

August 22, 2001

Ronald Few, Fire Chief
District of Columbia Fire and Emergency Services
1923 Vermont Avenue, N.W., Suite 201
Washington, D.C. 20001

Dear Chief Few:

Enclosed is our final report (OIG-00-2-11FB) summarizing the results of our audit of Controls Over Information Technology (IT) Equipment at the District of Columbia Fire and Emergency Medical Services (DCFEMS) Department. This audit was performed at the request of DCFEMS.

We determined that the internal controls and accountability for DCFEMS IT-related resources were virtually non-existent. Further, supporting documentation maintained by DCFEMS for approximately \$3.5 million that was transferred to the General Services Administration Federal Acquisition Services for Technology (GSA FAST) program from 1998 to September 2000, for the procurement of IT services and software, could not be relied upon to accurately determine the extent of IT procurements.

These conditions resulted in the following significant problems and deficiencies:

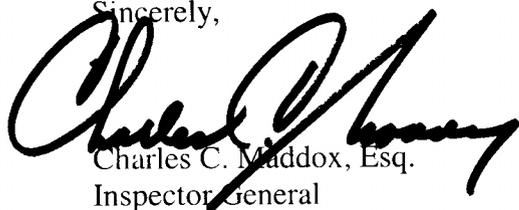
- ? failure to make use of IT hardware and software valued at about \$200,000;
- ? lack of project planning methodology resulting in excess cost of nearly \$472,000;
- ? questionable use of telecommunication services by a former DCFEMS employee costing DCFEMS about \$30,000;
- ? insufficient monitoring of IT consulting services resulting in questioned costs of over \$900,000;
- ? unnecessary expenditures of \$138,000 for data communications circuits in excess of DCFEMS needs;
- ? poor accountability of Management Reform funds totaling \$1.9 million; and
- ? inability to fully account for IT assets estimated to be valued in the millions.

We directed nine recommendations to DCFEMS that we believe are necessary to correct the deficiencies noted in this report. The recommendations, in part, center on: 1) developing policies and procedures for proper accountability over funds transferred to GSA; 2) conducting and maintaining a complete inventory of IT software and hardware; 3) providing training to employees on contract administration duties; 4) conducting a needs assessment, with assistance from the Office of the Chief Technology Officer (OCTO), of the leased communications circuits and eliminate all unneeded circuits; and 5) coordinating with OCTO and the Office of Contracting and Procurement (OCP) in the development of policies and procedures for project development and the procurement of IT software and hardware.

The DCFEMS's response to our draft report is included as the exhibit. These comments are incorporated as appropriate. Portions of the DCFEMS response were redacted to prevent identification of specific persons or vendors. We find that the response and the proposed corrective actions are acceptable.

We appreciate the cooperation and courtesies extended to our staff by DCFEMS personnel during the audit. Should you have questions regarding this report, please contact me or William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,



Charles C. Maddox, Esq.
Inspector General

CM/ws

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

**CONTROLS OVER
INFORMATION TECHNOLOGY EQUIPMENT
AT THE DISTRICT OF COLUMBIA
FIRE AND EMERGENCY
MEDICAL SERVICES DEPARTMENT**



**CHARLES C. MADDOX, ESQ.
Inspector General**

**CONTROLS OVER INFORMATION TECHNOLOGY EQUIPMENT AT THE
DISTRICT OF COLUMBIA
FIRE AND EMERGENCY MEDICAL SERVICES DEPARTMENT**

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EXECUTIVE DIGEST

OVERVIEW

In response to a request by the Department of Fire and Emergency Medical Service's (DCFEMS) Office of the Fire Chief, the Office of the Inspector General (OIG) initiated an audit to determine whether adequate controls existed over DCFEMS information technology (IT) related resources. Finding 1 of this report addresses the need for DCFEMS to establish controls over procurements made through the General Services Administration Federal Acquisition Services for Technology (GSA FAST¹) Program. This finding lays the perspective and tone for the ensuing areas needing improvement. Findings 2 through 9 discuss in detail, the breakdowns in internal controls over accountability for DCFEMS IT equipment and services.

CONCLUSION

We determined that the internal controls and accountability for DCFEMS IT-related resources were virtually nonexistent. Further, supporting documentation maintained by DCFEMS for approximately \$3.5 million that was transferred to the GSA FAST program from 1998 to September 2000 for the procurement of IT services and software could not be relied upon to accurately determine the extent of IT procurements.

These conditions resulted in:

- ? unused IT hardware and software valued at about \$200,000;
- ? the lack of project planning methodology resulting in excess cost of nearly \$472,000;
- ? questionable use of telecommunication services by a former DCFEMS employee costing DCFEMS about \$30,000;
- ? insufficient monitoring of IT consulting services resulting in questioned cost of over \$900,000;
- ? unnecessary expenditures of \$138,000 for data communications circuits in excess of DCFEMS needs;
- ? poor accountability of Management Reform Funds² totaling \$1.9 million; and
- ? the inability to fully account for IT assets estimated to be valued in the millions.

¹ The GSA FAST Program is a program established by GSA (federal agency) that provides support services for procuring *Information Technology* (IT) goods and services for a standardized fee (approximately 2-4% of the procurement cost).

² Management Reform funds are funds received as part of the National Capital Revitalization and Self-Government Improvement Act of 1997, Pub. L. 105-33, III Stat.251 (Revitalization Act).

EXECUTIVE DIGEST

CORRECTIVE ACTIONS

We directed nine recommendations to DCFEMS that we believe are necessary to correct the deficiencies noted in this report. The recommendations, in part, center on:

- ? developing policies and procedures for proper accountability over funds transferred to GSA;
- ? conducting and maintaining a complete inventory of IT software and hardware;
- ? providing training to employees on contract administration duties;
- ? conducting a needs assessment, with assistance from the Office of the Chief Technology Officer (OCTO), of the leased communication circuits and eliminate all unneeded circuits; and
- ? coordinating with OCTO and the Office of Contracting and Procurement (OCP) in the development of policies and procedures for project development and the procurement of IT software and hardware.

On August 2, 2001, the DCFEMS provided a written response to our draft report. In general, management concurred with the report, and provided a listing of actions taken or planned to address each recommendation. The complete response is included as the exhibit. Additionally, the DCFEMS comments are incorporated in the report where appropriate.

