



**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL**

FISCAL YEAR 2001 AUDIT PLAN

**CHARLES C. MADDOX, ESQ.
INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL



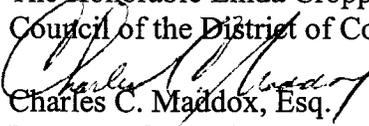
Inspector General

MEMORANDUM

TO: The Honorable Anthony A. Williams, Mayor
Executive Office of the Mayor

The Honorable Alice Rivlin, Chairman
D.C. Financial Responsibility and Management Assistance Authority

The Honorable Linda Cropp, Chairman
Council of the District of Columbia

FROM: 
Charles C. Maddox, Esq.
Inspector General
District of Columbia Government

DATE: August 31, 2000

SUBJECT: Office of the Inspector General's Fiscal Year 2001 Audit Plan

This memorandum transmits the Office of the Inspector General's (OIG) Fiscal Year (FY) 2001 Audit Plan (Plan). This Plan has been prepared pursuant to D.C. Code § 1-1182(a)(3)(I), which states in part, that the Inspector General shall "not later than 30 days before the beginning of each fiscal year . . . and in consultation with the Mayor, the Council, and the Authority, establish an annual plan for audits to be conducted under this paragraph. . . ."

The Plan contains audits that are required, discretionary, or pursuant to special requests from District leaders and managers. We are specifically including audits designed to assess the results of various budgeted programs, including the economy and efficiency of actions to attain those results. In this regard, the Plan provides for two audits of interest:

- An audit to assess the accuracy and reliability of performance measurements associated with the Mayor's calendar year 2000 Scorecard and the FY 2000 performance contracts between the Mayor and agency heads, and
- A multi-agency follow-up audit to determine whether agencies are implementing the recommendations to which they have agreed.

During this past year, the Mayor, the Council, the Control Board, and the OIG have highlighted procurement and contract administration issues facing the District. Accordingly, this year's plan is designed to audit the functional area of procurement and contract administration on a continuous basis.

In short, the FY 2001 Audit Plan addresses issues that are of concern to the leaders and residents of the District of Columbia and stresses projects that will allow the District to become more efficient, cost effective, and responsive in its operations and services.

Attachment

cc: See Distribution List

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District Agency Heads



**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL**

**FISCAL YEAR 2001
AUDIT PLAN**

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL
FY 2001 AUDIT PLAN**

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**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL
FISCAL YEAR 2001 AUDIT PLAN**

I. Introduction

The Office of the Inspector General (OIG) is pleased to present the Fiscal Year 2001 Audit Plan for the Government of the District of Columbia. This Plan has been prepared pursuant to D.C. Code § 1-1182.8(a)(3)(I). This Act requires, in part, that the OIG, in consultation with the Mayor, the District of Columbia City Council (Council), and the Financial Responsibility and Management Assistance Authority (Authority), establish an audit plan 30 days prior to the commencement of the new fiscal year.

Mission

The mission of the OIG is to conduct independent audits, inspections and investigations to help the District of Columbia Government improve its programs and operations by promoting economy, efficiency and effectiveness, and detecting and preventing fraud, waste, and mismanagement.

Vision

We strive to be a highly skilled professional organization with the goal of improving performance and accountability in government. We contribute to the success of the District of Columbia Government by providing timely and objective information to public stakeholders, who are responsible for the oversight and implementation of government programs and operations and who help identify issues we consider when devising OIG work priorities. We strive to be a leader in coordinating, recommending, and ensuring compliance with policies designed to provide quality government services.

Values

We, as individuals and as an agency, value organizational independence, innovation, integrity, teamwork and commitment to excellence. We will continually improve our skills, value the contribution of each member of our diverse workforce, and promote professional growth.

Consistent with the mission, vision, and values stated above, the OIG's overall goals and objectives include the following:

1. Identifying and eliminating the occurrence of fraud, waste, abuse and mismanagement through aggressive government-wide fraud education programs;
2. Providing the District government leadership with investigative work products that are thorough, clear, concise, and which may form the basis for administrative, civil or criminal sanctions;
3. Assessing the degree to which assets of the District are safeguarded;
4. Determining the level of compliance with laws and regulations;
5. Determining and ensuring the accuracy of recorded transactions in the District's financial books and records;
6. Assessing whether resources are used efficiently, effectively and economically;
7. Determining the reliability and integrity of information systems;
8. Determining the effectiveness of operations and programs in accomplishing the delivery of goods and services by the District;
9. Promoting economy and efficiency in the management of the information resources of the District to support the delivery of services and program effectiveness; and
10. Promoting economy and efficiency in the business processes of the District to improve the delivery of services and program effectiveness.

The FY 2001 Audit Plan includes OIG initiatives for audit coverage with particular focus on the deterrence of fraud, waste and mismanagement. Additionally, beginning with audits started in FY 2001, the OIG has added an audit emphasis area to review the use and accountability of funds for District management reform initiatives. The Plan also focuses on increasing coordination and assistance to District managers. Additionally, the Audit Plan is flexible in that it sets aside staff hours to be devoted to assisting investigations and responding to special requests for audits and related services.

