



GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL

FISCAL YEAR 2007 AUDIT AND INSPECTION PLAN

Charles J. Willoughby
Inspector General

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



August 31, 2006

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 2007 Audit and Inspection Plan

Dear Mayor Williams and Chairman Cropp:

This letter transmits the Office of the Inspector General's (OIG) *Fiscal Year 2007 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.

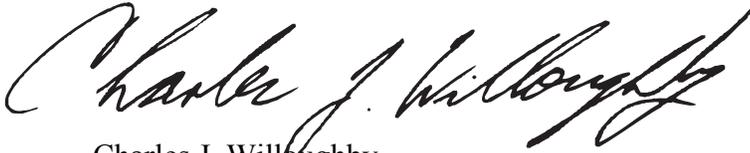
The OIG has and continues to play a role in assisting District management in addressing areas of risk. As such, we have developed six strategic themes that will govern our operations, help us achieve our mandated mission, and further the Mayor's strategic initiatives. These themes are:

- 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

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,

A handwritten signature in black ink, reading "Charles J. Willoughby". The signature is written in a cursive style with a large initial "C".

Charles J. Willoughby
Inspector General

Enclosure

CJW/cf

cc: See Distribution List

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**FISCAL YEAR 2007
AUDIT AND INSPECTION PLAN**

TABLE OF CONTENTS

INTRODUCTION	1
THE AUDIT PROCESS.....	5
ADDITIONAL REPORTING MECHANISMS.....	11
AUDIT THEME/AGENCY INDEX	15
PLANNED AND ONGOING AUDITS.....	21
I. REVENUE ENHANCEMENT	23
II. SPENDING AND EFFICIENT USE OF RESOURCES	33
III. DELIVERY OF CITIZEN SERVICES.....	43
IV. SUPPORT SERVICES	53
V. AUDITS REQUIRED BY LAW.....	57
VI. DISTRICT OF COLUMBIA PUBLIC SCHOOLS PROGRAMS.....	61
THE INSPECTION AND EVALUATION PROCESS	71
INSPECTIONS AND EVALUATIONS THEME/AGENCY INDEX	75
PLANNED AND ONGOING INSPECTIONS AND RE-INSPECTIONS	79

INTRODUCTION

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INTRODUCTION

The Office of the Inspector General (OIG) is pleased to present the Fiscal Year 2007 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, 2006.

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. 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.

The following is a brief explanation of the audit and inspection process and a short summary of each audit and inspection, ongoing as of September 1, 2006, or planned for Fiscal Year 2007. 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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Theme/Issue Area/Review Title	A G E N C Y ¹	S T A T U S ²	P A E
I. Revenue Enhancement			
A. Medicaid			
1. Non-Emergency Transportation of Medicaid Recipients	MA	O	23
2. Nursing Home Reimbursements	MA	O	24
3. Managed Care Organizations	MA	O	25
4. Medicaid Recordkeeping and Documentation	MA	P	25
B. Grant Management			
5. Appropriated Funds For Citizen Protection	AE	P	26
6. Income Maintenance Eligibility Determinations	HC	P	27
7. Lapsed Grant Funds	MA	P	27
C. Tax Collections			
8. Tax Appeal Process	AT	P	28
9. Tax Collections – Offers in Compromise	AT	P	29
D. Other Revenue Issues			
10. Fleet Management Billing Practices	KA	O	30
11. Condominium Conversion Fees	CR	P	30
12. D.C. Lottery and Charitable Games Control Board Operations	DC	P	31
13. Disposition of 401(a) Defined Contribution Pension Plan Forfeited Funds - Follow-up Audit	AT	P	32
II. Spending and Efficient Use of Resources			
A. Procurement			
14. Local, Small, and Disadvantaged Business Enterprise (LSDBE) Contracts	MA	O	33
15. Contracting and Procurement Practices at the Department of Mental Health	HC	O	34
16. Expert and Consulting Services	MA	P	35
17. Construction Contracts	MA	P	35
B. Social Service Spending			
18. Audit of the FY 2006 Fund Status at the Mental Retardation and Developmental Disabilities Administration	JA	O	36
19. Accounting For Children Under the Authority of the District of Columbia Child and Family Services Agency	RL	O	37

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, 2006, and “P” indicates the review is planned to start in FY 2007.