INTRODUCTION

BACKGROUND

The OIG, in response to a request by the DCFEMS Office of the Fire Chief, has completed a review of the internal controls over DCFEMS's information technology (IT) resources. Prior to 1998, DCFEMS had many archaic computers that were not capable of running under current versions of basic software packages. An upgrade of the DCFEMS IT infrastructure was made a component of the January 1998 DCFEMS Management Reform Plan. The January 1998 DCFEMS Management Reform Plan also recommended the replacement or upgrade of the Computer Assisted Dispatch System (CAD) because it was more than a decade old and out of date. As a result of these initiatives, beginning in 1998, DCFEMS contracted to have its IT infrastructure upgraded to increase performance and ease the administrative burden of maintaining the current outdated "legacy" systems. The emphasis of the upgrade was to improve workstations used for the Comprehensive Automated Personnel Payroll System (CAPPS) and Financial Management System (FMS) applications. Additionally, a project was initiated to replace and upgrade the CAD. Currently, DCFEMS has a Local Area Network (LAN) that connects 42 off-site locations throughout the District of Columbia to a main server located at its Vermont Avenue Headquarters location (Grimke). The CAD system upgrade has been completed and is jointly used by DCFEMS and the Metropolitan Police Department (MPD).

OBJECTIVE, SCOPE AND METHODOLOGY

The objective of our audit was to determine whether adequate internal controls were in place that established accountability for all DCFEMS IT resources. However, after our survey, we expanded our review to include the management of funds used to procure IT equipment.

Our review covered DCFEMS IT purchases during fiscal years (FY)1998, 1999, and 2000 and IT equipment and software maintained at various DCFEMS locations.

We accomplished our audit objectives by using the following methodology in gathering data and conducting tests: (1) conducted interviews with responsible DCFEMS management personnel and GSA officials; (2) reviewed DCFEMS's procurement process and documentation; (3) conducted a physical inventory of IT software and hardware at 20 DCFEMS sites; and (4) reviewed other documentation as it became necessary.

Our audit was conducted in accordance with generally accepted government auditing standards.

INTRODUCTION

OTHER ISSUES

The following issue represents matters not fully reviewed during the audit that are provided for the information of District officials.

Classification of IT Expenditures. Through interviews with the former acting DCFEMS CFO and a review of documentation provided by DCFEMS, we determined that DCFEMS posted non-IT related expenditures to object class 70.³ DCFEMS provided us with documentation indicating that as of June 30, 2000, the agency had made IT procurements of \$174,000 and had outstanding obligations of approximately \$79,000 that DCFEMS posted to object class 70.

Of the \$174,000 in IT expenditures, DCFEMS provided us supporting documentation verifying IT purchases totaling to \$110,534.70. Subsequently, DCFEMS provided us with documentation for \$75,513 of the \$79,000 in outstanding obligations. Our review revealed that none of the \$75,513 was used for IT-related requisitions but was posted in the same class 70 for IT purchases, object class 70. The former acting CFO informed us that he posted non-IT related transaction to object class 70 because money was allocated to this object class and procurements had to be made.

³ DCFEMS personnel stated that the expenditures and obligations coded to object class 70 were for IT-related equipment and software.

FINDINGS AND RECOMMENDATIONS

FINDING 1: PROCURING GOODS AND SERVICES THROUGH THE GSA FAST PROGRAM

SYNOPSIS

DCFEMS did not maintain proper accountability over funds transferred to GSA for IT goods and services procured through the GSA FAST Program. As a result, DCFEMS was unable to adequately support \$ 1.97 million transferred or supposedly transferred to GSA. Factors causing these conditions include insufficient management oversight and poor record keeping.

AUDIT RESULTS

Criteria. The District of Columbia Procurement Practices Act of 1985, D.C. Law 6-85, effective February 21, 1986, (D.C. Code, 2001 Ed. §§ 2-301.01-2-311.02), as amended by the Procurement Reform Amendment Act of 1996, D.C. Law 11-259, effective April 12, 1997, provides guidelines on procurement and contracting practices for agencies subordinate to the Mayor, independent agencies, boards, and commissions. The Procurement Reform Amendment Act of 1996 centralized the District's procurement and contracting functions and personnel under the OCP. D.C. Code, 2001 Ed. § 1-301.01(j) empowers the OCP to place orders with any federal department, establishment, bureau, or office for goods and/or services determined to be within the best interest of the District.

Current GSA procedures require that an agency and GSA establish a Memorandum of Understanding (MOU) for the procurement of IT goods and services. Prior to performing services for an agency, a GSA representative meets with the agency to explain the terms of the MOU and establish an agency representative. The agency representative is responsible for coordinating activities between GSA and the agency, such as notifying GSA of a requisition and taking receipt of goods and/or services. The MOU's terms of payment provision requires agencies to transfer funds to GSA prior to GSA requisitioning the goods and/or services. The agency's procurement or accounting department becomes involved in the process only to facilitate transferring the funds to the GSA FAST Program.

The GSA has provided the services of the GSA FAST Program to District agencies for over 10 years. However, during this period, the District has not developed guidelines for procurements made through the GSA FAST Program. See OIG Management Implication Report, MIR 01-A-1, dated October 30, 2000, entitled General Services Administration's Federal Acquisition Services Technology Program, at www.d cig.org

FINDINGS AND RECOMMENDATIONS

Discussion. DCFEMS could not provide adequate supporting documentation for the procurement of IT goods and services through the GSA FAST Program. As such, the provided documentation could not be relied upon to accurately determine the amount of funds transferred to GSA or what equipment and services were requisitioned, paid for, and received. However, by using documentation provided by GSA, we determined that since 1998 DCFEMS transferred approximately \$3.5 million to the GSA FAST program. The documentation also indicated that of the approximately \$3.5 million transferred by DCFEMS as of September 27, 2000, GSA had issued approximately \$2.8 million in purchase orders and charged DCFEMS approximately \$101,000,⁴ leaving a balance in DCFEMS's account of approximately \$598,000. DCFEMS was unable to provide documentation in support of approximately \$1 million of \$3.5 million in funds that were recorded on GSA records.

Additionally, DCFEMS provided documentation in support of \$970,000, which DCFEMS indicated was transferred to GSA. However, GSA had no record of receipt for these funds. The former acting CFO later informed us that \$20,000 of the \$970,000 was not transferred to GSA. A further review of DCFEMS documentation revealed that as of September 2000, no checks were issued to cover the \$970,000 transfer to GSA. As a result, we were unable to determine the status of the \$970,000, which may have been used for purposes other than intended.

Although GSA could provide us with funding documentation and purchase orders, GSA does not maintain copies of invoices and receiving reports in the local office. GSA relies on the agencies to authorize procurements and subsequent payments to vendors. The authorization may be in the form of a telephone call or fax. The weakness of this process is that agencies could circumvent the internal control of matching purchase orders with original invoices and receiving reports before authorizing payments.

⁴ GSA charges DCFEMS 2-4 % to facilitate procuring IT goods and services.

