

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL



Inspector General

June 6, 2003

The Honorable Anthony A. Williams
Mayor
District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., 6th Floor
Washington D.C. 20004

The Honorable Linda W. Cropp
Chairman
Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue N.W., Suite 504
Washington D.C. 20004

The Honorable Vincent B. Orange
Chairman
Committee on Government Operations
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 108
Washington, D.C. 20004

Dear Mayor Williams, Chairman Cropp, and Chairman Orange:

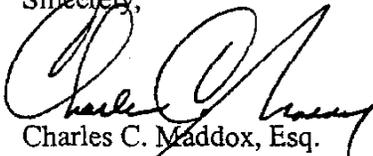
Pursuant to the requirements of the D.C. Code §2-302.08 (f-5) (2001), I am transmitting to you the final reports completed by two independent peer reviewers regarding the operations of the Office of the Inspector General (OIG). As you know, it is standard practice for federal Inspector General offices to solicit professionals who are external to their organization and similarly situated to conduct such peer reviews in order to ensure quality performance and continuous improvement according to stringent industry standards. I am pleased to inform you that reviews of the audit, inspections, and investigations divisions found that the OIG is in full compliance with all established performance standards. Furthermore, as a result of our efforts, the Association of Inspectors General invited the OIG to make a presentation at its national conference this year. At the conference, OIG representatives informed other municipal IG offices about ways that they can attain similar performance results as they now begin to invite peer reviews of their organizations for the first time.

As you know, the Code requires that a peer review of the OIG be performed no less than once every three years by an entity not affiliated with the OIG. The peer review of the audit division was performed by the National Association of Local Government Auditors (NALGA), which is sanctioned by the U. S. General Accounting Office (GAO) to conduct external quality control reviews. The peer reviews of the investigations and inspections divisions were conducted by members of the Association of Inspectors General and conform to the standards recently established by the President's Council on Integrity and Efficiency, which oversees the conduct of federal Inspectors General.

With regard to the audit division, the reviewers concluded that the OIG was in compliance with government auditing standards for the period examined and that our internal quality control system was suitably designed and provided reasonable assurance that applicable government auditing standards were followed in our audit work. The separate reviews of our investigations and inspections divisions concluded that the divisions maintained adequate internal safeguards and management controls. To ensure that OIG products are well documented and relevant, the reviews of the inspections and investigations divisions included interviews with work product users, such as the United States Attorney's Office, D.C. government agency heads, and officials at the Office of the Chief Financial Officer. I am optimistic that these efforts to conduct the first ever peer reviews according to the new PCIE standards will establish the District as a pioneer in helping to maximize the resources of Inspectors General offices.

If you have questions or require additional information, please contact me directly or have your staff contact Gloria Johnson, my Chief of Staff, at (202) 727-2540.

Sincerely,



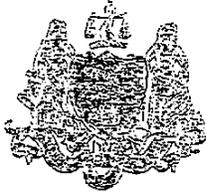
Charles C. Maddox, Esq.
Inspector General

Enclosure

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William F. Gill III
Inspector General

April 23, 2003



The Honorable Charles C. Maddox, Esquire
Inspector General
District of Columbia
717 14th Street, N.W.
Washington, D.C. 20005

Dear Mr. Maddox:

Attached to this letter are the details of our peer review of your investigations and inspections activities. We conducted the review using the President's Council on Integrity and Efficiency (PCIE) standards. It should be noted that although these standards were developed for the Federal IG Community, they provide an excellent basis on which to evaluate a municipal IG function.

Our review uncovered no reportable instances of failure to meet these standards. It is the opinion of the review team that the OIG has adequate internal safeguards and management controls and met all PCIE standards for the period of the review. There were no limitations placed on our review.

We used the following outline as a guide to conduct our activities:

Purpose:

Conduct an independent, qualitative review of the operations of the Investigations and Inspections & Evaluations Divisions of the Office of Inspector General, District of Columbia.

Scope:

The review assessed randomly selected work products closed during the period January 1, 2002 through April 1, 2003, for both divisions. In addition, it addressed all related files maintained by the OIG, such as Personnel, Training, Firearms, Equipment, Work Papers and operational guidance manuals. Interviews of OIG senior staff, midlevel and first line managers and employees were conducted. Interviews of work product users were also conducted, including DC government department heads and managers; the US Attorney's Office and the Office of the Chief Financial Officer.

