

EXHIBITS

EXHIBIT P: DISTRICT OF COLUMBIA PUBLIC SCHOOLS – RESPONSE TO MAR NO. 04-A-09



CHILDREN FIRST
DISTRICT OF COLUMBIA PUBLIC SCHOOLS



04 MAR -3 AM 9:11

OFFICE OF THE SUPERINTENDENT
825 North Capitol Street, NE, 9th Floor
Washington, D.C., 20002-1994
(202) 442-5885 – fax: (202) 442-5026

February 25, 2004

Mr. Austin Anderson
Interim Inspector General
Office of the Inspector General
Government of the District of Columbia
717 14th Street, N.W.
Washington, D.C. 20005

RE: MAR No. 04-A-09

Dear Mr. Anderson:

The following is provided in response to your letter dated February 12, 2004. As was outlined in earlier discussions with staff from OIG, DCPS completed the existing strategic plan and performance-based budget during FY 2003 and adopted the District's performance-based budget approach for its FY 2004 budget. As a result, many FY 2003 performance measures were revised to ensure that FY 2004 performance measures more closely aligned with DCPS' mission and goals.

The Office of the City Administrator (OCA), in DCPS' Performance Accountability Report, described that OCA was aware of and in agreement with DCPS' decision to revise its performance measures to be more consistent with the Strategic Plan. Further, DCPS informed OCA staff of all changes made to the original FY 2003 performance measures when filing its FY 2004 budget, even though DCPS is independent of the authority of the Mayor with regards to performance management. In order to ensure as much continuity and performance accountability as possible, DCPS reported FY 2003 results against the FY 2004 Key Result Measures. Further discussion of the selected FY 2003 measures is provided below.

Selected Performance Measures Reviewed

1. "Percent of teachers with valid teacher certification. Target 100 percent"

All teachers employed by DCPS must hold a valid teaching certificate. Our hiring procedures preclude one from consideration for employment without an appropriate license issued by the State Education Agency (SEA) Office of Academic Credentials.

However, our current human resource information database of record does not permit for the coding of licensure information. We are currently migrating pertinent

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information from paper records into an electronic database to capture applicable data. With this instrument we will be able to track not only types of certifications held by teachers but expiration dates as well. The configuration of this database will permit data to be readily migrated into any future human resource database of record.

Since July 2000 the goal of DCPS has been to hire teachers who are appropriately licensed. One must not confuse a valid certification with criteria for highly qualified teachers (HQT) mandated by the No Child Left Behind (NCLB) Act of 2001. With the implementation of NCLB Act hiring teachers who also meet the HQT criteria of NCLB has been the highest priority. The vast majority of teachers hired from last summer's recruitment cadre for school year 2003-04 were certified and met the NCLB HQT criteria.

Although the exact percentage of teachers who meet the HQT criteria for the '03 school year (NCLB Base Year) has not been determined; preliminary data suggests that approximately 38% of the teachers meet the HQT criteria for all core-course assignments. We anticipate that next year's percentages will be higher.

Presently, the SEA Office of Academic Credentials is in the data validation phase of its effort to determine the degree to which the District of Columbia's teachers meet the highly qualified criteria and state licensing requirements. The same data suggests that 46% of DCPS teachers hold the appropriate state license for all of their reported assignments. It is of great importance to note the overwhelming majority of those teachers not meeting the HQT criteria do possess a DC teaching license and are either teaching courses outside of the parameters of their license, or are teaching appropriate courses while holding a Provisional License issued between July 1, 2000 and July 1, 2003, which does not meet the requirements of the NCLB Act. These teachers have until spring 2006 to meet the HQT criteria for each of their assignments.

2. Percentage of purchase materials delivered to schools accurately and "on-time." Target 85 percent

Currently, OCA does not have an electronic mechanism in place to track statistical information concerning delivery of materials ordered to the schools nor the resources to manually track this information for each purchase order as well. However, OCA has put the following processes in place to ensure timeliness of goods and materials:

- OCA has established a school based SMART team to provide customer service to the schools. The SMART team consists of one Specialist/Procurement Analyst for each of the five Divisions. The Specialist is responsible for all issues and concerns within their Division. In addition, the collaborative team consists of Accounts Payable, Finance and Budget.