FINDINGS AND RECOMMENDATIONS

The following table details missing documentation pertaining to the funds transferred to GSA.

DOCUMENT CONTROL NUMBER	DATE FUNDS TRANSFERRED TO GSA	AMOUNT FUNDED PER GSA	AMOUNT FUNDED PER DCFEMS ⁵	MISSING SUPPORTING DOCUMENTATION FROM DCFEMS	DCFEMS FUNDING DOCUMENTATION FOR WHICH GSA HAS NO RECORD
IS9800	05/20/1998	\$800,000	\$800,000		
CD9800	07/17/1998	\$150,000		\$150,000	
IS9801	08/20/1998	\$90,000	\$90,000		
IS9802	08/21/1998	\$102,412	\$102,412		
IS9804	09/04/1998	\$117,000		\$117,000	
IS9805	09/04/1998	\$40,000	\$40,000		
IS9806	09/04/1998	\$79,000	\$79,000		
IS9803	09/09/1998	\$29,500	\$29,500		
031205	11/10/1998	\$225,000	\$225,000		
031204	12/04/1998	\$950,000	\$950,000		
FBOC9/051535	02/05/1999	\$150,000	\$150,000		
I05037	08/05/1999	\$44,592		\$44,592	
106004	UNKNOWN	\$690,000		\$690,000 ⁶	
I06003	12/20/1999				\$950,000
IS9807	09/29/1998				\$20,000
TOTALS		\$3,467,504	\$2,465,912	\$1,001,592	\$970,000

RECOMMEDATION 1

We recommend that DCFEMS Fire Chief:

- a. Develop policies and procedures that will assist management in maintaining proper accountability over funds transferred to GSA for IT goods and services procured through the GSA FAST Program.
- b. Provide the OIG with supporting documentation relative to the status of the \$970,000 identified in the finding.

⁵ Amounts for which DCFEMS provided supporting documentation.

⁶ Supporting documentation was subsequently located in the personal files of a former DCFEMS employee.

FINDINGS AND RECOMMENDATIONS

DCFEMS RESPONSE

The DCFEMS concurred with our finding and recommendations. The DCFEMS responded that they were unable to locate the files or records on the GSA FAST Program. However, at DCFEMS request, GSA staff photocopied all of the documents they had on file and delivered them to DCFEMS. The DCFEMS has also implemented procedures that will assist management in maintaining proper accountability over funds transferred to GSA for IT goods and services procured through the GSA FAST Program.

OIG COMMENT

The actions taken by DCFEMS should correct the conditions noted.

FINDINGS AND RECOMMENDATIONS

FINDING 2: REDUCING THE RISK OF ERROR AND FRAUD

SYNOPSIS

DCFEMS was unable to fully account for IT assets that we estimate to be valued in the millions. This condition was caused by insufficient separation of duties, lack of documented management controls, poor management decisions, and inadequate record keeping. Consequently, DCFEMS mismanaged its resources and was vulnerable to fraud, waste, and abuse. Because of these deficiencies, we were unable to determine the value and quantities of IT assets that should be on hand (see Finding 3).

AUDIT RESULTS

Based on our inventory of IT equipment and a review of purchase orders, vendor invoices, and Fire Department Receipt for Property (FD Form 1) for IT equipment, we determined that some IT equipment that had been procured could not be located or accounted for by DCFEMS personnel.

We found documentation indicating that a former DCFEMS employee signed out three personal computers (PC) from the DCFEMS warehouse at the direction of a former DCFEMS executive. DCFEMS Management Information Systems (MIS) personnel, who have the responsibility to install, configure, and account for DCFEMS's PCs, informed us that when they questioned the DCFEMS executive about the status of the three PCs, the former DCFEMS executive told them not to worry about the three PCs because subordinates would take care of the installation. We located one of the three PCs at the location to which it had been assigned. However, no one at the location could provide us with information on the status of the other two personal computer systems.

In another instance, we found two invoices dated October 28, 1998, for the purchase of three personal computers (Serial Numbers H1ZF3, H1ZDZ, and H1ZDV) for \$6,616, purchased on the former DCFEMS MIS Director's credit card. The PCs were shipped to a District employee at the Department of Correction's (DOC) address. However, the District employee's name that appears in the "ship to" section of the invoices was not an employee of DCFEMS or DOC. The employee is employed by the Office of Contracting and Procurement (OCP) and has never worked at DCFEMS or DOC. None of the three PCs were located during our inventory. The former DCFEMS MIS Director stated that the purchases were "personal" and "a favor for a friend."

We were informed that the personal credit card of the former DCFEMS MIS Director was routinely used to purchase hardware and software for DCFEMS and that

FINDINGS AND RECOMMENDATIONS

DCFEMS would subsequently reimburse the charges. To determine what purchases the former DCFEMS MIS Director was reimbursed for, we requested that DCFEMS provide copies of all supporting documentation for reimbursements claimed by the former DCFEMS MIS Director. DCFEMS personnel supplied us with documents for one reimbursement for FY 2000 and informed us that FY 98 reimbursement documents were missing and the agency did not have any FY 99 reimbursements. Using personal credit cards to procure goods and services for agency use is not in accordance with provisions made in DCMR Title 27.

During our continued efforts to locate missing IT property, we requested copies of all documentation used to sign-out and sign-in IT property. DCFEMS provided us with copies of FD Form 1 that were used for this purpose. An analysis of the FD Form 1s revealed that there was a large gap in the sequence numbers and dates of issue for IT property and that the forms were not complete. As such, we could not rely on the documentation to accurately identify the location of issued IT property or the location of IT property that had been returned. We found that since 1999, DCFEMS has issued 36 FD Form 1s for only 80 items. Based on our inventory, DCFEMS procurement documentation, and discussions with DCFEMS MIS personnel, we determined that DCFEMS has distributed more IT equipment than indicated by the FD Form 1s. Thirty of the FD Forms 1s reviewed were issued since July 2000, indicating that DCFEMS recently started signing out IT equipment.

DCFEMS warehouse personnel informed us that the former DCFEMS MIS Director would remove IT equipment from the warehouse without filling out an FD Form 1. We later found a number of original FD Form 1s, with all copies attached, in the personal files of the former DCFEMS MIS Director, but none of the FD Form 1s contained adequate information that could be used to locate IT equipment and software. Additionally, DCFEMS personnel provided us with two FD Form 1s for four PCs and one communications device returned by the former DCFEMS MIS Director. However, since there are no adequate internal controls in place to establish accountability for DCFEMS IT equipment, we could not determine if all IT equipment and software that was taken home by the former DCFEMS MIS Director had been signed-out or returned.