The Audit Function

Internal audits are reviews of selected programs, activities, or functions which provide management with an independent appraisal of whether desired results and objectives are achieved efficiently, economically, and in accordance with prescribed laws, regulations, policies and procedures. These audits complement other elements of management evaluations and are aimed at providing reliable and constructive recommendations for improved administration of operations.

Key elements of internal audits conducted by the OIG are the independence of the OIG from the management of such programs and the responsibility placed on the OIG by the Inspector General Act to report to top management and other stakeholders on the results of such audits.

Audit Selection

Selection of a District office for audit does not necessarily mean that problems exist. Unless exempt by law, all District programs, activities, and functions are subject to audit. The OIG plans audits based on our assessment of how limited resources can be best used to address priority issues. Audits in the plan cover a wide range of subjects and include matters suggested by District officials.

The criteria for selection relate to the following: (1) materiality of the programs; (2) activities and functions being considered for audit; (3) the vulnerability of these operations to fraud, waste, and mismanagement; and (4) whether there is a legislative or regulatory audit requirement. The annual plan is updated throughout the year to reflect audits added or dropped.

The Audit Process

An established sequence of events occurs for every audit conducted. These steps include the announcement of the audit, the entrance conference, fieldwork, exit conference, resolution process, and audit followup. Each step is discussed below:

Engagement Letter

Prior to the start of an audit, we normally send the head of the agency a letter announcing the audit survey. The letter describes the audit scope and objectives, and it suggests a starting time. The letter also explains that we plan to brief the appropriate management officials on the audit. Briefing items include the audit's objectives, potential scope, and methodology. In addition, it advises agencies of our working space requirements, any specific information needs, and other audit support requirements.

Entrance Conference

At the beginning of each audit, we hold a formal entrance conference with the management officials whose operations are to be audited. The entrance conference covers the matters discussed in the engagement letter. We also explain the audit and audit reporting processes. During the conference, we encourage management officials to bring to the attention of audit team members any concerns, ideas, or special circumstances concerning the matters to be audited.

Fieldwork

The first phase of fieldwork is called the “survey.” We conduct surveys to gain background information on a program, activity or function and to assess whether there appear to be any vulnerable areas that should be reviewed. The second phase of fieldwork is the audit phase. It is during the audit phase that we perform detailed tests to determine whether systems and programs are functioning as intended, and fully develop audit findings and recommendations for improvement.

Audit fieldwork requires some effort on the part of agency personnel for answering questions, providing access to files, and preparing information requested by the auditors. However, our auditors are fully aware of the agencies’ need to keep up with the regular workload. Therefore, auditors make every attempt to limit requests for information, records, and assistance to the minimum necessary to complete the audit.

Keeping Agency Officials Informed

During the course of the audit, we keep management advised of any deficiencies and/or weaknesses we identify. Our auditors are instructed to keep agency officials informed of the audit’s progress and to be alert to issues that need to be immediately brought to their attention. Managers of an organization being audited can also expect the following types of formal communications:

- **Survey Closeout Conference.** At the end of a survey, we meet with key agency officials to discuss the results. If an audit is not to be performed, we summarize the audit objectives and explain that, based upon the survey work performed, no additional audit work is necessary. We also point out any minor deficiencies. The formal letter closing out the survey is sent following the conference.
- **Audit Memorandum.** As the audit progresses, we may provide the agency head with interim findings for informal comments on the accuracy and completeness of the findings.

This early communication serves three purposes:

- It gives the agency the opportunity to voice concerns and provide additional information.
- It reduces misunderstandings or inaccuracies.
- It allows the agency to correct problems as they are identified.
- **Audit Exit Conference.** After all steps in the audit program have been completed, we conduct an exit conference. At the exit conference, we summarize the issues previously brought to the agency management's attention as well as any other findings and recommendations we may have developed.
- **Draft Audit Reports.** After considering any comments and concerns raised at the exit conference, we send a draft report to managers responsible for implementing corrective action. Usually, we request the action official to reply in writing to a draft report within 10 working days. The reply should include actions taken and planned, target dates for any uncompleted actions, and the reasons for any disagreements with the findings or recommendations.
- **Final Report.** After carefully analyzing the comments, we make any changes that may be needed, incorporate the comments into the report, and include the comments as an appendix to the report. We send copies of the final report to the highest level official responsible for taking corrective action. This usually is the head of the agency. Copies of the report are also provided to the Mayor, the Council, and the Authority. Others who may have an interest in a particular report will be sent a copy, and all reports are published on the OIG website. OIG audit reports may also be provided to congressional committees, members of Congress and the press.

The Office of the Inspector General has also instituted three additional categories for the issuance of certain type reports. The three categories are:

- Management Alert Report (MAR)
- Management Implication Report (MIR)
- Fraud Alert Report (FAR)

A **MAR** is a report that is issued to the head of an agency for the purpose of identifying systemic problems that should and could be addressed during an audit, investigation, or inspection process. This report can also be used as a quick reaction report when it is necessary to advise management that significant time-sensitive action is needed.

A **MIR** is a report that is issued during or at the completion of an audit, investigation, or inspection alerting all District agencies of a potential problem which may or may not be occurring in their particular agency.

