

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

**AUDIT OF FISCAL YEAR 2003  
AGENCY PERFORMANCE MEASURES  
AND  
KEY RESULTS MEASURES**



**AUSTIN A. ANDERSEN  
INTERIM INSPECTOR GENERAL**

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Inspector General**

Inspector General



June 17, 2004

Mr. Robert C. Bobb  
Deputy Mayor and City Administrator  
John A. Wilson Building  
1350 Pennsylvania Ave. N.W., Suite 310  
Washington, D.C. 20004

Dear Mr. Bobb:

Enclosed is our final report summarizing the results of the Office of the Inspector General's (OIG) Audit of Fiscal Year 2003 Agency Performance Measures and Agency Key Results Measures (OIG 04-1-03MA). This consolidated multi-agency audit report addresses results found at nine District agencies.

The overall objectives of this review at selected agencies were to: (1) verify the accuracy and reliability of performance data reported to the Mayor by agency heads; and (2) determine whether agencies have implemented internal controls to prevent or detect material errors and irregularities in reporting performance measurements.

Our review included tests to verify the reported performance measure results at the following agencies:

1. Emergency Management Agency (EMA)
2. Department of Banking and Financial Institutions (DBFI)
3. Child and Family Services Agency (CFSA)
4. Office of Property Management (OPM)
5. Office of Contracting and Procurement (OCP)
6. Department of Human Services Youth and Adolescent Services Program (YSA)
7. Department of Health - Medical Assistance Administration (MAA)
8. District of Columbia Public Schools (DCPS)
9. District of Columbia Retirement Board (DCRB)

In order to facilitate the audit effort, we issued individual Management Alert Reports to all nine agencies. In those reports, we made recommendations to agency heads to assist in future performance measure planning and reporting. These reports, along with the Managements' responses, are included at Exhibits A through R to this report.

We recognize that the District of Columbia has made substantial progress in improving its performance management system. The District has undertaken many initiatives, such as implementing performance based budgeting, creating a performance management council, and developing data collection standards that should assist in improving overall performance management.

The District is about to implement ARGUS, which is designed to dramatically improve how the District formulates and executes the budget and manages performance outcomes. The Scoreboard Module of ARGUS is expected to "go live" in late October 2004. The Module is expected to:

- track and communicate results against goals, which shifts the focus from performance reporting to performance management;
- allow agencies to link programs, activities, and services to the City-wide Mayoral Priorities; and
- increase transparency and provide a snapshot of activities, programs, and overall agency performance.

However, we believe that the District can benefit by reinforcing policies and procedures that would require agency heads to maintain supporting documentation and to have the supporting documentation readily available when requested by the Office of the City Administrator (OCA), its designee, and oversight entities to support the measures the agencies report. Internal controls need to be developed to ensure an adequate audit trail, that figures are supported, and that documents are retained in support of the various measures. Additionally, the District needs to ensure that agencies obtain written approval from the OCA before performance measures and/or targets are modified or agencies discontinue tracking a measure. ARGUS may go a long way to alleviating these concerns.

We have incorporated verbatim your response to a draft of this report at Exhibit T. Your response indicates general agreement with the findings in the report and that you and your staff are committed to working with the agencies to implement recommendations with which the agencies have concurred. In addition, the OIG is working to incorporate into our *Fiscal Year 2005 Annual Audit Plan* your request to start, early in the year, an audit of fiscal year 2005 performance measures.

Mr. Robert C. Bobb, Deputy Mayor and City Administrator  
OIG No. 04-1-03MA  
June 17, 2004  
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We appreciate the cooperation and courtesies of agency personnel and the facilities made available to us during the audit. Should you have questions concerning this report please call William J. DiVello, Assistant Inspector General for Audits, or me at (202) 727-2540.

Sincerely,

A handwritten signature in cursive script that reads "Austin A. Andersen".

Austin A. Andersen  
Interim Inspector General

AAA/lw

Enclosure

cc: See Distribution List

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OIG No. 04-1-03MA  
June 17, 2004  
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**AUDIT OF FISCAL YEAR 2003  
AGENCY PERFORMANCE MEASURES  
AND KEY RESULTS MEASURES**

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## EXECUTIVE SUMMARY

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### OVERVIEW

The District of Columbia Office of the Inspector General (OIG) has completed the Audit of the FY 2003 Agency Performance Measures and Key Results Measures for selected District agencies. This report is the second review of District performance/key measures conducted by our Office. During the audit, we periodically coordinated our efforts with the Office of the City Administrator (OCA) to ensure that the interests and expectations of the OCA were fulfilled. This report summarizes the results of our assessment on selected District agencies' accuracy and reliability of reporting their performance measures.

In order to facilitate the audit effort, we issued individual Management Alert Reports to all nine agencies audited. In those reports, we made recommendations to agency heads to assist in future performance measure planning and reporting. The relatively few exceptions noted related to primarily to: (1) insufficient data to support results reported to the OCA; and (2) lack of OCA approval or notification of a change in an agency's performance measures. These reports along with the agency Managements responses are included at Exhibits A through R to this report. In addition, Exhibit T provides the response of the Deputy Mayor and City Administrator.

