



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

FISCAL YEAR 2006 AUDIT AND INSPECTION PLAN

**CHARLES J. WILLOUGHBY
INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



August 29, 2005

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

RE: Office of the Inspector General's Fiscal Year 2006 Audit and Inspection Plan

Dear Mayor Williams and Chairman Cropp:

This letter transmits the Office of the Inspector General's (OIG) *Fiscal Year 2006 Audit and Inspection Plan* (Plan). This Plan has been prepared pursuant to D.C. Code § 2-302.08(a)(3)(I) (2001), which states, in part, that the Inspector General shall "[n]ot later than 30 days before the beginning of each fiscal year . . . and in consultation with the Mayor, the Council. . . establish an annual plan for audits to be conducted under this paragraph. . . ." For your convenience, as we did last year, we have incorporated our strategy for inspections into the Plan.

The Plan contains audits and inspections that are discretionary, required by law, or identified pursuant to special requests from District leaders, managers, and other stakeholders. Specifically, our Plan provides for conducting reviews that are designed to assess the results of various budgeted programs, which includes the economy and efficiency of actions taken to attain those results. The Plan includes OIG initiatives for audit and inspection coverage that will focus on areas that present the highest risks to maintaining the District's fiscal integrity and continued financial strength.

In formulating the Plan, we identified agencies and programs considered material in terms of service delivery and fiscal impact. Additionally, we considered risk factors, which include the following:

- material internal control weaknesses;
- potential fraud, other criminal acts, or improper practices;
- substantial violations of program directives or poor management practices that could seriously affect program accomplishment;
- major inefficiencies in the use of resources or management of operations; and
- significant program performance issues.

The OIG has and continues to play a role in assisting District management in addressing areas of risk. As such, we have developed six strategic themes that will govern our operations, help us achieve our mandated mission, and further the Mayor's strategic initiatives. These themes are:

- I. Revenue Enhancement
- II. Spending and Efficient Use of Resources
- III. Delivery of Citizen Services
- IV. Support Services
- V. Audits Required by Law
- VI. District of Columbia Public Schools Programs

For FY 2006, we added the sixth theme, District of Columbia Public Schools (DCPS) Programs. We have dedicated an audit directorate solely to conducting audits of DCPS operations. This new division will be located on-site at DCPS, but will be part of the OIG organization.

The reality of having limited resources and the unknown priorities arising from exigencies throughout the year often determine how many audits or inspections we can ultimately initiate and complete in any fiscal year. Also, many of the audit and inspection areas included transcend a given fiscal year. It is our hope that District managers will use this Plan to help further identify risk areas within their respective agencies so that they may begin to address issues identified herein, or previously reported, and begin to take actions to improve operational efficiencies before our audit or inspection.

Copies of the enclosed Plan and our published audit and inspection reports are available at <http://oig.dc.gov>. If you have questions or desire additional information, please contact William J. DiVello, Assistant Inspector General for Audits; Alvin Wright, Jr., Assistant Inspector General for Inspections and Evaluations; or me at (202) 727-2540.

Sincerely,



Charles J. Willoughby
Inspector General

Enclosure

CJW/cf

cc: See Distribution List

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**FISCAL YEAR 2006
AUDIT AND INSPECTION PLAN**

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INTRODUCTION

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INTRODUCTION

The Office of the Inspector General (OIG) is pleased to present the Fiscal Year 2006 Audit and Inspection Plan (Plan) for the Government of the District of Columbia. Pursuant to D.C. Code § 2-302.08(a)(3)(I) (2001), the OIG, in consultation with the Mayor and the District of Columbia City Council (Council), is required to establish an audit plan 30 days prior to the commencement of the new fiscal year.

The Plan includes descriptions of mandated audits and discretionary audits and inspections to be conducted in the upcoming fiscal year based on risk assessments of vulnerable programs and issues; input from the District's executive and legislative leadership, agency officials, and other stakeholders; and the requirements of federal law. We have also included audits and inspections ongoing as of September 1, 2005.

In an effort to sharpen the focus of our audits and inspections, the OIG continuously assesses those programs and activities that pose the greatest risk to the District. Statutory mandates govern the conduct of many of our activities; however, the majority of our activities are discretionary, often addressing concerns and interests of elected officials, agency heads, and members of the District community. District officials and other stakeholders have emphasized their continuing commitment to avoid risks that could trigger the re-emergence of budget deficits and management inefficiencies.

The Plan includes OIG initiatives for audit and inspection coverage that will focus on areas that present the highest risks to maintaining the District's fiscal integrity and continued financial strength. In assessing these risks, our audit plan has been designed to concentrate on six strategic themes that will govern our operations, help us achieve our mandated mission, and further the Mayor's strategic initiatives. The sixth theme, is a new addition for the FY 2006 Plan. These themes are:

- I. Revenue Enhancement
- II. Spending and Efficient Use of Resources
- III. Delivery of Citizen Services
- IV. Support Services
- V. Audits Required by Law
- VI. District of Columbia Public Schools Programs

We have undertaken an ambitious Plan, shaped in part by concerns raised by District leadership. Accordingly, our Plan reflects ideas and suggestions from the Mayor's office, Council members, District agency officials, and others. The listing of a particular audit or inspection in this plan does not necessarily mean that problems exist or guarantee that a review will be undertaken. The reality of having limited resources and the unknown priorities arising from exigencies throughout the year often determine which audits or inspections can ultimately be initiated in any fiscal year. Additionally, this plan is designed to address audit areas that transcend a given fiscal year until identified risks facing the District are mitigated.

What follows is a brief explanation of the audit and inspection process and a short summary of each audit and inspection, ongoing as of September 1, 2005, or planned for Fiscal Year 2006. They are categorized first by theme and then by issue area within a theme. Issue areas are not mutually exclusive of other themes; however, an audit or inspection is listed under the issue area where the majority of the reviews are intended to focus.

THE AUDIT PROCESS

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THE AUDIT PROCESS

An established sequence of events occurs for every audit conducted. These steps include the announcement of the audit (engagement letter), entrance conference, fieldwork, exit conference, a resolution process, and audit follow-up. Each step is discussed below.

Engagement Letter

Prior to the start of an audit, we normally send the head of the agency a letter announcing the audit. The letter includes the title of the audit effort and a project number and describes the audit objectives, the scope of the review, and the planned starting date. The letter also explains that we plan to hold an entrance conference to brief the appropriate management officials about the audit. The engagement letter may also advise agencies of our working space requirements, any specific information needs, and other support requirements.

Entrance Conference

At the beginning of each audit, we hold a formal entrance conference with the management officials whose operations are to be audited. It is at this initial meeting that the auditors explain the purpose of the audit, including the audit objectives, the scope of the audit effort, audit methodologies, and the audit reporting process. If management has requested the audit, it is an opportune time to discuss management's concerns and possibly adjust or add specific audit objectives to focus on management's specific areas of interest or potential problems. During the conference, we encourage management officials to bring to the attention of the audit team members any concerns, ideas, or special circumstances concerning the matters to be audited.

Fieldwork

Audit fieldwork begins with the survey phase. In the survey phase, we obtain information on a program, activity, or function and perform initial tests in line with our audit objectives to discern any vulnerable areas on which we need to focus our audit efforts. After we complete the survey work, we will determine whether there is sufficient basis for additional audit work. When such a determination is made, we perform the second phase of fieldwork, which is the audit execution phase. Normally, the bulk of the audit work is performed in the audit execution phase, when more extensive reviews of records and documentation are undertaken and detailed tests are performed to determine whether programs and systems are functioning as intended. In this phase, the auditors will begin to develop their findings and recommendations.

Audit fieldwork often requires the cooperation of agency personnel to answer questions; provide access to original records, documentation, and files; and prepare information requested by the auditors. Keeping in mind that agencies need to focus on their normal workload, our auditors make every attempt to limit requests for information to the level necessary to complete the audit.

Keeping Agency Officials Informed

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

Audit Memoranda. As the audit progresses, we may provide the agency head with interim findings (such as a Management Alert Report) or discussion drafts to alert the agency head of matters requiring immediate attention or action and to obtain informal comments regarding the accuracy and completeness of the audit findings.

This early communication serves three purposes:

1. It gives the agency the opportunity to voice concerns and provide additional information.
2. It reduces misunderstandings or inaccuracies.
3. It allows agencies to correct problems as they are identified.

Audit Exit Conference. After all audit work is completed, we conduct an exit conference with agency officials. At the exit conference, we summarize the issues previously brought to management's attention as well as the findings and recommendations we may have developed. This is an opportune time to discuss the corrective actions needed to address any deficiencies. We encourage management to take immediate corrective action, if possible. Substantiated corrective actions taken by management are included in our draft report.

Draft Audit Reports. After considering any comments and concerns raised at the exit conference, we prepare a draft report and send it to agency officials responsible for ensuring implementation of the corrective actions. Usually, we request the agency official to respond in writing to a draft report within 15 business days. The reply should include the actions taken and planned, target dates for any uncompleted actions, and the reasons for any disagreements with the findings or recommendations.

Final Report. After carefully analyzing management's response to the draft report, we incorporate management's response into the body of the report and include the full text of the reply in an appendix to the report. We send copies of the final report to the official responsible for taking corrective action. This usually is the head of the agency. Copies of the final report are also provided to the Mayor, City Administrator, D.C. Council, and other officials, as appropriate. OIG audit reports may also be provided to congressional committees, individual members of Congress, and the press. Generally, audit reports are available to the public on the OIG website.

Resolution Process. Prior to issuing the final report, the OIG will make every reasonable effort to resolve a disagreement with agency officials responsible for acting on report recommendations. If an agreement is not attainable, the final report will be issued and agency officials will be given another opportunity to comment on the final report. If comments to the final report indicate a continuing disagreement with the report's findings or recommendations, the issue will be resolved at the Inspector General level in conjunction with the Mayor.

Audit Follow-up. District officials and managers are responsible for implementing the corrective actions they have agreed to undertake in response to the audit report. The OIG monitors progress in implementing audit recommendations. Periodically, the OIG conducts follow-up audits to verify that pledged actions have been taken and were effective in correcting reported deficiencies. In addition, the Executive Office of the Mayor has initiated a system to track OIG recommendations, agency responses, and corrective actions.

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ADDITIONAL REPORTING MECHANISMS

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ADDITIONAL REPORTING MECHANISMS

In addition to final reports issued upon the completion of an engagement, the OIG has instituted special reports to include:

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

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

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

A FAR is a report identifying a fraudulent scheme or schemes discovered most commonly as a result of a criminal investigation. This report, which is usually issued by our investigative division, is issued to alert all District agencies to be “on the lookout” for similar schemes.

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AUDIT THEME/AGENCY INDEX

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¹ Agency's codes identified correspond to the two-digit codes assigned by Mayor's Budget Office. "MA" represents audits for which fieldwork will be conducted at multiple agencies.

² "O" indicates the review is ongoing as of September 1, 2005, and "P" indicates the review is planned to start in FY 2006.