A **FAR** is a report identifying a fraudulent scheme or schemes that are discovered most commonly as a result of a criminal investigation. This report is issued to all District agencies to be on the lookout for similar schemes.

Resolution Process

The OIG will make every reasonable effort to resolve a disagreement with appropriate officials, but if an agreement is not reached, the final report will be issued with unresolved findings or recommendations. Final resolution will occur at the Inspector General level in conjunction with the Mayor or the Authority.

Audit Followup

District officials and managers are responsible for implementing the agreed corrective actions. OIG auditors monitor progress in implementing audit recommendations. In addition, the OIG conducts followup audits to verify that pledged actions have been taken and were effective.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL**

II. Audits In Process as of September 1, 2000

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL
AUDITS IN PROCESS AS OF SEPTEMBER 1, 2000**

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2. Federal Grants Management (OIG No. 16-99BQ).....	II - 2
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4. Projects Funded by the Federal Highway Administration (OIG No. 00-1-04KA).....	II - 4
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10. District of Columbia Performance Measurement System (OIG No. 00-2-12MA).....	II - 10
11. Review of Financial Activity at the Public Benefit Corporation (OIG No. 00-2-13JB).....	II - 11
12. Disability Compensation Program (OIG No. 00-1-14CF).....	II - 12

AGENCY: Department of Human Services (DHS)

TITLE: Mental Retardation Developmental Disability Program

OBJECTIVES: The audit objectives are to evaluate the adequacy of contract planning, management, and administrative practices relative to services provided to the Mental Retardation Developmental Disability Program (MRDDP).

JUSTIFICATION: Based on reports of irregularities at group homes, and at the request of the Director of DHS, the OIG will perform an audit of the contracting function relative to services provided to persons with mental retardation and developmental disabilities. This audit will be conducted in partnership with the U.S. Department of Health and Human Services OIG's nationwide audit of MRDDP.

STATUS: Ongoing as of September 1, 2000.

AGENCY: Office of Grants Management and Development (OGMD)

TITLE: Federal Grants Management

OBJECTIVES: The audit objectives are to determine whether the District is losing monies by failing to claim federal grants that it is entitled to and properly using the grants it receives. The audit will focus on the management, procurement and financial functions relative to District agencies claiming federal grants.

JUSTIFICATION: The District has not always requested, managed, or received federal grant reimbursements authorized for administering federally funded programs. The District receives over \$1 billion annually from the federal government for the administration of federal grant programs.

STATUS: Ongoing as of September 1, 2000.

AGENCY: Water and Sewer Authority (WASA)

TITLE: Management Review of the District of Columbia Water and Sewer Authority

OBJECTIVES: The objective of this audit is to assess WASA's effectiveness in establishing, implementing, and monitoring operations related to safety, health, and use of resources.

JUSTIFICATION: Concerns of potential threat to the safety and health of the employees and nearby residents of the Blue Plains Wastewater Sewage Treatment Plant received extensive coverage in the news media. As a result, the Mayor instructed the Director of the D.C. Emergency Management Agency (EMA) to perform a 48-hour initial assessment of the Plant and prepare a report of observations and deficiencies. In his report, the Director of EMA identified three major areas at the Plant with noted deficiencies. Specifically, the report stated that WASA needed to: (1) increase plant security; (2) implement prevention and safety measures relating to chemical processes, worker training, work places, and environmental concerns; and (3) address preparedness areas to include preventive maintenance, emergency response, and training. The Director of EMA requested that the Office of the Inspector General perform a management accountability review of operations and practices at the Plant and also review management actions relative to past audits conducted by regulatory agencies and consultants.

STATUS: Ongoing as of September 1, 2000.

- AGENCY:** Department of Public Works (DPW)
- TITLE:** Projects Funded by the Federal Highway Administration
- OBJECTIVES:** The audit objectives are to: (1) validate the costs of completed projects for closeout with Federal Highway Administration (FHWA); (2) identify either final claims due from or final credits due to FHWA; (3) identify any conditions preventing the completion of the closeout audits; (4) review the conversion amounts carried forward from the old to the new Financial Management System (FMS); and (5) review the new computerized billing system with FHWA.
- JUSTIFICATION:** Each year the OIG reports on the audit results of the D.C. DPW Projects Funded by the FHWA closed during the previous fiscal year. These reports identify overbillings, underbillings and funds available for reprogramming.
- Since 1982, the OIG has provided support to assist DPW in closing out District highway projects and collecting amounts due from the FHWA. As a result of this initiative, 912 highway projects costing over \$1 billion have been audited by the OIG staff and closed by the DPW. These audits have resulted in the DPW's recovery of over \$18 million from the FHWA. In addition, the audits identified approximately \$47 million in unused FHWA funds that were then made available for use in other District highway projects.
- STATUS FY 2000:** Report to be issued in first quarter of FY 2001.
- STATUS FY 2001:** New Start FY 2001.

AGENCY: Multi-Agency

TITLE: Controls over Access to the System of Accounting and Reporting (SOAR)

OBJECTIVES: The audit objective is to determine whether controls over the District's financial system are adequate to safeguard District assets.

JUSTIFICATION: The District processes numerous financial transactions relating to the payment for goods and services. This audit will evaluate management systems and internal controls at the Office of the Chief Technology Office and various other agencies to ensure that access to financial data is properly authorized and controlled.