Method:

The review was based on the Qualitative Assessment Review Guidelines developed by the DC-OIG for each division. In developing these standards the OIG used the President's Council on Integrity and Efficiency (PCIE) standards. Prior to beginning, the review team conducted a detailed analysis comparing the DC-OIG Guidelines to the most current federal standards. No discrepancies were noted. Some issues not addressed by these standards arose during the review and they were brought to the attention of the IG and his managers. None of these issues effected compliance with the standards. They are addressed in a separate letter.

Review Team:

The review team included the following members:

1. William F. Gill III, Inspector General, City of Philadelphia
2. Stanley C. Olkowski III, Deputy Inspector General
3. James Moriarty, Captain, Philadelphia Police Dept., Internal Investigations Unit.

Actions:

The review consisted of the following steps:

1. A review of work products for each division. The reports are identified in the attachments.
2. Interviews of executives, managers and employees from each division.
3. Interviews of management officials who have recently received Reports of Investigations and Inspections.
4. Interview of the Assistant US Attorney who has recently used Reports of Investigation and has had extensive contact with the DC-OIG.
5. Interview of the Director, Internal Security, Office of the Chief Financial Officer.
6. Reviews of Official Personnel Files, Training Files, Operations Manuals and Policy and Procedures Handbooks. This included firearms training records and the Firearms Handbook.

I want to personally thank you for the confidence you placed in my office by asking us to conduct this review. This has been an opportunity to broaden our professional knowledge and learn many new ways of doing business.

Finally, the professionalism and hospitality of your staff was outstanding.

If you or your staff need any additional information concerning this review please call.

Sincerely,


William F. Gill III
Inspector General

WFG/dm

Attachments: two

PEER REVIEW: Inspections and Evaluations Division, DC-OIG

We have completed a qualitative assessment review of the Inspections and Evaluations Division (I&E) of the Office of the Inspector General for the government of the District of Columbia. The review was conducted to evaluate the responsibility discharge of I&E for the time period encompassing January 1, 2002 through April 1, 2003. In conducting our review, we measured I&E's actions based upon adherence to the Standards & Guidelines that I&E adopted from the President's Council on Integrity and Efficiency (PCIE), published March 1993.

As defined in the Policies & Procedures Handbook, I&E is designed to support the overall mission of the DC-OIG to promote economy and efficiency in the management and administration of the Government of the District of Columbia. The intention of I&E reports is to provide a source of factual and analytical information. The reports also serve as a means to monitor compliance, measure performance, assess the efficiency and effectiveness of governmental operation and to conduct inquiries into allegations of fraud, waste, abuse, and mismanagement.

The I&E mission statement affirms that I&E is dedicated to provide the Government of the District of Columbia with objective, thorough and timely evaluations and recommendations to assist in achieving efficiency, effectiveness, and economy. The goals of I&E are to ensure compliance with applicable laws, regulations and policy and to identify accountability, recognize excellence and promote continuous improvement in the delivery of services to DC residents.

To adhere to that mission statement I&E accepted the PCIE Standards as the guidelines for the execution of its operations. The PCIE Standards include three General Standards (Qualifications, Independence and Due Professional Care) and four Qualitative Standards (Planning, Execution, Reporting, and Information Management). This review evaluated I&E's strict adherence to the General and Qualitative Standards.

Listed below are the results of the review, based on the three General Standards.

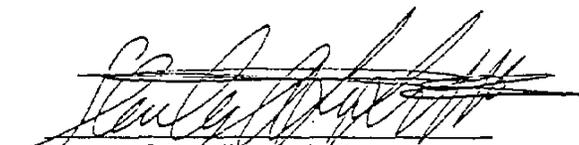
- **Qualifications:** I&E employees met the Standard by possessing the necessary professional proficiency skills, knowledge, and experience to execute their inspection and evaluation responsibilities regarding the programs, activities, and functions under review. The managerial skills of the supervisors and directors were determined to exceed this Standard. The review was accomplished through interviews of I&E personnel, review of personnel files, and a review of training criteria and documentation.
- **Independence:** I&E employees met the Standard by being unencumbered, unimpaired, and unhindered in their objectivity and the execution of their responsibilities. No personal, external or scope impairments were discovered to affect the operation of I&E. This review was undertaken through evaluation of the operation of I&E and through careful analysis of I&E's response should they encounter independence prevention activity.
- **Due Professional Care:** I&E employees adhered to this Standard by using good judgement in their inspection methodology, report preparation, and by obtaining a working knowledge of the inspection/evaluation objectives of the agency under review. This review proved adherence to the Standard through report evaluation and interviews with the heads of the agencies reviewed.