Generally, agencies and the Deputy Mayor and City Administrator concurred with our findings and have taken actions to address recommendations made. Actions taken include the establishment and implementation of policies and procedures for tracking and reporting performance measures. Additionally, it is our understanding that the new budgeting system, ARGUS, contains a Scorecard Module that should help track performance against goals when implemented.

### CONCLUSIONS

For the 9 agencies selected for the audit, we tested 47 of their 92 fiscal year 2003 measures. Of the 47 performance measures tested, 28 measures (60 percent) were accurately reported to OCA as indicated by supporting documentation. We could not verify that the performance measures reported to OCA for the remaining 19 measures (40 percent) were accurate because supporting documentation was lacking. This information is described in more detail in the schedule that follows.

## EXECUTIVE SUMMARY

### SCHEDULE OF AUDIT RESULTS

Agency	Number of FY 2003 Performance Measures	Total Selected by the OIG for Verification	Unable to Verify Accuracy <sup>1</sup>	Accuracy Verified	
				Goal Accomplished <sup>2</sup>	Goal Not Accomplished <sup>3</sup>
EMA	19	10	0	9	1
DBFI	18	6	2	2	2
CFSA	6	6	2	2	2
OPM	7	3	3	0	0
OCP	17	8	1	4	3
YASP	2	2	2	0	0
MAA	3	3	1	1	1
DCPS	18	7	7	0	0
DCRB	2	2	1	1	0
<b>Totals</b>	<b>92</b>	<b>47</b>	<b>19</b>	<b>19</b>	<b>9</b>
		<b>100 percent</b>	<b>40 Percent</b>	<b>60 Percent</b>	

We recognize that the District of Columbia has made substantial progress in improving its performance management system. The District has undertaken initiatives, such as implementing performance based budgeting, creating a performance management council, and developing data collection standards that should assist in improving overall performance management.

However, we believe that the District can benefit by reinforcing policies and procedures that would require agency heads to maintain supporting documentation, and to have them readily available when requested by the OCA or its designee, internal and external entities to support reported results of their performance measures. Internal controls need to be developed to ensure an adequate audit trail, figures are supported, and documents are retained in support of the various measures. Additionally, the District needs to ensure that agencies obtain written approval from the OCA before performance measures and/or target are modified or tracking is discontinued.

<sup>1</sup> The performance measure reported in the year-end and/or monthly report was not supported by the agency. The supporting documentation for the measure was not available, was not provided, or was not reliable in order for us to verify the actual measure reported.

<sup>2</sup> The agency met or exceeded the target performance measure during the fiscal year. The supporting documentation on the performance measure was provided for our review and verification.

<sup>3</sup> The agency did not reach the target performance measure during the fiscal year. The supporting documentation on the performance measure was provided for our review and verification.

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## EXECUTIVE SUMMARY

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### OTHER MATTERS

We noted during our review that independent agencies did not always report their performance measure results to the OCA because they were not required by law to do so. This exemption allows independent agencies to operate without oversight from the OCA or from the Office of the Chief Financial Officer with regard to compliance and reporting of performance measure results. The OCA may want to consider memoranda of understanding and establish written procedures that facilitate independent agencies reporting the results of their respective performance measures during the same time frame required of agencies subject to the Mayor's authority, so that results can be transmitted to Congress and the District City Council for decision making or other purposes.

### SUMMARY OF RECOMMENDATIONS

*A Summary of Potential Benefits Resulting from Audit* is available at Exhibit S. Recommendations made as a result of our audit centered on the need for the establishment of internal controls to ensure that:

- OCA-approved changes to performance measures and performance measure targets/goals are documented and retained by the agency;
- an adequate audit trail is maintained with figures properly and accurately supported; and
- documents are retained to support all performance measures.

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## INTRODUCTION

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### BACKGROUND

The Office of the Inspector General (OIG) completed a review of selected measures of fiscal year (FY) 2003 Performance Measures or Agency Key Results Measures for nine District Government agencies, independent agencies or programs. The following agencies and divisions were selected for review: (1) Emergency Management Agency (EMA), (2) Department of Banking and Financial Institutions (DBFI), (3) Child and Family Services Agency (CFSA), (4) Office of Property Management (OPM), (5) Office of Contracting and Procurement (OCP), (6) Youth and Adolescent Services Program (YASP), (7) Medicaid Assistance Administration (MAA), (8) District of Columbia Public Schools (DCPS), and (9) District of Columbia Retirement Board (DCRB).

The OCA generally administers the Performance Measures Program on behalf of the Mayor. The Mayor and senior managers sign performance contracts, unique to each agency, that describe the Mayor's expectations and identify specific goals senior managers are to achieve during the fiscal year. However, only agency directors subordinate to the Mayor have performance contracts with the Mayor. Of the nine agencies we audited, DCPS and DCRB are not subordinate to the Mayor and have no performance contracts with the Mayor. In addition, we included for audit the divisions of two agencies: MAA and YASP. Accordingly, contracts with the Mayor were at the agency directors for the Department of Health and the Department of Human Services, respectively, and not at the division level. Agencies are expected to measure performance and report results achieved to the OCA.

