the error. The OIG immediately notified OCFO regarding the duplicate payment, and OCFO acknowledged the error and recouped the duplicate amount.

We recommend that the Attorney General and Chief Financial Officer:

2. Develop procedures for direct voucher creation, review, and approval activities to prevent duplicate payments.

ATTORNEY GENERAL RESTITUTION FUND'S UNCLAIMED BALANCE

D.C. Code § 1-301.86c (e)(3) requires that any excess funds remaining from the award after a recipient has been located, amounts are deducted from the award for money owed to the District. The OAG applies part of the award toward the costs and expenses of maintaining the Fund and conducting the claims process, shall be treated as unclaimed property pursuant to Title 41 D.C. Code, Chapter 1 (Personal Property).

As of September 30, 2019, the Fund's unclaimed balance was \$201,185 (see Table 3 below).

Table 3: Unclaimed Fund Balance as of September 30, 2019

Description	Unclaimed Balance as of June 30, 2018	Award Received	Award Paid	Unclaimed Balance
Unclaimed Fund Balance	\$192,100		\$50,939	\$141,161
Consent orders in an unlawful trade practices consumer protection case.		\$232,664	\$136,974	\$95,690
Parties entered into an Assurance of Voluntary Compliance.		\$15,000	\$0	\$15,000
Unclaimed Restitution Fund balance		\$4,792	\$0	\$4,792
Unclaimed Restitution Fund balance		\$1,230	\$0	\$1,230
Sub-Total	\$192,100	\$253,686	\$187,913	\$257,873
Less: Prior Year Penalties and Costs Reclassified into Litigation Support Fund ⁸				\$56,688
Unclaimed Fund Balance as of September 30, 2019				\$201,185

Source: OIG Summary of the Fund's Financial Records.

ATTORNEY GENERAL RESTITUTION FUND WAS UNDERSTATED

As of September 30, 2019, the Fund balance was understated by \$47,466.50 (\$130.50 duplicate payment and \$47,336 uncollected restitution). OCFO did not record the \$47,336 in uncollected restitution amount as receivable. We discussed the unrecorded amount with OAG and OCFO officials who acknowledged the need to revise existing procedures and capture the full restitution award amount.

OCFO's practice of not recording the outstanding award amount could cause the District to lose track of any delinquent or unpaid balances, especially when personnel with knowledge of the case leave the District.

⁸ OAG implemented corrective action to a prior year OIG recommendation by adjusting the Fund balance to account for amounts identified as penalties or costs to maintain the Fund.

We recommend that the Attorney General and the Chief Financial Officer:

3. Adjust the Fund balance to account for any amounts identified as duplicate payments and amounts awarded but uncollected.

PRIOR YEAR RECOMMENDATION IMPLEMENTATION STATUS

The OIG noted that corrective actions for all four recommendations included in our prior year audit report dated October 23, 2018,⁹ had been implemented as of September 30, 2019 (see Table 4 (Appendix C) for the prior year recommendations status).

CONCLUSION

The OIG performed the Attorney General Restitution Fund audit covering the period from July 1, 2018, through September 30, 2019. The OIG examined and reported the Fund's income, expenditures, and balance for the period and reviewed applicable internal controls. The OIG determined that OAG made a duplicate payment and unaccounted for the Fund's income entirely. The OIG recommends additional control activities to ensure that the Attorney General Restitution Fund's income and expenditures are accurate.

AGENCY RESPONSES AND OFFICE OF THE INSPECTOR GENERAL COMMENTS

We provided OAG and OCFO with our draft report on July 28, 2020, and received their responses on August 12, 2020, and August 13, 2020, respectively. We appreciate that OAG and OCFO officials began addressing some of the findings immediately upon notification during the audit. OAG's and OCFO's responses to the draft report are included in their entirety at Appendix E and F, respectively.

We made three recommendations to OAG and OCFO for actions deemed necessary to correct the identified deficiencies. OAG and OCFO concurred with all three recommendations. OAG's and OCFO'S actions taken and/or planned are responsive and meet the intent of these recommendations. Therefore, we consider these recommendations resolved but open pending evidence of stated actions.

⁹ D.C. OFFICE OF THE INSPECTOR GEN., OIG PROJECT No. 18-1-21 CB, AUDIT OF THE INCOME AND EXPENDITURES OF THE ATTORNEY GENERAL RESTITUTION FUND FOR THE PERIOD OCTOBER 1, 2017, THROUGH JUNE 30, 2018, (Oct. 2018) available at: <http://app.oig.dc.gov/news/view2.asp?url=release10%2FAttorney+General+Restitution+Fund%2Epdf&mode=audit&archived=0&month=00000&agency=9>.

APPENDIX A. OBJECTIVE, SCOPE AND METHODOLOGY

The OIG conducted this audit to determine whether OAG: (1) received and deposited revenues into the Fund account; (2) used the money for authorized purposes; and (3) deducted any excess funds from the award for money owed to the District as required by D.C. laws and regulations. We conducted our audit fieldwork from December 2019 to May 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 OIG conducted this audit to examine the income and expenditures of the Attorney General Restitution the Fund for the Period July 1, 2018, through September 30, 2019. We met with officials of the Office of Consumer Protection of the OAG, and OCFO to understand the environment in which the Fund was managed. We coordinated with accounting personnel of OCFO to review the accounting procedures they perform for the operation of the Fund.