STATUS: Ongoing as of September 1, 2000.

AGENCY: Multi-Agency

TITLE: Controls over Donated Property

OBJECTIVES: The audit objective is to determine whether controls over donated property are adequate to safeguard District assets.

JUSTIFICATION: The District receives donated property valued in the millions of dollars from local retailers, businesses, and the federal government. This property is maintained at various warehouse locations until it is distributed to District agencies. This audit will evaluate inventory and internal controls at the warehouses to ensure the property is controlled, accounted for, and best utilized.

STATUS: Ongoing as of September 1, 2000.

AGENCY: District of Columbia Public Schools (DCPS)

TITLE: Special Education Program

OBJECTIVES: The audit objectives are to evaluate DCPS bus transportation services and related costs and to verify the accuracy of special education student placement data and related tuition payments.

JUSTIFICATION: Concerns with the transportation service within DCPS for Special Education students have received extensive public attention. Additionally, concerns have surfaced relating to the accuracy of DCPS special education tuition billing data. As a result of a previous audit, we reported that DCPS lacked sufficient policies and procedures to adequately administer the Special Education Program. These policies and procedures were needed to improve internal accounting controls for processing special education payments and to adequately monitor private schools to ensure that required educational services were being provided to students.

STATUS: Ongoing as of September 1, 2000.

AGENCY: Multi-Agency

TITLE: Post Review of Fiscal Year 1999 Comprehensive Annual Financial Report

OBJECTIVES: The audit objective is to identify factors that contributed to the lateness of the completion of the fiscal year 1999 Comprehensive Annual Financial Report (CAFR) and to determine how the process can be improved in the future.

JUSTIFICATION: Public Laws 94-399 and 104-8 and D.C. Code § 47-119 require the District government to conduct an overall financial audit of the city's financial operations. The OIG contracts with an independent CPA firm to perform this audit, which must be completed by February 1st each year for the immediate preceding fiscal year. The fiscal year 1999 audit was submitted three months past the due date.

STATUS: Ongoing as of September 1, 2000.

AGENCY: Fire and Emergency Medical Services (FEMS)

TITLE: Fire and Emergency Medical Services Information Technology Equipment and Inventory

OBJECTIVES: The audit objective is to determine whether adequate management controls exist and are operating effectively to ensure the proper accounting for and safeguarding of information technology (IT) equipment.

JUSTIFICATION: A request was made by former Interim Fire Chief to review controls over IT equipment and inventory within the agency. Specifically, it was reported that controls over inventory need to be improved and the potential exists for missing or unaccounted for IT equipment.

STATUS: Ongoing as of September 1, 2000.

AGENCY: **Multi-Agency**

TITLE: **District of Columbia Performance Measurement System**

OBJECTIVES: The audit objectives are to verify the accuracy and reliability of performance data reported to the mayor by agency heads. In addition, our objectives include determining whether agencies have implemented internal controls to prevent or detect material errors and irregularities in reporting performance measures.

JUSTIFICATION: The performance contracts and scorecards are at the heart of Mayor Williams' performance management system, which is intended to introduce accountability among District agencies. As such, we plan to assess the accuracy and reliability of performance measurements associated with the mayor's calendar year 2000 scorecard and the fiscal year 2000 performance contracts between the mayor and agency heads.

STATUS: Ongoing as of September 1, 2000.

- AGENCY:** **District of Columbia Health and Hospitals Public Benefit Corporation (PBC)**
- TITLE:** **Review of Financial Activity at the Public Benefit Corporation**
- OBJECTIVES:** The audit objectives are to determine whether PBC implemented internal controls to prevent or detect material errors and irregularities; complied with the requirements of applicable laws, regulations, policies and procedures; and managed and used resources in an effective, efficient and economical manner.
- JUSTIFICATION:** The statutory mission of the PBC is to provide comprehensive community-centered health care for the benefit of residents of the District of Columbia and to assume the functions and responsibilities of the D.C. General Hospital and the Commission on Public Health Community Clinics. Enabling legislation provides that the establishment of PBC would reduce expenditures, promote economy, and increase efficiency in providing health care services to residents of the District.
- Recent concerns over the financial operations at PBC has prompted reviews by several agencies, to include the General Accounting Office, the District's Office of Tax and Revenue, and the Office of the Chief Financial Officer. The OIG will coordinate efforts with these agencies and perform an audit of bank and credit card accounts to ensure the propriety of funds and evaluate financial management and accounting controls at PBC.
- STATUS:** Ongoing as of September 1, 2000.

