

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

**AUDIT OF PROCUREMENT  
ACTIVITIES AT THE D.C. FIRE AND  
EMERGENCY MEDICAL  
SERVICES DEPARTMENT**



**AUSTIN A. ANDERSEN  
INTERIM INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of the Inspector General



Inspector General

May 4, 2004

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Fire Chief  
D.C. Fire and Emergency Services Department  
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Jacques Abadie  
Chief Procurement Officer  
Office of Contracting and Procurement  
441 4<sup>th</sup> Street, N.W., Suite 700S  
Washington, D.C. 20001

Dear Chief Thompson and Mr. Abadie:

Enclosed is our final report OIG No. 02-1-03MA summarizing the results of the Office of the Inspector General's audit of procurement activities at the D.C. Fire and Emergency Medical Services Department (DCFEMS).

Our audit report contains 12 recommendations for necessary actions to correct the described deficiencies. Eight recommendations were directed to the Fire Chief for DCFEMS, and four recommendations were directed to the Chief Procurement Officer, Office of Contracting and Procurement (OCP). We received a response to the draft report from DCFEMS on April 19, 2004, and a response from OCP on April 6, 2004. We consider actions taken and/or planned by DCFEMS and OCP to be responsive to our recommendations. The full text of the DCFEMS response is at Exhibit B, and the OCP response is at Exhibit C.

We appreciate the cooperation and courtesies extended to our staff during the audit. If you have questions, please contact William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

A handwritten signature in black ink that reads "Austin A. Andersen". The signature is written in a cursive style with a long, sweeping tail.

Austin A. Andersen  
Interim Inspector General

AAA/ws

Enclosure

cc: See distribution list

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**AUDIT OF PROCUREMENT ACTIVITIES  
AT THE D.C. FIRE AND  
EMERGENCY MEDICAL SERVICES DEPARTMENT**

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## **EXECUTIVE DIGEST**

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### **OVERVIEW**

This report summarizes the Office of the Inspector General's (OIG) review of procurement activities at the District of Columbia Department of Fire and Emergency Medical Services (DCFEMS). The audit was part of our annual plan and was performed to determine whether: (1) the Office of Contracting and Procurement (OCP) and DCFEMS complied with applicable laws, regulations, and procedures; (2) OCP operated in an efficient, effective, and economical manner; and (3) contracts were administered or monitored adequately.

We want to acknowledge that DCFEMS and OCP have reacted positively to our identification of issues to improve procurement procedures. DCFEMS and OCP initiated corrective actions on some of our recommendations during the audit and continue to make improvements, such as initiating the competitive bidding and selection process to procure uniforms, thereby eliminating the use of the purchase card for volume purchases.

### **CONCLUSION**

The report contains three findings that include the details supporting the conditions we documented during the audit. After randomly reviewing 25 contract actions, we found that DCFEMS contracting officials did not adequately document procurement files to demonstrate that goods/services were delivered, to record and verify that payments were made and, in some instances, to establish the basis for vendor selection. These conditions occurred because internal controls were not in place to ensure that contracting officers/procurement personnel documented and updated contract files.

We also found that purchase cards at DCFEMS had artificially high spending limits, and were used to make unauthorized purchases and split purchases. In some cases, alternative procurement methods should have been used. These purchasing problems occurred because DCFEMS did not oversee existing internal controls to determine whether they were effective or followed.

Lastly, we found that imprest funds were used for unauthorized items and, in some cases, contained fund balances higher than authorized by regulation. We found that this condition existed because management exercised little or no oversight over daily imprest fund activity.

### **SUMMARY OF RECOMMENDATIONS**

We directed four recommendations to OCP that center, in part, on adhering to contracting guidelines as provided in the D.C. Municipal Regulations (DCMR) to ensure that contract files contain documentation to support contract deliverables and payment, and that sole source contracting is adequately justified. We also directed eight recommendations to DCFEMS that center on: (1) ensuring that all purchases made by purchase cards are

## **EXECUTIVE DIGEST**

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authorized; (2) obtaining competitive bids; (3) purchasing goods and services under contractual agreements whenever possible; (4) discontinuing the practice of splitting purchases to meet the transaction limit of individual purchases on the purchase cards, and (5) reviewing uses and maintenance of agency imprest funds. The period of review primarily focused on events and transactions occurring in calendar years 2000 through 2003.

A summary of the potential benefits resulting from the audit is shown at Exhibit A.

### **CORRECTIVE ACTIONS**

On April 19, 2004, DCFEMS provided a written response to our draft report. On April 6, 2004, OCP provided a written response to our draft report. We find that both DCFEMS' and OCP's responses are acceptable and are incorporated as appropriate. The full responses from both DCFEMS and OCP are attached at Exhibits B and C, respectively.

## INTRODUCTION

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### BACKGROUND

The DCFEMS mission is to improve the quality of life for residents by providing the most effective and efficient service possible. DCFEMS employs approximately 2,000 men and women and has an annual budget in excess of \$129 million. The DCFEMS is divided into nine different divisions: Office of the Fire Chief, Firefighting, Emergency Medical Services Bureau, Communications, Facilities Maintenance, Fire Prevention Bureau, Fire Risk Management, Fleet Maintenance, and Training.

The Firefighting Division of the DCFEMS has 1,464 employees and provides fire protection for the entire city, to include the White House, the Capitol, the federal buildings, and all embassies. According to DCFEMS, there are 33 firehouses strategically placed throughout the city that can respond to almost any location within the city in 3-5 minutes. There are 33 engine companies, 16 ladder companies, 3 heavy-duty rescue squads, and 1 hazardous materials unit. The Division also has a unit that operates two fireboats. The firehouses are divided into six battalions. Each platoon is commanded by a battalion fire chief and the entire Division is commanded by four deputy fire chiefs, each assigned to one of four platoons and who report to the Fire Chief. DCFEMS employees work one of four platoons or shifts.

The Emergency Medical Services Bureau (EMS) has 359 employees and provides around the clock emergency medical care and transportation for city residents and visitors. The number of functional EMS units (ambulances) varies and on average, there are about 27 available units. About 13 basic life support units are used for incidents that are not life threatening and about 14 advanced life support units are used for those incidents which do appear to be life threatening. The units carry either paramedics or emergency medical technicians. There is a minimum of one certified emergency medical technician assigned to engine and truck fire suppression units. The EMS Bureau is headed by a medical doctor who reports directly to the Fire Chief.

### OBJECTIVES, SCOPE, AND METHODOLOGY

Our audit objectives were to determine whether: (1) the Office of Contracting and Procurement (OCP) and the DCFEMS complied with applicable laws, regulations, policies and procedures; (2) OCP operated in an efficient, effective, and economical manner; and (3) contracts were administered and monitored adequately.

To accomplish our objectives, we held interviews and discussions with DCFEMS management and administrative staff, as well as OCP staff, to gain a general understanding of the policies and procedures and other controls used by DCFEMS in the procurement of goods and services. We performed reviews of contract files that document payment and receipt of goods and services, and purchase card usage. We also examined and analyzed the

## INTRODUCTION

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activity of agency imprest funds. We reviewed records and tested selected transactions that occurred during calendar years 2000 through 2003. We did not rely on any computer-processed data during this audit.