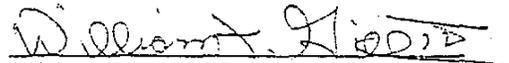
Listed below are the results of the review, based on the four Qualitative Standards.

- **Planning:** I&E employees fulfilled the guidelines of the Standard by developing a yearly Inspections and Evaluations Plan and by designating teams to execute the individual elements of the plan. The I&E Director assisted in the development, coordination, and review of the plan for every inspection or evaluation to be undertaken. The I&E employees conducted research and review to cohere to the plan's objectives and to the design of the plan. This review was conducted through an analysis of the yearly inspections and evaluations plan, an analysis of the individual agency plans, interviews of I&E directors and employees, interviews of agency heads and through the review of completed and issued I&E reports.
- **Execution:** I&E employees conformed to this Standard, as defined by the plan development process, the stated plan goals and desired accomplishments and supervisory oversight for adherence to the plan. The review to determine compliance was performed through plan evaluation, operational review, analysis of report recommendations and findings, and interviews with agency heads.
- **Reporting:** I&E employees complied with the Standard by presenting only factual data, that was accurately and objectively obtained and by reporting their findings, conclusions, and recommendations in a clear, concise, persuasive manner. It was determined that I&E met the Standard through the review and analysis of the reports of completed inspections/evaluations and through discussions with and interviews of the agency heads of those agencies inspected/evaluated. It was also determined that I&E was objective and accurate in its conclusions, recommendations, and findings and that, in general, the agency heads were in agreement of same.
- **Information Management:** I&E employees met the Standard described as data acquisition and analysis, evidence collection, compilation of supporting documentation, and careful confidential reporting and preservation of the aforementioned. The review of this Standard was undertaken through interviews of I&E personnel and agency heads, through the analysis of final reports and supporting work papers and through a review of the I&E intranet database. The review also included an examination of the I&E guidelines for developing and writing findings, review of reporting guidelines, memoranda of interview, memoranda of observation, agency survey questionnaires and through interviews and analysis of the I&E Information and Management Director and the I&E Information Management Trainee Requirements.

Conclusion

It is the opinion of the reviewers that the Inspections and Evaluations Division, DC-OIG, was in compliance with the PCIE Standards (March 1993) during the period January 1, 2002 and April 1, 2003.


Stanley C.P. Olkowski III
Deputy Inspector General


William F. Gill III
Inspector General

PEER REVIEW: Investigations Division, DC-OIG

We have completed a quality review of the Government of the District of Columbia, Office of the Inspector General, Investigations Division. The review covered the period January 1, 2002 through April 1, 2003. In conducting our review, we followed the standards and guidelines adopted by the DC-OIG from the President's Council on Integrity and Efficiency (PCIE) published in September 1997.

We reviewed all material outlined in the General and Qualitative standards.

The General Standards apply to investigators and the organizational environments in which they perform. They address the "need for" criteria and apply to all investigative activities from complaint processing, through gathering and analyzing evidence, to reporting investigative results.

Listed below are the results of the review based on the three General Standards:

Qualifications: Individuals assigned to conduct investigative activities must collectively possess professional proficiency for the task required. In order to determine the suitability of the investigative personnel working in the Investigations Division, several sources of documentation were reviewed.

A review of Personnel records indicate that investigators meet the educational standard, received entry level training, and that the required background checks were performed. Training records reveal investigators continue to receive in-service training. Firearms training records were reviewed and are in compliance with the acceptable standards. Investigators were selected randomly and interviewed. Their knowledge and ability reflected positively on their professionalism.

Independence: In all matters relating to investigative work, the investigative organization must be free, both in fact and appearance, from impairments. A sampling of cases were reviewed and interviews were conducted with Special Agents, Directors, a Deputy Assistant Inspector General and an Assistant Inspector General. These interviews and our review of case material disclose that your organization meets this standard.

Due Professional Care: This standard requires a constant effort to achieve quality professional performance. Prior to and during our on-site visit, we reviewed your department's Policy and Procedure Manual, Firearms Policy, Drug Screening Program, Records Management Manual, 2002 Annual Report, DC-OIG Web site and a sampling of closed cases and referrals. Our review indicated that your policy and procedures are suitably designed and provide adequate assurance that your organization follows accepted standards. The case files and referrals reviewed indicate that they were conducted in a diligent and complete manner, legal requirements were met, and appropriate techniques were used. Investigations appeared to be conducted in a fair and equitable manner and their conclusions were supported with appropriate documentation.