We reviewed internal controls within the Office of Consumer Protection and OCFO applicable to the Fund. We obtained copies of the accounting entries of the Fund. We analyzed them for conformity with accounting principles generally accepted in the United States and presented accounting results as required by the legislation creating the Fund.

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

APPENDIX B. ACRONYMS AND ABBREVIATIONS

D.C.	District of Columbia
DCMR	District of Columbia Municipal Regulations
GAGAS	Generally Accepted Government Auditing Standards
OAG	Office of the Attorney General
OCFO	Office of the Chief Financial Officer
OIG	Office of the Inspector General

APPENDIX C. FOLLOW-UP ON PRIOR YEAR RECOMMENDATIONS

On October 23, 2018, the OIG issued its report entitled *Audit of the Income and Expenditures of the Attorney General for the Period October 1, 2017, Through June 20, 2018* (OIG Project No. 18-1-21CB). The report made four recommendations in total, three to the OAG and one to the OCFO. Table 4, below, summarizes the OIG’s follow up on the recommendations issued in 2018 during this audit.

Table 4: Status of Prior Year Recommendations

Recommendation No.	Prior Year Recommendations	FY 2020 Status Per Agency	OIG Review and Conclusion
1	The Attorney General develops and implements policies and procedures to submit restitution checks to OCFO for deposit in a timely manner.	Implemented	Closed
2	The Chief Financial Officer reinforces compliance with OCFO’s standard operating procedures to deposit checks within 48 hours.	Implemented	Closed
3	The Attorney General develops and implements claims policies and procedures to locate each person entitled to receive a restitution award before printing a check.	Implemented	Closed
4	Adjust the Fund balance to account for any amounts identified as penalties or costs to maintain the Fund.	Implemented	Closed

Source: OIG analysis.

APPENDIX D. RECOMMENDATIONS

We recommend that the Attorney General and the Chief Financial Officer:

1. Establish procedures to record and recognize the full restitution award amount fewer penalties and costs as Fund income as required by GASB 33.
2. Develop procedures for direct voucher creation, review, and approval activities to prevent duplicate payments.
3. Adjust the Fund balance to account for any amounts identified as duplicate payments and amounts awarded but uncollected.

APPENDIX E. OAG'S RESPONSE TO THE DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL



ATTORNEY GENERAL
KARL A. RACINE

August 12, 2020

Daniel W. Lucas
Inspector General
Office of the Inspector General
717 14th Street, NW
Washington, DC 20005

Dear Mr. Lucas:

The Office of the Attorney General (OAG) received your draft report, *Audit of the Attorney General Restitution Fund Income and Expenditures for the Period July 1, 2018 through September 30, 2019 (OIG Project No. 20-1-01MA(a))*, and provides this response to the draft audit findings. Your draft findings related to policies and procedures in both OAG and the Office of the Chief Financial Officer. Accordingly, representatives from both agencies attended a closeout conference where your office discussed the draft audit results, and both agencies collaborated on the response. The attached chart reflects the remedial actions of both agencies, where appropriate.

If you have any questions, please feel free to contact Tarifah Coaxum, Chief Administrative Officer, at 202-724-5508 or tarifah.coaxum@dc.gov.

Sincerely,

Karl A. Racine

KARL A. RACINE
Attorney General for the District of Columbia

Attachment

APPENDIX E. OAG’S RESPONSE TO THE DRAFT REPORT

Office of the Attorney General
 Management’s response to the Restitution Fund Audit Findings (OIG Project No. 20-1-01MA(a))
 8/10/2020

No	Description of the audit Finding	Auditor's Recommendation	Management Response	Corrective Action Plan	Implementation date
1	Fund's accounting record did not include \$47,336 in restitution, awarded but uncollected, for property loss or damages suffered by consumers.	Establish procedures to record and recognize the full restitution award amount, fewer penalties, and costs as Fund income as required by GASB 33.	Management concurs to this finding.	1. Office of Consumer Protection internal Policy and Procedures will be revised to ensure that accounting receives copies of court orders related to all restitution cases within two business days from the date of court settlement. The implementation of this process is effective immediately.	9/30/2020
				2. Upon receipt, accounting reviews copies of all consumer protection court orders timely and records the full restitution amount as stated in the court order rather than based on the actual payment received. Uncollected amounts will be recorded as receivables to the fund. Subsequent payment of outstanding balances will be applied against the receivable balance setup per case.	8/1/2020
				3. Accounting recorded the \$47,336 uncollected restitution as receivable in FY20 to account for the outstanding restitution income and adjust the fund balance.	7/31/2020
2	OCFO made an erroneous duplicate payment of \$130.50 to a restitution recipient.	Develop procedures for direct voucher creation, review, and approval activities to prevent duplicate payments.	Management concurs that the duplicate payment occurred. However, this is an isolated incident that does not require a new procedure.	Due to the change in the current mass restitution payment process, no corrective action is needed. The procedures recommended by the OIG exist currently as a standard payment procedure. This isolated duplication occurred when a mass payment request was submitted and allocated between accounts payable staff for expedited manual processing. The payee who received the duplicate payment was erroneously assigned to two accounts payable staff. The \$130.50 duplicate payment was recovered and deposited in the fund to adjust the fund balance on 03/27/2020. This process is currently replaced by a mass electronic DAFRIN upload process which is managed and controlled by OFOS. As a standard process, the data contained in the DAFRIN file is reviewed and certified by the agency and submitted for completeness and accuracy to the Agency Fiscal Officer. The Agency Fiscal Officer transfers the file to OFOS for upload into SOAR. The Accounts Payable Manager performs a review to reconcile the file in SOAR against the payment package to ensure completeness and accuracy before approving the batch in SOAR. The Accounting Manager or Controller will review the batch to confirm the amount approved and uploaded before performing the release of the batch in SOAR. Once the batch is released, the overnight batch cycle process occurs with OFOS which results in the production of the check.	N/A