Theme/Issue Area/Review Title	A G E N C Y ¹	S T A T U S ²	P A G E
20. Oversight of Group Homes	MA	P	37
21. Management Operations at the University of the District of Columbia	GF	P	38
22. Department of Parks and Recreation Before and After School Care Program	HA	P	39
C. Other Spending Programs			
23. Forecast and Allocation of Fixed Costs to Agency Budgets	MA	O	39
24. Administrative Services Modernization Program (ASMP) Benefits/Assumptions	MA	O	40
25. Local Roads Construction and Maintenance Fund	KT	O	41
26. Deferred Maintenance	MA	P	41
27. Vacant and Abandoned Property	MA	P	42
28. Implementation of the Child in Need of Protection Amendment Act of 2004	RL	P	42
29. Great Streets	MA	P	44
III. Delivery of Citizen Services			
A. Core Services			
30. Follow-up Audit of the Department of Health's Administration for HIV Policy and Programs	HC	O	44
31. Emergency Health and Medical Services Administration (EHMSA) contracts awarded to improve bioterrorism preparedness in the District of Columbia	MA	O	45
32. Department of Parks and Recreation Capital Planning Projects	HA	O	46
33. Department of Parks and Recreation Hiring and Personnel Actions	HA	O	46
34. Operations and Revenue Collections at the Department of Parks and Recreation	HA	P	47
35. Family and Maternal Health Administration	HC	P	47
36. Disability Compensation Claims Processing and File Management	BG	O	48
37. D.C. Taxicab Commission	TC	P	49
38. Seized Property Intake, Custody, and Disposal	FA	P	49
39. Community Policing	FA	P	50
40. Construction and Building Permits at the Department Of Consumer and Regulatory Affairs	CR	P	50
41. Homeland Security/Emergency Preparedness After-Action Reports	MA	P	51

Theme/Issue Area/Review Title	A G E N C Y ¹	S T A T U S ²	P A G E
42. Agency Internal Affairs Functions	MA	P	52
43. Educational Requirements for District Jobs/Positions	BE	P	52
IV. Support Services			
A. Information Systems			
44. Medicaid Management Information System	MA	O	53
45. Protection of Personal Data	MA	O	53
46. Disaster Recovery and Contingency Planning For District Financial Systems	MA	O	54
47. Systems Review of the Child Welfare System	MA	P	55
48. Unified Communications Center	MA	P	55
B. Human Capital			
49. Employee Qualifications and Background Checks	MA	P	56
50. Workforce Investment Programs	CF	P	57
V. Audits Required by Law			
A. Financial Integrity			
51. Comprehensive Annual Financial Report (CAFR) for FY 2005	MA	O/P	58
52. Home Purchase Assistance Fund	DB	O/P	59
53. Professional Engineers' Fund	CR	O/P	59
54. District of Columbia Antifraud Fund	CB	O/P	60
55. District of Columbia Highway Trust Fund and 5-Year Forecast	KT	O/P	60
56. Washington Metropolitan Area Transit Commission	KC	O	61
VI. DCPS Resident Audit Site			
57. Graduation Requirements	GA	O	61
58. Tuition and Residency Requirements	GA	O	62
59. Maintenance and Repairs of DCPS Buildings	GA	O	63
60. Creation of Special Education Slots in DCPS	GA	P	63
61. No Child Left Behind Act Implementation	GA	P	64
62. Benchmarking Reviews of Key DCPS Issues	GA	P	65
63. Matching Educational Requirements with the District's Future Economic Development Needs	GA	P	66
64. Management of Truancy at DCPS	GA	P	66
65. Special Education Capacity and Utilization	GA	P	67
66. Federal Communications Commission Grant Funds to DCPS	GA	P	68
67. Evaluation of the Progress for the Transition of Special Education Students Out of the Special Education Program	GA	P	68
68. Adequacy of Security Funding At DCPS	GA	P	69

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PLANNED AND ONGOING AUDITS

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I. REVENUE ENHANCEMENT

As the nation's capital, 42 percent of the District's taxable property base is reduced for expressly exempted real property (i.e., federal buildings, foreign embassy's, national monuments, and museums.) This severely limits the District's ability to generate additional revenue, making it increasingly difficult to meet planned spending levels. For FY 2007, we will continue to focus on 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 2007, the gross funds operating budget is about \$7.5 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 \$1.5 billion in FY 2007. 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. Past Congressional committees, as well as the Mayor and the Council, have 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 eligibility, Medicaid documentation, and Medicaid records management. Additionally, we will identify ongoing efforts to resolve past and current Medicaid problems and new pressures on the Medicaid Program.