- AGENCY:** Department of Employment Services (DOES)
- TITLE:** Disability Compensation Program
- OBJECTIVES:** The objectives of the audit are to: (1) determine program efficiency and effectiveness in the areas of service delivery and program risk management; and (2) identify areas for cost recoveries and future savings.
- JUSTIFICATION:** The D.C. Disability Compensation Program (DCP) was established by the District, a self insured employer, under the D.C. Merit Personnel Act (D.C. Law 2-139) to receive, adjudicate and compensate, as appropriate, all claims resulting from District government employees injured or killed on the job.
- Within DOES, the Office of Labor Standards administers the DCP for District government employees who have suffered on the job injuries or accidental death. This includes providing appropriate medical treatment, including emergency medical care, after a District employee sustains an injury or illness on the job and to return them to work expeditiously. It also includes paying compensation for lost wages, scheduled awards, vocational rehabilitation for injured employees, and survivors' compensation to beneficiaries of deceased employees. Excluded are those employees of the uniformed Metropolitan Police and Fire Departments who are under another program.
- Recent audits and reviews conducted by the OIG have revealed several findings in the areas of fiscal responsibility and program management within DOES that require resolution by the District government. The DOES performs a critical mission for the District government and its stakeholders, and is the key agency responsible for the risk management of the District's self-insured DCP. There are over 850 active claimants currently receiving compensation payments, and over 1,000 new claims processed annually.
- STATUS:** Ongoing as of September 1, 2000.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL**

**III. FY 2001 New Starts
Discretionary and Special Request Audits**

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL
FY 2001 NEW STARTS
DISCRETIONARY AND SPECIAL REQUEST AUDITS**

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AGENCY: Multi-Agency

TITLE: District Agencies' Implementation of Audit Recommendations

OBJECTIVES: To determine whether agencies have implemented agreed-to recommendations that were intended to correct reported deficiencies and whether the reported deficiencies have been corrected.

JUSTIFICATION: The District has been subject to audits by internal and external auditors for many years. The recommendations that auditors made to correct negative conditions should have resulted in monetary benefits, more efficient and effective operations and programs, and safer environments for the public. However, audits have little value if the reported deficiencies remain uncorrected. Without implementation of the agreed-to recommendations, expected benefits would likely not occur.

STATUS: New Start FY 2001.

AGENCY: Multi-Agency

TITLE: District of Columbia Procurement and Contract Activities

OBJECTIVES: The audit objectives are to determine whether procurement activities are being carried out pursuant to the Procurement Practices Act of 1985, D.C. Law 6-85.

JUSTIFICATION: This audit is required to be conducted on an annual basis under the Procurement Practices Act of 1985, as amended by the Procurement Reform Amendment of 1996. During this past year, the Mayor, the Council, the Authority, and the OIG have highlighted procurement and contract administration issues facing the District. Accordingly, this year's plan is designed to audit the functional area of procurement and contract administration on a continuous basis.

We also plan to review procurement practices of agencies with independent procurement authority. Such agencies would include the Public Benefit Corporation and the Washington Convention Center.

In the area of contract administration, we will focus on the following:

- Procurement administrative lead time
- Contract monitoring
- Training and skills

STATUS: New Start FY 2001.

AGENCY: Department of Housing and Community Development (DHCD)

TITLE: Financial Statement Audit of the Home Purchase Assistance Program

OBJECTIVES: The audit objectives are to determine whether monies in the Home Purchase Assistance Program have been accounted for properly and whether persons obtaining loans under this program meet the qualifications under existing policies and procedures.

JUSTIFICATION: Section 45-2205 of the D.C. Code requires the OIG to conduct an annual audit of this program. The Mayor is required to report on the financial condition of this program to Congress and the Council within six months after the end of the preceding fiscal year.

STATUS: New Start FY 2001.

AGENCY: Washington Metropolitan Area Transit Commission (WMATC)

TITLE: Financial Statement Audit of the Washington Metropolitan Area Transit Commission

OBJECTIVES: The audit objectives are to perform a financial statement audit of the Washington Metropolitan Area Transit Commission for the year ended June 30, 2000.

JUSTIFICATION: Chapter 24 of Title I of the D.C. Code § 1-2401, created the Washington Metropolitan Area Transit Regulation Compact, which governs the National Capitol Regional Transportation Program. Section 70(b) of Article XVI of the amendments to the Compact, the financial transactions of WMATC's Board of Directors is subject to audit by the General Accounting Office under rules and regulations as described by its Comptroller General. By formal agreement of the District, Maryland, and Virginia, the District is required to perform the audit every three years, alternating with Maryland and Virginia.

STATUS: New Start FY 2001.

AGENCY: Department of Public Works (DPW)

TITLE: Department of Public Works Federal Highway Trust Fund

OBJECTIVES: The audit objective is to ensure the proper reporting of revenues and expenditures for the Federal Highway Trust Fund.

JUSTIFICATION: Section 149, subsection 3(e) of Public Law 104-21 (D.C. Code § 7-134.2(e)) is amended to read as follows:

Not later than February 1, 2001, and each February 1, thereafter, the Inspector General of the District of Columbia shall audit the financial statement of the District of Columbia Federal Highway Trust Fund for the preceding fiscal year and shall submit to Congress a report on the results of such audit. Not later than May 31, 2001, and each May 31, thereafter, the Inspector General shall examine the statement forecasting the conditions and operations of the Trust Fund for the next five fiscal years commencing on the previous October 1 and shall submit to Congress a report on the results of such examination.

STATUS FY 2001: New Start FY 2001.

AGENCY: Department of Consumer and Regulatory Affairs (DCRA)

TITLE: Professional Engineering Fund

OBJECTIVES: The audit objective is to determine whether DCRA's Professional Engineering Fund registration fees and Board expenditures were proper.