The performance contracts and agency key results measures are at the heart of the Mayor's performance management system. The Performance Measures Program requires accountability for each agency and employee in order to transform the District government into one that is responsive to its citizens' needs. Performance contracts, unique to each agency head, describe expectations for the fiscal year. Both planned and actual performances are to be reported to the Congress and the Council as set forth in the D.C. Code.

D.C. Code §§ 1-204.56a - 1.204.56b (Supp. 2003) and §§ 1-614.12 – 1-614.14 (2001) require the Mayor to develop performance accountability plans that address performance measures and report accomplishments of those measures during the fiscal year. D.C. Code § 1.614-12 requires each District agency to develop and submit to the Council, along with annual budget submissions, a performance plan that covers all publicly funded agency activities. D.C. Code § 1-615.13 requires each agency to develop and submit to the Council a performance report that identifies the actual level of performance achieved against the prior year's performance plan.

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## INTRODUCTION

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### OBJECTIVES, SCOPE, AND METHODOLOGY

The overall objectives of this review at selected agencies were to: (1) verify the accuracy and reliability of performance data reported to the Mayor by agency heads; and (2) determine whether agencies have implemented internal controls to prevent or detect material errors and irregularities in reporting performance measurements.

To accomplish our objectives, we held interviews and discussions with selected agencies' management, personnel, and contractors to gain a general understanding of their respective operations. We requested and reviewed relevant laws, selected agencies' policies and procedures, and other relevant supporting documents. In addition, we conducted site visits to observe the implementation of performance measures.

The audit included a review and evaluation of 47 FY 2003 performance measures and the related supporting documents provided by selected agencies. The performance measures selected for our review were found in the FY 2003 Proposed Budget and Financial Plan. In order to accomplish our audit objectives, we reviewed performance measure supporting documentation and reports, examined controls, and interviewed personnel with an emphasis on the procedures and processes used to determine the results reported to OCA.

Agency selection was determined with input from OCA. We selected agencies from each Mayoral cluster, to include independent agencies and agencies where the OIG was currently conducting other unrelated audits. The individual performance measures for each agency were selected judgmentally by OIG auditors. A total of 47 performance measures were selected from a universe of 92 measures.

The audit covered the period of October 1, 2002, to September 30, 2003. The audit was conducted in accordance with generally accepted government auditing standards and included such tests as we considered necessary under the circumstances.

### PRIOR AUDITS

The District of Columbia has made substantial progress in improving its performance management system over the last 4 years. For example, the District has undertaken initiatives, such as implementing performance based budgeting, creating a performance management council, and developing data collection standards that should assist in improving overall performance management. Several of these issues have been addressed in prior OIG and General Accounting Office (GAO) reports.

On March 15, 2001, the OIG issued a report to the Mayor, No. OIG-00-2-12MA titled, *Audit of Contract Performance Measures and the Mayor's Scorecard Measures*. The report made eight recommendations, which centered on developing internal controls to ensure that an

## INTRODUCTION

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adequate audit trail is maintained, that figures are supported, and that documents are retained in support of the performance measures. Management responses from the OCA and audited agencies adequately addressed the conditions observed and the recommendations made. None of the agencies included in our current audit were covered by this prior audit.

On May 15, 2003, the General Accounting Office (GAO) continued to review and evaluate the District's performance accountability report and made recommendations in its report entitled "*District of Columbia Performance Report Shows Continued Program Progress,*" GAO-03-693. GAO reported that the District has made substantial progress in its performance accountability reports, stating that the 2002 Performance Accountability Report provided a more comprehensive review of its performance than prior reports and generally complied with the statutory reporting requirements. GAO recommended that the District: (1) prioritize the development of data collection standards and distribute guidelines to all city agencies; (2) expand its coverage to include goals and measures for all of its major activities as well as related expenditures; (3) include more complex information on the steps taken to comply with court orders during the year; and (4) conduct additional analysis of information captured in the reports to assist in managing overall performance and achieving strategic goals.

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## AUDIT RESULTS

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For the 9 agencies selected for the audit, we tested 47 of their 92 fiscal year 2003 measures. Of the 47 performance measures tested, 28 measures (60 percent) were accurately reported to OCA as indicated by supporting documentation. We could not verify that the performance measures reported to OCA for the remaining 19 measures (40 percent) were accurate because supporting documentation was lacking. This information is described in more detail in the Schedule of Audit Results in the Executive Summary Section of this report.

The following is a summary of the results at each of the agencies tested, the agency's response, and OIG's comments.

- **EMERGENCY MANAGEMENT AGENCY (EMA)**

Our audit revealed that EMA had adequate documentation to support all ten of the selected performance measures reviewed. EMA had no points of dispute with the audit results or the MAR as presented. See Exhibit A for the MAR issued to EMA, and the agency's complete response is at Exhibit B.

- **DEPARTMENT OF BANKING AND FINANCIAL INSTITUTIONS (DBFI)**

Our review of 6 of 18 performance measures disclosed that DBFI had adequate documentation to support that it had achieved identified goals for 3 performance measures. For the remaining three measures, DBFI was unable to substantiate the results reported to the OCA.