Theme/Issue Area/Review Title	A G E N C Y ¹	S T A T U S ²	P A G E
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Theme/Issue Area/Review Title	A G E N C Y ³	S T A T U S ⁴	P A G E
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67. Federal Communications Commission Grant Funds to DCPS	GA	P	73

³ Agency's codes identified correspond to the two-digit codes assigned by Mayor's Budget Office. "MA" represents audits for which fieldwork will be conducted at multiple agencies.

⁴ "O" indicates the review is ongoing as of September 1, 2005, and "P" indicates the review is planned to start in FY 2006.

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PLANNED AND ONGOING AUDITS

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I. REVENUE ENHANCEMENT

Unlike other municipal jurisdictions across the U.S., the District is limited in its ability to generate additional revenue, making it increasingly difficult to meet planned spending levels. For FY 2006, we will perform audits that assess whether the District is effective in levying and collecting tax-based revenue, acting on all grant-based revenue opportunities, executing effective Medicaid reimbursement programs in the agencies, and optimizing other revenue generating activities. These audits address whether the District is maximizing its revenue potential from all known revenue sources. For FY 2006, the gross funds operating budget is \$7.2 billion.

We categorized planned Revenue Enhancement reviews into Issue Areas that, while not mutually exclusive of other OIG themes, are primarily focused on the Revenue Enhancement theme. Accordingly, the Issue Areas are Medicaid, Grants Management, Tax Collections, and Other Revenue Issues.

A. Medicaid

The District's Medicaid Program will spend approximately \$1.4 billion in FY 2006. The Medicaid Program has been of continuing concern to the District for some time and has been identified in recent Management Reports related to the Comprehensive Annual Financial Report as a material weakness affecting the District's financial management infrastructure. At least one Congressional committee, as well as the Mayor and the Council, recognized that Medicaid is a serious problem for the District that has threatened the solvency of some District agencies. For these reasons, the OIG has designated the Medicaid Program as a major issue area until the risk to the District is more manageable. Accordingly, our plan for Medicaid coverage is citywide and comprehensive. Reviews contemplated include Medicaid transportation, Medicaid documentation, Medicaid records management, and Medicaid third-party liability. Additionally, we will identify ongoing efforts to resolve past and current Medicaid problems and new pressures on the Medicaid Program.

care to eligible participants; and (3) received the maximum allowable Medicaid reimbursement for services provided.

JUSTIFICATION: Managed Care is one program activity within the Medical Assistance Administration (MAA). MAA is responsible for implementing and monitoring the District of Columbia Government's Medicaid managed care program and a program for children with special needs. The Managed Care Office monitors the participating MCOs' obligation to provide appropriate, timely, and quality care to managed care eligible persons.

It is also the responsibility of the Managed Care Office to ensure compliance with quality standards for the MCOs and work closely with MAA's Office of Quality Assurance to ensure that Quality Assurance activities for the population meet the quality needs of the entire Medicaid program.

The FY 2006 proposed budget for the MAA program is \$1.38 billion, an increase of 4.7 percent over the FY 2005 approved budget. The FY 2006 proposed gross budget supports 120 full-time equivalent positions (FTE's).

B. Grant Management

The District depends on federal grant funds to support its ability to provide a wide range of services and programs for its citizens. Federal grants account for a significant portion of District revenue. Therefore, it is essential that the District properly account for grant funds and obtain timely reimbursement for District funds expended. The Chief Financial Officer of the District has the responsibility to ensure that policies governing the management of grant funds are effectively implemented.

Deficiencies related to federal grants include non-compliance with reporting requirements, poor cash management practices, insufficient monitoring, untimely billings/requests for reimbursements, and inadequate supporting documentation for related expenditures. These deficiencies have cost the District millions of dollars, in addition to the use of funds and lost interest. Poor controls over these areas may result in unused grant funds, termination of fund availability, misuse of grant funds, and potential fines and/or penalties. Grant management has emerged as a persistent problem area as indicated by findings and recommendations of past OIG audits and inspections.

goals and ensure that the District government is operationally ready to respond to an emergency of any size.

C. Tax Collections

Tax collections generate the bulk of revenue to finance District operations paid from the General Fund. For FY 2006, District local source revenue is forecasted to be \$4.51 billion, an increase of 5.6 percent over FY 2005 after tax policy changes. Further, the Government Accountability Office, as well as District officials, have drawn attention to the structural imbalance in the District's revenue system that limits the District's ability to generate additional revenue. Thus, the efficiency of tax collection automated systems and the effectiveness of policies, procedures, and internal controls play a pivotal role in enabling the District to maximize collection of taxes due to the city.

NO. 7 **Office of Tax and Revenue** **STATUS: Ongoing**

TITLE: **HOMESTEAD AND SENIOR CITIZEN PROPERTY TAX DEDUCTIONS**

OBJECTIVES: The audit objectives are to determine whether the Office of Tax and Revenue (OTR): (1) managed the Homestead and Senior Citizen Property tax deductions in an effective, efficient, and accurate manner; (2) complied with requirements of applicable laws, regulations, policies, and procedures; and (3) had internal controls in place to prevent or detect material errors and to recoup any lost tax revenue.

JUSTIFICATION: Past audits have disclosed that the District may have lost approximately \$44.7 million in real property (real estate) tax revenue due to a lack of effective managerial oversight and direction over homestead and senior citizen property tax deductions. In addition, the District did not have effective manual and automated processes for granting, revoking, monitoring, and calculating these tax deductions.

According to OTR, over 70,000 real properties in the District receive the Homestead and Senior Citizen property tax deduction. To qualify for the Homestead deduction, OTR must have a current application on file, the owner must occupy the property, and it must be the owner's principal residence.

NO. 8 **Office of Tax and Revenue** **STATUS: Start FY 2006**

TITLE: **TAX APPEAL PROCESS**

OBJECTIVES: The audit objective is to determine whether negotiations and settlements of cases involving tax audits and tax collections are made in accordance with applicable policies and procedures and to evaluate the impact of those operations on tax revenues.

JUSTIFICATION: The mission of the Office of Tax Appeals is to enhance voluntary compliance and improve taxpayer confidence in the District of Columbia by providing taxpayers an opportunity to resolve disputes, without litigation, through a process that is fair and impartial to both the government and the taxpayer. The Office of Tax Appeals issues a decision either ordering the Audit or Collection Division to grant the relief sought by the taxpayer or affirming the examination or collection determination.

NO. 9 **Office of Tax and Revenue** **STATUS: Start FY 2006**

TITLE: **TAX COLLECTIONS – OFFERS IN COMPROMISE**

OBJECTIVES: The objectives of the audit are to determine whether the Office of Tax and Revenue (OTR): (1) processes delinquent tax accounts in accordance with District laws and regulations; (2) has effective and efficient policies, and procedures in place to collect delinquent taxes; and (3) administers tax abatement policies, such as “offers in compromise,” in accordance with laws and regulations.

JUSTIFICATION: OTR is responsible for collecting taxes due the District of Columbia government. Individual, corporate, and unincorporated income taxes are the largest source of revenue for the District government. Individual income tax is the largest of the three. For fiscal year 2004, income and franchise taxes totaled \$1.3 billion. Property taxes totaled \$1 billion.

As of May 2005, 170 of the largest delinquent tax accounts alone totaled approximately \$20 million. The D.C. Code grants OTR the right to file liens, place levies on taxpayers’ properties, and seize and sell taxpayer properties to collect taxes owed to the District government. OTR does not place levies on personal property of individuals who neglect or refuse to pay taxes. The only action OTR takes at this time to collect delinquent taxes from noncompliant

taxpayers is to file liens against their property, which have a life span of 10 years.

The D.C. Code provides that the Mayor may waive in whole or in part interest or penalties on unpaid taxes and may compromise taxes levied. OTR allows for delinquent taxpayers to submit “offers in compromise” which may lead to reductions in the amount of delinquent taxes due.

D. Other Revenue Issues

This Issue Area includes those audits within the Revenue Enhancement Theme that do not yet have sufficient common elements to warrant a separate issue area.

NO. 10 **Office of the Secretary** **STATUS: Ongoing**

TITLE: **REVENUE COLLECTION PROCEDURES AT THE OFFICE OF THE SECRETARY**

OBJECTIVES: The audit objectives are to determine whether the Office of Documents and the Office of Notary Commissions have: (1) implemented adequate management and internal controls over the revenue collection process; and (2) complied with requirements of applicable laws, regulations, policies, and procedures.

JUSTIFICATION: The Office of the Secretary is the custodian of the Seal of the District of Columbia and authenticates its proper use in accordance with the law. The Office of the Secretary is responsible for attesting to the authentication of official records of the executive branch and other District documents as required, either by law or agreement. The Office of the Secretary oversees the following programs to ensure the efficient delivery of services to the residents of the District of Columbia, as well as employees of District and federal government agencies. The functional areas are: Ceremonial Services Unit; Office of Documents and Administrative Issuances; Notary Commissions and Authentications Section; Protocol and Internal Affairs; and Public Records.

NO. 11 **D. C. Lottery and Charitable Games Control Board** **STATUS: START FY 2006**

TITLE: **D.C. LOTTERY AND CHARITABLE GAMES CONTROL BOARD OPERATIONS**

OBJECTIVES: Our audit objectives are to evaluate the effectiveness of the D. C. Lottery and Charitable Games Control Board's (Lottery Board) internal controls over ticket sales, agent licensing activities, collection of sales revenue from agents, monitoring of the online game contractor, and security operations. We will also assess whether the Lottery Board's operations are in compliance with applicable provisions of law and regulations.

JUSTIFICATION: The D.C. Lottery is a revenue-generating agency of the District of Columbia. Each year the D.C. Lottery transfers millions of dollars to the General Fund. This revenue is produced via the sale of on-line and instant games. Since the Lottery's inception in 1982, the total contribution to the General Fund has been over \$1 billion. The D.C. Lottery's annual transfer to the General Fund remains a vital component in aiding the city's economy, thereby benefiting all residents of the District of Columbia, as well as suburban commuters and tourists.

Previous audits revealed weaknesses and inefficiencies in the design and operation of the internal control structure of Lottery Board operations. Therefore, this audit will address the Lottery Board's operations in view of past internal control problems and the risks associated with lottery sales.

NO. 12 **Office of Property Management** **STATUS: Start FY 2006**

TITLE: **DISTRICT GOVERNMENT IN-LEASES**

OBJECTIVES: The objectives of the audit are to determine whether: (1) OPM has implemented policies, procedures, and controls addressing the acquisition and management of leases; (2) contractual rental rates are supported by market indicators; and (3) operational pass-through costs charged by the lessor are adequately supported and valid.

JUSTIFICATION: The Office of Property Management (OPM) is responsible for the management of all District leases. There are about 60 in-leases. In-

leases represent leases where the District government is the tenant. The FY 2006 budget for in-leases is \$93.8 million, which consists of \$83.4 million in base lease costs and \$10.4 million in operational costs. Over the past few years, OPM has undergone several changes in leadership. There have been allegations of mismanagement by OPM officials and payments of non-allowable expenses, costs not supported by actual lessor expenses, and other overstated operational costs.