NO. 1	Department of Health	STATUS: Ongoing
TITLE:	NON-EMERGENCY TRANSPORTATION OF MEDICAID RECIPIENTS	
OBJECTIVES:	The objectives of the audit are to determine whether the Department of Health (DOH): (1) operates the Program in an efficient, effective, and economical manner; (2) complies with requirements of applicable	

estimate and record amounts owed from the federal government for eligible services. In addition, in the Comprehensive Annual Financial Reports for FYs 2000 and 2003, more than \$300 million in Medicaid covered expenses were “written off”, i.e., the federal government disallowed reimbursement for these submitted expenses because the District was unable to adequately support medical covered charges.

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. 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.

NO. 5 **Deputy Mayor for Public Safety** **STATUS: Start FY 2007**

TITLE: **APPROPRIATED FUNDS FOR CITIZEN PROTECTION**

OBJECTIVES: Our audit objective is to determine whether funds appropriated to develop and lead interagency public safety programs and improve the quality of life within District neighborhoods were used for their intended purpose, and whether internal controls are in place to provide proper accountability and control over those funds.

JUSTIFICATION: The Deputy Mayor for Public Safety and Justice Program provides direction, guidance, and support to the District's public safety agencies to develop and lead interagency public safety programs to improve the quality of life within neighborhoods. This program has a gross funds budget of \$142 million for FY 2007.

funds before the grant period expires. As a result, the District may be at risk of losing millions of dollars in needed funds.

C. Tax Collections

Tax collections generate the bulk of revenue to finance District operations paid from the General Fund. For FY 2007, District local source revenue is forecasted to be \$4.7 billion, an increase of 3.6 percent over FY 2006 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. 8 **Office of Tax and Revenue** **STATUS: Start FY 2007**

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 2007**

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 2005, income and franchise taxes totaled about \$1.5 billion. Property taxes totaled \$1.14 billion.

As of July 19, 2006, there were 259 delinquent tax accounts totaling approximately \$22.4 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 **Department of Public Works** **STATUS: Ongoing**

TITLE: **FLEET MANAGEMENT BILLING PRACTICES**

OBJECTIVES: Our audit objectives are to determine whether the Department of Public Works (DPW): (1) complied with Fleet Management policies and procedures in carry out it responsibilities; and (2) implemented adequate internal controls to guard against fraud, waste, and abuse.

Specifically, we will determine whether Fleet Management Administration (FMA) maintenance and repair billing rates are accurate, fair, reasonable, and sufficient to cover costs.

JUSTIFICATION: In Fiscal Year (FY) 2005, FMA maintained and repaired thousands of District vehicles at a cost of \$8.2 million to District agencies under the direct control of the Mayor. After agency officials raised concerns about potential over charges, the DPW Director asked us to perform an audit of the billing rates, markups, and miscellaneous fees associated with maintenance and repair services rendered by FMA.

NO. 11 **Office of Property Management** **STATUS: Start FY 2007**

TITLE: **CONDOMINIUM CONVERSION FEES**

OBJECTIVES: The audit objectives will be to determine if all developers obtain the proper permits to convert buildings with rental units to condominiums and if the Department of Consumer and Regulatory Affairs (DCRA) collects a fee of 5 percent of the declared sales price of each condominium unit in accordance with DC Code § 42-3402.04 (Supp. 205). Further, we will evaluate the mechanisms DCRA has implemented to assess and collect fees, and whether authorized reductions of condominium conversion fees are in compliance with the law.

JUSTIFICATION: All developers are required by District law to pay the District 5 percent of the declared sales price of each condominium unit that is converted from a rental unit. The collected monies are transferred to the Housing Trust Fund. There are indications that DCRA may not be adequately monitoring collections and/or reductions of the required fees and that the District is not obtaining the revenue associated with each condominium conversion.

NO. 12 **D. C. Lottery and Charitable Games Control Board** **STATUS: Start FY 2007**

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. 13 **Chief Financial Officer** **STATUS: Start FY 2007**

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: Our past audit of the Plan (OIG No. 03-2-19AT) issued on October 15, 2003, 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 various District agencies. For FY 2007, 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. We will also concentrate on procurement of goods and services, focusing on the acquisition of computer hardware; software and services; consultant contracts; and sole source contracting.