DCFEMS personnel told us that the former DCFEMS MIS Director exercised complete control over the requisition of software and hardware, did not allow any DCFEMS employees to receive or open these items when they were received from the vendors, and that the former DCFEMS MIS Director had taken DCFEMS IT equipment home. These actions violated Mayor's Memorandum 83-68, dated November 29, 1983. Section C of the Memorandum "Internal Control Mechanism Necessary to Support Certification" provides that segregation of duties and functions should be adequate to

FINDINGS AND RECOMMENDATIONS

ensure proper internal controls. Examples of duties and functions that should be segregated are: (1) requisition of goods and services, (2) receipt of goods and services, and (3) request for payment of invoices.

We interviewed the former DCFEMS MIS Director to determine if one person exercised complete control over the procurement of software and hardware and whether or not other DCFEMS MIS employees were allowed to receive or open software and hardware delivered to DCFEMS Grimke. The former DCFEMS MIS Director informed us that warehouse employees would notify him when items were received at the DCFEMS warehouse. The former DCFEMS MIS Director further stated that the distribution of items was delegated to subordinates, and copies of the receiving reports or supporting documentation of where and/or to whom items were distributed were not maintained. We were also told that IT equipment located at the residence of the former DCFEMS MIS Director was used for maintenance and troubleshooting purposes and that a former Fire Chief had given the former DCFEMS MIS Director approval to take the equipment home. However, the former DCFEMS MIS Director was unable to provide documented proof of the approval to take DCFEMS IT equipment and software home.

The District of Columbia Personnel Manual (DPM), § 1806.1 states “[a] District employee shall not use or permit the use of government property, equipment, or material of any kind, including that acquired through lease, for other than officially approved purposes. . . .” *Id.* The regulation permits District employees temporary loan of government equipment under the conditions that the employee: 1) substantiate his/her need in writing; 2) obtain prior approval from his/her supervisor; 3) limit use to his/her residence and for purposes benefiting the D.C. Government; and 4) documents the loan in the agency’s personal property records. *Id.* § 1806.1(d).

RECOMMEDATION 2

We recommend that DCFEMS Fire Chief:

- a. Establish a property accountability system that includes policies that require management approval of employee use of DCFEMS property and that the approval documentation be maintained until the property is returned.
- b. Conduct periodic reviews of employee use of DCFEMS property to determine whether the use of the property continues to be justified.

DCFEMS RESPONSE

The DCFEMS concurred with our finding and recommendations. The DCFEMS responded that all hardware and software that could be located and accounted for has been entered on inventory tracking sheets. A separation of duties and functions between the requisitioning of IT goods and services and the receipt of goods and services has been

FINDINGS AND RECOMMENDATIONS

established. Additionally, DCFEMS Form 1s are currently being used to track equipment that is moved around the Department, and Equipment Release Forms are also being used.

OIG COMMENTS

Actions taken by DCFEMS satisfy the intent of the recommendation.

FINDINGS AND RECOMMENDATIONS

FINDING 3: CONTROLLING ASSETS

SYNOPSIS

DCFEMS had not implemented minimum safeguards over IT software and hardware. As a result, we could not determine the location of all the software and hardware purchased since 1997; nor could we determine with certainty that DCFEMS could account for all software and hardware purchased prior to 1997. Additionally, for the items we did locate, we determined that DCFEMS had never used some of the software and hardware, which is valued at \$202,000. These conditions existed because of insufficient management controls and the lack of an inventory control system. Without controls in place to ensure the proper safeguarding of assets, items could have been easily stolen, under utilized, or used for unauthorized purposes.

AUDIT RESULTS

DCFEMS had not maintained an inventory of software and hardware purchases dating back to 1997, for sure, perhaps even earlier. Therefore, in order to obtain a baseline from which to start our audit of IT software and hardware, we conducted a physical inventory at DCFEMS's Grimke location, warehouse, and approximately 20 other locations throughout the District. We also reviewed procurement records maintained by GSA, DCFEMS, and the former DCFEMS MIS Director.

We found computer software and hardware that had not been used, and in some cases, had become obsolete. Most of the software located during our inventory was still contained in the original shrink-wrapping and some of the hardware had never been connected to the DCFEMS LAN. The software and IT equipment located during our inventory had a value⁷ of approximately \$202,000 (\$123,000 for software and \$79,000 for hardware).

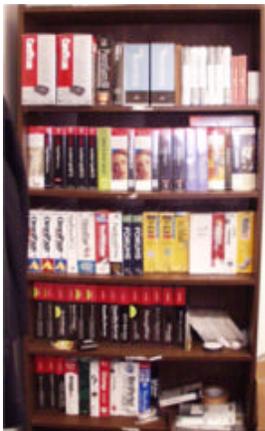
⁷ We used software catalogs and the Internet to determine the price of the inventoried items because DCFEMS did not have the corresponding invoices. All items inventoried could not be located on the Internet or in catalogs.

FINDINGS AND RECOMMENDATIONS

Examples of software not used.

Software	Quantity	Value
Attachmate Extra	24 ea	\$23,677
Undelete	6 ea	\$1,559
WinFax Pro	12 ea	\$1,439
Intranet ware	5 ea	\$2,395
Director 8 Shockwave Studio	1 ea	\$389
Design	5 ea	\$4,060
Omni Page Pro	6 ea	\$2,999
Omni Page Web	1 ea	\$499
Photoshop	5 ea	\$2,999
Total		<u>\$40,016</u>

The following pictures illustrate some of our observations of excess software that was not in use or had no planned use.



Bookshelf in Chief Information Officer's Office



Storage Cabinet in MIS Room,
 (2 Rows of Software per Shelf)



Storage Cabinet in MIS Room

FINDINGS AND RECOMMENDATIONS

Examples of hardware not used.

Hardware	Quantity	Value
Cisco Main Router	1 ea	\$2,685
Cisco 3600 Power Supply	3 ea	\$2,096
Plextor 40X CD-ROM Drives	4 ea	\$1,033
US Robotics Modems 128K	5 ea	\$1,200
Dell NX1 Optiplex Computers	3 ea	\$2,637
Dell Power Edge 4300 Servers	7 ea	\$40,523
Dell Power Edge 6300 Servers	2 ea	\$17,160
Total		<u>\$67,334</u>

The following pictures illustrate some of our observations of excess hardware that was not in use or had no planned use.



Dell 4300 Server



Dell 6300 Server



DCFEMS Gymnasium
(Unused Hardware and Software)

D.C. Code, 2001 Ed. § 2-213.02(a)(6), requires the Mayor, through District agencies, to “[e]stablish and maintain an inventory of all data and word processing and telecommunications equipment . . . hardware, [and] software. . . .”