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- The SMART team will be completing daily and weekly reports of all requisitions for their respective Division. Based on the previous calls made to the schools from the SMART team, no outstanding issues or concerns have been identified.
 - OCA has developed an Executive Information System (EIS) report to track information from ADPICS concerning the status of all requisitions that have been initiated in the system. The SMART team utilizes this report to ensure that requisitions are processed timely.
 - Most purchase orders are currently being faxed to the vendor in lieu of mailing to the vendors. Successful confirmation receipts are attached to each purchase order. Purchase orders are also mailed to those vendors without fax machines. OCA has developed a tracking log to capture the date purchase orders are mailed or faxed.
- 3. Percentage of schools and administrative units reporting that they receive understandable and useful monthly budgets vs. expenditure updates. Target 100 percent.**

Monthly Expenditure Report

- A monthly expenditure report has been developed that allows both administration and local schools to track their detailed spending.
- Prior to this, a monthly expenditure report was sent to schools, but did not provide them with necessary detail in which to plan their future spending.
- The new report details budgeted amount, current monthly expenditures, year-to-date expenditures, encumbrances, remaining balance and percent of budget remaining as related to percent of year remaining.
- The critical tool is to be able to track the percent of year remaining with the percent of budget remaining.
- This becomes the mechanism by which the OCFO is alerted to spending patterns that would that would constitute overspending, as well as under spending.

Quarterly Spending Projections

- Spending projections will be provided to each account manager with year-end spending projects on a quarterly basis.
- These reports will at a minimum show (by fund type and object code) approved budget, year-to-date spending, outstanding encumbrances, unencumbered budget balance, and year-end projected spending. Any office at risk of overspending will be required to submit a revised spending plan that incorporates corrective actions to offset the projected deficit.

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4. Number of employees charged to wrong payroll account. Target 169

Payroll and Benefit Audit

- The OCFO has surfaced the need for an extensive payroll audit. This will be conducted throughout the course of the fiscal year to uphold the integrity of the financial plan. In doing so, it is expected that DCPS will realize significant savings by elimination of unbudgeted positions
- DCPS has recently developed new evaluation metrics for principals that require strict adherence to their local school budgets and Schedule A. Any deviations from their local school plans will result in disciplinary actions.
- The Associate Superintendents will have the direct responsibility for evaluating each principal and will utilize monthly reports generated by the OCFO to ascertain performance.

Position Control

- Understanding that the current CAPPs system does not provide for automated position control, the CFO and Chief of Human Resources committed to forming a working relationship that would bring the respective staff together in order to manually manage position control. Communication between OHR and OCFO is critical for success until the CAPPs system is replaced with a system with automated position control.
- For Personnel service spending, the Office of Human Resources and the Budget Office perform position control responsibilities manually, through the following process:
 - Schools submit request to the Office of Human Resources for processing.
 - They then verify position availability against the school staffing plan that was developed by the school during the budget development period.
 - The personnel action is then forwarded to the Budget Office and it is again reviewed by the budget staff to ensure consistency with the staffing plan.
 - Once the position has been verified it is then processed in the system.
- The DCPS CFO will conduct bi-weekly meetings to review the financial status of each cost center within the organization. Any potential issues identified will be communicated to the appropriate supervisor at the Central Office level with recommendations for solutions.
- In the past budget reports were sent to schools through the delivery system. This has proven to be very inefficient relative to sites due to the inherent problems of delivery and the reports actually arriving days and sometimes weeks later.
- In order to alleviate this issue, we will be posting the schools' budget reports on the DCPS Intranet site so that sites can immediately review them. Until that site is available, electronic versions of the report are being sent out.

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5. Percentage of students immunized in collaboration with agency and community-based partners. Target 100 percent

According to data provided by the DC Department of Health Immunization Division (DOHID), 6,939 students are currently not in compliance with DC Law 3-10 "Immunization of School Student Act of 1979."

Student immunization data also shows that 86% of DCPS students are in compliance with the city's immunization law. Concomitantly, schools that are located in Wards 7 & 8 are showing significant improvement regarding their students' immunization compliance rate. We are seeing marked improvement with our middle/junior high and special education schools/centers. DCPS high schools, however, still have the lowest compliance rates.

A result of the cooperative agreements between DCPS established with the Medicaid Managed Care Organizations (MCOs), the DOHID is able to provide each MCO with a roster of non-compliant students. The MCOs can now identify non-compliant students who are enrolled in their health plans. This process has contributed to increased compliance rates.