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: Ongoing
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 **Department of Mental Health** **STATUS: Ongoing**

TITLE: **CONTRACTING AND PROCUREMENT PRACTICES
AT THE DEPARTMENT OF MENTAL HEALTH**

OBJECTIVES: Our audit objectives are to determine whether the Department of Mental Health (DMH): (1) awarded and administered contracts in compliance with requirements of applicable laws, rules and regulations, policies and procedures; (2) operated in an efficient, effective, and economical manner; and (3) established internal controls to safeguard against fraud, waste, and abuse.

JUSTIFICATION: DMH is tasked with providing comprehensive health services to adults, children, youths, and their families. DMH also evaluates and treats individuals referred through the criminal justice system. In order to successfully undertake these tasks, DMH must acquire numerous goods and services through contracting and procurement.

During FY 2006 there were concerns that DMH’s independent procurement authority contributed to potential violations of procurement laws by program officials. As of September 30, 2005, DMH had overspent its local budget by \$4.1 million, thereby violating the District’s Anti-Deficiency Act of 2002. In addition, the District provided \$15 million from the Contingency Cash Reserve to enable DMH to pay estimated outstanding amounts due to public health providers for court-mandated services to avoid potential disruption of ongoing mental health services.

NO. 16 **Multi-Agency** **STATUS: Start FY 2007**

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. 17 **Multi-Agency** **STATUS: Start FY 2007**

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 – 2012 Capital Improvement Program is \$2.0 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.

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. 18 **Multi-Agency** **STATUS: Ongoing**

TITLE: **AUDIT OF THE FY 2006 FUND STATUS AT THE MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES ADMINISTRATION**

OBJECTIVES: The objectives of this audit are to: (1) determine the status of current year funds budgeted for MRDDA; (2) review MRDDA's spending practices and compliance with District and/or federal anti-deficiency laws; and (3) evaluate controls to prevent or detect over-obligation of funds.

JUSTIFICATION: MRDDA's mission is to plan, coordinate, develop, and administer a network of services that support persons with mental retardation or other developmental disabilities. MRDDA operates under a court order, the Pratt Consent Decree (Decree), issued in 1978. This court order makes specific requirements pertaining to Individual Habilitation Plans and other case management issues. The Decree also requires a system of monitoring MRDDA community-based residential programs, and specifies the timeframe for payments to vendors.

MRDDA coordinates services for approximately 1,977 consumers with mental retardation and developmental disabilities in an effort to maximize the quality of life for its consumers and allow them to thrive in the least restrictive environment. The agency's FY 2005 total program expenditures (local, federal, and other) exceeded \$150 million.

NO. 19 **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 (CFSA): (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. 20 **Multiple District Agencies** **STATUS: Start FY 2007**

TITLE: **OVERSIGHT OF GROUP HOMES**

OBJECTIVES: The audit objectives will be to evaluate the effectiveness of the District's oversight of group homes housing District residents. The audit will also assess the adequacy of internal controls, placing particular emphasis on the inventory of group homes, licensing and inspection requirements, safety requirements, group home contracts, and compliance with legal and regulatory policies.

JUSTIFICATION: The Department of Human Services (DHS) operates a Housing and Residential Services division that provides housing, largely group homes, to individuals with mental retardation and other disabling afflictions. In FY 2006, the DHS budgeted \$24.5 million for group home housing and employed 54 people to provide these services. Similarly, the Child and family Services Agency, the Department of

Mental Health, and the Department of Health also are involved in providing group home housing to their respective needy populations. Previous audit reports and numerous newspaper articles have highlighted consistent problems with the District's group homes. This audit will evaluate some of the core group home housing issues to establish whether the agencies involved are providing adequate oversight of their housing programs and complying with laws and regulations in carrying out the programs' objectives.

NO. 21 **University of the District of Columbia** **STATUS: Start FY 2007**

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.

For FY 2005, UDC's operational expenditures exceeded \$94 million, including a level of about 1,023 FTE's. Similar budget levels were established for FY 2006. 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 2007**

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) have 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.

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. 23 **Multi-Agency** **STATUS: Ongoing**

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. 24 **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.

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. 27 **Office of Planning and Economic Development** **STATUS: Start FY 2007**

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. 28 **Child and Family Services Agency** **STATUS: Start FY 2007**

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 interests 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 2007, 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 2007, 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.