RECOMMEDATION 3

We recommend that DCFEMS Fire Chief:

- a. Conduct and maintain a complete inventory of software and hardware and establish inventory records.
- b. Notify OCTO of the availability of any unneeded items.

FINDINGS AND RECOMMENDATIONS

DCFEMS RESPONSE

The DCFEMS concurred with our finding and recommendations. The DCFEMS stated that an Inventory Tracking database is being developed, and that DCFEMS is the lead agency working with OCTO on the City-wide Inventory Management and Tracking System project that is slated to begin in FY 2002. Additionally, as stated in DCFEMS's response to Finding 2, during the interim DCFEMS has conducted a inventory of all hardware and software and is using inventory tracking spreadsheets

OIG COMMENTS

Actions taken by DCFEMS should improve controls over IT software and hardware.

FINDINGS AND RECOMMENDATIONS

FINDING 4: PAYING FOR QUESTIONABLE USE OF TELECOMMUNICATION LINES

SYNOPSIS

DCFEMS did not establish effective management controls to ensure authorized and appropriate use of telecommunications lines. As a result, we question the cost of \$30,000 paid by DCFEMS for the installation and use of telecommunication lines at the residence of a former employee. Factors that contributed to this condition were the lack of adherence to existing guidance and inadequate supervisory oversight.

AUDIT RESULTS

Criteria. The District's current telecommunications regulations, District of Columbia Government Telecommunications Standard and Management Policy, updated September 23, 1999, provides:

Private telephone lines shall be restricted to government officials who are managers and the nature of their responsibilities demand direct accessibility at all times. The private lines shall be private "Centrex" lines and future use of the "1MB" private line is prohibited except in unique circumstances based on justification by the Agency and approval by the OCTO.

Id., ¶ 12, at p.12.

The policy also states that a responsible agency official and OCTO must approve private line usage. However the current policy was not in effect when the T1 circuit and ISDN lines were installed at the former DCFEMS MIS Director's residence. Mayor's Administrative Instruction (MAI) dated July 27, 1981, entitled "2400 – Communications Management," was in effect at the time. The MAI transmits a new Chpt. 2420 - Telephone communications-which states in § 2420.3 "[e]ach agency shall designate an agency telephone coordinator who is responsible for . . . conduct[ing] periodic surveys of telephone utilization" **Periodic analysis of DCFEMS's line utilization may have detected or prompted questions about the prolonged and unnecessary usage of lines installed at the former DCFEMS MIS Director's residence.**

Additionally, DPM, § 1806.1 provides that "[a] District employee shall not use or permit the use of government property, equipment, or material of any kind, including that acquired through lease, for other than officially approved purposes" The regulation allows District employees temporary loan of government equipment under the conditions that the employee: 1) substantiate his/her need in writing; 2) obtain prior approval from his/her supervisor; 3) limit use to his/her residence and for purposes benefiting the D.C.

FINDINGS AND RECOMMENDATIONS

Government; and 4) documents the loan in the agency's personal property records. This policy requires a written request substantiating the need, formal prior approval, and documentation in the agency's personal property records. DPM § 1806.1(d). **We did not locate any records maintained by DCFEMS that accounted for lines and equipment utilized at the residence of the former DCFEMS MIS Director.**

Discussion. Current DCFEMS personnel informed us that at the former DCFEMS MIS Director residence, DCFEMS was paying for two T1 circuits and two backup ISDN lines. The former DCFEMS MIS Director admitted to having one T1 circuit connected to his residence that was authorized by a former Fire Chief. Documentation, dated October 23, 1996, from the telephone vendor who installed the lines indicated that the former DCFEMS acting CFO, not the Fire Chief, as the former DCFEMS MIS Director alleged, approved the request for telephone service. The documentation also indicated that DCFEMS incurred a one-time installation cost and equipment cost of approximately \$5,000, in addition to monthly charges totaling approximately \$25,000,⁸ to support the telecommunications equipment at the former DCFEMS MIS Director's residence.

The former DCFEMS MIS Director's stated that due to personal health related problems and absences from work, the installation of the telecommunication services was justified to provide remote troubleshooting and maintenance access. However, documentation that we reviewed revealed that the installation of the services occurred in 1997, which was prior to the 1998 installation of the DCFEMS LAN and the installation of telecommunications services between the DCFEMS Grimke location and the 42 remote locations. Therefore at the time of DCFEMS MIS Directors installations, there was no LAN to troubleshoot or maintain.

We informed DCFEMS that the agency was paying for a T1 line and 2 ISDN lines connected in the home of a former DCFEMS employee. DCFEMS officials responded that they were coordinating with the telephone company to have those lines disconnected.

RECOMMENDATION 4

We recommend that DCFEMS Fire Chief:

- a. Terminate circuits and lines connected in the home of the DCFEMS former employee.
- b. Recoup the cost of circuits and lines, as appropriate, from the former DCFEMS employee.

⁸ Based on the telephone vendor's quote, we determined that from December 1996 to March 1, 2001, DCFEMS incurred monthly charges of \$450 per month for the T1 circuit and \$32 per month for the ISDN lines.

FINDINGS AND RECOMMENDATIONS

DCFEMS RESPONSE

The DCFEMS concurred with our finding and recommendations. The DCFEMS responded that a written justification authorizing the installation and continued use of data communications lines at a former DCFEMS employee's residence could not be found and that a request for disconnect has been issued.

OIG COMMENTS

Action taken by DCFEMS meets the intent of the recommendation.

FINDINGS AND RECOMMENDATIONS

FINDING 5: LESSENING COMMUNICATION COST

SYNOPSIS

Since 1998, DCFEMS, has leased three types of data communication circuits (T1⁹, T3¹⁰, and ISDN¹¹) at an annual cost of approximately \$275,000.¹² The communications circuits support the DCFEMS LAN located at DCFEMS Grimke, which is connected to 42 other locations¹³ throughout the District. Since ISDN architecture is available and sufficient to satisfy DCFEMS needs, annual savings of approximately \$138,000 could be realized by eliminating the T1 circuits.

AUDIT RESULTS

DCFEMS is paying monthly lease charges of approximately \$23,000 for data communications circuits that are unnecessary for the type of data generated and transferred between DCFEMS locations. According to documentation provided by DCFEMS, the LAN was expanded to provide all DCFEMS locations with the ability to process SOAR and CAPPs transactions.

A review of the DCFEMS LAN network diagram revealed that DCFEMS has 42 T1 circuits connecting the LAN server(s) at DCFEMS Grimke with off-site locations throughout the District. Each location is connected through a T1 circuit and an ISDN line. A further analysis of the network diagram revealed that there are actually 56 T1 circuits installed, but only 42 of the circuits are connected to DCFEMS locations.