This audit was conducted in accordance with generally accepted government auditing standards and included such tests as we considered necessary.

### OTHER MATTERS OF INTEREST

DCFEMS established a grant administration process under the Research and Development Department (R&D) on April 9, 2001. The R&D was created to eliminate duplicative efforts by other DCFEMS departments and to ensure submission of highly competitive grant proposals. As a result, a new position was created, R&D Director, to manage the new grant process. Specifically, the R&D Director's responsibilities included researching and selecting feasible funding opportunities for DCFEMS, writing and presenting grant applications, developing grant procedures and guidelines, overseeing and administering all grants, and general grant consultation. In order to fund this new position, DCFEMS eliminated three emergency medical technician positions designated for EMS.

In more than 2 years of employment, the R&D Director administered two grants for DCFEMS totaling \$260,500. The first grant was a 1-year award of \$40,000 received in FY 2002 to fund special fire prevention and public education programs. The International Association of Black Firefighters awarded the grant under the Federal Emergency Management Agency's (FEMA) Assistance to Firefighters Grant Program. Another grant of \$220,500 was awarded and approved by FEMA in FY 2002.

During June 2002, the DCFEMS Chief at the time resigned. An interim Chief was appointed and selected as the permanent Chief shortly thereafter. The new Chief determined that the R&D function was not essential to the mission or operation of DCFEMS, and that the activities of this division could continue within other departments at DCFEMS. The Chief quickly made the appropriate changes to restore the three emergency medical technician positions that had been eliminated. This action provided EMS with the opportunity to operate at its full staff complement and quickly and correctly restore the critical positions eliminated from the EMS.

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## FINDINGS AND RECOMMENDATIONS

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<b>FINDING 1: CONTRACTING PRACTICES AT DCFEMS</b>
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### SYNOPSIS

DCFEMS officials did not maintain contract files in accordance with regulatory requirements. The contract files at DCFEMS did not contain payment and receiving documentation for contract deliverables; did not contain sufficient justification to award two sole source contracts; and ten contracts did not contain adequate vendor selection documentation. These conditions occurred because of insufficient internal controls to ensure that contract files contained documentation of contract deliverables and records of payment. As a result, there was no assurance that the District received the goods and services contracted for, that payments were made in accordance with contract terms, and that sole source awards and other vendor selections were made in compliance with regulations.

### DCFEMS CONTRACT FILES

We judgmentally selected and reviewed 25 contracts/modifications worth \$4.2 million out of a total of 890 contracts valued at \$46.9 million to determine if the contracting office complied with the District's rules and regulations governing contracting in the District of Columbia.

Our review of the DCFEMS files disclosed problems with all 25 of the contract files. We found a lack of documentation to assure that a contract deliverable had been received and that a contracted service had been satisfactorily performed. The files also lacked verification of payment for those deliverables. Two of the selected contract files were for services provided by a vendor via a sole source contract. Those contract files lacked documentation to assure that proper vendor selection methods were used to justify the award of sole source contracts. In addition, several other contract files lacked adequate vendor selection documentation. The files selected for review and discrepancies found during our audit are shown in Table I.

**FINDINGS AND RECOMMENDATIONS**

**TABLE I: Contract/Modification Files Reviewed**

	<b>Contract No.</b>	<b>Amount</b>	<b>Lack of Payment and Receiving Documentation</b>	<b>Invalid Sole Source Award Justification</b>	<b>Lack of Documentation for Vendor Selection</b>
1	FB0P0105130	\$59,828.54	x		x
2	FB0P0105529	95,655.70	x		x
3	FB0P0106912	24,995.00	x		x
4	FB0P0105488	5,925.00	x		
5	FB0P2195568	975.00	x		
6	FB0P1104668 MOD. 2	24,866.00	x		x
7	FB0P1190236	2,072,025.00	x		x
8	FB0P1190236 MOD. 1	2,150.00	x		
9	FB0P1190236 MOD. 2	4,140.00	x		
10	FB0P1190236 MOD. 3	12,650.00	x		
11	FB0P1190236 MOD. 4	30,570.00	x		
12	FB0P1106959	15,000.00		x	
13	FB0P1190201	6,000.00		x	
14	FB0P1104679	7,387.03	x		
15	FB0P1104865	7,500.00	x		
16	FB0RX2030029	3,742.50	x		
17	FB0P1104644	964,997.00	x		x
18	FB0P1190142	170,520.00	x		x
19	FB0P1104658	575,173.76	x		x
20	FB0P1190253	1,474.77	x		
21	FB0P1105171	50,682.16	x		x
22	FB0P1104664	15,435.24	x		x
23	FB0P2106350	14,728.00	x		
24	FB0P2106378	7,995.00	x		
25	FB0P1190259	21,000.00	x		
	<b>TOTAL</b>	<b>\$4,195,415.70</b>			

## FINDINGS AND RECOMMENDATIONS

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### DELIVERY/PAYMENT DOCUMENTATION

Of the 25 contract files reviewed, 23 did not contain any documentation to confirm that the contractor delivered the goods or services, or that payments were made to the contractors. For example, we reviewed a letter contract (FBOP1190236) awarded June 11, 2001, and four associated modifications. The contract was for the purchase of a pre-engineered steel classroom for the FEMS Training Academy at a cost of \$2.1 million. The four contract modifications were to install electricity and electrical items, to furnish and install empty conduits, and to furnish and install carpeting and an intercom system. These modifications added an additional \$49,510 to the cost of the contract.

Our review of this contract file showed that there were no documents to establish proof of delivery of the classroom to the satisfaction of the contracting officials or that any of the four contract modifications had been performed on the deliverable. We were also unable to find any documents to prove that payment to the contractor had been made. We were assured by FEMS contracting officials that the contractor delivered the classroom and was paid for the services rendered. However, we determined that internal controls did not exist and processes were ineffective to ensure that documentation of payment and necessary reports were maintained in the contract files. The remaining 20 contract/modification files that we examined lacked documentation to establish delivery of such items and services as prefabricated housing, communication equipment, vehicle repairs, and the purchases of 15 ambulances.

Notwithstanding the lack of documentation in the contract files, we selected 10 contracts (including 4 modifications) of the above 25 contracts to validate whether goods or services were actually received and if the vendors received payment for the deliverables. We found evidence that DCFEMS received all of the items and services as specified in the contracts and that the vendors were in fact paid. To ensure that the items and services were received, we physically inspected purchased cars, ambulances, and fire engines. We also reviewed and documented vehicle titles. Additionally, we contacted the CFO and the Office of Finance and Treasury to validate payment documentation.

Title 27 of the District of Columbia Municipal Regulation (DCMR) contains provisions that require District agencies to maintain pertinent documentation in the contract files relating to contract activity (such as documenting receipt of goods or services and payment documentation/confirmations). Specifically, DCMR § 1203.5 states that “the contract file shall document actions prerequisite to, substantiating, and reflecting contract payments.” While not mentioning a requirement for documenting the contract files, DCMR §1205.1 states that “a contract shall be considered physically complete when any of the following has occurred, ....(b) the contractor has completed the required deliveries, and the District has inspected and accepted the supplies.” Closure of the contract file would necessitate the

## FINDINGS AND RECOMMENDATIONS

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evidence that goods were delivered. Documentation of receipt of delivery of goods or services in the contract file is what a contracting officer relies on to establish compliance with DCMR §1205.1. It is reasonable to expect that sound contract administration and documentation practices require that contracting officials maintain receipt and delivery information in the contract file to enable closeout of the contract in accordance with DCMR §1205.1

DCFEMS contracting officials need to assure that active contract files contain all documents required by the DCMR. They should also update files found not to contain delivery, acceptance, and payment documentation.