JUSTIFICATION: This audit is required pursuant to D.C. Code §§ 2-2302 and 2-2313(d) which states, in pertinent part, as follows: "It shall be the duty of the Office of the Inspector General of the District of Columbia to audit annually the accounts of the Board and to make a report thereof to the Mayor."

STATUS FY 2001: New Start FY 2001.

AGENCY: Office of the Chief Financial Officer (OCFO)

TITLE: System Development Review of the Integrated Tax System

OBJECTIVES: The audit objectives are to determine whether an adequate system development process is followed to assure the smooth transition from the Real Property System, the Individual Tax System, and the Business Income Tax system to the Integrated Tax System (ITS). An assessment of automated controls within the ITS will be performed to assure that the new system has adequate controls that will assist in the detection and/or prevention of unauthorized manipulation of data within the system and provide management with adequate information to assist in the collection of property and sales taxes.

JUSTIFICATION: The Office of Tax and Revenue administers this program which, in the three tax systems mentioned above, collected over \$1.6 billion annually. This review will provide an assessment of the controls over information processed through the new ITS to ensure that these monies are properly processed.

STATUS: New Start FY 2001.

AGENCY: Child and Family Services Agency (CFSA)

TITLE: District of Columbia Child Support System

OBJECTIVES: The audit objectives are to assess the adequacy of the District's Child Support Data System to ensure that it meets specified federal certification requirements.

JUSTIFICATION: In 1975 the Congress created the Child Support Enforcement (CSE) Program by enacting Title IV-D of the Social Security Act for the purpose of establishing and enforcing the support obligations owed by noncustodial parents to their children. The Department of Health and Human Services is the federal agency that oversees the administration of CSE Programs. The federal government shares the cost of funding CSE Programs by contributing to the administrative costs and providing incentive payments.

In 1993, the federal government issued system specifications to meet legal requirements. Many states, to include the District of Columbia, have failed to implement a Child Support Data System that meets established requirements. Currently the District has been granted an extension to obtain the necessary certifications. Failure to meet these guidelines could jeopardize millions of dollars in federal grants.

STATUS FY 2001: New Start FY 2001.

AGENCY: Multi-Agency

TITLE: Information Systems Security

OBJECTIVES: The audit objectives are to review management controls over the security of information technology (IT) systems.

JUSTIFICATION: Hacker attacks and the “I love you” virus have highlighted the vulnerability of IT systems. The need to provide secure access and control of IT systems from outside intrusions is becoming increasingly more important. The identification of existing controls and their adequacy along with the simulation of possible threats to the District IT systems would be beneficial.

STATUS FY 2001: New Start FY 2001.

AGENCY: Multi-Agency

TITLE: Review of District's Payroll System Data Conversion Process

OBJECTIVES: The objectives are to determine whether: (1) employee data is accurately and completely converted from the Comprehensive Automated Personnel Payroll System (CAPPS) to the Unified Personnel Pay System (UPPS); (2) controls are maintained over the conversion process to prevent inaccurate or unauthorized changes to data; and (3) accurate and complete results are achieved.

JUSTIFICATION: The integrity of data converted from one system to another system is essential and must be maintained during the conversion process. Prior Management Letters from the District's Comprehensive Annual Financial Report have reported significant payroll system deficiencies. These deficiencies include duplicate social security numbers and active employee records for deceased employees. This audit will determine whether controls have been implemented in the conversion process that would prevent these deficiencies.

STATUS FY 2001: New Start FY 2001.

AGENCY: Multi-Agency

TITLE: Certification of the District's Fiscal Year 2001 Savings Plan

OBJECTIVES: The objectives are to certify that the savings identified in the Fiscal Year 2001 Savings Plan have been achieved.

JUSTIFICATION: H.R. 4942 (District of Columbia Appropriations Bill, 2001) changed the manner in which unexpended reserve funds could be spent. The key changes for fiscal year 2001 include the certification by the Inspector General that all \$52 million in savings have been achieved and certification by the Chief Financial Officer that agency expenditures are monitored and fiscal challenges are resolved satisfactorily.

STATUS FY 2001: New Start FY 2001.

AGENCY: Multi-Agency

TITLE: Management of Controlled Substances

OBJECTIVES: The audit objectives are to determine whether controls are in place to maintain adequate safeguards and proper accountability over controlled substances.

JUSTIFICATION: District hospitals, health centers, and clinics must acquire, issue, and dispose of drugs in meeting their mission of providing care. They must also maintain inventories to ensure controlled substances are accounted for, prescriptions are documented as required, and adequate controls over the security of working stock are in place. Our audit will address these areas and determine if applicable procedures and practices are followed.

STATUS: New Start FY 2001.

AGENCY: Metropolitan Police Department (MPD)

TITLE: Asset Seizures and Forfeitures

OBJECTIVES: The audit objectives are to determine whether controls exist and are operating as designed to ensure proper accountability of asset forfeitures and seizures.

JUSTIFICATION: This audit will provide an independent assessment of the reliability of internal controls over asset forfeitures and seizures and any removal or disposition of such property. Forfeitures and seizures include such items as currency, narcotics, vehicles, weapons, and other property. At any given time, the value of these items is significant. Due to the vulnerability of these items and the inherent nature for their unauthorized removal or theft, if proper controls are not exercised, the potential exists for unauthorized and/or illegal sale or personal use.