As part of our audit, we used the August 2000 vendor telephone bill and spoke with the vendor customer service representative to determine the monthly charges for the T1 circuits and ISDN lines. We determined that the monthly charge for the 56 T1 circuits was approximately \$11,400 (\$138,000 annually), at an average cost of \$216 per circuit. Additionally, the vendor telephone bill contained monthly charges totaling \$11,100 for 65 ISDN lines at an average cost of \$164 per circuit. We could not locate any charges to DCFEMS for the T3 circuits.

⁹ T1 circuits are high-speed digital network circuits that provide digitalized signals which are much faster than analog signals.

¹⁰ T3 circuits are high-speed digital network circuits that provide digitalized signals which are much faster than analog signals and at a significantly faster rate than T1 circuits.

¹¹ ISDN (Integrated Services Digital Network) is a digital architecture that provides an integrated voice/data capability to the customer premises facility, utilizing the public switched network.

¹² This figure does not include the annual cost of two T3 circuits. We were unable to determine the cost of the two T3 circuits from the vendor telephone bill.

¹³ Off-site locations include engine companies, the warehouse, radio shop, Reeves Center, and the SW waterfront.

FINDINGS AND RECOMMENDATIONS

If DCFEMS switched to ISDN lines for the transfer of data instead of using them as redundant lines to the T1 circuits the District could save approximately \$138,000 annually. Prior to the acquisition and installation of DCFEMS's LAN, DCFEMS should have developed detailed requirements and specifications for its LAN. These requirements and specifications should have been based on the type and volume of data DCFEMS anticipated the LAN to carry.

Given the limited type of data communications that occur between DCFEMS Grimke and the other off-site locations (data entry for SOAR and CAPPS), and the limited capabilities¹⁴ of the PCs located at the offsite locations, T1 circuits are unnecessary and could be eliminated because the ISDN lines are capable of handling the current data traffic.

RECOMMENDATION 5

We recommend that DCFEMS Fire Chief conduct a needs assessment, with assistance of the OCTO, of the leased communications circuits and eliminate all unneeded circuits.

DCFEMS RESPONSE

Although DCFEMS did not disagree with our finding and recommendation, they did disagree with our suggestion to switch their existing network to ISDN architecture.

OIG COMMENTS

The OIG believes that the action taken by DCFEMS to work with OCTO to assess data communication needs satisfies the intent of the recommendation.

¹⁴ Personal computers at DCFEMS off-site locations do not have diskette or hard drives and can only run preloaded applications.

FINDINGS AND RECOMMENDATIONS

FINDING 6: IMPROVING CONTRACT MONITORING

SYNOPSIS

DCFEMS program personnel did not adequately monitor consulting services contracts. As a result, management does not know whether services were delivered in accordance with contract terms. Accordingly, we question the cost of \$925,000 associated with these contracts. This condition was caused by management's failure to implement an effective oversight program to ensure contractor compliance with key contract provisions as provided by the District of Columbia Municipal Regulations (DCMR).

AUDIT RESULTS

During our audit, we found "Orders for Supplies and Services" (purchase orders) indicating that funds were spent not only for the procurement of IT equipment, but also to procure IT support and development services. GSA facilitated the procurement of these consulting contracts. However, DCFEMS retains sole responsibility for monitoring contractor performance and adherence to contract terms and provisions. DCFEMS could not provide corresponding documentation supporting adequate oversight over the following contracted services:

- ? *Purchase Order, dated June 22, 1998, for \$24,900 for consulting services to aid DCFEMS's decision to build a network and establish a Management Information Systems (MIS) department.* The services consisted of electronic access to results of studies and research, teleconferences, and publications. The services were to be used to assist the former DCFEMS MIS Director in building a network and the organizational design and structure of a MIS department. Although GSA paid the contract, we were unable to determine from documentation provided by DCFEMS, what DCFEMS actually received from the contractor. MIS employees informed us that DCFEMS never utilized the services. Additionally, the former DCFEMS MIS Director could not provide any documentation supporting the deliverables of this contract.

- ? *Purchase order, dated October 28, 1999, for approximately \$874,521 for network support services through September 2002.* All work under this contract was to be performed for and at the direction of the MIS Division of the DCFEMS. The term of the contract according to the contractor's proposal is through September 2002. The former DCFEMS Director of MIS stated that the purchase order was the result of DCFEMS not having qualified staff for a network support function. The former DCFEMS Director of MIS informed us that a former Fire Chief authorized the contract for the service because additional DCFEMS staff was not available.

FINDINGS AND RECOMMENDATIONS

After a review of the Statement of Work (SOW) supporting this purchase order, we were unable to determine the exact deliverables expected from the consultant. The SOW section entitled “Task Description”, states “[t]he unknown size and complexity of the work that may be required under this task make it difficult to define exact requirements and schedules” The SOW also provided, “[a]ll deliverables, along with copies of the Work Completion Form, shall be submitted to the DCFEMS Director, Management Information Services” To determine what deliverables DCFEMS received, we asked the former DCFEMS MIS Director if the contractor provided Work Completion Forms and/or Monthly Status Reports, and if they did, were they available for review. The former DCFEMS MIS Director informed us that the Work Completion Forms were given to another DCFEMS employee for authorization. However, we found that the other DCFEMS employee began receiving copies of the Work Completion Forms and/or Monthly Status Reports in October 2000. The employee, who the former DCFEMS MIS Director named as the recipient of the Work Completion Forms and/or Monthly Status Reports denied receiving forms or reports prior to October 2000 and informed us that all documentation relating to the contract went directly to the former DCFEMS MIS Director. As such we were unable to determine what specific deliverables were provided by the contractor and authorized by DCFEMS.

- ? *Purchase order, dated October 27, 1999, for \$25,000 for consulting assistance in designing and implementing a move of the CAD Communications Control room to a new location.* According to the former DCFEMS Director of MIS, the consulting work was completed for the purchase order at the approximate cost of \$21,000 with an additional \$50,000 for IT equipment purchases. The former DCFEMS MIS Director informed us that the CAD project was a joint project between DCFEMS and MPD and was never fully implemented. We were unable to determine from the documentation provided if the project was completed, or the total amount of funding that DCFEMS contributed to the project, because DCFEMS did not maintain documentation identifying expenditures for the CAD project.

Title 27 DCMR § 4001.1(b) requires agencies to ensure that supplies and services conform to contract quality requirements. Sections 4001.2(a) and 4001.2(b) require agencies to document and maintain, in the performance records of the contract, suitable records regarding the acceptability of the products and actions necessary to correct defects. DCFEMS could not provide any documentation that indicated that goods or services identified in the above examples were properly reviewed for quality assurance and performance.