Principals and school nurses are now conducting a tremendous outreach effort. School nurses are sending out non-compliant letters to parents/guardians of students with incomplete shot records. The letters provide parents/guardians with information regarding missing immunization. They are also given information regarding available immunization clinics. The school nurses are encouraging parents to go to their health care providers to receive their immunizations. Students who do not have a medical provider are being referred to the DOH's immunization clinics.

6. Percentage of special education students served in their "neighborhood" schools. Target 60 percent

DCPS has an open enrollment policy; therefore, this measure is restated to read "percentage of special education students served in their neighborhood school or school of choice."

FY03 Actual: 68%

This information comes from the Special Education Tracking System (SETS), which contains information on all DCPS special education students. The veracity of this database is confirmed each year through a system-wide audit.

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7. Percentage of "approved" non-public schools with negotiated contracts with DCPS. Target 1 percent

FY03 Actual: 1%

As part the Phase I of the plan to establish contracts with all nonpublic providers, In FY03, DCPS put in place ten letter contracts with these schools in FY03. Of these ten, four vendors have signed definitive contracts that are now under final internal review. Additionally, DCPS is reviewing ten proposals from nonpublic providers as part of Phase II. Eleven schools were selected for Phase III.

If you require additional information, please contact me.

Sincerely,



Elfreda W. Massie, Ph.D.
Interim Superintendent

cc: Dr. Robert Rice



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EXHIBITS

EXHIBIT Q: DISTRICT OF COLUMBIA RETIREMENT BOARD – MAR NO. 04-A-10

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



February 3, 2004

Ms. Betty Ann Kane
Executive Director
District of Columbia Retirement Board
1400 L Street, N.W., Suite 300
Washington, D.C. 20005

Dear Ms. Kane:

The purpose of this Management Alert Report (MAR No. 04-A-10) 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 Retirement Board (DCRB)*, OIG No. 04-1-03MA.

DCRB reported that it had achieved its performance goal. Our review found that DCRB had adequate documentation to support that it had achieved one of two identified performance measures. The results were reported to the Office of the City Administrator (OCA). We plan to issue additional MARs addressing conditions found at eight other agencies and then issue a consolidated multi-agency audit report.

Pursuant to the District of Columbia Retirement Reform Act, as amended ("Reform Act"), Pub. L. No. 96-122 (codified at D.C. Code §§ 1-701-753 (Supp. 2003)), the U.S. Congress established the DCRB on November 17, 1979, as an independent agency of the District of Columbia government. This federal legislation provided exclusive authority and discretion to the Board of Directors to manage the DCRB. Consequently, neither the Mayor nor the District of Columbia Council has the authority to change the DCRB's budget. The Mayor does not exercise oversight authority over the DCRB and does not have the authority to establish performance measures for the DCRB; therefore, the DCRB is not required to report to the Mayor on the agency's performance measures. However, the DCRB does provide its budget data, which includes performance measure results, to the Mayor for inclusion in the District's budget.

The OIG conducted the DCRB audit based on agency selection that was representative of each Mayoral Cluster and to include independent agencies where the OIG was currently conducting audits.

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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.

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 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 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

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measures for all of its major activities as well as related expenditures; (3) include more complete 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.

SCOPE AND METHODOLOGY

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

TABLE: Performance Measure Reviewed

No.	Selected Performance Measure Reviewed	Performance Measure Verified
1.	Performance of the actuarial rate versus the District's 10-year actual rate of return.	Yes
2.	Performance of the customized annual benchmark versus the District's actual rate of return percentage. (Not Reported)	No

We reviewed performance measure supporting documentation and reports, examined controls, and interviewed personnel with an emphasis on the procedures and processes used by DCRB 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 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. However, DCRB stated that the second performance measure was not reported because it decided not to evaluate the performance measure during FY 2003. We concluded that DCRB reported accurately on one of two performance measures because we were provided with documentation that supported its reported results.

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FINDING 1: ELIMINATING PERFORMANCE MEASURES

Synopsis

DCRB reported to the Board of Directors the performance measure results for one of two performance measures. DCRB intentionally did not evaluate the remaining performance measure. Although DCRB is not required to report performance results to the Mayor, it is required to submit annual budget reports to the Mayor, which includes the agency's performance measures. Performance measures are essential in requiring accountability from each agency. In the event that an agency elects not to report on previously set performance measures, it runs the risk of compromising the accountability and responsibility of the agency's performance.