NO. 13 **Chief Financial Officer** **STATUS: START FY 2006**

TITLE: **DISPOSITION OF 401(a) DEFINED CONTRIBUTION
PENSION PLAN FORFEITED FUNDS – FOLLOW-UP AUDIT**

OBJECTIVES: Our audit objectives are to determine if: (1) forfeited District contributions are returned at least annually to the District; (2) interest earnings returned are maximized and are in the best interest of the government; and (3) an independent audit of the 401(a) Defined Contribution Plan has been conducted since its inception in 1999. Additionally, we will review the impact of the current policy of retaining departed non-vested employees account balances in same investment vehicle for a year pending rehire of employee.

JUSTIFICATION: The recent audit of the Plan found \$27.5M in the Forfeiture Account being held by the Plan's contractor. These funds were subject to both a service fee and market fluctuations. The CFO, in his response, stated that forfeited funds would be moved to a no-risk account and would be subject to return at least on an annual basis. A more frequent return of forfeited funds and a change in the current practice of allowing departed employees' accounts to be subject to the same risks for a year before closing the account, may improve the District's cash flow.

II. SPENDING AND EFFICIENT USE OF RESOURCES

Spending pressures in the last couple of years have sharpened our resolve to examine programs that present the greatest risk of monetary drain on District funds. As such, we have ongoing audits that address the efficiency of operations at the DCPS and the Department of Public Works. For FY 2006, we plan to review programs related to the Department of Mental Health, the Child and Family Services Agency, and the University of the District of Columbia, as well as infrastructure issues such as capital improvement and vehicle acquisition. We will also concentrate on procurement of goods and services, focusing on the acquisition of computer hardware; software and services; consultant contracts; sole source contracting; and management over advance payments to contractors.

A. Procurement

The District of Columbia government is one of the largest purchasers of goods and services in the metropolitan area. Its procurement policies impact every aspect of District operations. Health and safety standards, education, wages, business growth, and fiscal and monetary soundness are all affected by procurement practices. These expenditures, however, have not always provided taxpayers with the most value for their tax dollars. OIG audits, external audits, and oversight hearings have revealed recurrent and pervasive areas of waste, mismanagement, cost overruns, inferior products, shoddy workmanship, and fraud.

To maintain the confidence and trust of District stakeholders, the procurement process must provide for quality products and services at reasonable prices. Accordingly, the OIG has implemented an initiative to audit procurement and contract administration on a continuous basis consistent with the mandates of the OIG statute.

NO. 14 **Multi-Agency** **STATUS: Start FY 2006**

TITLE: **LOCAL, SMALL, AND DISADVANTAGED BUSINESS
ENTERPRISE (LSDBE) CONTRACTS**

OBJECTIVES: The objectives of this audit are to determine: (1) the number of days it took the District to make payments to LSDBEs, compared to large contractors; (2) if the District ensures that LSDBEs receive their fair share of opportunities to compete for opportunities to provide goods and services to the District; (3) whether the District's direct payments to LSDBEs are processed in a timely manner, with respect to the Quick Payment Act; (4) if there are a sufficient number of contracts

being “set aside” for LSDBEs; and (5) whether internal controls are in place to guard against fraud, waste, and abuse.

JUSTIFICATION: Members of the District of Columbia Council have raised several questions concerning the use and/or lack of use of LSDBEs for numerous contracts issued by the Office of Contracting and Procurement (OCP). During a D.C. Council hearing, Council members were concerned with late or delayed payments. Some LSDBE firms also testified that although the goods or services were delivered in accordance with the terms of the contract, invoices remained unpaid for extended periods of time.

NO. 15 **Multi-Agency** **STATUS: Start FY 2006**

TITLE: **DIRECT PAYMENT VOUCHERS**

OBJECTIVES: Our audit objectives are to determine if District agencies use the direct payment method only as authorized by existing law and regulation. We will also examine District policies and procedures for using the direct payment method and whether internal controls are adequate to prevent agencies from using direct payments for unauthorized purposes.

JUSTIFICATION: Payments made without pre-obligation in the District’s financial system are referred to as “direct payments.” The requirement for first establishing an obligation before payment particularly applies to the acquisition of goods and services. Past audits have shown repeated use of direct payments for non-authorized purposes. Some estimates of direct payments are as high as \$200 - \$300 million. Aside from the risk of financial losses associated with the breakdown in fiscal internal controls, increasing use of direct payments threatens the financial integrity of the budget control process and obscures the visibility and accountability of expenditures.

NO. 16 **Office of Contracting and Procurement** **STATUS: Start FY 2006**

TITLE: **CONTRACT FILE MANAGEMENT**

OBJECTIVES: Our audit objectives are to determine the adequacy of the Office of Contracting and Procurement (OCP) policies and procedures for maintaining contract file documentation to support District procurements, including the documentation maintained by agency contract administrators to support actions for monitoring contractor performance, acceptance of deliverables, and contract payments. We will also examine the internal controls associated with the retention and use of contract file documentation and the procedures for the safeguarding and disposition of contract files.

JUSTIFICATION: In the past 4 years, numerous OIG audits have shown inefficiencies in contracting officer's records and contract file documentation, to include documentation that is inadequate, unavailable, misfiled, unprepared, mishandled, or otherwise insufficient to support the contract actions taken. Further, records maintained by contract administrators are often not available, not prepared, inadequate, or missing. Contract file records and contract administration records are essential documents needed to reflect the official actions taken on District procurements. With more than \$1 billion spent annually, these records become the only means to establish accountability for the agencies and individuals entrusted with contracting and spending authority. This audit will examine the reason(s) the policies and procedures in effect and practiced by OCP contracting officials and contract administrators have not been effective in creating, storing, and safeguarding records necessary to document contract actions and administration.

NO. 17 **Multi-Agency** **STATUS: Start FY 2006**

TITLE: **EXPERT AND CONSULTING SERVICES**

OBJECTIVES: The audit objectives are to determine whether: (1) District agencies attempt to obtain open competition among available suppliers when awarding expert and consulting contracts and that the District obtains fair and reasonable prices for contracted expert and consultant services; (2) District agencies benefit from these expert and consultant contracts through acceptance of useful deliverables; and (3) OCP ensures that its contracting officers and District agencies comply with

procurement laws and regulations when contracting for expert and consulting services.

JUSTIFICATION: OCP contracts for expert and consulting services on behalf of District agencies to provide specialized services. However, recent audits have shown that little, if any, effective competition was obtained in awarding these high-dollar value contracts; that unusually high labor rates were paid for the services; and that it did not appear that the District obtained “best value” when it awarded these contracts. A broader review of the process for obtaining competitive awards for expert and consulting contracts could improve procurement policies and procedures and tighten internal controls over the process for awarding such contracts.

NO. 18 **Multi-Agency** **STATUS: Start FY 2006**

TITLE: **CONSTRUCTION CONTRACTS**

OBJECTIVES: The objectives of the audit are to determine whether: (1) District agencies used the competitive bidding process when soliciting construction contracts; and (2) each District agency monitored its construction contracts to ensure satisfactory deliverables.

JUSTIFICATION: The Capital Construction Services Administration, which operates under the Office of Property Management (OPM), ensures timely and cost-effective delivery of quality engineering design, construction, and other technical services for capital development projects. The total proposed appropriation request for the FY 2006 – 2011 Capital Improvement Program is \$1.842 billion from all sources (excluding the Highway Trust Fund).

The District has experienced problems regarding the administration of construction contracts. It is of paramount importance that internal controls are in place to ensure that construction contractors properly price property and/or services and submit accurate invoices and appraisals.

NO. 19 **Multi-Agency** **STATUS: Start FY 2006**

TITLE: **ADVANCE PAYMENTS TO CONTRACTORS**

OBJECTIVES: This audit's objectives are to determine whether: (1) existing criteria for making advance payments to contractors are adequate; (2) contractors are meeting eligibility criteria for advance payments; (3) advance payments are effectively administered and monitored; and (4) decisions to award advance payments are based on bona-fide needs. Our objectives will also evaluate the adequacy of the process for awarding advance payments to ensure that advance payments made to contractors are in the best interest of the District and that sufficient controls are established to avoid abusive practices.

JUSTIFICATION: A previous audit showed that a District agency improperly advanced payments to contractors that totaled nearly \$4 million. The effects of these improper advance payments included violation of District regulations, potential loss of advanced monies, and loss of about \$100,000 in earned interest. Recent audits of contracts suggest that advance payments are still being made to contractors (in one instance a large U.S. Department of Defense contractor) without valid demonstrated need and with few effective administrative controls in place over the process.

B. Social Service Spending

Because social service programs are designed to meet some of District residents' most basic and vital, needs, we plan to review the extent to which expenditures were made to maximize program efficiency and effectiveness for citizens.

NO. 20 **Child and Family Services Agency** **STATUS: Ongoing**

TITLE: **ACCOUNTING FOR CHILDREN UNDER THE AUTHORITY OF THE DISTRICT OF COLUMBIA CHILD AND FAMILY SERVICES AGENCY**

OBJECTIVES: The overall objectives of the audit are to determine whether the Child and Family Services Agency (CSFA): (1) managed the Foster Care Program in an efficient, effective, and economical manner; (2) complied with requirements of applicable laws, rules, regulations,

policies, and procedures; and (3) implemented internal controls to ensure the health, safety, and welfare of children in youth residential facilities. Our initial audit focused on CFSA's reporting of abuse and neglect incidents for foster children. This audit will address CFSA's ability to account for and monitor the placement of children in foster homes, as well as local and out-of-state special education facilities.

JUSTIFICATION: There has been a continuing concern about the adequacy of care provided to foster children, with cost, health, safety, and social well-being as some of the primary issues affecting the care and development of abused and neglected children. In addition, recent public outcry over the living conditions of children residing in foster and group homes in several states, as well as specific reports of abuse of children under foster and group home care, necessitate an audit of the District's foster and group home program.

NO. 21 **University of the District of Columbia** **STATUS: Start FY 2006**

TITLE: **MANAGEMENT OPERATIONS AT THE UNIVERSITY OF THE DISTRICT OF COLUMBIA**

OBJECTIVES: The audit objectives are to determine whether the University of the District of Columbia (UDC): (1) managed and used resources in an efficient, effective, and economical manner; (2) complied with requirements of applicable laws, regulations, policies, and procedures; and (3) implemented internal controls to prevent or detect material errors and irregularities.

JUSTIFICATION: UDC is an urban, land-grant institution of higher education with an open admissions policy. It is a comprehensive public institution offering affordable post-secondary education to students at the certificate, associate, baccalaureate, and graduate levels. The goals of these programs are to prepare students for immediate entry into the workforce, the next level of education, specialized employment opportunities, and to promote life-long learning.

UDC's budget for FY 2005 was estimated at \$90.5 million, including a proposed level of 1,023.5 FTEs. The FY 2004 approved budget for UDC was \$87.6 million and included an approved FTE level of 1,086 employees. UDC enrolls a cross-section of more than 20,000 students per year. Over 5,000 students are enrolled in credit courses and more than 15,000 students are enrolled in noncredit courses through UDC's Division of Community Outreach and Extension Services.