D.C. Code, 2001 Ed. § 2-213.02(b)(1), requires the Mayor to establish and maintain “policies, principles, standards, and guidelines for the acquisition . . . [of] related information systems technology,” and provide the same to agencies under the Mayor’s control. *Id.* The Office of Contracting and Procurement or the Office of the

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Chief Information Officer has not promulgated any policies or procedures governing IT purchases made through the GSA FAST program. Recommendation 1a of this report addresses this deficiency. See OIG Management Implication Report, MIR 01-A-1 dated October 30, 2000, entitled General Services Administration's Federal Acquisition Services Technology Program, at www.dci.gov for further information.

RECOMMENDATION 6

We recommend that DCFEMS Fire Chief:

- a. Provide training to its program personnel on contract administration duties.
- b. Analyze the amounts reported as questioned costs and provide documentation that substantiates these disbursements.

DCFEMS RESPONSE

The DCFEMS agreed with our finding and recommendation, and responded that all IT contracts are now monitored closely and managed to ensure that DCFEMS is receiving all services outlined in the contract statement of work. Additionally, one person will no longer control all aspects of a contract.

OIG COMMENTS

The actions taken and planned should correct the conditions noted.

FINDINGS AND RECOMMENDATIONS

FINDING 7: IMPLEMENTING PROJECT PLANNING METHODOLOGY

SYNOPSIS

Inadequate project planning for the development and implementation of DCFEMS's LAN/Communications network has resulted in IT leases exceeding DCFEMS needs. As a result, we estimate that funds totaling \$ \$471,797¹⁵ have been expended for equipment not used. This situation has occurred because of insufficient management oversight and the absence of detailed organizational and system requirements documentation.

AUDIT RESULTS

We interviewed the former DCFEMS MIS Director to obtain a copy of DCFEMS's project plans for IT initiatives and to determine the justification(s) behind the procurement and lease of IT equipment, software, and services. The former DCFEMS MIS Director informed us that a former Fire Chief verbally approved a project plan to upgrade DCFEMS's IT infrastructure, to include the procurement of IT equipment, software, and services. However, the former DCFEMS MIS Director could not produce a copy of the project plan. The former DCFEMS MIS Director stated that a formal project management methodology was not utilized because of deadlines to get the CAPPS system implemented.

D.C. Code § 1-1135(a)(5)(1999 Repl.), requires the Mayor, through District agencies, to perform evaluations and feasibility studies to determine the benefits of new information systems technology prior to their acquisition.

Governance, Control and Audit for Information and Related Technology (COBIT)¹⁶ Planning and Organization § 10.1 provides that, before funds are spent for an IT project, a structured approach for determining the functional and operational requirements must be taken to ensure that the automated solutions effectively support the business process.

Based on documentation that was made available to us, we found that DCFEMS had leased at least 335 PCs and 11 network servers since 1998. The number of leased

¹⁵ The contractor providing LAN administration informed us that DCFEMS could operate with one server but a second one is a good contingency. He said he did not understand why DCFEMS purchased so many servers.

¹⁶ COBIT is a group of generally applicable and accepted standards for good practice for Information Technology controls.

FINDINGS AND RECOMMENDATIONS

computers and servers appeared to far exceed the projected needs of DCFEMS. A current DCFEMS network diagram revealed a DCFEMS network configuration of 42 off-site locations connected to the network server at Grimke. Preliminary planning documentation for DCFEMS's upgrade of its IT infrastructure provided for the deployment of 100 mission critical Windows NT workstations throughout DCFEMS. The difference between the number of leased PCs and number of PCs required in the preliminary planning document suggest that DCFEMS leased 235 PC in excess of DCFEMS's original needs. We could not determine the planned use of the 11 network servers. Inadequate project planning has resulted in IT hardware being stored unused at various DCFEMS locations. Some of the unused, leased IT hardware had been stored for as long as 12 months (see finding 3).

Based on pricing information contained within 134 service contracts for the leased computers, we determined that an annual service contract for a leased PC amounted to approximately \$1,887 to \$2,474 per unit,¹⁷ and a service contract for a leased network server amounted to approximately \$3,544 to \$32,812 per unit.¹⁸ Based on 235 excess computers at \$1887/unit and 8 excess servers at \$3544/unit, we calculate that DCFEMS could have put \$471,797 annually (\$443,445 for PCs and \$28,352 for network servers) to better use. The contractor providing LAN administration informed us that he did not understand why DCFEMS purchased so many servers because the DCFEMS LAN would be adequate with 1 server. However, having a second server is a good contingency.

Additionally, these leased computers were shipped from the manufacture without software. Users cannot add software because most of the PCs do not have floppy or CD-ROM drives. The DCFEMS MIS group configures and installs software once the PCs are received. This pre-configuration limits the use of these computers.

The leasing of excess IT hardware by DCFEMS can be attributed to the lack of IT project management by responsible DCFEMS personnel. This condition resulted in one employee exercising complete control over the acquisition and deployment of DCFEMS IT resources without a realistic assessment of DCFEMS's IT requirements. Further, without a structured approach to the development and/or upgrade of new or existing projects, which would include a formal project plan, the DCFEMS risks: cost escalations, unneeded or under-utilized equipment and software, and/or failed projects.

¹⁷ Annual cost is based on leasing information provided by the vendor.

¹⁸ Annual cost is based on GSA Schedule Lease Quotation.

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RECOMMENDATION 7

We recommend that DCFEMS Fire Chief coordinate with OCTO and OCP in the development of policies and procedures for project development and the procurement of software and hardware.

DCFEMS RESPONSE

The DCFEMS agreed with our finding and recommendation, and responded that any major upcoming projects for system development and/or applications development will have a full life cycle development plan put in place along with a project manager assigned to each project.

OIG COMMENTS

The action planned by the DCFEMS should correct the conditions noted.

FINDINGS AND RECOMMENDATIONS

FINDING 8: ASSURING CONTINUITY OF SERVICE

SYNOPSIS

DCFEMS could face serious service disruptions because it has not managed its computer leases, which are due to expire in calendar year 2001 and 2002. These leased personal computers are connected to the DCFEMS LAN and many of them are an integral part of the DCFEMS and MPD IT infrastructure.¹⁹ We verbally notified DCFEMS of this condition so that corrective action could be initiated during the audit.

AUDIT RESULTS

We reviewed lease contracts for approximately 134 PCs and 11 network servers. Based on our review, we found that these leased computers had service contract periods of 1 to 3 years, with some contracts expiring as early as November 2000. We also found that DCFEMS personnel were apparently unaware of the expiring leases and had not initiated a review of the contracts to determine if and when the leases should be renewed. These leased PCs are connected to the DCFEMS LAN and many of them are an integral part of the DCFEMS and Metropolitan Police Department (MPD) IT infrastructure.