Audit of the Attorney General Restitution Fund

APPENDIX F. OCFO'S RESPONSE TO THE DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER



Jeffrey S. DeWitt
Chief Financial Officer

August 13, 2020

Daniel Lucas
Inspector General
Office of the Inspector General
717 14th Street, NW, 5th Floor
Washington, DC 20005

Re: Audit of the Attorney General Restitution Fund Income and Expenditures for the Period July 1, 2018 through September 30, 2019 OIG Project No. 20-1-01 MA(a)

Dear Mr. Lucas:

I am writing in response to your draft audit entitled, "*Audit of the Attorney General Restitution Fund Income and Expenditures for the Period July 1, 2018, Through September 30, 2019 (OIG Project No. 20-1-01 MA(a))*". Below are the Office of the Chief Financial Officer's responses to the recommendations identified in the report:

- 1. Fund's accounting record did not include \$47,336 in restitution, awarded but uncollected, for property loss or damages suffered by consumers.**

Recommendation

Establish procedures to record and recognize the full restitution award amount, fewer penalties, and costs as Fund income as required by GASB 33.

OCFO Response:

Management concurs to this finding. Office of Consumer Protection Internal Policy and Procedures will be revised to ensure that accounting receives copies of court orders related to all restitution cases within two business days from the date of court settlement. Upon receipt, accounting reviews copies of all consumer protection court orders timely and records the full restitution amount as stated in the court order rather than based on the actual payment received. Uncollected amounts will be recorded as receivables to the fund. Subsequent payment of outstanding balances will be applied against the receivable balance setup per case. The restitution fund policy revision will be made before 09/30/2020. The new process was implemented since August 1, 2020 in advance of the policy revision.

APPENDIX F. OAG'S RESPONSE TO THE DRAFT REPORT

*Audit of the Attorney General Restitution Fund Income and Expenditures (July 1, 2018 through September 30, 2019)
August 13, 2020
Page 2*

2. OCFO made an erroneous duplicate payment of \$130.50 to a restitution recipient.

Recommendation

Develop procedures for direct voucher creation, review, and approval activities to prevent duplicate payments.

OCFO Response:

Management concurs that the duplicate payment occurred. However, this is an isolated incident that does not require a new procedure. Due to the change in the current mass restitution payment process, no corrective action is needed. The procedures recommended by the OIG exist currently as a standard payment procedure. This isolated duplication occurred when a mass payment request was submitted and allocated between accounts payable staff for expedited manual processing. The payee who received the duplicate payment was erroneously assigned to two accounts payable staff.

This process is currently replaced by a mass electronic DAFRIN upload process which is managed and controlled by OFOS. As a standard process, the data contained in the DAFRIN file is reviewed and certified by the agency and submitted for completeness and accuracy to the Agency Fiscal Officer. The Agency Fiscal Officer transfers the file to OFOS for upload into SOAR. The Accounts Payable Manager performs a review to reconcile the file in SOAR against the payment package to ensure completeness and accuracy before approving the batch in SOAR. The Accounting Manager or Controller will review the batch to confirm the amount approved and uploaded before performing the release of the batch in SOAR. Once the batch is released, the overnight batch cycle process occurs with OFOS which results in the production of the check. Therefore, the current review and approval procedures of the new DAFRIN process prevents the occurrence of duplicate payments effectively.

3. Adjust the Fund balance to account for any amounts identified as duplicate payments and amounts awarded but uncollected.

OCFO Response:

Management concurs to this recommendation as part of remediating the first two findings. The \$130.50 duplicate payment was recovered and deposited in the fund to adjust the fund balance on 03/27/2020. Accounting also recorded the \$47,336 uncollected restitution as receivable in order to account for the outstanding restitution income and adjust the fund balance as of 07/31/2020.

If you have any questions, please feel free to contact Timothy Barry, Executive Director, Office of Integrity and Oversight, at 442-6433.

Sincerely,



Jeffrey S. DeWitt

cc: Timothy Barry, Executive Director, Office of Integrity and Oversight