NO. 22 **Department of Parks and Recreation** **STATUS: Start FY 2006**

TITLE: **DEPARTMENT OF PARKS AND RECREATION BEFORE
AND AFTER SCHOOL CARE PROGRAM**

OBJECTIVES: Our audit objectives are to determine if the Department of Parks and Recreation (DPR) Before and After School Care Program (BASCP) has the necessary internal controls in place to ensure that monies for BASCP programs are used for intended purposes. We will also determine whether the DPR-BASCP program is operating cost effectively and efficiently to maximize recreation and social activities for children, and that the fee schedule for after school programs are equitably distributed.

JUSTIFICATION: DPR coordinates a wide variety of recreational and educational programs. One such program is the Before and After School Care Program. This year-round program provides tutorial, cultural, recreational, and creative arts programming and nutritional support services to children ages 4 to 12, special needs children ages 5 to 18, and their working parents. The goal is to enlarge the quality of life and nurture opportunities for children and parents. The DPR proposed FY 2006 budgets for Specialty and Targeted Programs and Recreation Programs are approximately \$10.4 million and \$21.2 million, respectively.

NO. 23 **Multi-Agency** **STATUS: Start FY 2006**

TITLE: **FOLLOW-UP AUDIT OF THE MENTAL RETARDATION AND
DEVELOPMENTAL DISABILITIES PROGRAM**

OBJECTIVES: The audit objectives will evaluate the adequacy of contract planning, management, and administrative practices relative to services provided to the MRDDP. These objectives will be applied to the areas of contracts, core competencies of health care workers, processing of payments to group home providers, delivery of services to MRDDP clients, and MRDDP client bank accounts.

JUSTIFICATION: The Department of Human Services (DHS), Mental Retardation and Developmental Disabilities Administration (MRDDA), and DOH are primarily responsible for administering the program. Past audits have identified allegations of abuse, neglect, and mistreatment of MRDDP clients placed in community residential facilities.

Below are examples of deficiencies identified in past audits. A follow-up audit will determine if the agencies have implemented corrective actions to address these and other reported findings and the extent that these actions have corrected the previously reported deficiencies.

- MAA's audits of annual cost reports of group home providers showed that providers were paid for disallowed costs. MAA did not perform audits of group home providers' annual cost reports for years 1991 through 1996 until 1996. Consequently, these overpayments were not identified until fiscal year 1996, and actions taken to recover the disallowed costs did not begin until fiscal year 1997.
- Direct care workers with histories of criminal convictions and arrests were hired or allowed to continue to work for group home providers because providers did not always initiate required background investigations.

C. Other Spending Programs

This Issue Area includes those audits within the Spending and Efficient Use of Resources Theme that do not yet have sufficient common elements to warrant a separate issue area.

NO. 24	Multi-Agency	STATUS: Start FY 2006
TITLE:	FORECAST AND ALLOCATION OF FIXED COSTS TO AGENCY BUDGETS	
OBJECTIVES:	The objectives of the audit are to determine whether: (1) adequate policies, guidelines, and procedures for fixed costs allocation exist; (2) District agency personnel comply with prescribed policies and procedures related to fixed costs allocation; (3) internal controls over fixed costs allocation are adequate; and (4) fixed costs allocations are proper and based on sound methodology.	
JUSTIFICATION:	Fixed costs consist of a group of commodities, such as rent, occupancy costs, telecommunications, utilities, security, etc. These costs are deemed "fixed" because management officials in District agencies have little flexibility in determining the level of services related to these costs. These costs are essentially managed by three agencies:	

Office of Property Management (OPM), Office of the Chief Technology Officer (OCTO), and Office of Finance and Resource Management (OFRM). OPM and OCTO develop forecasts for fixed costs for District agencies, and OFRM ensures that payments are made to the appropriate vendors. For FY 2004, fixed costs totaled nearly \$200 million.

At the beginning of each fiscal year, OFRM requires District agencies to sign memoranda of understanding (MOU) agreeing to the forecasted amount for their respective agency and agreeing to make intra-District transfers of agency funds to OFRM to pay fixed costs bills. However, some agencies dispute the fixed costs allocated to them and, hence, refuse to sign the MOUs. In addition, the City Administrator has raised concerns about the fixed costs allocation process.

NO. 25 **Office of the Chief Technology Officer** **STATUS: Ongoing**

TITLE: **ADMINISTRATIVE SERVICES MODERNIZATION PROGRAM (ASMP) BENEFITS/ASSUMPTIONS**

OBJECTIVES: Our audit objectives are to determine whether: (1) accurate and effective procedures and methodologies were used to develop the estimates of ASMP cost benefits and (2) management controls have been established to monitor attainment of cost benefits.

JUSTIFICATION: The anticipated benefits of the ASMP initiative are one-time savings of \$150 million and a \$63 million annual recurring benefit. The anticipated benefits of the new system include reduced operating costs, specifically, work reduction, time savings, and cost avoidance. We have performed an audit of the contracts associated with the development and implementation of the numerous contractors involved with this project. We are now seeking to determine if the monetary benefits of the program were properly obtained.

As part of a cost savings initiative to update the District fleet inventory and reassess utilization of light-duty owned and leased vehicles, FMA officials conducted a study between December 6, 2002, and March 23, 2003. The study, which excluded the Water and Sewer Authority, Public Schools, and the University of the District of Columbia, identified reductions of over 200 light-duty vehicles at a projected savings of almost \$200,000 and \$500,000 in FY 2003 and FY 2004, respectively. However, the initiative appeared to have stalled and the opportunity to “right size” the District’s vehicle fleet was not seized by management.

NO. 28 **Office of Property Management** **STATUS: Start FY 2006**

TITLE: **REAL PROPERTY MAINTENANCE**

OBJECTIVES: Our audit objectives are to review the efficiency and effectiveness of District programs for maintaining and repairing the District’s real property assets. We will also assess the management of deferred maintenance projects (backlog of maintenance and repair), taking into account the planning, prioritization, and funding needs for executing an effective real property maintenance and repair program. In addition, we will determine if internal controls are adequate to safeguard resources used in accomplishing program objectives.

JUSTIFICATION: Given the large capital outlays and public works expenditures for maintaining the District’s real property, there is concern over whether these expenditures are properly classified and resources are adequately managed to accomplish efficient and effective replacement, maintenance, and repair of the District’s real property assets. The cost of maintaining a healthy and vibrant city continues to escalate, with repair costs for aging infrastructures estimated to be several billion dollars. The ability to meet this challenge depends on how well a city directs scarce resources for maintaining and repairing its real property.

NO. 29 **Office of Planning and Economic Development** **STATUS: Start FY 2006**

TITLE: **VACANT AND ABANDONED PROPERTY**

OBJECTIVES: Our audit objective is to determine if the Office of Planning and Economic Development provided proper oversight to ensure that developers complied with requirements of applicable laws,

regulations, and contract requirements concerning the rehabilitation of vacant and abandoned property.

JUSTIFICATION: In January 2002, the Mayor introduced the Home Again Initiative to transform vacant and abandoned residential properties into single-family homeownership opportunities for residents. The goals of the Home Again Initiative are to encourage property owners to rehabilitate and/or occupy their vacant and abandoned residential property and acquire, dispose of, and rehabilitate properties when owners fail to maintain them. Qualified developers submit bids for the purchase and development of a bundle of properties controlled by the District. The bids are evaluated based on several factors and once the bundle is awarded, the developer selected must complete the proposed rehabilitation within 1 year of purchase.

NO. 30 **Child and Family Services Agency** **STATUS: Start FY 2006**

TITLE: **IMPLEMENTATION OF THE CHILD IN NEED OF PROTECTION AMENDMENT ACT OF 2004**

OBJECTIVES: Our audit objectives will be to evaluate the implementation of the Child in Need of Protection Amendment Act (the Act) relating to the extent to which family team meetings have been convened, outcomes for the children (reunification with the family, kinship or foster care, etc.), and whether guardians ad litem have been appointed, as required by law.

JUSTIFICATION: The District of Columbia City council enacted the “Child in Need of Protection Amendment Act of 2004,” D.C. Law 15-341, on April 12, 2005. Under provisions of the law, the government may take custody of a child for as long as 72 hours after investigating a report of child abuse or neglect prior to a court hearing. During the 72-hour period, the CFSA may convene a “family team meeting” involving the child’s family, relatives, and others concerned about the child’s welfare. The goal of the family team meeting is to develop a safety plan for the child that could avert a petition to the D.C. Family Court to remove the child from the home. The law additionally requires the appointment of a guardian ad litem within the first 24 hours of a child’s removal from the home to assure that the child’s best interest are served.

III. DELIVERY OF CITIZEN SERVICES

In the last few years, we have increased our audit and inspection coverage of agencies responsible for delivery of essential citizen services. In FY 2006, we plan to provide audit and inspection coverage for many of the large District service organizations. The common goal of these reviews will be to improve the efficiency and effectiveness of municipal services to District residents.

A. Core Services

District leaders frequently have expressed concern about whether taxpayer dollars are used optimally to serve citizens' best interests in a number of areas. We share these concerns and have completed audits on housing (HOPE VI programs at D.C. Housing Authority), child support services (payment systems), community development (Department of Housing and Community Development), and mental health (St. Elizabeths Hospital). For FY 2006, we plan to conduct audits of several service-based organizations, including the D.C. Department of Parks and Recreation, CFSA, the Department of Motor Vehicles, and the D.C. Taxicab Commission. We also plan to perform another assessment of agency-wide performance measures (commonly referred to as the Mayor's Scorecard).

NO. 31	Multi-Agency	STATUS: Ongoing
TITLE:	AGENCY KEY RESULT PERFORMANCE MEASURES	
OBJECTIVES:	The objectives of this audit are to determine whether agencies are: 1) tracking agreed to goals approved by the Office of the City Administrator (OCA); and 2) maintaining data to adequately support performance measures.	
JUSTIFICATION:	The performance contracts and scorecards are at the heart of the Mayor's performance management system which requires accountability for each agency and employee in order to ensure the District government is responsive to its citizens. Our previous audit found a need to improve performance measurement at District agencies. The OCA continues to place a high priority on this project. Additionally, recent performance-based budgeting practices may have a significant impact on reporting performance measures in the District.	

NO. 32 **Office of Property Management** **STATUS: Ongoing**

TITLE: **RENT CONTROL**

OBJECTIVES: The audit objectives are to determine: (1) the effectiveness of the District of Columbia's rent control law, in particular, whether rent ceiling adjustments control the cost of rental housing; and 2) whether the Department of Consumer and Regulatory Affairs receives, processes, and maintains documents required for adjustments in rent ceilings in compliance with requirements of applicable laws, regulations, polices, and procedures.

JUSTIFICATION: The audit is being conducted at the request of a District Council member who is concerned that vacancy rent ceiling adjustments in rental accommodations with over 50 units are responsible for eroding the rent control law's effectiveness. Title 14 of the District of Columbia Municipal Regulations, Chapter 42, defines rent ceilings and the circumstances under which adjustments in rent ceilings may be made. A vacancy rent ceiling adjustment is an increase in the rent ceiling for a previously registered rental unit that may be taken and perfected by a housing provider for a rental unit that became vacant under certain conditions. According to Chapter 42, vacancy adjustments to the rent ceiling may be made without the prior approval of the rent administrator; however, the housing provider may not take a vacancy rent ceiling adjustment within 12 months of any rent ceiling adjustment for the previously registered unit. The Council member and District residents are concerned that the provisions permitting rent ceiling adjustments may have been abused.