### SOLE SOURCE VENDOR SELECTION

On October 17, 2000, the contracting office at the DCFEMS entered into a \$15,000 sole source contract (FBOP1106959) to provide a 6-day class for the Firefighting Division. This class/seminar entitled “Team Building” was described as a problem-solving training program for Chief Officers of the Firefighting Division. The program was divided into 2 sessions: (1) a 2-day session for staff-level Chief Officers consisting of “team building” and “organizational problem solving;” and (2) a 4-day session for field-level Chief Officers to cover the same material, but in greater detail.

To support the award of contract FBOP116959, DCFEMS contracting officials prepared a Determination and Findings (D&F). Because the cost of the services classified the procurement as a small purchase, DCFEMS did not have to use competitive sealed bidding procedures. Rather, the contracting officer obtained three oral quotations from vendors for the training. Therefore, as part of the justification for the sole source award to the selected vendor, the D&F stated that the consultant could provide the services within 1 week after receipt of a purchase order, while other consultants indicated that their training programs would not be “immediately available.”

However, the D&F cited Title 27 DCMR §§ 1702 and 1702.3 as authorization for the sole source award. Section 1702 denotes the section of the municipal regulations that govern sole source contracts that may be awarded upon the contracting officer’s finding that the vendor is the “single available source” for the required goods/services. DCMR Section 1702.3 provides as follows:

If the reason for making a procurement on a sole source basis is based on the particular source’s ownership or control of limited rights in data, patent rights, copyrights, or trade secrets applicable to the required supplies, services, or construction, the Director shall require that the written findings clearly demonstrate the need for the specific supplies, services, or construction, and that one (1) of the following applies:

## FINDINGS AND RECOMMENDATIONS

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- (a) The requirements cannot be modified to allow procurement by competitive sealed bids or competitive sealed proposals; or
- (b) It is in the best interests of the District to meet its requirements through procurement of the specific supplies, services, or construction, and that the proposed contractor is the only source for the specific supply, service, or construction.

While the D&F asserts that the selected vendor “has an established program, expertise, knowledge and experience necessary to conduct a training program associated with team building for fire fighting,” the D&F inappropriately cites DCMR § 1702.3 as authority for awarding the contract. The D&F fails to establish – or even mention - that the vendor possesses “control of limited rights in data, patent rights, copyrights, or trade secrets.” Furthermore, the contract files did not contain any documentation evidencing that the vendor did possess these unique characteristics. Therefore, we concluded that the D&F provided inadequate justification in support of the sole source award.

### DOCUMENTATION FOR VENDOR SELECTION

Of the contracts reviewed, 10 made use of Federal Supply Schedules as required by regulation, and the contract files for each contained a D&F statement reflecting the required language to justify using the Federal Supply Schedule. However, the contract files did not contain documentation that would show how the contracting officer arrived at the vendor selection. For example, on September 25, 2000, the contracting office used the Federal Supply Schedule to award a contract (FBOPO105529) to a company from New Jersey, estimated to cost \$95,655 for the procurement and installation of air purification equipment for the DCFEMS Fleet Maintenance Division. The “Facts Which Justify Using the Federal Schedule Procurement” portion of the D&F included the statement: “The use of Federal Supply Schedule is in accordance with Chapter 21, Sub-section 2100.1 (f).” This statement refers to DCMR Title 27 Chapter 21.

Title 27 DCMR § 2100.1 lists in priority order a schedule of nine required places to satisfy the need for supplies and services. That priority schedule includes, for example, existing agency inventories, the Federal Prison Industries, Inc., and, at subsection (f), Federal Supply Schedules, the justification used by the contracting officer in this instance. Title 27 DCMR § 2103.4 also states that use of the Federal Supply Schedule is mandatory unless a contracting officer determines that (a) the supplies or services on the federal schedule will meet the District’s minimum requirements; and (b) the federal schedule price is lower than the price that can be obtained with a new contract. We were unable to find any documentation in these 10 contract files showing the work done by the contracting officer to

## **FINDINGS AND RECOMMENDATIONS**

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assure that the requirements of 27 DCMR § 2103.4 were in fact met. However, we did secure documentation from the comptroller's office and user activities to substantiate contract deliverables and payment.

Without the detail behind the statements made on the D&F, the auditors and District government officials cannot be assured that procurement rules were followed or that the best possible price was obtained on the contract. The contracting office at the DCFEMS should review contract files for proof that the contract price is the lowest before awarding future Federal Supply Schedule contracts.

### **RECOMMENDATION 1**

1. We recommend that the Director, Office of Contracting and Procurement, establish procedures to ensure that contract files contain documentation of contract deliverables and record of payment.

### **OCP RESPONSE**

OCP concurs with the recommendation and revised its internal policy for the maintenance of contract files.

### **OIG COMMENTS**

The action taken by OCP should correct the conditions noted.

### **RECOMMENDATION 2**

2. We recommend that the Director, Office of Contracting and Procurement, update contract files for the period of July 2000 forward to assure that all contain appropriate delivery, acceptance, and payment documentation.

### **OCP RESPONSE**

OCP did not concur with this recommendation, stating that it would not be the best use of its resources, and that the documentation is available within the program and financial offices. In addition, going forward, the new Procurement Automated Support System will capture and maintain receiving reports for deliverables and payment information.

### **OIG COMMENTS**

Although OCP did not concur with this recommendation, we accept its rationale and consider this recommendation closed.

## **FINDINGS AND RECOMMENDATIONS**

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### **RECOMMENDATION 3**

3. We recommend that the Director, Office of Contracting and Procurement, establish procedures and an approval process for ensuring that DCMR Title 27 requirements for awarding sole source contracts for all future awards are satisfied, and ensure that contract files for sole source contracts contain the details of contractual actions taken by the contracting officer, including D&Fs containing all required information.

### **OCP RESPONSE**

In response to this recommendation, OCP issued a directive clarifying review and approval procedures for sole source D&Fs and contracts.

### **OIG COMMENTS**

The action taken by OCP should correct the conditions noted.

### **RECOMMENDATION 4**

4. We recommend that the Director, Office of Contracting and Procurement, establish a semi-annual review of contract files to ensure the files contain documentation of contract deliverables and payment as specified in DCMR Title 27.

### **OCP RESPONSE**

OCP responded that it would reinforce with contracting officers the importance of maintaining appropriate documentation as specified in DCMR Title 27.

### **OIG COMMENTS**

The OCP response meets the intent of this recommendation.

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## FINDINGS AND RECOMMENDATIONS

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<b>FINDING 2: USE OF PURCHASE CARDS</b>
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### SYNOPSIS

Purchase cards at the DCFEMS had exceedingly high spending limits, with seven purchase cards having a replenishable limit of \$500,000 every 30 days. In addition, many of these cards had been used to purchase prohibited items and items that could have been purchased via alternative and more competitive methods. Further, purchases were often split so as not to exceed maximum limits required by regulations. These conditions occurred because DCFEMS failed to exercise proper oversight to determine whether existing internal controls were effective and followed. As a result, the District government cannot be assured of the integrity of the purchase card program within the DCFEMS or that purchases were made in the most efficient and effective manner.