Discussion

Measure: Performance of the customized annual benchmark versus the District's actual rate of return.

DCRB did not report the results of this performance measure. It decided after the performance measure was submitted in the annual budget report, not to evaluate the measure. Accordingly, DCRB did not track the results of this measure; therefore, there were no supporting documentation available for our review of this performance measure.

Recommendation 1

We recommend that the Board of Directors, DCRB require the Executive Director to choose performance measures in the future that the agency believes to be measurable and beneficial for tracking results to be reported at year-end.

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.**

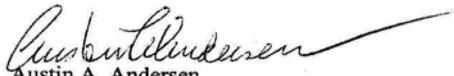
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We appreciate the cooperation and courtesies of OCA and DCRB personnel and the facilities made available to us during the audit. Should you have questions concerning this report or desire a conference before preparing your response, please call William 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. Douglas D. Smith, Director, Strategic Planning and Performance Management
Ms. Mary Collins, Chairman of the Board of Directors, District of Columbia
Retirement Board

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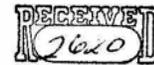
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Telephone (202) 535-1271
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04 FEB 19 2004



February 13, 2004

VIA FACSIMILE

Mr. Austin Anderson
Interim Inspector General
717 14th Street, NW
5th Floor
Washington, DC 20005

Dear Mr. Anderson:

I have reviewed your letter of February 3, 2004, submitting a Management Alert Report (MAR No. 04-A-10) informing me of the interim results of the Office of the Inspector General's (OIG) Audit of the Fiscal Year (FY) 2003 Agency Performance Measures of Agency Key Results Measures at the District of Columbia Retirement Board (DCRB), OIG No. 04-1-03MA. My response follows.

Your interim results concluded that the DCRB accurately reported the results of one of two performance measures incorporated in its FY 2003 budget submission to the Office of the City Administrator and that the DCRB "intentionally did not evaluate the remaining performance measure." This conclusion is inaccurate. The DCRB has evaluated the results of both measures that were included in its FY 2003 budget submission.

The District of Columbia Retirement Board is not subject to the reporting requirements of the Government Managers Accountability Act of 1995 ("GMAA") (D.C. Official Code §1-614.11 et seq.), and is instead subject to more rigorous reporting requirements under its governing law. However, the Board endeavors to be responsive to any and all inquiries and requests from the Council and the Mayor. Accordingly, the Board presents testimony at the annual performance review hearings held by the Council's Committee on Government Operations. The Board also has chosen to present its budget to the Mayor in a format that conforms to the format required of other agencies, including using a performance measure.

The singular mission of the District of Columbia Retirement Board, as established by the Retirement Reform Act (Public Law 96-122, 93 Stat. 866 codified at DC Official Code 1-701, *et. seq.*) is to manage the Retirement Funds on an actuarially sound basis in order to provide the proper financing for the retirement benefits to which the District's police officers, firefighters and teachers are entitled. The Board's performance objective is directly linked to this statutory requirement of the Act. This performance objective is to match or exceed the actuarial rate of return on a long term basis.

Lyle M. Blanchard • Barbara Davis Blum • N. Anthony Calhoun • Shireen L. Dodson • Brian K. Lee • Judith C. Marcus
Michael J. McNally • Joan Parrott-Fonseca • Darrick O. Ross • William H. Simons • George R. Suter

Mary A. Collins
Chairman

Betty Ann Kane
Executive Director

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The actuarial rate of return is the rate that will be adequate to maintain the ability of the District to meet its pension obligations. In consultation with its independent actuary and investment advisor, the Board has determined that the long term actuarial rate of return is 7.25%.

The return of a customized benchmark is not an appropriate performance measure for the purposes of assessing the achievement of the Board's mission. The return of a customized benchmark is also not an appropriate performance measure according to the requirements and objectives of the Government Managers Accountability Act. A customized benchmark return is not a goal that can be set in advance, because it is a number that is not known in advance. A customized benchmark merely reflects the performance of a theoretical benchmarked portfolio after the fact. The return of a customized benchmark also changes every year. And it is also a number that the Board cannot control. In the context of the Government Managers Accountability Act, a target that is unknown at the start of a fiscal year, that the Board cannot control, and that changes every year for reasons unrelated to actions of the Board should not be included in the goals for that year. For these reasons, beginning with its fiscal year 2004 budget submission the Board did not include this second performance measure, the return of the Fund versus a customized benchmark return, in its budget submission documents.