STATUS: New Start FY 2001.

- AGENCY:** Multi-Agency
- TITLE:** Management of Real Estate Owned by the District of Columbia
- OBJECTIVES:** The audit objectives are to assess the District's ability to:
- restore abandoned property to active real estate revenue producing properties in a timely manner;
 - reduce maintenance and management costs of abandoned property;
 - eliminate neighborhood decay caused by abandoned properties; and
 - ensure that the District receives fair market value for properties sold.
- JUSTIFICATION:** Abandoned properties contribute to neighborhood decay and require the District to expend funds to protect, winterize, and manage these properties. The District may be losing revenues due to its inability to restore vacant/vacated property to the active real estate rolls in a timely manner. If the average residential property generates real estate taxes of \$3,000 per year, vacated property owned by the District loses the same amount. For each 1,000 vacant properties owned by the District, lost property tax revenues would amount to \$300,000 per year. In addition, lost income tax revenues on people who could occupy these properties, based on an estimated annual reported gross income of \$10,000 would equate to approximately \$1 million per year.
- STATUS:** New Start FY 2001.

AGENCY: Multi-Agency

TITLE: The District's Payment of Utility Bills

OBJECTIVES: The audit objectives are to determine whether adequate controls exist over the operational and financial processes relative to the District's payment of utility bills.

JUSTIFICATION: The identification of abandoned buildings and previous audit work in the area of telecommunication systems within the District indicates that controls and expenditures in this area may need improvement. We anticipate unused services for gas, electricity, and water, unauthorized uses of such services, and a lack of internal controls to prevent these instances from happening.

STATUS FY 2001: New Start FY 2001.

AGENCY: Department of Human Services (DHS)

TITLE: Administration of Funds for the Homeless Shelter Services Program

OBJECTIVES: The audit objectives are to determine whether expenditures for the Homeless Shelter Services Program are being used for their intended purposes.

JUSTIFICATION: The Homeless Shelter Services Program is administered by the Family Services Administration (FSA). Its FY 1999 budget exceeded \$11 million.

Based on public reports, and at the request of the Executive Director of the Washington Legal Clinic for the Homeless, Inc., the OIG will perform an audit of the Administration of Funds for the Homeless Shelter Services Program.

In June of 1993, the District and the U.S. Department of Housing and Urban Development (HUD) agreed to transition the District's homeless service system from a shelter-based system to a continuum of care approach. The entity designated to implement this transition was the Community Partnership. Under this agreement, both HUD and the District jointly fund the Partnership. This new structure serves as a national model for providing housing, medical, and social services to the District's homeless population.

Proper accountability over the disbursement of funds for the Homeless Shelter Services Program would be of interest to District management, federal agencies, and Congress.

STATUS: New Start FY 2001.

AGENCY: Child and Family Services Agency (CFSA)

TITLE: Management Operations at the Child and Family Services Agency

OBJECTIVES: The audit objectives are to determine whether CFSA: (1) procured, managed, and used resources effectively and efficiently; (2) complied with requirements of applicable laws, regulations, policies, and procedures; and (3) had internal controls in place to prevent or detect material errors and irregularities.

JUSTIFICATION: The mission of CFSA is to support the development of healthy families, to assist families and children in need, to protect abused and neglected children, and to provide a permanent home for all wards of the District of Columbia. The FY 1999 budget for CFSA exceeded \$107 million.

STATUS: New Start FY 2001.

AGENCY: Multi-Agency

TITLE: Delinquent Rent Collections

OBJECTIVES: The audit objectives are to evaluate the controls over the collection and processing of rents owed to the District to ensure their adequacy, timeliness, and accuracy.

JUSTIFICATION: Rent income represents a substantial source of income for the District government. When rents are uncollected or delinquent, these funds are not available for the District's use. Since the income is not available, the District's need to borrow monies is increased, which results in an unnecessary cost of borrowing. In addition, the District has the potential for disparate treatment of District citizens should delinquent renters of District properties not be held accountable to existing laws and regulations.

STATUS FY 2001: New Start FY 2001.

- AGENCY:** Commission on Mental Health Services (CMHS)
- TITLE:** Management Operations at the Commission on Mental Health Services
- OBJECTIVES:** The audit objectives are to determine whether the Commission on Mental Health Services (CMHS): (1) managed and used resources in an efficient, effective, and economical manner; (2) complied with requirements of applicable laws, regulations, policies and procedures; and (3) implemented internal controls to prevent or detect material errors and irregularities.
- JUSTIFICATION:** A number of court orders have been issued by the U.S. District Court which placed certain District agency programs or functions under receivership. The receiverships were created when District agencies had not been able to respond effectively to a crisis despite lawsuits and subsequent court orders. These receiverships involve the appointment of receivers and orders detailing requirements the District must fulfill to remedy the crisis. The Office of the Corporation Counsel, which handles lawsuits and claims for the District, is responsible for identifying significant equity cases.
- The programmatic issues currently facing the District are whether the receivers, in carrying out their fiduciary responsibilities, have complied with financial and administrative policies, followed procedures of the District government, and exercised prudence over the use of taxpayers' dollars.
- Additionally, a management audit completed in April of 2000 of the operations at CMHS identified deficiencies in the functional areas of budget, procurement, and patient accounts. We plan to perform a follow-up audit to assess the adequacy of the actions taken by CMHS to correct reported deficiencies.
- STATUS FY 2001:** New Start FY 2001.