### PURCHASE CARD REQUIREMENTS

The International Merchant Purchase Authorization Card, (IMPAC), hereinafter referred to as the purchase card, is a program developed for the federal government by U.S. Bank Company. It is used by government agencies to reduce paperwork, processing time, and costs by giving cardholders the flexibility to make purchases using a Visa purchase card. The District of Columbia has participated in this program since May 2000. The District's purchase card program is managed by OCP and administered by OCP's Purchasing Technologies Unit. Draft OCP Directive (OCPD) No. 9000.00 provides the policies and procedures for the program. The policy of the Chief Procurement Officer (CPO) of the District of Columbia is to use the purchase card system for purchases of goods and services within a specified threshold.

### CARD SPENDING LIMITS

At the time of our review, DCFEMS issued 37 purchase cards to authorized personnel. We determined that 7 cards (19 percent) had a 30-day purchase limit of \$500,000. In addition, 25 cards (68 percent) had 30-day limits of \$200,000, 1 had a limit of \$50,000, 1 had a limit of \$30,000, 1 had a limit of \$5,500, and 2 had limits of \$2,500 or less. Table II shows the purchase cards and their 30-day purchase limits. It also shows the average 30-day expenditure by cardholder. Of the purchase cardholders with a \$500,000 limit, only 2 averaged purchases during our review period in excess of \$12,000 per month. In fact, most purchase cardholders with a \$500,000 limit averaged \$10,094 per month while those with a \$200,000 limit averaged purchases of \$3,439 per month and 4 purchase cardholders had no purchases during the period audited. Clearly, the level of business activity does not warrant such high purchase card monthly spending limits.

**FINDINGS AND RECOMMENDATIONS**

**TABLE II: DCFEMS Purchase Card Information**

	<b>CARDHOLDER POSITION</b>	<b>30-DAY SPENDING LIMIT</b>	<b>AMOUNT SPENT DURING AUDIT PERIOD</b>	<b>AVERAGE PER MONTH</b>
1	Supply Management Officer	\$200,000	\$604,772	\$25,198
2	Inventory Management Specialist	\$500,000	\$1,177,945	\$49,081
3	Supply Inventory Manager	\$200,000	\$569,511	\$23,730
4	Light Fleet Maintenance	\$500,000	\$311,665	\$12,986
5	General Foreman	\$500,000	\$97,212	\$4,051
6	Battalion Fire Chief	\$200,000	\$134,501	\$5,604
7	Assistant Chief Information Officer	\$200,000	\$145,400	\$6,058
8	Captain, Communication Electronic	\$200,000	\$206,650	\$8,610
9	Captain	\$2,500	\$14,554	\$606
10	Public Affairs Specialist	\$200,000	\$38,011	\$1,584
11	Medical Director	\$200,000	\$15,229	\$635
12	Captain	\$200,000	\$43,366	\$1,807
13	Assistant Captain, Facilities Maintenance	\$200,000	\$67,593	\$2,816
14	Director, Research and Development	\$200,000	\$20,443	\$852
15	Assistant EMS Deputy Chief	\$200,000	\$16,412	\$684
16	Foreman, Heavy Mobil Equipment Mechanic	\$500,000	\$40,510	\$1,688
17	General Foreman	\$200,000	\$55,471	\$2,311
18	Captain, Supervisory Paramedic	\$200,000	\$34,630	\$1,443
19	Captain, Training Division	\$30,000	\$97,774	\$4,074
20	Foreman, Heavy Mobil Equipment Mechanic	\$500,000	\$25,334	\$1,056
21	Foreman, Heavy Mobil Equipment Mechanic	\$500,000	\$63,184	\$2,633
22	Foreman, Mobil Equipment Metal Mechanic	\$500,000	\$43,159	\$1,798
23	Deputy Chief Communications	\$200,000	\$6,869	\$286
24	Public Information Officer	*\$200,000	\$12	\$1
25	Captain, T-17-4	*\$200,000	\$5,723	\$238
26	Battalion Fire Chief	*\$200,000	\$0	\$0
27	Supervisor Communications Operator	\$200,000	\$0	\$0
28	Supervisory Paramedic	\$200,000	\$0	\$0
29	Maintenance Mechanic	\$5,500	\$0	\$0
30	Captain	*\$200,000	\$11,681	\$487
31	Special Assistant to the Fire Chief	*\$200,000	\$4,536	\$189
32	EMS Special Ops	\$200,000	\$12,878	\$537

## FINDINGS AND RECOMMENDATIONS

	CARDHOLDER POSITION	30-DAY SPENDING LIMIT	AMOUNT SPENT DURING AUDIT PERIOD	AVERAGE PER MONTH
33	Maintenance Mechanic	\$2,500	\$20,236	\$843
34	Captain, Fire Arson Investigations	\$50,000	\$2,953	\$123
35	EMS Chief, Training Division	\$200,000	\$23,087	\$962
36	Lieutenant	\$200,000	\$40,366	\$1,682
37	Supervisory Paramedic Captain	\$200,000	\$6,519	\$272
	Credits <sup>1</sup>		-\$47,513	-\$1979
	<b>Total</b>		\$3,910,673	\$162,946
	* Card Cancelled			

### REVIEW OF PURCHASE CARD PURCHASES

We selected 22 purchase cards and performed a review of the purchases made with each card during the audit period. Our review found instances where prohibited items were bought and where cardholders intentionally split orders to avoid exceeding dollar limitations placed on purchase cards. In addition, we noted instances where a particular item or service could have been purchased by a more competitive method, thus assuring the lowest price. Table III shows the 22 sampled purchase cards and the discrepancies found.

**TABLE III: Review of Purchase Card Purchases**

	CARDHOLDER POSITION	SPLIT PURCHASES	PROHIBITED TRANSACTIONS	ITEMS PURCHASED
1	Supply Management Officer	X		
2	Inventory Management Specialist	X		
3	Supply Inventory Manager	X		
4	Light Fleet Maintenance	X		
5	General Foreman	X	X	Boat Motor Fuel
6	Battalion Fire Chief	X		
7	Assistant Chief Information Officer	X		
8	Captain, Communication Electronic	X		
9	Captain		X	Boat Motor Fuel

<sup>1</sup> When DCFEMS receives a credit from a vendor, the credit is charged to the approving official's credit card and the funds are transferred to the general fund; there are seven approving officials.