NO. 33 **Department of Health** **STATUS: Start FY 2006**

TITLE: **FAMILY AND MATERNAL HEALTH ADMINISTRATION**

OBJECTIVES: Our audit objectives are to determine whether the Maternal and Family Health Administration Office: (1) managed and used resources in an efficient, effective, and economical manner; and (2) complied with requirements of applicable laws, rules, regulations, policies, and procedures.

JUSTIFICATION: The Maternal and Family Health Administration (MFHA) program provides a variety of services to include: health assessments, wellness promotion, nutrition and fitness education, health screenings, outreach, interventions, referrals, and support services to District of Columbia

women, infants, children, adolescents, families, and senior citizen residents and visitors so that they can minimize their chances of illness and live healthier lives.

During FY 2005, Maternal and Family Health was a service area under the Health Promotion program. Beginning FY 2006, the Health Promotion program will be renamed MFHA and will include the following six program activities: Prenatal and Infant Care Services, Child Health Services, Nutrition and Physical Fitness Services, MFHA Support Services, School and Adolescent Health Services, and Adult and Family Health Services. The Special Supplemental Food Program for Women, Infants, and Children (WIC) is one service area under the Nutrition and Physical Fitness Services activity.

In FY 2005, Maternal and Family Health and WIC received approximately \$13 million and \$14 million in federal funding, respectively. The FY 2006 proposed gross funds budget for the MFHA program is \$36,561,004, which is an increase of 16.6 percent over the FY 2005 approved budget. There are 191.5 proposed FTE's for this program.

NO. 34 **Unemployment Compensation Fund** **STATUS: Start FY 2006**

TITLE: **UNEMPLOYMENT COMPENSATION CLAIMS FILE
MANAGEMENT**

OBJECTIVES: One of our audit objectives is to determine the adequacy of the process for paying and administering employee claims for unemployment compensation as administered by the Department of Employment Services (DOES). In addition, we will evaluate the adequacy of management over unemployment compensation claimant file documentation to support payments as required by federal regulations.

JUSTIFICATION: The independent auditor's letter to management on internal controls for the FY 2004 CAFR contained a reportable condition concerning DOES' management of the documentation to support payments of unemployment compensation. In FY 2004, the District made approximately \$114 million in unemployment benefits payments. While testing internal controls over benefit payments, the independent auditors could not locate 8 of 30 claimant files supporting these payments. In addition to failing to comply with federal guidelines for maintaining supporting documentation, the independent auditors noted that DOES has not developed a tracking system for managing the

handling of claimant payment files. This audit seeks to establish whether improvements have been made in claimant file management and whether additional controls are needed to effect corrections required to resolve the reportable condition in future CAFR reports.

NO. 35 **Disability Compensation Fund** **STATUS: Start FY 2006**

TITLE: **DISABILITY COMPENSATION CLAIMS PROCESSING AND FILE MANAGEMENT**

OBJECTIVES: Our audit objectives are to determine whether rules published by the District concerning the termination, suspension, or reduction of disability compensation benefits for District employees are being followed. Specifically, we will evaluate the adequacy of the process for granting, paying, and administering employee claims for disability administered by the Office of Risk Management (ORM). We will also assess the adequacy of internal controls over the disability claims process to ensure that the program is operating efficiently and effectively. In addition, we will evaluate the adequacy of management over disability case file documentation to support underlying claims data.

JUSTIFICATION: The independent auditor's letter to management on internal controls for the FY 2004 CAFR contained a reportable condition concerning ORM's management of disability claim files. In a test of disability claims record keeping, the independent auditors could not locate 7 of 81 disability claim case files. Since these files contain documentation to support claim amounts paid and contain the data to perform loss reserve analysis, the inability to locate claims files, lends uncertainty to these payment amounts and estimates. An inaccurate reserve computation could result in either tying up funds (overstating the liability) that could be used for other purposes or understating future disability claims liabilities. An understatement could materially impact future budgets/financial condition. A previous OIG report (00-1-14CF) dated September 19, 2000, found similar deficiencies in the disability claims process that resulted in overpayments, duplicate processes, and increased program costs.

NO. 36 **Department of Parks and Recreation** **STATUS: Start FY 2006**

TITLE: **OPERATIONS AND REVENUE COLLECTIONS AT THE DEPARTMENT OF PARKS AND RECREATION**

OBJECTIVES: The audit objectives are to determine if the Department of Parks and Recreation (DPR) Spring and Summer Programs have the necessary internal controls in place to ensure that monies are used as intended. We will also determine if revenue received from other services rendered (i.e., sport equipment rentals, renting space at a recreation center, costs for entry to pools, etc.) is properly and accurately recorded.

JUSTIFICATION: DPR coordinates a wide variety of recreational programs, to include seasonal programs. Some of the programs offered are reading, fitness, sports, cultural and arts programs; as well as computer courses, swim lessons, and child care services. DPR's operating budget for 2004 and 2005 were \$41,014, 753 and 43,971,326, respectively.

NO. 37 **Department of Parks and Recreation** **STATUS: Start FY 2006**

TITLE: **DEPARTMENT OF PARKS AND RECREATION CAPITAL PLANNING PROJECTS**

OBJECTIVES: Our audit objectives are to evaluate the effectiveness of the DPR's programs for awarding and monitoring capital repair and maintenance contracts. Specifically, we will assess DPR's processes for: (1) overseeing the quality of work performed; (2) controlling costs; and (3) ensuring that contract deliverables adhere to contract specifications. Finally, we will also assess the adequacy of internal controls over the DPR contracting program.

JUSTIFICATION: Concerns have been expressed about DPR's process for awarding repair and maintenance contracts, the quality of workmanship provided, and problems encountered on completed contracts. It has been noted that during the past several years, DPR has contracted most of its capital project work to two firms, yet problems with the quality of the work casts doubt that the contracts have been adequately monitored or that costs have been effectively controlled. For example, the William H. Rumsey, Sr. Aquatic Center's pool recently closed because the pool shell installed during a recent renovation has already de-laminated. A second example of poor construction oversight involves the Chevy Chase Community Center, which was renovated 6

years ago and has been plagued by a leaking roof, flooding, air conditioning malfunction, and inoperable handicapped lifts as well as other problems.

NO. 38 **D.C. Taxicab Commission** **STATUS: Start FY 2006**

TITLE: **D.C. TAXICAB COMMISSION**

OBJECTIVES: Our audit objectives are to determine whether: (1) internal controls at the D.C. Taxicab Commission were adequate to ensure that licenses were issued in accordance with applicable District laws, rules, and regulations governing the operation of taxicabs; (2) correct fees were collected, deposited, and recorded; (3) complaints and civil infractions involving public vehicles for hire were properly adjudicated; and (4) background checks for drivers and operating personnel were performed.

JUSTIFICATION: The D.C. Taxicab Commission's mission is to ensure that the public receives safe and reliable transportation by taxicab and other means of transportation, to include limousines, sightseeing vehicles, and private ambulances.

The Taxicab Commission provides a wide assortment of information about taxicab and limousine services in the District of Columbia and surrounding areas. The Commission fulfills its mission through the regulation, oversight, and enforcement of the public vehicle-for-hire industry. The Commission conducts its operations through two advisory panels, a nine-member commission, and the Office of Taxicabs.

NO. 39 **Metropolitan Police Department** **STATUS: Start FY 2006**

TITLE: **SEIZED PROPERTY INTAKE, CUSTODY, AND DISPOSAL**

OBJECTIVES: The audit objectives are to: (1) evaluate the adequacy of the Metropolitan Police Department's (MPD) internal controls for the intake and custody of seized property/evidence that is safeguarded for use in criminal or civil prosecutable actions; (2) evaluate the policies and procedures for taking custody of property seized by law enforcement personnel, and property otherwise forfeited and seized under court order, to determine whether law enforcement personnel followed applicable laws and procedures related to the handling,

disposal, accountability for, and sale of seized and forfeited property; and (3) evaluate the internal controls over the proceeds generated from the sale of such property.

JUSTIFICATION: The management of property MPD seizes or acquires through forfeiture requires strong internal controls to avoid the loss of criminal evidence, valuable property, or property that has significant “street value” such as illegal drugs. By focusing on the process for recording property at intake, securing property in controlled-access areas, and handling and disposal procedures, this audit will address whether MPD is adequately protecting these items. A breakdown in the internal controls at any one point in the handling process jeopardizes the security of evidence, and could result in the loss of property that has significant value or which may significantly impact the outcome of prosecutable actions.

NO. 40 **Metropolitan Police Department** **STATUS: Start FY 2006**

TITLE: **COMMUNITY POLICING**

OBJECTIVES: Our audit objectives are to determine whether: (1) MPD interacts with members of the community while patrolling neighborhoods; (2) MPD’s presence has reduced crime in the prospective Police Service Areas (PSAs); and (3) MPD’s presence in the community has reduced response times.

JUSTIFICATION: Community policing was one of several issues District officials addressed as interest items in our annual planning conference. In May 2004, MPD implemented a major restructuring of its PSAs, a basic building block for community policing in the District of Columbia. The goal of the restructuring is to ensure better police services for D.C. neighborhoods by providing greater flexibility in neighborhood patrols. The restructured plan reduced the number of PSAs from 83 to 44.

The Regional Field Operations (RFO) program provides focused law enforcement, response to calls for service, neighborhood partnerships and problem solving, traffic control, and systemic prevention services to residents, visitors, and commuters. The RFO program is the primary vehicle for implementing Policing for Prevention (PFP), MPD’s community-oriented policing strategy to prevent crime and fear of crime in the District. Under this strategy uniformed patrol officers are assigned to PSAs. The PSAs are organized into seven

police districts, which in turn comprise three Regional Operational Commands (ROCs): North, Central, and East. The proposed RFO program gross funds budget for FY 2006 is \$192.6 million supporting over 2,600 FTE's.

IV. SUPPORT SERVICES

A. Information Systems

NO. 41 **Multi-Agency** **STATUS: Start FY 2006**

TITLE: **MEDICAID MANAGEMENT INFORMATION SYSTEM**

OBJECTIVES: One of the audit objectives is to determine whether the contractor provides accurate and complete data to support the services and claims made available to eligible Medicaid recipients. Additionally, we will assess whether adequate controls have been implemented in the operation and maintenance of the system.

JUSTIFICATION: The District of Columbia's, state Medicaid agency is the Medical Assistance Administration (MAA), housed within the DOH. MAA provides medical services to eligible recipients under the Medicaid Program. This \$1 billion program provides services through a fee-for-service arrangement with a wide variety of providers. Providers submit claims for reimbursement to the fiscal agent, who prepares and processes the claims as necessary. The Medicaid Management Information System (MMIS) is an automated management system that assists in processing Medicaid services and claims for all eligible recipients. MAA has overall responsibility for the day-to-day operation of the system, which includes the adjudication of claims, the production of reports, and development of ad-hoc reports. The system has been operational since February of 2001. It is essential that the data entered into the MMIS is accurate, and that effective and functional controls are in place to ensure that the District can obtain maximum reimbursement for Medicaid-covered services.