- **DBFI RESPONSE**

DBFI has concurred with the findings and recommendations presented in the MAR. DBFI has established a comprehensive set of policies and procedures for tracking and reporting performance measures. The procedures mandate effective internal controls and require specific audit trails. Also, the new policies and procedures will require explanations of how performance measure results were determined. See Exhibit C for the MAR issued to DBFI, and the agency's complete response is at Exhibit D.

- **OIG COMMENTS**

Actions taken by DBFI management meet the intent of the recommendations.

- **CHILD AND FAMILY SERVICES ADMINISTRATION (CSFA)**

Our review of the six performance measures disclosed that CSFA had adequate documentation to support that it had achieved identified goals for two performance measures, two others were verified as not accomplished. For the remaining two measures, CSFA was unable to substantiate the results reported to the OCA.

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## AUDIT RESULTS

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Additionally, CFSA reported to the OCA performance measure targets that were different than that found in the FY 2003 Proposed Budget and Financial Plan. CFSA was unable to show that the OCA had approved these changes; as a result, we were unable to conclude from information available at CFSA that the changes were properly approved, and that CFSA was reporting results for comparison with approved targets.

- **AUDIT ADJUSTMENTS**

MAR No. 04-A-02 to the District of Columbia Child and Family Services Agency (CFSA) stated, “CFSA reported that it had achieved six of its performance goals.” After further review, we determined that this statement is incorrect. CFSA reported to OCA in its FY 2003 Report of Agency Performance Measure Results that there was one measure that they did not achieve and for the other measure, a target had not been determined. Therefore, CFSA achieved four of its six performance goals.

- **CFSA RESPONSE**

CFSA has amended its reporting process on performance measures by using supporting documentation that comes exclusively from its automated data system (FACES), which will ensure that an adequate audit trail is maintained and figures are supported. In regard to obtaining and documenting approvals from the OCA on any changes to an agency’s performance measures, it is our understanding that the new Performance Budget Module of the District’s Administrative Services Modernization Program will contain an automated approval system to record and track agency’s changes to performance measures. See Exhibit E for the MAR issued to CFSA, and the agency’s complete response is at Exhibit F.

- **OIG COMMENTS**

CFSA’s corrective action should provide the necessary support and audit trail for future verifications. However, OCA representatives informed us that the automated approval process would not be integrated at the initial implementation of the ARGUS Scorecard, which is the Performance Budget Module.

- **OFFICE OF PROPERTY MANAGEMENT (OPM)**

We could not verify the reporting accuracy for three measures reviewed at OPM.

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## AUDIT RESULTS

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### ○ OPM RESPONSE

OPM's management requested that they be given another opportunity to provide performance measure supporting documentation. See Exhibit G for the MAR issued to OPM, and the agency's complete response is at Exhibit H.

### ○ OIG COMMENTS

OPM management may provide performance measure supporting documentation in response to this report. The data provided will be analyzed and incorporated into our work papers and made part of our permanent audit records. We will also forward the results of our review to OPM management and to the OCA.

### ● OFFICE OF CONTRACTING AND PROCUREMENT (OCP)

Our review of 8 of the 17 performance measures at OCP had accurately reported the results for 5 measures. However, we were unable to verify the reporting accuracy of the remaining three performance measures.

### ○ OCP RESPONSE

OCP said that it would establish policies and procedures and implement internal reviews by May 2004 to ensure that all reported performance measure data are verifiable. Currently, OCP is updating its Data Collection Manual that includes the performance measure definition, the formula for calculating the results, data collection methodology and quality assurance measures. See Exhibit I for the MAR issued to OCP, and the agency's complete response is at Exhibit J.

### ○ OIG COMMENTS

Actions planned by OCP management meet the intent of the recommendations.

### ● DEPARTMENT OF HUMAN SERVICES YOUTH AND ADOLESCENT SERVICES PROGRAM (YSAP)

Our review of performance measures at YSAP disclosed that the methodology YASP used to compute the reported results was questionable. As a result, we were not able to verify the accuracy and reliability of performance data reported.

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## AUDIT RESULTS

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### ○ AUDIT ADJUSTMENTS

MAR No. 04-A-07 to the DHS's YASP stated, "Our review of 2 of 3 performance measures disclosed that YASP was unable to substantiate the results reported to the OCA." This statement was in error. The YASP had only two performance measures for FY 2003. Results for both measures were reported to the OCA.

### ○ DHS RESPONSE

DHS has concurred with the recommendations presented in the MAR regarding YASP's performance measures. DHS will develop policies and procedures to certify the completeness and reliability of performance measure data submitted each month. Also, DHS will instruct the responsible staff at the program level to review performance measures data collection methodology; identify the systems, processes, and procedures used to collect performance measure results; and retain supporting documents indicating that identified verification and validation procedures have been applied. The expected date of completion for these corrective actions is June 2004. See Exhibit K for the MAR issued to DHS, and the agency's complete response is at Exhibit L.

### ○ OIG COMMENTS

Actions planned by DHS management meet the intent of the recommendations.

### ● DEPARTMENT OF HEALTH - MEDICAID ASSISTANCE ADMINISTRATION (MAA)

Our review of MAA's performance measures disclosed that MAA accurately reported the results of two measures, however, we were unable to verify the reporting accuracy of the remaining measure.