## FINDINGS AND RECOMMENDATIONS

	CARDHOLDER POSITION	SPLIT PURCHASES	PROHIBITED TRANSACTIONS	ITEMS PURCHASED
10	Public Affairs Specialist		X	Picnic Food/Supplies
11	Medical Director	X		
12	Captain	X	X	Picnic Food/Supplies
13	Assistant Captain, Facilities Maintenance	X		
14	Director, Research and Development	X		
15	Assistant EMS Deputy Chief			
16	Foreman, Heavy Mobil Equip. Mechanic	X	X	Boat Motor Fuel
17	General Foreman	X		
18	Captain, Supervisory Paramedic	X		
19	Captain, Training Division			
20	Foreman, Heavy Mobil Equip. Mechanic		X	Boat Motor Fuel
21	Foreman, Heavy Mobil Equip. Mechanic		X	Boat Motor Fuel
22	Foreman, Mobil Equip. Metal Mechanic		X	Boat Motor Fuel

### PURCHASE OF PROHIBITED ITEMS

Draft OCPD 9000.00 paragraph 4.3.5 provides the limitations and restrictions placed on purchase card use and states, in part, that the purchase card “shall not” be used for meals, entertainment expenses, food, or for foodstuffs not intended for a 24-hour government facility. DCFEMS management indicated that purchases such as these are not considered approved purchases. Our review, however, showed that food was routinely purchased on purchase cards and that supervisors approved those transactions. In addition, we found many instances of these purchases being approved without receipts or an explanation in the file of how the very large food purchases were used. For example, a purchase card used by one employee of the DCFEMS public information office was routinely used to purchase food and kitchen items. The card was used to purchase in excess of \$5,000 worth of food and foodstuffs over a 6-month period. The purchases were made at Safeway in Oxon Hill, Md.; BJ’s Wholesale Club in Alexandria, Va.; United Wholesalers in Washington, D.C.; Murray’s Steaks in Upper Marlboro, Md.; Giant Foods in Largo, Md.; and Shoppers Food Warehouse in Oxon Hill, Md. The purchase card also was used to purchase boat motor fuel that should have been purchased using another District credit card (the Fleet Voyager Card issued by U. S. Bank) designed for motor fuel charges.

In May 2002, the DCFEMS R&D Director hired B & B Catering of Washington, D.C. to cater two events: EMS week and the annual picnic. A total of \$12,829 was charged to a purchase card to cover the costs. Again, there was a supervisor’s approval in the records, even though food and entertainment are prohibited uses of a purchase card. Further, for these

## **FINDINGS AND RECOMMENDATIONS**

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purchases, payments were split into increments of \$2000 or less in order to avoid exceeding the maximum dollar amount of \$2,500 per transaction required by draft OCPD 9000.00, paragraph 4.3.3.

### **SPLIT PURCHASES**

Draft OCPD 9000.00, paragraph 4.4.3 states that “the total of a single purchase shall not exceed a cardholder’s authorized single-purchase limit, or \$2,500, nor shall it exceed the monthly cardholder credit limit or monthly budget limit.”

Paragraph 4.4.3.2 provides that

multiple purchases of goods, supplies, or services from the same vendor that are made in such a way as to enable the cardholder to stay below the single purchase limit is prohibited. Payment for a single purchase of goods, supplies, or services shall not be separated to stay below the single purchase limit.

Our review found that this requirement was ignored almost every time DCFEMS made large purchases. We also found multiple examples of split purchases that were validated by an approving official. For example, on December 12, 2000, we found three transactions by one cardholder in the amounts of \$1,705.00, \$1,860.00, and \$972.90. Each transaction was for the purchase of uniform blouses from the same vendor for a total of \$4,537.90, the purchase of which was divided into separate transactions to avoid the cap of \$2,500 per transaction. Over a 9-day period, this cardholder split purchases five times to avoid the spending limit. On September 28, 2001, this cardholder purchased \$14,998.20 worth of tee shirts and shorts from the same vendor and split that transaction into six transactions of \$2,499.70 each. Over the 2-year audit period, we found that it was common for this cardholder to split purchases. In fact, our review of this cardholder’s purchases revealed that it was uncommon to find transactions that were not split. This cardholder, however, was not the only one we found to have misused a purchase card by making split purchases. Our sample of purchase transactions by 22 cardholders found that 15 cardholders had split purchases to avoid the dollar limit imposed by regulation.

### **ALTERNATIVE PURCHASE METHODS**

During our review, we noted that uniforms, plumbing services, automotive parts, and tires were purchased using a purchase card. Given the volume of these purchases, we believe that these items could have been purchased using a formal contract, thus allowing DCFEMS to possibly benefit from economy of scale volume purchases. We also noted that DCFEMS did not obtain competition for these items.

## FINDINGS AND RECOMMENDATIONS

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**Uniforms.** We noted that the DCFEMS purchased uniforms using a purchase card at a cost that exceeded \$125,000 per year. In addition, we noted that purchases were almost exclusively from the same vendor. For example, during a 9-day period in December 2000, DCFEMS purchased \$22,663 worth of uniforms from a local uniform store. Our review also showed that this uniform store was used to purchase more than \$250,000 worth of uniforms and clothing items over a 2-year period. Given the volume of purchases, it is possible that these uniforms and clothing items could have been purchased via more competitive means than the purchase card. In fact, DCFEMS would likely benefit from economy-of-scale quantities purchased under formal contracts. During our review, we discussed the uniform purchases with the DCFEMS contracting officer, and as a result, DCFEMS contracting officials have now elected to implement the competitive bidding process to purchase uniforms under contract.

**Plumbing Services.** DCFEMS procured plumbing services via the purchase card from a local plumbing contractor exclusively, without obtaining competition. For a 2-year period, DCFEMS paid the plumbing company almost \$120,000 for plumbing services. Our review of DCFEMS records did not reveal any evidence that DCFEMS solicited bids from other plumbing companies or proof of any attempt to compare prices of other plumbing service companies.

Paragraph 4.3.6 of draft OCPD 9000.00 requires that “an employee utilizing a purchase card shall exercise the same care in incurring expenses that a prudent and reasonable person would exercise.” Draft OCPD 9000.00 further states in paragraph 4.5.2.6 that cardholders shall make every reasonable effort to ensure that each purchase price for goods, supplies, or services is fair and reasonable and to secure government discounts whenever possible. Therefore, reasonable care and prudence dictate that DCFEMS officials ensure that the District government receives a fair price for plumbing services by using competitive procurement procedures rather than relying on sole source procurements via the purchase card.

**Automotive Tires and Spare Parts.** Although not used as exclusive sources for tires and automotive parts, DCFEMS officials used the purchase card to procure annually, on a non-competitive basis, approximately \$50,000 worth of tires from one tire vendor and approximately \$120,000 worth of auto parts from one auto parts supplier. It became apparent during the audit that the DCFEMS contracting officer did not periodically review purchase card transactions to determine if there were competitive sources available for repetitively purchased items. DCFEMS officials should attempt to procure these kinds of items on a competitive basis given their presumed availability on the open market.

## **FINDINGS AND RECOMMENDATIONS**

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### **MONTHLY TRANSACTION REPORTS**

The purchase card manual requires each cardholder to submit a signed and reconciled monthly transaction report along with all supporting documentation to his or her Approving Official within 5 days of receipt of the bank statement. The Approving Official is responsible for reviewing and signing the monthly reports and, within 5 days, forwarding the report and bank statement, including all original supporting documentation, to the central office designated in the Approving Official's appointment letter. Both the cardholder and the Approving Official must sign the transaction report. The manual was designed to provide the Approving Official with a monthly summary of all items procured which the official would review prior to approving payment.