To further test this standard we interviewed several clients who are recipients of your work product. An Assistant United States Attorney for the District of Columbia, the Chief of Internal Security from the Office of the Chief Financial Officer, Office of Internal Audit & Internal Security, and a Supervisory Special Agent for the Federal Bureau of Investigation, all made favorable comments. Generally they reported that your investigators have a strong work ethic, interact well with their respective agencies and are accessible, responsive and professional.

The Qualitative Standards refer to specific management and investigative functions and processes with regard to investigations. The following cases were reviewed:

- 98-0330 Bribery of Government Official
- 98-0356 Wire Fraud & Embezzlement by a Former D.C. Employee
- 02-0100 Improprieties in the Award of Contracts by Officials at D.C. F.E.M.S.
- 02-0136 Theft of District License Plates
- 02-0161 Fraud Against the Government of the District of Columbia

Listed below are the results of the review based on the four Qualitative Standards:

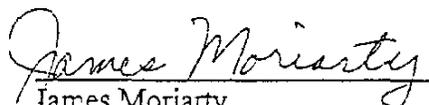
Planning: This establishes organizational and case specific priorities and develops objectives to ensure that individual case tasks are performed efficiently and effectively. The sampling of cases reviewed all contained an investigative plan. In summary, these cases listed the predication, identified possible violations, resources needed, and identified and prioritized investigative steps necessary to meet investigative objectives.

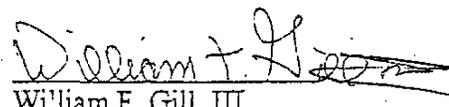
Execution: This standard requires investigations to be conducted in a timely, efficient, thorough and legal manner. Our review of selected cases showed that interviews were conducted in a planned, organized manner. The collection of evidence was documented and met applicable legal standards.

Reporting: Reports must address all relevant aspects of the investigation and be accurate, clear, complete, concise, logically organized, timely and objective. Our review of the selected case files revealed that the organization met applicable standards and is in compliance with PCIE standards. Investigative reports were clear, concise, accurate, and thorough. Files were well organized. Reports identified causative factors, and weaknesses that require corrective action which in turn generated Management Alert Reports

Information Management: This standard requires the storing of investigative data in a manner allowing effective retrieval, cross-referencing, and analysis. Our inspection of your Records Management System can only be described as impressive. Your organization's tracking system captured relevant information useful in making informed decisions relative to case management. The computerized indexing system is user friendly and allows for accurate processing of information. Data and information is easily updated and retrieved and conforms to applicable standards.

After concluding our review, it is our opinion that the Office of the Inspector General, Investigations Division, was in compliance with the PCIE standards during the period January 1, 2002 through April 1, 2003.


James Moriarty
CO Internal Investigations Unit
Philadelphia, Pa.


William F. Gill III
Inspector General
Philadelphia, Pa.



National Association of Local Government Auditors

February 27, 2003

Mr. Charles C. Maddox, Esq.
Inspector General
Government of the District of Columbia
Office of the Inspector General
717 14th Street, N.W.
Washington, D.C. 20005

Dear Mr. Maddox:

We have completed an external quality control review of the Government of the District of Columbia, Office of the Inspector General, Audit Division for audits issued during the period from January 1, 2002 through December 31, 2002. In conducting our review, we followed the standards and guidelines contained in the *NALGA Quality Control Review Guide* published in May 1995 by the National Association of Local Government Auditors.

As prescribed by the *NALGA Guide*, we reviewed the internal quality control system of your audit organization and tested a sample of audits conducted by your office for compliance with government auditing standards issued by the Comptroller General of the United States. Due to variance in individual performance and judgment, compliance does not imply adherence to standards in every case, but does imply adherence in most situations.

We have concluded from our review that your system of internal quality control was suitably designed and provided reasonable assurance that applicable government auditing standards were followed in your audit work. We have also concluded from the sample of audits tested that your quality controls were working effectively and that audits were conducted in conformance with applicable standards during the period under review.

It is our opinion, therefore, that the Government of the District of Columbia, Office of the Inspector General, Audit Division was in compliance with government auditing standards during the period January 1, 2002 through December 31, 2002. We have prepared a separate letter offering suggestions that may further enhance your department's demonstrated adherence to government audit standards.