NO. 42 **Multi-Agency** **STATUS: Ongoing**

TITLE: **DC-NET INITIATIVE**

OBJECTIVES: Our audit objectives are to determine whether: (1) OCTO has developed and implemented a detailed project plan that identifies objectives, staffing, task breakdowns, milestones, expected results, check points, and approvals; (2) adequate cost management processes are in place to ensure that the project is completed within the approved budget and timeframe; and (3) contracting and procurement activities for the DC-Net Initiative were carried out in accordance with District procurement regulations.

JUSTIFICATION: OCTO is building and operating the DC-Net, a state-of-the-art fiber-optic network, to provide high-speed, high-capacity, high-reliability telecommunications. The budget for the DC-Net project is \$93 million.

The DC-Net will provide the District government with voice and data services (i.e., telephone, voicemail, and internet access) and provide access to computer applications, such as the new procurement and human resources system. DC-Net is also designed to connect all of the District's wireless systems as well as connect all District offices, schools, libraries, police stations, and firehouses.

The DC-Net project was conceived approximately 6 years ago, and Mayor Anthony A. Williams made the project one of his strategic initiatives. The DC-Net is projected to save \$10 million a year in telecommunication costs once the network becomes fully operational in 2007.

NO. 43 **Multi-Agency** **STATUS: Start: FY 2006**

TITLE: **SYSTEMS REVIEW OF THE CHILD WELFARE SYSTEM**

OBJECTIVES: Our audit objectives are to assess the application controls within the D.C. child welfare computerized management system, known as FACES, to determine whether these controls provide for: (1) accuracy; (2) authorization; (3) maintenance; (4) completeness; and (5) storage of data.

JUSTIFICATION: The communication of and access to information among all pertinent parties involved with the child welfare system affect not only the

NO: 45 **Multi-Agency** **STATUS: Start: FY 2006**

TITLE: **PROTECTION OF PERSONAL DATA**

OBJECTIVES: Our audit objective is to determine whether the District government has adequate polices, procedures, and internal controls for protecting sensitive identifying information (such as social security, credit card, and bank account numbers) to prevent identity theft.

JUSTIFICATION: Identity theft is one of the fastest growing crimes in the United States. It involves stealing an individual's personal identifying information, and then using the information to fraudulently establish credit, gain access to financial accounts, and obtain benefits and services. Identity theft can cause tremendous harm to individuals. Identity theft victims often spend a significant amount of time and money restoring their good name and credit record. The U.S. Federal Trade Commission has reported that the District had 922 identity theft victims in calendar year 2004.

Recently, consumer information has been stolen from several commercial databases. These recent thefts have raised concerns about the District government's efforts to protect its employees and residents against identity theft. Numerous District government agencies - most notably, the Department of Motor Vehicles and the Office of Personnel - have databases that include sensitive identifying information. District employees and residents must have some assurances that city agencies are protecting their personal information. There are over 25,000 government employees and over 500,000 residents in the District.

B. Human Capital

People are the District's most important assets. This issue area encompasses personnel matters, benefits, hiring practices, and personnel and payroll systems.

NO. 46 **Office of Pay and Retirement** **STATUS: Ongoing**

TITLE: **CONTROLS OVER PENSION PAYMENTS**

OBJECTIVES: Our audit objectives are to determine if: (1) improper pension and/or survivor benefit payments have been made; and (2) adequate controls are in place to prevent improper pension and survivorship benefit payments.

JUSTIFICATION: The OIG conducted an audit of the 401(a) Defined Contribution Plan for FY 2004, but this audit did not address payments to deceased pensioners. Pension systems that do not have adequate internal controls for early detection of payments to deceased beneficiaries create a climate that facilitates fraud and improper payments. In addition, payments that are made by direct deposit and checks may be susceptible to fraud.

NO. 47 **Multi-Agency** **STATUS: Start FY 2006**

TITLE: **EMPLOYEE QUALIFICATIONS AND BACKGROUND CHECKS**

OBJECTIVES: Our audit objectives are to determine whether controls are in place to ensure that applicants selected for executive, managerial, and teacher positions: (1) are qualified for the position; and (2) are subjected to adequate background investigations with appropriate adjudication that provides a measure of assurance that selected individuals do not abuse any potential position of trust.

JUSTIFICATION: Independent District agencies and the District of Columbia Office of Personnel (DCOP), (in conjunction with subordinate agencies), hire executive and managerial employees and educators based on the submission of resumes, employment applications, and other information. Collectively, this information is synthesized with

interviews of prospective candidates, and a decision is then made to hire an individual. Some positions, such as those for police, fire and emergency services personnel as well as some critical information technology positions, require that the agency conduct background verifications of the prospective employee's education, experience, and credentials, as well as other relevant information.

NO. 48 **Department of Employment Services** **STATUS: Start FY 2006**

TITLE: **WORKFORCE INVESTMENT PROGRAMS**

OBJECTIVES: The audit objectives are to determine whether: (1) the Department of Employment Services (DOES), in relation to the Workforce Development Program used federal, private, and District funds for their intended purposes; (2) DOES implemented internal controls to ensure proper accountability and control of funds; and (3) District residents benefited from the Workforce Development Program in accordance with agency goals and program objectives.

JUSTIFICATION: The DOES proposed budget for FY 2006 was \$90 million, which consisted of local, special purpose, federal, private, and District funds. In particular, DOES budgeted \$9.9 million for unemployment insurance in FY 2006. The audit will seek to identify whether District residents are benefiting from the Workforce Development Program.

NO. 49 **District of Columbia Housing Authority** **STATUS: Start FY 2006**

TITLE: **MANAGEMENT OF FIREARMS AND AMMUNITION**

OBJECTIVES: The objectives of the audit are to determine whether controls over firearms and ammunition are adequate to ensure that: (1) all firearms and ammunition are accounted for from acquisition to disposal; (2) firearms are managed in accordance with law and regulation; and (3) only authorized and qualified personnel are in possession of firearms.

JUSTIFICATION: The D.C. Housing Authority's Office of Public Safety (OPS) is one of only 11 housing authority police departments in the nation. The jurisdictional boundaries are concurrent with that of the Metropolitan Police Department and coextensive with the territorial boundaries of the District. OPS is a fully operational 24-hour police force which covers fixed security stations and conducts security patrols throughout

the city's public housing developments. Its staff includes sworn police officers, special police officers, resident monitors, and civilian administrative support. The sworn police officers of OPS have the authority to make arrests throughout the District of Columbia. Audit coverage will help assure stakeholders that firearms and ammunition are properly managed and controlled.

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JUSTIFICATION: D.C. Code § 42-2605 (2001) requires the OIG to conduct an annual audit of this fund. The Mayor is required to report on the financial condition of this fund to Congress and the Council within 6 months after the end of the preceding fiscal year.

NO. 52 **Department of Consumer and Regulatory Affairs** **STATUS: Ongoing/ Start FY 2006**

TITLE: **PROFESSIONAL ENGINEERS' FUND**

OBJECTIVES: The overall audit objectives are to determine whether: (1) the Professional Engineers' Fund was maintained in accordance with the D.C. Code; and (2) engineer fees were properly accounted for and expended during the fiscal year.

JUSTIFICATION: This audit is required pursuant to D.C. Code §§ 47-2886.02(6) and 47-2886.13(d) (2001). Section 47-2886.13(d) states, in pertinent part: "[i]t shall be the duty of the Office of the Inspector General of the District of Columbia to audit annually the accounts of the Board and to make a report thereof to the Mayor." Section 47-2886.02(6) defines "Board" as "the District of Columbia Board of Registration for Professional Engineers."

NO. 53 **Office of the Attorney General** **STATUS: Ongoing/ Start FY 2006**

TITLE: **DISTRICT OF COLUMBIA ANTIFRAUD FUND**

OBJECTIVES: Our audit objectives are to determine whether the District properly accounted for payments due to the Antifraud Fund and deposited monies received on a timely basis for fund activity during the fiscal year.

JUSTIFICATION: The Procurement Reform Amendment Act of 1998, as codified at D.C. Code § 2-308.20 (2001), requires the Office of the Inspector General to audit the fund annually. The fund is comprised of deposits resulting from criminal fines, civil penalties, and damages collected from false claim recoveries.

NO. 54 **Department of Public Works** **STATUS: Ongoing/
Start FY 2006**

TITLE: **DISTRICT OF COLUMBIA HIGHWAY TRUST FUND AND
5-YEAR FORECAST**

OBJECTIVES: The objectives of this audit are to express an opinion on the financial statements of the District of Columbia Highway Trust Fund (Fund) for the fiscal year, and to perform an examination of the forecasted statements of the Fund's expected conditions and operations for the next 5 years.

JUSTIFICATION: D.C. Code § 9-109.02(e), (2001), requires the OIG to submit a report on the results of its audit of the financial statements of the fund. The report is due to Congress on February 1st of each year for the preceding fiscal year.

VI. DISTRICT OF COLUMBIA PUBLIC SCHOOLS PROGRAMS

The cost of operating the District of Columbia Public Schools (DCPS) for FY 2006 is projected to exceed \$1 billion; consuming nearly one-fifth of the District’s budget authority. Recognizing that an efficient and effective public educational system is of paramount interest and concern to the entire District community (resident, elected officials, and educators), we added a sixth theme to our Annual Audit and Inspection Plan to uniquely address public school issues. Accordingly, beginning in FY 2006, the OIG will maintain a full-time resident audit site at DCPS to conduct audits, interact with school officials for prompt resolution, and recommend corrective action. Our resident audit site will enable the audit team to aggressively follow-up on past recommendations and advise school officials of the actions needed to resolve recurrent deficiencies. The DCPS audits we have included in our Plan for FY 2006 represent suggestions made by elected officials, the DCPS Superintendent of Schools, and our research based on previous audits of DCPS. However, we recognize that these efforts will extend beyond this fiscal year. In evaluating a myriad of school issues, our plan is not to merely arrive at the technical solutions to complex problems, but to provide DCPS officials and educators with the tools to make sufficiently sound decisions to effect positive improvements.

NO. 55	District of Columbia Public Schools	STATUS: Ongoing
TITLE:	CONTRACTOR BILLINGS FOR DCPS SECURITY SERVICES	
OBJECTIVES:	Our audit objectives are to determine whether DCPS officials were adequately monitoring the school security services contract and adequately supporting and accounting for contractor billings in accordance with contract terms and provisions.	
JUSTIFICATION:	This audit is the eighth in a series of audits that evaluates the DCPS management and operation of the school security program. The Mayor and the Council have consistently placed a high priority on keeping our schools safe and secure. The threat of domestic and international terrorism and random acts of violence have seriously heightened the resolve to be as vigilant and informed as the ever changing events of national security demand.	

NO. 56 **District of Columbia Public Schools** **STATUS: Ongoing**

TITLE: **MANAGEMENT OF DCPS CAPITAL PROJECTS**

OBJECTIVES: The audit objectives are to determine whether the District of Columbia Public Schools (DCPS) Facilities Management Division and the United States Army Corps of Engineers (USACE) ensured that: 1) the DCPS Facilities Master Plan is being implemented in accordance with established policies and procedures; 2) the Facilities Master Plan effectively addresses capital improvement needs of the school system; 3) capital projects are properly authorized and prioritized; 4) procurement and acquisition policies and practices are effective and followed as prescribed; 5) projects are effectively and efficiently executed and adequately monitored; and 6) sufficient management controls are in place over the capital improvement program.