NO. 29 **Multiple Agencies** **STATUS: Start FY 2007**

TITLE: **GREAT STREETS**

OBJECTIVES: The overall objectives are to determine whether funds identified to transform under-invested corridors into thriving and inviting neighborhood centers are used in accordance with planned objectives and properly accounted for.

JUSTIFICATION: The Great Streets project is an initiative launched in FY 2006 by the Office of the Mayor. Great Streets aims to create thriving and inviting neighborhood centers through physical improvements and new business development using public actions and tools to leverage private investments. The total corridor distance is 22.5 miles and the corridors pass through over 50 neighborhoods. Approximately 5,000 individual parcels front onto Great Streets corridors and approximately 35 percent or 1,750 are commercial properties.

Over \$100 million in local and federal funds for transportation, streetscape, and transit improvements have been allocated in the FY 2005 – FY 2009 spending plans.

NO. 30 **Department of Health** **STATUS: Ongoing**

TITLE: **FOLLOW-UP AUDIT OF THE DEPARTMENT OF HEALTH'S ADMINISTRATION FOR HIV POLICY AND PROGRAMS**

OBJECTIVES: The overall objective of this audit is to determine whether the Administration for HIV Policy and Programs has implemented agreed-to recommendations that were intended to correct reported deficiencies.

JUSTIFICATION: The DOH HIV/AIDS program provides a comprehensive system of HIV/AIDS prevention and care services to District residents and other eligible residents in the Washington area in an attempt to minimize the chance of infection and promote healthier lives.

Our past audit (OIG No. 04-2-05HC), issued on June 22, 2005, identified that improvements were needed in the monitoring and oversight of subgrantees that provide HIV/AIDS services to District residents. Specifically, we found that grant monitors did not perform the required number of site visits, prepared questionable site visit reports, inadequately maintained subgrantee files, failed to ensure that

NO. 32 **Department of Parks and Recreation** **STATUS: Ongoing**

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 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; however, problems with the quality of the work cast doubt that the contracts have been adequately monitored or that costs have been effectively controlled.

NO. 33 **Department of Parks and Recreation** **STATUS: Ongoing**

TITLE: **DEPARTMENT OF PARKS AND RECREATION HIRING AND PERSONNEL ACTIONS**

OBJECTIVES: The objectives of the audit are to determine whether DPR and the D.C. Office of Personnel (DCOP): (1) adhered to applicable policies and procedures during the hiring process for DPR positions filled between March 2005 and May 2006; (2) complied with requirements of applicable laws, regulations, policies and procedures pertaining to hiring practices; and (3) implemented adequate internal controls to ensure that the PeopleSoft Human Resource System (HRMS) is properly secured from unauthorized access and manipulation of data.

JUSTIFICATION: Both DPR and DCOP have major roles to ensure that all applicable policies and procedures are adhered to during the hiring process to ensure the fair and equitable opportunity for employment for all potential applicants. Some concerns were surfaced by DPR and DCOP over DPR's hiring practices and its adherence to controls established within the HRMS.

NO. 34 **Department of Parks and Recreation** **STATUS: Start FY 2007**

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 proposed operating budget for FY 2007 is \$52.3 million.

NO. 35 **Department of Health** **STATUS: Start FY 2007**

TITLE: **FAMILY AND MATERNAL HEALTH ADMINISTRATION**

OBJECTIVES: Our audit objectives are to determine whether the Family and Maternal 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 was renamed MFHA and now includes 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.

The FY 2007 proposed gross funds budget for the MFHA program is \$38,935,240, which is an increase of 6.5 percent over the FY 2006 approved budget. There are 191.5 proposed FTE's for this program.

NO. 36 **Disability Compensation Fund** **STATUS: Ongoing**

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 (OIG No. 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. 37 **D.C. Taxicab Commission** **STATUS: Start FY 2007**

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. The proposed FY 2007 budget for the D.C. Taxicab Commission is \$1.5 million. There are 16 FTE’s employed.

NO. 38 **Metropolitan Police Department** **STATUS: Start FY 2007**

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) 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. 39 **Metropolitan Police Department** **STATUS: Start FY 2007**

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. The 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.

NO. 40 **Department of Consumer and** **STATUS: Start FY 2007**
Regulatory Affairs

TITLE: **CONSTRUCTION AND BUILDING PERMITS AT THE**
DEPARTMENT OF CONSUMER AND REGULATORY
AFFAIRS

OBJECTIVES: Our audit objectives will be to determine whether: (1) written policies and procedures on inspections exist and are followed as prescribed; (2) adequate supervision of inspectors on staff exists in order to prevent incidents of impropriety; (3) inspectors are involved with “kick-back” schemes to defraud the District of one of its revenue sources; and (4) DCRA appropriately responded to consumer complaints surrounding the activities of their inspectors.