MAA reported to the OCA performance measure results for one measure based on unreliable data that could not be supported. Our review found that reported results contained mathematic errors and irregularities. Also, MAA reported to OCA performance measures that were different than those found in the FY 2003 Proposed Budget and Financial Plan. MAA was unable to show that OCA had approved these changes.

### ○ AUDIT ADJUSTMENTS

The MAR reported that MAA was unable to show that OCA had approved the changing of performance measures that were different from those found in the FY 2003 Proposed Budget and Financial Plan. However, MAA provided documentation in its response to the MAR to

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## AUDIT RESULTS

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show that MAA had obtained approval from the Mayor's Office. See Exhibit M for the MAR issued to DOH, and the agency's complete response is at Exhibit N.

- **OIG COMMENTS**

Planned actions taken by DOH and MAA management meet the intent of the recommendations.

- **DISTRICT OF COLUMBIA PUBLIC SCHOOLS (DCPS)**

Our review of 7 of 18 performance measures disclosed that DCPS did not have adequate documentation to support that it had achieved identified goals for its performance measures.

Our review disclosed that DCPS had not tracked and/or prepared a report detailing the results of its FY 2003 performance measures identified in the FY 2003 Proposed Budget and Financial Plan. Additionally, DCPS was unable to demonstrate to us that the D.C. Board of Education had been informed that DCPS did not track and/or report on the agencies selected measures for FY 2003

DCPS officials informed us that DCPS is under reorganization and that this may have lead to lapses in responsibility and assigned duties of tracking established performance measures. Officials also stated that the FY 2003 performance measures were not consistent with its mission and goals; therefore, the results of its measures for FY 2003 were not tracked.

- **DCPS RESPONSE**

DCPS has revised its performance measures to be consistence with its strategic plan. Additionally, DCPS stated that OCA was aware of and in agreement with all changes made. See Exhibit O for the MAR issued to DCPS, and the agency's complete response is at Exhibit P.

- **OIG COMMENTS**

Subsequent to the MAR, OCA representatives also informed us that they were aware of, and accepted, the modifications to the targets. Planned actions taken by DCPS management meet the intent of the recommendations.

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## AUDIT RESULTS

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- **DISTRICT OF COLUMBIA RETIREMENT BOARD (DCRB)**

Our review of the agency's performance measures showed that DCRB accurately reported the results of one of two performance measures incorporated in its FY 2003 budget submission to OCA. DCRB did not evaluate or report the second performance measure to OCA during FY 2003.

- **DCRB RESPONSE**

DCRB stated in its response to our MAR that we were not correct in reporting that they did not track performance measure regarding the customized annual benchmark versus the District's actual rate of return. Furthermore, DCRB claimed that the customized benchmark return is not a goal that can be set in advance, because it is a number that is not known in advance.

DCRB disagrees that there was no documentation to support this measure, and DCRB's Board strongly disagrees with our statements that it runs the risk of compromising the accountability and responsibility of the agency's performance when performance measures are eliminated. In essence, DCRB stated further that measures that are no longer useful should not be reported just because they were once reported in a budget book. DCRB provided documentation to support the second performance measure. See Exhibit Q for the MAR issued to DCRB, and the agency's complete response is at Exhibit R.

- **OIG COMMENTS**

Notwithstanding DCRB's response, OCA informed us that the measure we questioned was discontinued on January 31, 2003 for FY 2004 and future fiscal years. Accordingly, the issue is moot.

## EXHIBITS

### EXHIBIT A: EMERGENCY MANAGEMENT AGENCY – MAR NO. 04-A-03

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of the Inspector General

Inspector General



February 3, 2004

Ms. Barbara Childs-Pair  
Interim Director  
Emergency Management Agency  
2000 14<sup>th</sup> Street, N.W., 8<sup>th</sup> Floor  
Washington, D.C. 20009

Dear Ms. Childs-Pair:

The purpose of this Management Alert Report (MAR No. 04-A-03) is to inform you of the interim results of the Office of the Inspector General's (OIG) *Audit of Fiscal Year (FY) 2003 Agency Performance Measures or Agency Key Results Measures at the District of Columbia Emergency Management Agency (EMA)*, OIG No. 04-1-03MA.

EMA submitted 19 performance measures to the Office of the City Administrator (OCA) to be incorporated into the Chief of Financial Operations FY 2003 Budget. We reviewed 10 of the 19 performance measures. Our review found that EMA had adequate documentation to support all ten of the selected performance measures. The details of our review are described more fully in the Audit Results section of this MAR.

These results may assist you in future performance measure planning and reporting. The EMA should address the audit results herein. We plan to issue additional MAR's addressing conditions found at eight other agencies and then issue a consolidated multi-agency audit report.

#### BACKGROUND

The OCA generally administers the Performance Measures Program on behalf of the Mayor. The Mayor and senior managers sign performance contracts, unique to each agency, that describe the Mayor's expectations and identify specific goals senior managers are to achieve during the fiscal year. Agencies are expected to measure performance and report results achieved to the OCA.

The performance contracts and agency key results measures are at the heart of the Mayor's performance management system. The Performance Measures Program requires accountability for each agency and employee in order to transform the District government into one that is responsive to its citizens' needs.