The Board strongly disagrees with the statement that by determining not to include this measure in its budget submission material that it "runs the risk of compromising the accountability and responsibility of the agency's performance." If a measure has been determined to be not useful for a particular purpose, there is no point in continuing to print it just because it once appeared in the budget book.

It is not accurate, and perhaps misleading, however, to state that the Board "did not track the results of this measure." The statement that the Board "did not report the results of this performance measure" is also not accurate. The statement that "there were no supporting documentation available for our review of this performance measure" is also inaccurate.

The performance of the Fund versus a customized benchmark return for the twelve month period ending September 30, 2003 was calculated and reported to the Trustees at the Board meeting on November 20, 2003. The Office of the Inspector General was present at that meeting and received a copy of the written report of the Board's investment consultant, which included on page 12 the report of the performance of the Fund versus a customized benchmark return for fiscal 2003 as well as for the quarter, year to date, three year, five year and ten year periods. The performance of individual managers versus their contractual benchmark is rigorously evaluated and reported to the Trustees in a detailed document each and every quarter.

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These reports also include the performance of the total Fund versus a customized benchmark. The annual performance of the Fund versus a customized benchmark return is also included in the Board's Annual Report. Copies of all these reports were made available to the Office of the Inspector General. The fiscal year 2002 Annual Report is also publicly available on the Board's web site. The fiscal year 2003 Annual Report will be available by its statutory deadline of April 30, 2004.

Recommendation 1

I disagree with the recommendation that the Board of Directors (who should be properly referred to as the Trustees) require the Executive Director to choose performance measures in the future that the agency believes to be measurable and beneficial for tracking results to be reported at year-end. The Trustees have the fiduciary responsibility to manage the funds on an actuarially sound basis. The Trustees are the ones who choose the actuarial rate of return and the asset allocation that will have the most chance of meeting that target. The appropriate measure of the Board's performance is the actuarial rate of return as adopted by the Trustees.

I appreciate the opportunity to review and respond to the interim results of your Management Alert Report. I trust that the misunderstanding of the Board's process and the resulting inaccuracies in the Alert will be corrected in the final report. Please contact me at (202)535-1271 if you have any questions or need any other information.

Sincerely,



Betty Ann Kane
Executive Director

cc: Mr. Robert C. Bobb, City Administrator, Office of the City Administrator
Mr. Douglas D. Smith, Director, Strategic Planning and Performance Management
Ms. Mary Collins, Chairman, DC Retirement Board

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Mary A. Collins
Chairman

Betty Ann Kane
Executive Director

EXHIBITS

**EXHIBIT S: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM
 AUDIT**

Recommendation	Description of Benefit	Amount and/or Type of Monetary Benefit
MAR No. 04-A-04 1	Compliance and Internal Control. Establishes policies and procedures to ensure that performance measures are properly tracked, an audit trail is maintained, figures are adequately supported, and supporting documentation is maintained to support all measures.	Non Monetary
MAR No. 04-A-04 2	Internal Control. Ensures that methodology used to track performance measures is clear and concise and provides explanations of how reported results were derived.	Non Monetary
MAR No. 04-A-02 1	Internal Control. Ensures that an adequate audit trail is maintained, that figures are supported and that documents are retained to support measures.	Non Monetary
MAR No. 04-A-02 2	Compliance and Internal Control. Ensures that approval obtained to change performance measure targets is documented and retained.	Non Monetary
MAR No. 04-A-05 1	Internal Control. Ensures that an adequate audit trail is maintained, that figures are supported and that documents are retained to support measures.	Non Monetary