JUSTIFICATION: The audit is being performed at the request of the Mayor. In addition, the Superintendent of the DCPS has expressed considerable interest in the audit.

DCPS operates 147 schools with an average building age of 65 years. The combination of aging structures and deferred maintenance has created many emergencies during the last 10 years – failing boilers, deteriorating walls, inoperable windows, leaking roofs, etc. The DCPS Capital Improvement Program is an attempt to effectively address the significant backlog of facility issues facing nearly every school in the system. The total cost of modernizing the schools will be approximately \$3.5 billion over 20 years.

The DCPS Facilities Management Division is responsible for planning the capital improvement projects. The USACE, in accordance with an April 1998 memorandum of agreement with DCPS, performed contracting, construction management, and oversight functions. USACE awarded and managed approximately \$700 million in construction contracts from 1998 through 2004.

NO. 57 **District of Columbia Public Schools** **STATUS: Ongoing**

TITLE: **OVERTIME CONTROLS AT DCPS**

OBJECTIVES: The objectives of our audit will be to determine whether DCPS: (1) ensured that overtime payments were legitimate and adequately supported; (2) established adequate criteria and controls to report and monitor overtime; and (3) implemented adequate internal controls to safeguard against fraud, waste, and abuse.

JUSTIFICATION: We are performing this audit as the result of a referral from the Office of Pay and Retirement, to look into excessive overtime within the DCPS. Documentation provided to the OIG indicates that there are 95 employees who individually received more than 500 hours of overtime for FY 2004. In addition, the Superintendent of the DCPS has expressed interest in the audit.

NO. 58 **District of Columbia Public Schools** **STATUS: Ongoing**

TITLE: **TUITION AND RESIDENCY REQUIREMENTS**

OBJECTIVES: Our audit objective is to determine whether the DCPS tuition and residency policy is effectively implemented in all instances where tuition and residency issues occur.

JUSTIFICATION: It is DCPS' policy to provide a free education to all children who are residents of the District. Non-resident children may enroll in DCPS provided that their parents or guardians pay tuition each semester. Tuition rates vary from \$2,500 to \$5,500 a semester. Because the District's before and after school care programs for children in elementary and middle schools, are extensive and rated highly, working parents are particularly attracted to the District system. On occasion, non-resident parents have enrolled their children in a DCPS school without paying tuition and child care costs. When detected, these cases are subject to formal investigation and review by the Office of the Superintendent, DCPS.

NO. 59 **District of Columbia Public Schools** **STATUS: Start FY 2006**

TITLE: **TITLE I PROGRAM FUNDS ADMINISTERED BY DCPS**

OBJECTIVES: Our objectives are to determine whether DCPS: (1) allocated Title I funds in accordance with governing regulations; 2) managed and used resources in an efficient, effective, and economical manner; and (3) implemented internal controls to prevent or detect material errors and irregularities.

JUSTIFICATION: The Title I Program is authorized under the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001. Title I grants are intended to help elementary and secondary schools establish and maintain programs that will improve the educational opportunities of educationally disadvantaged children who live in school attendance areas with high concentrations of children from low-income families. The funds are intended to provide instruction and instructional support for economically disadvantaged children so they can master challenging curricula and meet State standards in core academic subjects.

Student achievement is the primary focus of DCPS. It is DCPS's goal to provide high-quality teaching and learning in every classroom in every school. Ensuring that Title I funds available for instruction and instructional support are used efficiently and effectively will help to achieve this goal.

NO. 60 **District of Columbia Public Schools** **STATUS: Start FY 2006**

TITLE: **ADEQUACY OF SECURITY FUNDING AT DCPS**

OBJECTIVES: Our objectives will be to evaluate the adequacy of funding for school security by assessing current cost models and security assumptions underlying cost projections. We will also perform a comparative assessment of the District's school security funding (both local and federal) by benchmarking the District's school funding with other comparatively-sized state and local school jurisdictions.

JUSTIFICATION: Interest by District elected officials and results of past school security audits point to continuing concerns about the adequacy of school security funding. The District, operating as a unique "state-city-county" entity, funds all of its school security expenditures. An assessment of the cost models, in-house versus contracted security

services, in view of other municipal arrangements and funding, may provide elected officials and educators with valuable insight into the most effective and efficient design for the school security program.

NO. 61 **District of Columbia Public Schools** **STATUS: Start FY 2006**

TITLE: **BENCHMARKING REVIEWS OF KEY DISTRICT OF COLUMBIA PUBLIC SCHOOL ISSUES**

OBJECTIVES: This audit will be performed as a series of benchmarking reviews of several key issues affecting DCPS programs. Issues to be addressed by these audits include: (1) the outsourcing of administrative functions, particularly procurement; (2) using outside vendors to obtain Medicaid reimbursements; (3) managing food service operations and use of contractors to support such services; and (4) the process used by other school jurisdictions to develop the student enrollment count used to establish local and federal funding levels. Each benchmarking review will examine the issue within the DCPS, evaluating the program's content, and for comparative purposes, gather statistics, facts, and descriptive information about these programs in similarly sized municipalities. The goal is to provide DCPS school officials with decision-making tools based on the experiences of other school jurisdictions, with due consideration for the costs, benefits, and the potential advantages and disadvantages of modifying DCPS programs.

JUSTIFICATION: In FY 2005, the OIG performed a benchmarking review of school security by comparing the DCPS school security program with school security initiatives in five other municipalities. In the OIG Annual Audit Planning conference for FY 2006, the DCPS Superintendent attributed the OIG benchmarking report on school security as a major contributing factor for the DCPS decision to pursue a major change in how DCPS will provide for security services in the future. The Superintendent noted that benchmarking reviews provide insight into complex problems and valuable information on how other jurisdictions face and handle serious school issues. Comparative information is a useful tool for school officials entrusted with the responsibility to make decisions affecting educational and administrative school programs. The Superintendent proposed the issues included in the audit objectives listed above, and requested that a series of benchmarking reviews be conducted to provide DCPS with information needed to guide future decisions.

NO. 62 **District of Columbia Public Schools** **STATUS: Start FY 2006**

TITLE: **MONITORING OF DCPS SECURITY SERVICES PROVIDED BY THE METROPOLITAN POLICE DEPARTMENT**

OBJECTIVES: Our audit objectives will be to evaluate whether DCPS management and the Metropolitan Police Department (MPD) are adequately monitoring security services to ensure that the security guard contractor is complying with contractual and statutory requirements and is providing a safe and educationally conducive environment in the schools. We will also assess whether DCPS and MPD have effectively carried out the provisions of the Comprehensive Plan to Implement the School Safety and Security Contracting Procedure Act of 2004, D.C. Law 15-350.

JUSTIFICATION: After a series of OIG audits addressed serious deficiencies in the DCPS school security program, DCPS and MPD officials committed themselves to improving school security, and creating a safe and positive learning environment in the District's schools. To achieve this goal, the DCPS and MPD agreed to a comprehensive plan that addressed many of the problems noted in the OIG reports. That plan, the Comprehensive Plan to Implement the School Safety Act of 2004, requires both agencies to have an active and integrated role in managing, monitoring, and supervising all aspects of school security. While the plan widens MPD's participation in the hiring, screening, and monitoring the performance of security guards, it also requires frequent interaction with local school officials. Lines of authority have been outlined in the comprehensive plan, and coordination between DCPS and MPD will be essential to successful implementation.

NO. 63 **District of Columbia Public Schools** **STATUS: Start FY 2006**

TITLE: **PROCUREMENT PRACTICES AT DCPS**

OBJECTIVES: Our audit objectives are to evaluate the effectiveness and efficiency of DCPS's procurement process, and to assess the adequacy of internal controls in place for acquiring the goods and services needed to support education programs. This audit will be conducted in a series of phased reviews of specific segments of the DCPS procurement program, focusing on such issues as contracting procedures; adequacy of competition, deliverables, and payment processes; contract administration; and other procurement areas.

JUSTIFICATION: Previous OIG audits have indicated poor contracting practices, costly errors, and waste. Discussions with DCPS officials revealed that several ratification actions for unauthorized contracts were pending. With limited resources already impacting the ability to acquire needed supplies and services, an efficient and effective procurement program will be able to maximize and better utilize limited procurement dollars for educational needs. We believe that a series of audits that focus on key segments of the procurement process will best address the issues in a narrower vein so that systemic problems and solutions can be identified to create permanent changes and more efficient use of resources. An inadequate or poorly administered procurement process could result in unauthorized procurements; unqualified vendors receiving awards; non-receipt of vital goods and services; and unnecessary waste of tax dollars.

NO. 64 **District of Columbia Public Schools** **STATUS: Start FY 2006**

TITLE: **MANAGEMENT OF TRUANCY AT DCPS**

OBJECTIVES: Our audit objectives are to evaluate the effectiveness of DCPS program for managing unauthorized student absences (truancies). As part of our evaluation, we will assess the policies and procedures for recording and reporting student absences; policies and procedures for remedial/punitive actions for repetitive or abusive truants; community/policing programs for reducing truancies; and the data collection process for accurate accumulation and reporting of truancy statistics.

JUSTIFICATION: The No Child Left Behind Act requires states, including the District of Columbia, to report truancy rates. The District's approach to truancy is to use multiple agency partners to combat truancy and truancy-related problems. Accordingly, DCPS partners with MPD, the D.C. Superior Court, the Office of the Attorney General, and the Youth Services Administration to manage truancies in District public schools. In the school year 2003-2004, DCPS reported 1,209 apprehended truants. In less than 60 days of the 2004-2005 school year, the District reported that it apprehended 1,501 truants. The significant rate of increase in reported apprehended truants may be due to intensified efforts of DCPS to get truancy under control. In any event, truancy appears to remain a persistent problem in District schools, particularly in District Wards 7 and 8 where the majority of truancies occurred.

An independent assessment of DCPS' truancy program will provide an objective look at the effectiveness of the program.

NO. 65 **District of Columbia Public Schools** **STATUS: Start FY 2006**

TITLE: **SPECIAL EDUCATION CAPACITY AND UTILIZATION**

OBJECTIVES: Our audit will evaluate DCPS' capacity to serve children with special needs (such as disabled children, autistic children, emotionally disturbed children, or children with other impairments at local schools. The audit will verify the DCPS special education capacity, focusing on recently added special education slots, the utilization of the additional slots and the reasons for any underutilized capacity.

JUSTIFICATION: DCPS recently indicated that it had significantly increased its capacity to serve children with special education needs at local schools. For the 2004-2005 school year, DCPS noted that it added more than 400 special education seats, bringing the total number of special education slots created in the last 3 years to 1,800. DCPS also stated that it will add another 600 special education slots for the 2005-2006 school year. Yet, a District Council member indicated that many parents report that they cannot find appropriate educational placements for their children (with special education needs) within the DCPS system. At the same time, private school placements for children with special education needs have not declined. Because the special education program commands a substantial portion of DCPS's budget, an evaluation of the special education program and its placement and management policies may result in program improvements and efficiencies as well as better service to the District residents who depend on this essential education service.