## EXHIBITS

### EXHIBIT A: EMERGENCY MANAGEMENT AGENCY – MAR NO. 04-A-03

Ms. Barbara Childs-Pair, Interim Director  
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February 3, 2004  
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D.C. Code §§ 1-204.56a - 1.204.56b (Supp. 2003) and §§ 1-614.12 – 1-614.14 (2001) require the Mayor to develop performance accountability plans that address performance measures and report accomplishments of those measures during the fiscal year. D.C. Code § 1.614-12 requires each District government agency to develop and submit to the Council, along annual budget submissions, a performance plan that covers all publicly funded agency activities. D.C. Code § 1-615.13 requires each agency to develop and submit to the Council a performance report that identifies the actual level of performance achieved against the prior year's Performance Plan.

#### **PRIOR AUDITS**

The District of Columbia has made substantial progress in improving its performance management system over the last 4 years. For example, the District has undertaken initiatives, such as implementing performance based budgeting, creating a performance management council, and developing data collection standards that should assist in improving overall performance management. Several of these issues have been addressed in prior OIG and General Accounting Office (GAO) reports.

On March 15, 2001, the OIG issued a report to the Mayor, No. OIG-00-2-12MA entitled, *Audit of Contract Performance Measures and the Mayor's Scorecard Measures*. The report made eight recommendations, which centered on developing internal controls to ensure that an adequate audit trail is maintained, that figures are supported, and that documents are retained in support of the performance measures. Management responses from the OCA and audited agencies adequately addressed the conditions observed and the recommendations made.

On May 15, 2003, the General Accounting Office (GAO) continued to review and evaluate the District's performance accountability report and made recommendations in its report entitled *"District of Columbia Performance Report Shows Continued Program Progress," GAO-03-693*. GAO reported that the District has made substantial progress in its performance accountability reports, stating that the 2002 Performance Accountability Report provided a more comprehensive review of its performance than prior reports and generally complied with the statutory reporting requirements. GAO recommended that the District: (1) prioritize the development of data collection standards and distribute guidelines to all city agencies; (2) expand its coverage to include goals and measures for all of its major activities as well as related expenditures; (3) include more complex information on the steps taken to comply with court orders during the year; and (4) conduct additional analysis of information captured in the reports to assist in managing overall performance and achieving strategic goals.

#### **AUDIT OBJECTIVES**

The audit objectives of this review at selected agencies were to: (1) verify the accuracy and reliability of performance data reported to the Mayor by agency heads; and (2) determine whether agencies have implemented internal controls to prevent or detect material errors and irregularities in reporting performance measurements.

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## EXHIBITS

### EXHIBIT A: EMERGENCY MANAGEMENT AGENCY – MAR NO. 04-A-03

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Ms. Barbara Childs-Pair, Interim Director  
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#### AUDIT RESULTS

Our review of the agency's ten performance measures shows that EMA accurately reported to OCA the results of six measures. We concluded that EMA reported accurately on the six measures because we were provided with documentation that supported its reported results. Although we were able to review the supporting documents for the all ten measures, the remaining four measures were not reported to the OCA because the EMA and its Deputy Mayor did not elect them as key measures. We also noted that EMA modified one of its key performance measures during the fiscal year. OCA was notified about the change and authorization was granted.

#### CLOSING

Please provide your comments and responses to the results of the audit by February 10, 2004. Your response should include reasons for any disagreements with this MAR. **Our intention is to limit distribution of this Management Alert Report until comments are received. Therefore, please circulate it only to those personnel who will be directly involved in preparing your response.**

We appreciate the cooperation and courtesies of OCA and EMA personnel and the facilities made available to us during the audit. Should you have questions concerning this report or desire a conference before preparing your response, please call William J. DiVello, Assistant Inspector General for Audits, at 727-2540.

Sincerely,



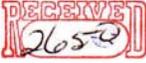
Austin A. Andersen  
Interim Inspector General

AAA/lw

cc: Mr. Robert C. Bobb, City Administrator  
Ms. Margret Nedelkoff Kellems, Deputy Mayor Public Safety and Justice  
Mr. Douglas D. Smith, Director, Strategic Planning and Performance Management

## EXHIBITS

### EXHIBIT B: EMERGENCY MANAGEMENT AGENCY - RESPONSE TO MAR NO. 04-A-03

<b>GOVERNMENT OF THE DISTRICT OF COLUMBIA</b> Emergency Management Agency		
Anthony A. Williams Mayor		04 FEB 25 2004 Barbara Childs-Pair Acting Director
February 23, 2004		
Mr. Austin A. Anderson Interim Inspector General Office of the Inspector General 717 14 <sup>th</sup> Street, N.W. Washington, D.C. 20005		
Dear Mr. Anderson:		
On behalf of the Emergency Management Agency, thank you for taking the time to review our performance reporting for fiscal year 2003. EMA has no points of dispute with the OIG audit. As always, feel free to contact me with questions or matters of relevance to the Emergency Management Agency.		
Sincerely,		
 Barbara Childs-Pair		
<hr/> <small>2000 14<sup>th</sup> Street, N.W., 8<sup>th</sup> Floor, Washington, D.C. 20009    (202) 727-6161    Fax (202) 673-2290</small>		