AGENCY: Washington Humane Society (WHS)

TITLE: Management Operations at the Washington Humane Society

OBJECTIVES: The audit objectives are to evaluate the operations and accounting methods at the Washington Humane Society to ensure compliance with District animal control codes.

JUSTIFICATION: The Senior Deputy Director for Public Health Assurance requested a review of operations at the Washington Humane Society based on concerns of possible contract violations, current investigative incidents, and possible liabilities to the District.

STATUS FY 2001: New Start FY 2001.

AGENCY: Office of Early Childhood Development (OECD)

TITLE: Management Operations at the Office of Early Childhood Development

OBJECTIVES: The audit objectives are to review the vendor payment process to ensure that payments are accurate, timely, and that adequate controls exist to safeguard assets.

JUSTIFICATION: The Deputy Mayor for Children, Youth and Families requested an audit to evaluate operations and administrative systems to ensure that controls are adequate to prevent overpayments to providers and to ensure that resources are used efficiently.

STATUS FY 2001: New Start FY 2001.

AGENCY: Department of Consumer and Regulatory Affairs (DCRA)

TITLE: Management Operations at the Department of Consumer and Regulatory Affairs

OBJECTIVES: The audit objectives are to review operations to ensure that DCRA: (1) managed and used resources in an efficient, effective, and economical manner; (2) complied with requirements of applicable laws, regulations, policies and procedures; and (3) implemented internal controls to prevent or detect material errors and irregularities.

JUSTIFICATION: This audit will be performed based on concerns over the operations of the DCRA expressed by a member of the D.C. Council.

STATUS FY 2001: New Start FY 2001.

AGENCY: Multi-Agency

TITLE: Management and Disbursal of Earmarked Federal Funds

OBJECTIVES: The audit objectives are to ensure that effective controls are in place over federal allocated funds and that these funds are properly and efficiently used for the purposes intended.

JUSTIFICATION: In recent appropriations acts, the federal government has created a number of earmarked funds for the District government. As part of the FY 2000 Appropriations Act, the federal government set aside \$5 million for the District government to provide offsets against local taxes to support commercial revitalization in enterprise zones and in low and moderate income areas. The FY 2000 Appropriations Act also includes \$5 million earmarked for the District government to support the adoption of children in the foster care system.

A member of the D.C. Council requested that an examination of these accounts be performed. The results of such a review would be useful to help assure policymakers that there are effective controls on the use of these funds, and that they are properly and efficiently used to support the purposes set out in the appropriations acts.

STATUS FY 2001: New Start FY 2001.

AGENCY **Multi-Agency**

TITLE: **Pre-Award And Post-Award Contract Audits**

OBJECTIVES: The audit objectives are to determine whether the price and cost of contracts are being properly estimated, and if District agencies are paying excessive costs.

JUSTIFICATION: There have been numerous reports by the U.S. General Accounting Office, the OIG, and District senior staff citing a variety of abuses and inconsistencies in the contracting process.

STATUS New Start FY 2001.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL**

**IV. FY 2000 Annual Audit of the District of Columbia's
Comprehensive Annual Financial Report**

- AGENCY:** District-Wide
- TITLE:** Audit of the District of Columbia's Comprehensive Annual Financial Report (CAFR)
- OBJECTIVES:** The objective of this engagement is to secure the services of an independent audit firm to perform the annual audit of the District government.
- JUSTIFICATION:** The Annual Audit of the District government is required under Public Laws 94-399 and 104-8, and D.C. Code § 47-119. The Comprehensive Annual Financial Report (CAFR) must be submitted to the President of the United States, the Comptroller General of the United States, the Mayor, and the Council of the District of Columbia on or before February 1st of each year following the end of the fiscal year being audited. Immediate and continued access by the audit firm is required to provide audit and other professional assistance to avoid disruption of the District's financial operations.

In addition to the District's General Fund, the following District agencies or entities (component units) are required to be included in the CAFR audit:

- D.C. Public Schools (CAFR and CAFR Preparation, Single Audit).
- D.C. Health and Hospitals Public Benefit Corporation (Financial Statements, Review of Blue Cross/Blue Shield Cost Rates).
- Water and Sewer Authority (Financial Statements).*
- D.C. Sports Complex (Financial Statements).
- D.C. Lottery Board (Financial Statements).
- Department of Employment Services (Unemployment Compensation Fund – Financial Statements).
- Department of Employment Services (Disability Compensation Fund – Actuarial Study).
- Washington Convention Center (Financial Statements).
- University of D.C./D.C. Law School (Financial Statements, Single Audit).
- D.C. Retirement Board (Financial Statements and Actuarial Study).*
- D.C. Housing Finance Agency (Financial Statements).*
- D.C. Financial Responsibility and Management Assistance Authority (Financial Statements).

* These agencies and entities will arrange to secure their own audit firms to perform required services.