NO. 66 **District of Columbia Public Schools** **STATUS: Start FY 2006**

TITLE: **EVALUATION AND BENCHMARKING OF HIGH SCHOOL GRADUATION AND DROPOUT RATES**

OBJECTIVES: Our audit objectives are to evaluate the graduation rates for DCPS 12th grade students and the dropout rates for grades 7 through 12 for several school years to determine the accuracy of student record-keeping that supports these reporting measures. We will also perform a comparative analysis of graduation and dropout rates of students in similarly sized municipalities.

JUSTIFICATION: In his annual progress report for the 2003-2004 school year, the DCPS Superintendent reported that 84 percent of the students who entered 12th grade in the fall of 2003 received a high school diploma in the spring of 2004. This statistic also reveals that 16 percent of these 12th grade students failed to obtain their high school diploma. This same report also noted a dropout rate of 6.9 percent for school year 2002-2003, which was calculated by dividing the number of student dropouts in grades 7 through 12 by the number of students enrolled in those grades. A District Council member and DCPS officials have expressed concerns about the accuracy of these statistics and stressed the importance of accurate measures to District policymakers.

NO. 67 **District of Columbia Public Schools** **STATUS: Start FY 2006**

TITLE: **FEDERAL COMMUNICATIONS COMMISSION GRANT FUNDS TO DCPS**

OBJECTIVES: Our audit objectives are to determine: (1) the number of schools that were wired for the Internet with E-rate grants; (2) whether purchased equipment has been installed and meets requirements of the contract; (3) whether the contracting process was conducted according to applicable District procurement regulations; and (4) whether indicators of waste, fraud, and abuse exist. Specifically, we will focus on whether the District has taken advantage of these grant opportunities and used funds appropriately.

JUSTIFICATION: The Federal Communications Commission (FCC) is working to bring every school in America into the information age. The Schools and Libraries Universal Service program was established as part of the Telecommunications Act of 1996 to provide affordable telecommunications services to all eligible schools and libraries, especially those in rural and economically disadvantaged areas.

The Universal Service Program for Schools and Libraries, also known as the E-Rate, is administered by the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC).

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THE INSPECTION AND EVALUATION PROCESS

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THE INSPECTION AND EVALUATION PROCESS

Consistent with the Mayor's initiative to review, evaluate, and improve performance standards in all components of the District of Columbia government, the Inspections and Evaluations (I&E) Division is dedicated to providing decision makers with objective, thorough, and timely evaluations of District agencies and programs, and to making recommendations that will assist those agencies in achieving operational efficiency, effectiveness, and economy.

I&E has proven to be an effective mechanism for identifying weaknesses in agency operations; ensuring compliance with applicable laws, regulations and policies; identifying accountability; recognizing excellence; and promoting improvement in the delivery of services to District residents. The Division plans to complete inspections that focus on delivery of citizen services and the implementation of inspection recommendations to correct reported deficiencies.

The Federal Model

I&E follows the inspection process adhered to by most federal OIGs and endorsed by the President's Council on Integrity and Efficiency. This process includes an official announcement letter to the agency head; an entrance conference where agency officials can alert the inspection team to areas that are of concern to management and where the parameters of the inspection are defined; surveys and focus groups, where appropriate; fieldwork, findings, and recommendations in a draft Report of Inspection (ROI) which is reviewed and commented on by agency management; a final ROI; and an exit conference. During the course of an inspection, management will be advised by means of Management Alert Reports of any significant findings that the inspection team believes require immediate attention.

Inspections result in a ROI with findings and recommendations that focus on correcting noted operational deficiencies, monetary benefits, more efficient and effective program operations, and safer environments for city workers and residents. Inspections have little value, however, if the reported deficiencies remain uncorrected.

OIG Inspections and Reports

While mechanically similar to the audit process, inspections typically have a broader scope, often evaluating *all* of the key operations of an agency in order to help managers improve diverse policies, programs, and procedures. On the other hand, an audit is generally more narrowly focused and directed toward one or more specific operational or financial issues. An inspection combines some of the best features of several disciplines, including management analysis, traditional program evaluation, audits, survey research, program monitoring, and compliance reviews.

Follow-up, Compliance, and Re-inspections

The Inspections and Evaluations Division tracks agency compliance with recommendations resulting from an inspection. A *Findings and Recommendations Compliance Form* is issued for each finding and recommendation, along with the Report of Inspection, so agencies can record and report actions taken on I&E recommendations. Agencies are asked to provide target dates for completion of required actions, document when recommendations have been complied with, describe the action taken, and ensure that the forms are validated by the signature of the responsible agency official. Re-inspections are conducted after an agency has had a significant period of time in which to carry out agreed-upon recommendations. This typically occurs a year or longer after the initial inspection. A re-inspection report is then issued that summarizes agency progress in complying with original recommendations and notes any new areas of concern in agency operations.

INSPECTIONS AND EVALUATIONS THEME/AGENCY INDEX

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Theme/Issue Area/Review Title	A G E N C Y	S T A T U S ⁵	P A G E
I. Delivery of Citizen Services			
A. Core Services			
1. Inspection of the Department of Consumer and Regulatory Affairs, Building and Land Regulation Administration	CR	O	86
2. Inspection of the Office of Contracting and Procurement Commodity- Buying Groups: Human Care Supplies and Services, Professional Services and Public Safety, Highways and Structure, the D.C. Government Preparedness Contracting Office and the Local, Small, and Disadvantaged Business Enterprises Program	PO	O	86
3. Inspection of Child and Family Services Agency	CR	P	87
4. Re-Inspection of the Department of Corrections, Central Detention Facility	PO	O	88
5. Re-Inspection Department of Parks and Recreation	PO	P	88
6. Re-Inspection of the Office of the Chief Medical Examiner	HA	P	89
7. Re-Inspection of the Department of Fire and Emergency Medical Services	FL	P	89

⁵ “O” indicates the review is ongoing as of September 30, 2005, and “P” indicates the review is planned to start in FY 2006.

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PLANNED AND ONGOING INSPECTIONS AND EVALUATIONS

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III. DELIVERY OF CITIZEN SERVICES

In the last few years, we have increased inspection and evaluation coverage of agencies responsible for delivery of essential citizen services. In FY 2006, we plan to continue inspections and evaluation coverage for key District service organizations. The common goal of these reviews will be to improve the efficiency and effectiveness of municipal services that are vital to District residents and other stakeholders.

A. Core Services

The FY 2006 Inspection Plan includes OIG initiatives for inspection coverage that are consistent with the Mayor's initiative to review, evaluate, and improve performance standards in all components of the District of Columbia government.

I&E plans to complete an ongoing three-part inspection of the management and operations of the Department of Consumer and Regulatory Affairs, in addition to a two-part inspection of the management and operations of the Office of Contracting and Procurement. I&E will also begin a long-term inspection of the Child and Family Services Agency.

The Division will complete an ongoing re-inspection of the Department of Corrections/Central Detention Facility, and will begin re-inspections of the Office of the Chief Medical Examiner, the Department of Fire and Emergency Medical Services, and the Department of Parks and Recreation (DPR). The DPR re-inspection was planned for FY 2005, but was postponed in order to carry out unplanned inspections that were given a higher priority. In addition to assessing agency compliance with our original recommendations, we also will report on any current issues or problems that require the attention of agency management and other District stakeholders. Should time and resources permit, other agencies will be added to this plan.

Mayor. In addition, OCP, through its Office of Local Business Development oversees the District of Columbia LSDBE program.

OBJECTIVES:

OCP is organized into commodity-buying groups. Each group is led by a senior manager who directs a staff of assistant commodity managers and other procurement and contracting professionals. These procurement officials utilize their expertise to purchase goods and services efficiently and to meet the requirements of a variety of agencies. The inspection objectives are to evaluate the overall sufficiency and quality of policies and procedures and assess the operational contracting and procurement effectiveness of the commodity buying groups for the District's Human Care Supplies and Services, Professional Services and Public Safety, Highways and Structures, and the D.C. Government Preparedness Contracting commodity-buying groups; and the LSDBE program. In addition, the inspection will evaluate the quality of service delivery and determine the sufficiency of internal controls.

NO. 3 **Child and Family Services Agency** **STATUS: Start FY 2006**

TITLE: **INSPECTION OF THE CHILD AND FAMILY SERVICES AGENCY (CFSA)**

MISSION: CFSA provides important services to promote the safety and well-being of children and families. The agency coordinates public and private partnerships to preserve families through foster care, adoption, and child welfare services, and to protect children against abuse and neglect. CFSA oversees more than 900 employees who, at any point in time, service about 5,700 abused and/or neglected children and teens up to age 21. For FY 05, the agency's budget was \$224 million.

OBJECTIVES: After 6 years of federal receivership, CFSA was reorganized as a cabinet-level agency in 2001. The inspection objectives are to evaluate the overall sufficiency and quality of services delivered by CFSA. The inspection will determine if CFSA has been successful in achieving goals established in 2001 to recruit and retain a sufficient number of social workers, to investigate abuse and neglect reports to ensure each child's safety, to expedite permanency so that every child grows up in a permanent family, to recruit and retain foster homes, to promote neighborhood-based resources, and to enhance information systems to improve case record keeping.

more efficient and effective program operations, and safer environments for city workers and residents.

NO. 6 **Office of the Chief Medical Examiner** **STATUS: Start FY 2006**

TITLE: **RE-INSPECTION OF THE OFFICE OF THE CHIEF MEDICAL EXAMINER (OCME)**

OBJECTIVE: The re-inspection objective is to verify implementation of recommendations and actions taken by OCME in response to our initial inspection report (OIG No. 03-0011CM), issued in September 2003. The initial inspection of OCME found, among other things, that: autopsy reports were significantly backlogged; autopsy policies and procedures were inadequate; and unidentified and unclaimed bodies were not disposed of in a timely manner. Recommendations were made in areas such as health and safety, mortuary services, forensic investigations, and health and safety, inmate case management, and capital improvement projects.

JUSTIFICATION: The OIG re-inspection process includes follow-up with inspected agencies on findings and recommendations. Recommendations in each Report of Inspection focus on correcting noted deficiencies, monetary benefits, more efficient and effective program operations, and safer environments for city workers and residents.

NO. 7 **Fire and Emergency Medical Services** **STATUS: Start FY 2006**

TITLE: **RE-INSPECTION OF THE DEPARTMENT OF FIRE AND EMERGENCY MEDICAL SERVICES (FEMS)**

OBJECTIVE: The re-inspection objective is to verify implementation of recommendations and actions taken by FEMS in response to our initial inspection report (OIG No. 03-0001FB), issued in October 2002. The initial inspection of FEMS found, among other things, that: some response units did not meet response time standards; there were no processes to monitor Emergency Medical Technician's field performance; and the call center did not meet time standards when processing calls. Recommendations were made in areas such as response times, policies and procedures, and inadequate staffing.

JUSTIFICATION: The OIG re-inspection process includes follow-up with inspected agencies on findings and recommendations. Recommendations in

each Report of Inspection focus on correcting noted deficiencies, monetary benefits, more efficient and effective program operations, and safer environments for city workers and residents.