Based on documentation obtained from DCFEMS, we determined that the leases on these PCs are scheduled to start expiring during calendar year 2001. The terms of the lease provides for three end-of-lease options: 1) exercise a purchase option for the equipment at the then current fair market value of the equipment; 2) extend or continue the lease on a fair market value renewal basis; or 3) return all equipment to lessor at lessee's expense.

The former DCFEMS MIS Director informed us that the decision to lease personal computer systems was to ensure that the equipment replacement cycle would be between 1 and 3 years, which would prevent an accumulation of obsolete equipment. In addition, the total cost of leasing the equipment was less than the cost of purchasing the equipment. Further, the former DCFEMS MIS Director told us that approximately 50-75 of the leased personal computers and at least 3 of the leased network servers were used for the CAD project, which was a joint project between DCFEMS and MPD. The CAD system is a critical application to both DCFEMS and MPD. Any loss of service would have a major impact on public health and safety. However, we found no documented evidence of a replacement plan or plan to extend the lease contracts for these personal computers, and no one at DCFEMS appears to have had complete knowledge of the extent of leased PCs and servers. The lack of a replacement plan could result in an interruption of service with an indeterminable amount of recovery time. This situation is

¹⁹ The former DCFEMS MIS Director informed us that some of the PCs purchased are part of the DCFEMS and MPD joint communications center.

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further complicated by DCFEMS's failure to maintain an inventory of IT equipment, which will result in difficulty should a decision be made not to renew the leases.

RECOMMENDATION 8

We recommend that DCFEMS Fire Chief:

- a. Perform a cost/benefit analysis to determine whether it is cost beneficial to continue to lease IT equipment as opposed to purchasing IT equipment.
- b. Maintain an inventory of leased equipment detailing the: 1) date of lease expiration, 2) location of leased assets, and 3) responsible official.
- c. Initiate action relative to the IT leases to ensure continuity of service.

DCFEMS RESPONSE

The DCFEMS agreed with our finding and recommendation, and responded that DCFEMS has obtained a spreadsheet listing, from the vendor, of all the equipment under lease. These spreadsheets became the basis for DCFEMS's current inventory tracking spreadsheet(s). Further, the eventual replacement of the leased equipment will become a part of the DCFEMS Strategic Information Technology Plan, which will include a equipment replacement schedule.

OIG COMMENTS

The actions taken and planned by DCFEMS satisfy the recommendation.

FINDINGS AND RECOMMENDATIONS

FINDING 9: ACCOUNTING FOR MANAGEMENT REFORM FUNDS

SYNOPSIS

Of the \$3.5 million transferred to the GSA FAST program, approximately \$1,900,000 was Management Reform funding. We found that DCFEMS did not employ a systematic accounting process for the expenditure of Management Reform funds. This has resulted in DCFEMS management not being able to determine whether the \$1.9 million of Management Reform funds was spent as intended or whether a return on the investment was realized.

AUDIT RESULTS

The former DCFEMS CFO and the former DCFEMS MIS Director informed us that DCFEMS did not maintain separate accountability for Management Reform funding expenditures and projects. DCFEMS management was unable to specifically identify what projects were paid for by Management Reform funds. Additionally, DCFEMS classified non IT-related items to an IT equipment object class. As a result, DCFEMS management could not provide accurate information on the expenditure of Management Reform funds, cost of projects, and whether the fund expenditures resulted in the desired management reform(s).

We reviewed a November 1, 1997, document entitled “Development and Implementation of a Management Reform Plan for the District of Columbia Fire and Emergency Medical Services” (DCFRA #97-C-031). The document contained an estimated cost of \$1.9 million to develop a Department-wide LAN and modernize the IT hardware. The document provided, “[t]he lack of an adequate management information system hurts almost every function of the DCFEMS Implementing an agency-wide LAN, connected to the District’s WAN, will allow divisions to share resources, communicate efficiently and effectively, and improve overall productivity.” This plan was a preliminary assessment conducted by the District to determine the needs of the Fire Department.

We found two DCFEMS purchase notifications from which DCFEMS had encumbered Management Reform funding of \$1.9 million for the procurement of IT hardware, software, and service through the GSA FAST program. One purchase notification, amounting to \$950,000, was used to support a transfer of funds to GSA FAST in October 1998. The other DCFEMS purchase notification for an additional \$950,000 in Management Reform funding was encumbered in December 1998 for the procurement of IT services and equipment. Initially, the former DCFEMS CFO informed us that all the funds had been transferred to the GSA FAST program. However, the

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former DCFEMS CFO informed us later that the additional \$950,000 had not been transferred to the program.

Also, we found that the product descriptions included in the purchase notifications did not describe or reference a specific DCFEMS Management Reform project. For example, the product descriptions were given as (1) "Technology Hardware & Software Acquisition Support Mgt Reform & Y2K" and (2) "FED STRIP FOR COMPUTER WORKSTATIONS LAN, PRINTERS & OTHER EQUIPMENT IN ATTACHMENT A." Additionally, the estimated prices provided in the referenced attachment to the purchase notifications appeared to have been overstated. For example, the attachment included 16 file servers at an estimated cost of \$450,000 (\$28,125 each); 65 workstations, at an estimated cost of \$275,000 (\$4,230 each); and 2 network management workstations, at an estimated cost of \$35,000 (\$17,500 each). A comparison of the estimated costs to vendor quotes revealed significantly lower costs per unit. DCFEMS personnel could not provide information on whether the funds were for the procurement of items needed to support the implementation of the management information systems as described in the DCFEMS Proposed Fiscal Year 2000 Budget or some other Management Reform Initiative.

Our finding is consistent with the testimony given by the General Accounting Office (GAO). On June 30, 2000, GAO testified before the Subcommittee on the District of Columbia, Committee on Appropriations, House of Representatives, "over the past 3 fiscal years, ...the District ...had not consistently tracked the status of these projects [management reform initiatives]...the District cannot say for certain how funds designated for management reform have been spent...."

RECOMMENDATION 9

We recommend that DCFEMS Fire Chief:

- a. Develop a system and/or policies and procedures that will allow management to adequately and efficiently track the expenditure of funds earmarked for specific IT projects.
- b. Reconcile and identify amounts used for Management Reform projects.

DCFEMS RESPONSE

The DCFEMS agreed with our finding and recommendation, and responded that DCFEMS is working with the Budget Office to have an accurate classification of information technology expenditures for all future projects and services. However, DCFEMS is unable to reconcile and identify amounts used for Management Reform projects because the proper accounting management records and documentation were not kept.

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OIG COMMENTS

DCFEMS's planned action should preclude future problems of this type.