We reviewed 72 monthly transaction logs and found that DCFEMS cardholders failed to submit transaction reports for 43 (60 percent) of the transaction logs. The purchase card manual requires the Approving Official to ensure that the purchases listed in the transaction log are the same as those reported by the cardholder. If used properly, the transaction log would afford the Approving Official a mechanism to scrutinize and authenticate the legitimacy of purchases. As a result, DCFEMS Approving Officials could not validate the accuracy of 60 percent of the monthly bank statements reviewed.

The manual requires that if a transaction report is overdue (not received in the finance office before the next invoice is received from the bank), the card is to be immediately suspended. During our review of 72 monthly bank statements, we found that none of the cardholders had prepared the monthly transaction reports. Despite the cardholders' noncompliance with this provision of the purchase card manual, DCFEMS and the CFO's office did not suspend any of the cardholders' accounts, as required by the purchase card manual, and continued to allow cardholders to initiate purchases.

### **INTERNAL CONTROLS**

The CPO should analyze purchase card usage at the DCFEMS and adjust purchase card spending limits downward consistent with historical average monthly purchase volume. There were purchase card controls (in the form of regulations) established to identify excessive spending limits, detect prohibited expenditures, identify alternative methods of purchasing required items, and prohibit the split purchases. However, employees did not follow those controls. We believe DCFEMS needs to improve its oversight to assure that established internal controls are followed. In addition, management should investigate the purchases cited in this report and take steps to hold employees responsible for any excess and/or unauthorized purchases and any additional expenses incurred for personal preference or convenience in accordance with draft OCPD 9000.00, paragraph 4.3.6.

## **FINDINGS AND RECOMMENDATIONS**

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### **RECOMMENDATIONS**

We recommend that the Chief, District of Columbia Fire and Emergency Medical Services:

5. Review purchase card spending limits within the DCFEMS for each purchase cardholder and lower those limits to an amount commensurate with the historical average monthly purchase activity.
6. Periodically review purchase cardholders' monthly statements and transaction reports to ensure that all purchases comply with draft OCPD 9000.00 requirements.
7. Evaluate available competition and obtain competitive quotes for future purchases of plumbing services, automotive parts and tires, and other repetitive purchases to ensure that competitive contracts are awarded for these volume purchases.
8. Periodically review cardholders' purchases and enforce regulations prohibiting cardholders from splitting purchases. Hold cardholders and approving officials responsible for future infractions by withdrawing cardholder purchase card privileges.
9. Reconcile purchase cardholder activity each month to ensure that purchase cardholders submit monthly transaction reports as required by the purchase card manual.

### **DCFEMS RESPONSE RECOMMENDATIONS 5 - 9**

DCFEMS agreed with the findings and recommendations and has completed, or is in the process of implementing corrective actions to include:

1. reviewing purchase card spending limits
2. reviewing cardholders' monthly statements; and
3. instituting blanket purchase agreements.

### **OIG COMMENTS RECOMMENDATIONS 5 - 9**

The DCFEMS' actions meet the intent of these recommendations.

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## FINDINGS AND RECOMMENDATIONS

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<b>FINDING 3: DCFEMS IMPREST FUND OPERATIONS</b>
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### SYNOPSIS

DCFEMS imprest fund custodians were not knowledgeable about or did not follow rules and regulations governing the use of imprest funds. This condition occurred because DCFEMS management exercised little management oversight over the daily accountability for these funds. As a result, imprest funds contained more cash than required or authorized and were improperly expended. In addition, fund transactions exceeded transaction limits and some disbursement files did not contain adequate supporting documentation as required to establish an audit trail.

### IMPREST FUND DESCRIPTION

The August 31, 1998, draft D.C. Financial Policies and Procedures Manual defines an imprest fund as one used to satisfy the definite and continuing need of an agency for making relatively small cash disbursements. In paragraph 1012.300(K), the manual states that an imprest fund shall not exceed five hundred dollars (\$500). Further, Title 27 DCMR §§ 1815.1 and 1815.3 provide:

A cash purchase using imprest funds may be made when the transaction does not exceed one hundred fifty dollars (\$150). The head of an agency may establish a lower limit on imprest purchases for that agency.

...

Each purchase using imprest funds shall be recorded on an imprest fund purchase form, approved by the Director, which shall include a discreet imprest fund purchase number, accounting data identifying the specific imprest fund account, the items or services purchased, the name of the person making the purchase, the purchase date, and other information required by the Director.

### DCFEMS IMPREST FUNDS

The DCFEMS has four imprest funds: a \$3,000 fund at the Fire Apparatus Division; a \$1,000 fund at the Administration Division; and two \$400 funds at the Equipment Repair Division and the Fire and EMS Department, respectively. We reviewed the two larger imprest funds to determine the extent of compliance with District regulations.

## **FINDINGS AND RECOMMENDATIONS**

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Our review of the \$3,000 and \$1,000 funds revealed the following conditions:

1. Two of three imprest funds exceeded the \$500 limit established by District regulations;
2. Individual transactions exceeded the established \$150 ceiling; and
3. Balances in the \$1,000 imprest fund account often exceeded the authorized fund limit.

The \$3,000 fund was split between cash and a checking account. The \$1,000 fund was a checking account, in violation of the \$500 regulatory limit. We noted that on many occasions the \$1,000 fund contained amounts in excess of that fund's established limit. For example, on July 23, 2001, the \$1,000 imprest fund account contained \$1,275.05 and on January 11, 2002, the \$1,000 imprest fund account contained \$1,158.29. The July 23, 2001, overage occurred because the custodian of the account obtained routine reimbursement for account disbursements at the same time the account was credited with an employee reimbursement of an advance to the employee for a missed paycheck. In fact, we noted 14 examples of the fund exceeding \$1,000.

We believe management needs to reduce the balances in both imprest funds to the \$500 regulatory limit. In addition, imprest fund managers should assure that balances do not exceed the authorized limit. This is easily accomplished by replacing only monies for which a legitimate expenditure has been made. Further, we believe that management should assure that imprest fund disbursements are within required spending limits.

### **IMPROPER EXPENDITURES**

The Administrative Division Imprest Fund was used for several improper and questionable expenditures. For example, on two occasions the fund paid parking tickets for violations committed by DCFEMS employees. The first payment was made on February 9, 2001, in the amount of \$235.00. The second payment in the amount of \$70 was made on March 20, 2001. Both checks were payable to the D.C. Treasurer's Office.

According to the Office of the Chief Financial Officer's (OCFO) Draft Financial Policies and Procedures Manual, paragraph 1012.100, imprest funds should be used to "satisfy a definite and continuing need of an agency for making relatively small cash disbursements," to include advancements or reimbursement to employees for authorized expenditures. In addition, according to paragraph 1012.300, imprest funds are limited to small purchases of \$50 or less where a purchase order is impractical or not possible, and in emergency situations necessitating immediate reimbursement.

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## FINDINGS AND RECOMMENDATIONS

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It was not clear whether the parking tickets were for Fire Department vehicles or private vehicles. In either case, the parking tickets do not fall within the disbursements authorized by OCFO's policies and procedures manual. Management should investigate these payments, determine which employee was responsible for the parking infractions, and seek reimbursement to the fund.