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## EXHIBITS

### EXHIBIT C: DEPARTMENT OF BANKING AND FINANCIAL INSTITUTIONS - MAR NO. 04-A-04

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GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of the Inspector General

Inspector General



February 3, 2004

Mr. Albert L. Elder, III  
Interim Commissioner  
Department of Banking and Financial Institutions  
1400 L Street, N.W., Suite 400  
Washington, D.C. 20005

Dear Mr. Elder:

The purpose of this Management Alert Report (MAR No. 04-A-04) is to inform you of the interim results of the Office of the Inspector General's (OIG) *Audit of Fiscal Year (FY) 2003 Agency Performance Measures or Agency Key Results Measures at the Department of Banking and Financial Institutions (DBFI)*, OIG No. 04-1-03MA.

Our review of 6 of 18 performance measures disclosed that DBFI had adequate documentation to support that it had achieved identified goals for three performance measures. For the remaining three, DBFI was unable to substantiate the results reported to the Office of the City Administrator (OCA). The details of our review and noted exceptions are described more fully in Finding 1.

These results may assist you in future performance measure planning and reporting. DBFI should address the findings and recommendations herein. We plan to issue additional MARs addressing conditions found at eight other agencies and then issue a consolidated multi-agency audit report.

#### BACKGROUND

The OCA generally administers the Performance Measures Program on behalf of the Mayor. The Mayor and senior managers sign performance contracts, unique to each agency, that describe the Mayor's expectations and identify specific goals senior managers are to achieve during the fiscal year. Agencies are expected to measure performance and report results achieved to the OCA.

The performance contracts and agency key results measures are at the heart of the Mayor's performance management system. The Performance Measures Program requires accountability for each agency and employee in order to transform the District government into one that is responsive to its citizens' needs.

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## EXHIBITS

### EXHIBIT C: DEPARTMENT OF BANKING AND FINANCIAL INSTITUTIONS - MAR NO. 04-A-04

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Mr. Albert L. Elder, III, Interim Commissioner  
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February 3, 2004  
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D.C. Code §§ 1-204.56a – 1.204.56b (Supp. 2003) and §§ 1-614.12 – 1-614.14 (2001) require the Mayor to develop performance accountability plans that address performance measures and report accomplishments of those measures during the fiscal year. D.C. Code § 1.614-12 requires each District government agency to develop and submit to the Council, along with annual submissions, a performance plan that covers all publicly funded agency activities. D.C. Code § 1-615.13 requires each agency to develop and submit to the Council, a performance report that identifies the actual level of performance achieved against the prior year's Performance Plan.

#### **PRIOR AUDITS**

The District of Columbia has made substantial progress in improving its performance management system over the last 4 years. For example, the District has undertaken initiatives, such as implementing performance based budgeting, creating a performance management council, and developing data collection standards that should assist in improving overall performance management. Several of these issues have been addressed in prior OIG and General Accounting Office (GAO) reports.

On March 15, 2001, the OIG issued a report to the Mayor, No. OIG-00-2-12MA entitled, *Audit of Contract Performance Measures and the Mayor's Scorecard Measures*. The report made eight recommendations, which centered on developing internal controls to ensure that an adequate audit trail is maintained, that figures are supported, and that documents are retained in support of the performance measures. Management responses from OCA and audited agencies adequately addressed the conditions we observed and the recommendations that we made.

On May 15, 2003, GAO continued to review and evaluate the District's performance accountability report and made recommendations in its report entitled *"District of Columbia Performance Report Shows Continued Program Progress,"* GAO-03-693. GAO reported that the District has made substantial progress in its performance accountability reports, stating that the 2002 Performance Accountability Report provided a more comprehensive review of its performance than prior reports and generally complied with the statutory reporting requirements. GAO recommended that the District: (1) prioritize the development of data collection standards and distribute guidelines to all city agencies; (2) expand its coverage to include goals and measures for all of its major activities as well as related expenditures; (3) include more complex information on the steps taken to comply with court orders during the year; and (4) conduct additional analysis of information captured in the reports to assist in managing overall performance and achieving strategic goals.

#### **AUDIT OBJECTIVES**

The audit objectives of this review at selected agencies were to: (1) verify the accuracy and reliability of performance data reported to the Mayor by agency heads; and (2) determine whether agencies have implemented internal controls to prevent or detect material errors and irregularities in reporting performance measurements.

**EXHIBITS**

**EXHIBIT C: DEPARTMENT OF BANKING AND FINANCIAL INSTITUTIONS -  
 MAR NO. 04-A-04**

Mr. Albert L. Elder, III, Interim Commissioner  
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**SCOPE AND METHODOLOGY**

Our review at DBFI focused on six performance measures listed in the table below, which also includes the results of our verification.