Bill Greene
City of Phoenix, AZ

Elizabeth Moore
City of Memphis, TN

Jere Trudeau
Milwaukee County, WI



National Association of Local Government Auditors

February 27, 2003

Mr. Charles C. Maddox, Esq.
Inspector General
Government of the District of Columbia
Office of the Inspector General
717 14th Street, N.W.
Washington, D.C. 20005

Dear Mr. Maddox:

We have completed an external quality control review of the Government of the District of Columbia, Office of the Inspector General, Audit Division (Audit) for audits issued during the period from January 1, 2002 through December 31, 2002. We issued a report stating our opinion that Audit was in compliance with government auditing standards. We are presenting you with this companion letter to highlight some of the areas where we believe your office has excelled and to offer some suggestions that, in our opinion, will further increase the value of your office.

We want to start by mentioning those areas in which we believe your office excelled. Through observations, interviews and an examination of policies, procedures, and audit working papers, we observed that your office:

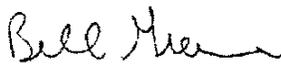
- Employed experienced, competent, and qualified staff.
- Developed a thorough policies and procedures manual (*Audit Handbook*) for use by audit staff and management.
- Documented audit work in a comprehensive and well-organized manner.
- Established an extensive and effective quality assurance function, which includes independent reviews of files and reports, as well as internal process improvement reviews.

The above are only some of the many qualities of your office that impressed us during the review. We want to offer some suggestions that may further enhance Audit's demonstrated adherence to government auditing standards.

- Audit staff adequately tested computer-generated data for reliability. Controls to document compliance with this standard (GAS 6.62) could be improved by creating a standard workpaper to summarize reliability testing.
- On some occasions, it is necessary for audit management staff to perform audit work and write reports. Although project monitoring by top management was evident in these cases, we believe it is important to establish a process to document ongoing supervisory review of workpapers to ensure compliance with standards (GAS 6.64).
- In the *Description of its Quality Control System*, Audit noted that financial-related standards were not specifically addressed in its *Audit Handbook* and that it would include these in a future revision. We agree that the research and inclusion of specific AICPA standards in a reference book would help ensure requirements are considered when executing financial-related audits (GAS 4.39, 4.40, 5.36, 5.37).
- In cases where audits begin as non-Yellow Book reviews (e.g. Management Alert Reports), it is important to implement procedures to ensure all standards are followed.

We hope that the observations and suggestions offered in this report help your office continue the professional work that we observed during our stay in Washington, D.C. We wish to extend our thanks to you and your staff for the hospitality and cooperation extended to us during our visit.

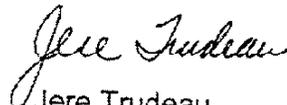
Sincerely,



Bill Greene
City of Phoenix, AZ



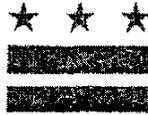
Elizabeth Moore
City of Memphis, TN



Jere Trudeau
Milwaukee County, WI

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



March 5, 2003

National Association of Local
Government Auditors
Member Services
2401 Regency Road
Suite 302
Lexington, KY 40503

Dear Mr. Greene, Ms. Moore, and Mr. Trudeau:

I have received your letter dated February 27, 2003, in which you notified this Office that its Audit Division was in compliance with government auditing standards during the period January 1 through December 31, 2002. I have also received your companion management letter of the same date that noted areas where this Office excelled and also included suggested improvements that will increase the value of this Office.

I am particularly pleased that you confirmed that we have a competent, qualified, and experienced staff and that our Audit Handbook thoroughly addressed policies and procedures. In addition, you noted that the audit work was documented in a comprehensive and well-organized manner and that we had established an extensive and effective quality assurance function.

I have also considered your suggestions for improvement. Specifically, this Office intends to revise the Audit Handbook to:

- standardize working papers that address the reliability of computer-generated data so that such audit evidence found in various work papers support a summary work paper;
- authorize the Technical Directorate to perform "supervisory" reviews when it is impractical for supervisors to perform supervisory reviews of the audit work of high-level auditors;
- address more fully the various financial-related standards; and
- ensure that nonaudit work that migrates to audit work is subjected to the same rigorous standards as other audits.

NALGA Peer Review Team
March 5, 2003
Page 2 of 2

I am pleased that the work of my Audit Division staff over the last few years has culminated in an unqualified opinion by your auditors on this Office's internal quality control system over audits and its compliance with Government Auditing Standards.

To each of you, I would like to extend my appreciation for the professionalism and experience you brought to this endeavor. If you have any questions, please call me or William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,



Charles Q. Maddox, Esq.
Inspector General

CCM/je