Business cards were also purchased using the imprest fund on at least 4 occasions between May 10, 2001, and January 29, 2002. The business cards ranged in price between \$37.00 and \$55.00. Because these expenditures were not emergency purchases requiring immediate disbursement of cash, or otherwise authorized by OCFO's policies and procedures, management should take steps to have the employees who received the business cards reimburse the imprest fund.

Several improper payments recorded as "salary advance" were made from the fund. On July 13, 2001, a "salary advance" of \$700 was made to an employee, and on October 10, 2001, another employee was paid a "salary advance" of \$328.43, which was repaid more than 90 days later. Table IV lists the violations noted with the Administration Imprest Fund over a 2-year period.

**Table IV: DCFEMS Administrative Division Questionable Fund Disbursements**

<b>Date</b>	<b>Payee</b>	<b>Description</b>	<b>Amount</b>
12/11/00	Employee	Open House	\$312.00
02/09/01	DC Treasurer	Parking Tickets	235.00
03/20/01	DC Treasurer	Parking Tickets	70.00
04/10/01	Western Exchange	For Fire Chief <i>Washington Times</i> Subscription	15.00
05/10/01	Employee	Business Cards	45.00
06/13/01	Employee	Open House	52.47
06/13/01	Employee	T-shirts for guest	75.00
07/13/01	Employee	Salary Advance	700.00
8/15/01	Employee	Reimbursement for auto accident	100.00
10/10/01	Employee	Salary advance	328.43
10/19/01	Employee	Business cards	37.00
1/23/02	Employee	Business cards	55.00
1/23/02	Employee	Business cards	55.00
1/29/01	Employee	Cash Employee's Check	347.81

## **FINDINGS AND RECOMMENDATIONS**

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### **MANAGEMENT OVERSIGHT**

DCFEMS officials need to review the authorized limits and daily usage of their agency's imprest funds. At a minimum, monthly oversight of these funds is required to assure that they are used to purchase solely goods or services authorized by regulation. DCFEMS' review should determine the necessity of operating four imprest funds located throughout the department and establish the maximum imprest limits (at \$500, per regulation) in order to satisfy the need for small cash disbursements. Further, DCFEMS should review the imprest fund transactions for the past three years to determine whether disbursements were made only for authorized purposes. Lastly, DCFEMS should take the necessary actions to obtain reimbursements for unauthorized disbursements from the imprest funds.

### **RECOMMENDATION 10**

10. We recommend that the Chief, District of Columbia Fire and Emergency Medical Services, take action to eliminate imprest funds determined by management to be unnecessary and reduce the dollar amounts in the remaining funds to comply with the limits established by District regulations.

### **DCFEMS RESPONSE**

DCFEMS concurs with this recommendation and has instituted actions to reduce the number of imprest funds to one for \$500.

### **OIG COMMENTS**

DCFEMS' action meets the intent of this recommendation.

### **RECOMMENDATION 11**

11. We recommend that the Chief, District of Columbia Fire and Emergency Medical Services, take action to recover imprest funds expended for unauthorized purposes.

### **DCFEMS RESPONSE**

DCFEMS is in the process of recouping the funds to the extent possible for unauthorized purchases.

### **OIG COMMENTS**

DCFEMS' action should correct the noted condition.

## **FINDINGS AND RECOMMENDATIONS**

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### **RECOMMENDATION 12**

12. We recommend that the Chief, District of Columbia Fire and Emergency Medical Services, implement the controls established in 27 DCMR § 1815.1 to assure that imprest fund disbursements are within spending limitations.

### **DCFEMS RESPONSE**

DCFEMS has implemented corrective actions to include training for the imprest fund custodians.

### **OIG COMMENTS**

DCFEMS' action meets the intent of this recommendation.

**EXHIBIT A - SUMMARY OF POTENTIAL MONETARY BENEFITS  
 RESULTING FROM AUDIT**

<b>Recommendation</b>	<b>Description of Benefit</b>	<b>Amount and Type of Monetary Benefit</b>
1	Compliance and Internal Control. Establishes procedures to ensure that adequate documentation is maintained for contract deliverables and payment.	Non Monetary
2	Compliance and Internal Control. Ensures that DCFEMS contract files include all required documentation.	Non Monetary
3	Compliance and Internal Control. Provides DCFEMS management with assurance that sole source contracts were awarded in compliance with DCMR Title 27 requirements.	Non Monetary
4	Compliance and Internal Control. Establishes a system that will ensure semi-annual reviews of contract files.	Non Monetary
5	Internal Control and Economy and Efficiency. Provides DCFEMS management with purchase card activity information to determine feasibility for adjusting spending limits.	Non Monetary
6	Compliance and Internal Controls. Ensures that purchase card expenditures are periodically reviewed.	Non Monetary
7	Internal Control and Economy and Efficiency. Provides assurance that DCFEMS management will seek to use competitive purchasing methods for items purchased in large quantities.	Non Monetary
8	Compliance and Internal Control. Ensures that the practice of split purchases on purchase cards will be discontinued.	Non Monetary

**EXHIBIT A - SUMMARY OF POTENTIAL MONETARY BENEFITS  
 RESULTING FROM AUDIT**

<b>Recommendation</b>	<b>Description of Benefit</b>	<b>Amount and Type of Monetary Benefit</b>
9	Compliance and Internal Control. Ensures that DCFEMS management will reconcile monthly data relating to purchase card user information.	Non Monetary
10	Internal Control and Economy and Efficiency. Establishes and provides assurance that imprest funds will be maintained and used in compliance with regulations and ensures the elimination of unnecessary funds.	Non Monetary
11	Internal Control and Economy and Efficiency. Provides DCFEMS management with the opportunity to recover imprest funds expended for unauthorized purposes.	Undetermined Monetary Amount
12	Internal Control and Economy and Efficiency. Implements action to comply with 27 DCMR regarding imprest fund spending limitations.	Non Monetary

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## EXHIBIT B – DCFEMS RESPONSE TO DRAFT REPORT

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GOVERNMENT OF THE DISTRICT OF COLUMBIA  
FIRE AND EMERGENCY MEDICAL SERVICES DEPARTMENT  
WASHINGTON, D.C. 20001

L.S.

ADDRESS REPLY TO  
"FIRE CHIEF"



April 19, 2004

Austin A. Andersen, Esq.  
Interim Inspector General  
Office of the Inspector General  
717 14<sup>th</sup> Street, NW  
Suite 500  
Washington, DC 20005

Dear Mr. Andersen:

I have reviewed the draft report OIG No. 02-1-03MA, which summarizes the results of the Office of the Inspector General's audit of procurement activities at the DC Fire & Emergency Medical Services Department (DCFEMS).

This Agency (FEMS) agrees with the findings and recommendations detailed in the draft report and submit the following response:

- 1) The report identified irregularities in the agency's procurement of uniforms and specifically recommends that the agency purchase uniforms under a formal contract to resolve this problem. To this end, the agency has established a blanket purchase agreement with Jimmy Muscatello's, a business listed on the DC supply schedule. The most recent BPA was initiated on December 1, 2003.
- 2) The report identifies irregularities in the agency's procurement of plumbing services and recommends that the agency ensure that the District government receives a fair price by using competitive procurement procedures.
- 3) The Apparatus Division of FEMS used purchase cards to purchase approximately \$50,000 worth of tires from one vendor. Additionally, the same circumstances were reflected in approximately \$120,000 worth of parts. Blanket purchase agreements have been established with companies to take advantage of economy of scale purchasing leverage.