**TABLE: Performance Measures Reviewed**

No.	Selected Performance Measure Reviewed	Performance Measure Verified
1.	Percentage of financial institutions examined to improve safety and soundness in financial institutions in the District.	Yes
2.	Number of reinvestment programs implemented, which help promote and create community reinvestment opportunities.	Yes
3.	Number of financial literacy publications made available (cumulative total).	Yes
4.	Percent of complaints acknowledged within two business days.	No
5.	Percent of complaints resolved within 45 days.	No
6.	Percent of financial institution licenses and renewals processed within 45 days.	No

We reviewed performance measure supporting documentation and reports, examined controls, and interviewed personnel with an emphasis on the procedures and processes used by DBFI to determine results that it reported to OCA. Although we consulted with OCA in the selection of agencies and performance measures to test, the OIG made the final selection.

Our intention is to incorporate the audit results of this MAR into a consolidated multi-agency report. The scope and methodology will be discussed more fully at that time.

**AUDIT RESULTS**

Our review of 6 of 18 performance measures disclosed that DBFI accurately reported the results of three measures. We concluded that DBFI reported accurately on the three measures because we were provided with documentation that supported its reported results. However, we were unable to verify the reporting accuracy of the remaining three performance measures reported.

## EXHIBITS

### EXHIBIT C: DEPARTMENT OF BANKING AND FINANCIAL INSTITUTIONS - MAR NO. 04-A-04

Mr. Albert L. Elder, III, Interim Commissioner  
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#### **FINDING 1: REPORTING AND PROVIDING SUPPORTING DOCUMENTATION FOR PERFORMANCE MEASURE RESULTS**

##### **Synopsis**

DBFI reported to the OCA performance measure results for three performance measures based on unreliable data or without supporting documentation. We attribute the reporting of unreliable or unsupported performance results to the lack of written management controls and processes that would otherwise ensure accurate performance measure reporting. As a result of reporting inaccurate or unsupported results to OCA for two performance measures, OCA could include this information into final reports for use by others including the City Council.

##### **Discussion**

##### **Measure: Percent of complaints acknowledged within two business days.**

DBFI reported to the OCA that as of September 30, 2003, 100 percent of complaints received by DBFI were acknowledged within two business days. Based on discussions with DBFI, we determined that no evidence existed to support the reported results incorporated into DBFI's FY 2003 Report submitted to OCA. DBFI stated that the absence of supporting documentation was due to the fact that the acknowledgement of complaints was not tracked. Therefore, we were unable to verify the accuracy of the results reported to OCA.

##### **Measure: Percent of financial institution licenses and renewals processed within 45 days.**

DBFI reported to the OCA that as of September 30, 2003, 86 percent of financial institution licenses and renewals were processed within 45 days. DBFI provided us with unreliable reports as supporting documentation. We were made aware by DBFI of the inaccuracy and incompleteness of the reports. They stated that they had experienced continuous and long-term problems with the system the agency used to track initial licenses and renewals. Although DBFI stated they had begun to track this performance measure in-house for FY 2004, we were unable to verify the accuracy of the reported results submitted to OCA for FY 2003.

##### **Measure: Percent of complaints resolved within 45 days.**

DBFI reported to OCA that as of September 30, 2003, 93 percent of complaints were resolved within 45 days. Upon our review of the supporting documentation provided by DBFI, we were unable to verify the accuracy and reliability of the reported results submitted to OCA. This was, in part, due to the lack of retention of all supporting documentation. Additionally, we found the methodology to be questionable in how the complaints were tracked and how DBFI derived the number of days it took to resolve complaints. This, in turn, limited our ability to verify the reported results of this performance measure.

## EXHIBITS

### EXHIBIT C: DEPARTMENT OF BANKING AND FINANCIAL INSTITUTIONS - MAR NO. 04-A-04

Mr. Albert L. Elder, III, Interim Commissioner  
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## EXHIBITS

### EXHIBIT C: DEPARTMENT OF BANKING AND FINANCIAL INSTITUTIONS - MAR NO. 04-A-04

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Mr. Albert L. Elder, III, Interim Commissioner  
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#### **Recommendation 1**

We recommend that the Interim Director, DBFI establish policies and procedures to ensure that the performance measures are properly tracked and reported. Internal controls should be implemented to ensure that an adequate audit trail is maintained, that figures are properly and accurately supported, and that documents are retained to support all performance measures.

#### **Recommendation 2**

We recommend that the Interim Director, require that methodology is developed, documented, and implemented to track performance measures in an effort to provide clear and concise explanations of how reported results were derived.

#### **CLOSING**

Please provide your comments and responses to the recommendations by February 10, 2004. Your response should include actions taken or planned, target dates for completion of planned actions, and reasons for any disagreements with the issues and recommendations. You may suggest alternative actions that would resolve the conditions disclosed in this report. **Our intention is to limit distribution of this Management Alert Report until comments are received. Therefore, please circulate it only to those personnel who will be directly involved in preparing your response.**

We appreciate the cooperation and courtesies of OCA and DBFI personnel and the facilities made available to us during the audit. Should you have questions concerning this report or desire a conference before preparing your response, please call William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,



Austin A. Andersen  
Interim Inspector General

AAA/lw

cc: Mr. Robert C. Bobb, City Administrator, Office of the City Administrator  
Mr. Eric W. Price, Deputy Mayor, Planning and Economic Development  
Mr. Douglas D. Smith, Director, Strategic Planning and Performance Management