EXHIBITS

**EXHIBIT S: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM
AUDIT**

Recommendation	Description of Benefit	Amount and/or Type of Monetary Benefit
MAR No. 04-A-05 2	Compliance and Internal Control. Ensures that approval obtained to change performance measure targets is documented and retained.	Non Monetary
MAR No. 04-A-06 1	Compliance and Internal Control. Establishes policies and procedures to ensure that performance measures are properly tracked, an audit trail is maintained, figures are adequately supported, and supporting documentation is maintained to support all measures.	Non Monetary
MAR No. 04-A-06 2	Internal Control. Ensures that methodology used to track performance measures is clear and concise and provides explanations of how reported results were derived.	Non Monetary
MAR No. 04-A-07 1	Internal Control. Ensures that methodology used to track performance measures is clear and concise and provides explanations of how reported results were derived.	Non Monetary
MAR No. 04-A-07 2	Compliance and Internal Control. Establishes policies and procedures to ensure that performance measures are properly tracked, an audit trail is maintained, figures are adequately supported, and supporting documentation is maintained to support all measures.	Non Monetary

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**EXHIBIT S: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM
AUDIT**

Recommendation	Description of Benefit	Amount and/or Type of Monetary Benefit
MAR No. 04-A-08 1	Internal Control. Ensures that an adequate audit trail is maintained, that figures are supported and that documents are retained to support measures.	Non Monetary
MAR No. 04-A-08 2	Internal Control. Provides management with written policies and procedures for proper management of performance goals and measures.	Non Monetary
MAR No. 04-A-08 3	Compliance and Internal Control. Ensures that approval obtained to change performance measure targets are documented and retained.	Non Monetary
MAR No. 04-A-09 1	Internal Control. Provides management with written policies and procedures for proper management of performance goals and measures.	Non Monetary
MAR No. 04-A-09 2	Compliance and Internal Control. Ensures that approval obtained to change performance measure targets are documented and retained.	Non Monetary
MAR No. 04-A-09 3	Internal Control. Provides management with measurable performance measures that can be tracked and will be beneficial to the agency.	Non Monetary
MAR No. 04-A-10 1	Internal Control. Provides management with measurable performance measures that can be tracked and will be beneficial to the agency.	Non Monetary

EXHIBITS

EXHIBIT T: RESPONSE FROM THE DEPUTY MAYOR AND CITY ADMINISTRATOR

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Executive Office of the Mayor



Robert C. Bobb
Deputy Mayor and City Administrator

June 4, 2004

Austin Andersen
Interim Inspector General
Office of the Inspector General
717 14th Street, NW, 5th Floor
Washington DC 20005

RE: Audit of Fiscal Year 2003 Agency Performance Measures

Dear Mr. Andersen:

This letter is in response to the preliminary draft of the Office of the Inspector General's (OIG) audit of fiscal year 2003 Agency Performance Measures or Agency Key Result Measures (OIG 04-1-03MA). As my staff has commented on the specifics of your report and the individual reports to each of the nine agencies, I will make some general comments and observations.

Overall, my staff and I concur with the findings cited in the report and we will work with the nine agencies to implement the findings with which they have concurred. When an agency concurs with OIG finding, they must enter in into the Risk Management Tracking System and set specific dates by which they will address OIG concerns. I am pleased that OIG has the Director of Office of Risk Management (ORM) on the distribution list for this report and I hope that OIG makes this a standard practice for all future reports. Upon receipt of OIG reports, ORM will be able to follow up with agencies that do not proactively enter action plans addressing OIG findings into the Risk Tracking System.

As my staff has discussed with members of the audit team, future audits would have more utility for agencies and the District if OIG initiated them earlier in the year with part-year data so we could correct data prior to submission of the agency performance accountability reports to Council. The FY 2003 audit was initiated in November after the end of the fiscal year. Performance accountability reports are submitted to Council in mid-January. Although OCA had received OIG's initial findings, agencies had not received the formal Management Advisory Reports (MARs) and had not responded to OIG. In order to meet this timetable for FY 2004, OIG would have to initiate an agency performance measures audit immediately. Alternatively, we recommend deferring an audit of agency measures until FY 2005 when the ARGUS Scorecard system is online.

EXHIBITS

EXHIBIT T: RESPONSE FROM THE DEPUTY MAYOR AND CITY ADMINISTRATOR

Austin Anderson
Audit of FY 2003 Performance Measures
June 4, 2004
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This process will be further streamlined when the ARGUS Scorecard system is up and running because OIG will be able to log into the system, determine the agencies' data collection and calculation methodology on-line and test the utilization of those methodologies.

Should you have further questions regarding this audit, please contact Doug Smith, Director of Strategic Planning & Performance Management, at 727-2293 or at doug.smith@dc.gov.

Sincerely,



Robert C. Bobb
Deputy Mayor / City Administrator