The Findings and Recommendations section Finding 2: *Use of Purchase Cards* provides five (5) recommendations to the Chief of the District of Columbia Fire & Emergency Medical Services Department. In response to those accepted recommendations, the agency is doing or has done the following:

- 1) Reviewing purchase card spending limits and preparing to reduce some of those limits based on usage. (Recommendation #5)

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## EXHIBIT B – DCFEMS RESPONSE TO DRAFT REPORT

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**Austin A. Andersen, Esq.**  
**April 19, 2004**  
**Page 2**

- 2) Reviewing purchase cardholder's monthly statements in accordance with the Office of Contracting and Procurement (OCP) requirements. (Recommendation #6)
- 3) Initiated blanket purchase agreements for automatic parts, tires, and plumbing services in accordance with regulations set forth by OCP. It should be noted that some of the vendors utilized are listed on the DC Supply Schedule. (Recommendation #7)
- 4) Cardholder's purchases are reviewed monthly. Any infractions of OCP regulations will be handled through the Agency Review Team, with appropriate discipline administered. (Recommendation #8)
- 5) Purchase cardholder activity is reviewed monthly and purchase cardholders transaction reports are submitted as required by the purchase card manual. (Recommendation #9)

The Findings and Recommendations section, Finding 3: *DCFEMS Imprest Fund Operations* are as follows:

- 1) Reduction of Imprest Fund Balances – We concur with this recommendation. The Agency has implemented purchase/travel cards in all major divisions that cover most transactions previously covered by the imprest funds. In addition, travel vouchers generate a check within 24 hours to the payee to cover travel and related expenditures. At present, the four- (4) imprest funds remain in operation. The proposed timeframe to reduce the number of imprest funds and the related amounts is May 2004. The Agency's only imprest fund will be in the amount of \$500.00 and will be maintained in the Financial Administration Division. (Recommendation #10)
- 2) The transactions in question occurred in fiscal years 2001 and 2002. We are in the process of recouping the funds associated with the imprest fund transactions that cover business cards from the employees involved. With respect to the parking violations, we have been unsuccessful in tracing the payments to the employees involved. The Agency and the Office of the Chief Financial Officer for Fire and EMS have put procedural safeguards in place to eliminate a repeat of this activity. Along with the implementation of the purchase card program, the travel card program and the implementation of the Office of Finance and Treasury's policy to expedite travel and related expenditure vouchers, the Agency has significantly reduced its reliance on the imprest fund. The Office of the Chief Financial Officer enforces the District's policies and regulations as it relates to handling imprest funds. Therefore, the recurrence of these infractions will not be an issue in the future. All prohibited transactions, such as parking tickets, business cards, salary advances, etc., are not reimbursed using imprest funds. (Recommendation #11)
- 3) Improper Expenditures – Corrective action has been taken to ensure that transactions do not exceed one hundred fifty dollars (\$150.00) and meet the criteria established in Title 27 DCMR, section 1815.1 and 1815.3. to include educating the imprest fund custodians of the District's policies and procedures related to imprest fund transactions. (Recommendation #12)

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## EXHIBIT B – DCFEMS RESPONSE TO DRAFT REPORT

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**Austin A. Andersen, Esq.**  
**April 19, 2004**  
**Page 3**

The agency appreciates the opportunity to respond to this report and more important, appreciates the thoroughness and clarity demonstrated by the Office of the Inspector General. The agency prior to this report, and based on regulations and guidelines developed by the Office of Contracting and Procurement, responded to many of the issues identified in this report. Many of the issues identified in the report were resolved and overcome by events pursuant to the development of the new purchase card guidelines.

Should there be any questions regarding this portion of the FEMS response to report number OIG number 02-1-03MA, please refer them to Kenneth B. Ellerbe, Executive Officer, Office of the Fire Chief at 202-673-3320.

Sincerely,



Adrian H. Thompson  
Fire & EMS Chief

cc: Robert C. Bobb, City Administrator  
Margret N. Kellems, Deputy Mayor for Public Safety & Justice  
Jacques Abadie, Chief Procurement Officer  
Associate CFO, Public Safety & Justice Cluster

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## EXHIBIT C – OCP RESPONSE TO DRAFT REPORT

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**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of Contracting and Procurement**

Director



April 6, 2004

Austin A. Andersen  
Interim Inspector General  
Office of the Inspector General  
717 14<sup>th</sup> Street, N.W.  
Washington, D. C. 20005

**Re: Audit of Procurement Activities at the D.C. Fire and Emergency Medical Service  
Department OIG No. 02-1-03MA**

Dear Mr. Andersen:

I am writing in response to the above-captioned audit. The audit includes four recommendations for the Office of Contracting and Procurement (OCP). This letter sets forth each recommendation and OCP's response.

**1. Establish procedures to ensure that contract files contain documentation of contract deliverables and record of payment.**

OCP concurs with this recommendation. As of October 2003, OCP revised its internal policy for the maintenance of contract files. The policy outlines record keeping and contract administration requirements for all contracts.

On August 4, 2003, OCP instituted a new Procurement Automated Support System (PASS). This system will enable and enhance the reporting capability for the Department of Fire and Emergency Medical Services and OCP.

**2. Update contract files for the period of July 2000 forward to assure that all contain appropriate delivery, acceptance, and payment documentation.**

OCP does not concur with this recommendation, since this would not be the most beneficial use of OCP's limited resources. The referenced documentation is available within the program and financial offices. Going forward, PASS will capture and maintain receiving reports for deliverables and payment information.

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441 4th Street N.W., Suite 700 South, Washington, D.C. 20001  
(202) 727-0252 Fax: (202) 724-5673

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## EXHIBIT C – OCP RESPONSE TO DRAFT REPORT

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3. **Establish procedures and an approval process for ensuring that DCMR Title 27 requirements for awarding sole source contracts for all future awards are satisfied, and ensure that contract files for sole source contract contain the details of contractual actions taken by the contracting officer, including D&Fs containing all required information.**

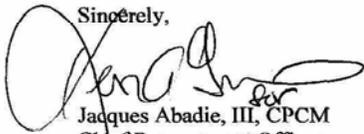
OCP concurs with this recommendation. On March 1, 2004, OCP issued a revised Procurement Policy & Procedure Directive No. 4000.01, Business Clearance Review and Approval Procedures. This directive clarified review and approval procedures for sole source D&Fs and contracts. The review levels vary depending on the dollar value of the sole source contracts. In addition, all contracting officers must comply with the procedures for maintaining contract files, as referenced in OCP's response to recommendation no. 1.

4. **Establish a semi-annual review of contract files to ensure the files contain documentation of contract deliverables and payment as specified in DCMR Title 27.**

OCP does not have sufficient resources to commit to a semi-annual review of all contract files. However, OCP will reinforce with contracting officers the importance of maintaining appropriate documentation, and will emphasize the requirements of OCP Directive No. 4000.01 and the internal policy for maintenance of contract files.

If you need additional information, please do not hesitate to contact me at 202-727-0252.

Sincerely,



Jacques Abadie, III, CPCM  
Chief Procurement Officer

cc: Herbert R. Tillery, Deputy Mayor for Operations