JUSTIFICATION: The Department of Consumer and Regulatory Affairs protects the health, safety, economic interests, and quality of life for residents, businesses, and visitors in the District of Columbia by issuing licenses and permits; conducting inspections; enforcing building, housing, and safety codes; regulating land use and development; and providing consumer education and advocacy services. Whenever there is new construction in the District, DCRA inspectors have the responsibility to issue permits and conduct inspections.

NO. 41 **D.C. Emergency Management Agency** **STATUS: Start FY 2007**

TITLE: **HOMELAND SECURITY/EMERGENCY PREPAREDNESS
AFTER-ACTION REPORTS**

OBJECTIVES: Our audit objective will be to review after-action reports and evaluate the recommended improvements and actions taken in response to those recommendations.

JUSTIFICATION: As emergency incidents occur (e.g., Hurricane Isabel, airspace violations, bomb threats) and after emergency exercises, the D.C. Emergency Management Agency and other emergency response organizations prepare “after-action reports” to review the response to the emergency and make recommendations for improvements. Given the District’s status as one of the “high-threat” cities in the nation and the need to maintain a heightened state of vigilance, actions to improve emergency preparedness and public safety must be priority issues. This project was recommended by a District councilmember who expressed similar concerns.

NO. 42 **Multiple District Agencies** **STATUS: Start FY 2007**

TITLE: **AGENCY INTERNAL AFFAIRS FUNCTIONS**

OBJECTIVES: This audit will evaluate the efficiency and effectiveness of internal affairs/investigative functions in the Metropolitan Police Department (MPD), the Fire and Emergency Medical Services Agency (FEMS), and the Department of Corrections (DOC). We will also be evaluating other methods/organizational designs for conducting internal affairs operations based on benchmarking with similarly-sized local jurisdictions.

JUSTIFICATION: The MPD spends about \$4.2 million annually on its internal affairs function. The unit employs 54 personnel. It is our understanding the FEMS and the DOC also operate similar internal affairs type functions. Internal affairs is an essential agency oversight function for maintaining the highest level of professionalism and integrity among law enforcement, fire and emergency services, and correctional personnel. With similar functions spread among multiple District agencies, an evaluation as to the most efficient methods for providing the internal affairs function may identify a means for the District to save money and still provide the needed level of oversight.

NO. 43 **Multiple District Agencies** **STATUS: Start FY 2007**

TITLE: **EDUCATIONAL REQUIREMENTS FOR DISTRICT JOBS/POSITIONS**

OBJECTIVES: The audit objectives will be to evaluate currently advertised District job vacancies to determine whether the level of education and experience required are defined and whether the advertised job reflects the requirements stated in the official position description.

JUSTIFICATION: It is essential that the District hire individuals who possess the requisite education, training, experience, and skills for the myriad of administrative, technical and professional positions filled each year under the auspices of the D.C. Office of Personnel (DCOP). All positions to be filled are listed on DCOP's website and should specify the position's minimum requirements for experience and education. A preliminary review of randomly evaluated open positions revealed that few of the District's advertised positions identified an educational requirement. We believe a thorough review of the requisites for each advertised position will provide incite into whether DCOP is acquiring the best qualified people in terms of experience and education.

IV. SUPPORT SERVICES

A. Information Systems

NO. 44 **Multi-Agency** **STATUS: Ongoing**

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), which is 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: 45 **Multi-Agency** **STATUS: Ongoing**

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.

NO. 46 **District-wide Agencies** **STATUS: Start FY 2007**

TITLE: **DISASTER RECOVERY AND CONTINGENCY PLANNING
FOR DISTRICT FINANCIAL SYSTEMS**

OBJECTIVES: The audit objectives will be to assess the current status of the District's disaster recovery plan, placing particular emphasis on whether the plan has been consistently updated to reflect the current state of financial systems, and that the plan is being distributed to all disaster recovery team members. We will also determine whether there are defined locations from which the District's disaster recovery plan is to be executed to ensure continuity of financial operations and systems and if the plan has been periodically tested and revised or adjusted based on the results of those tests.

JUSTIFICATION: The District's core financial systems process tax information, account for the city's financial activities, maintain data for citizen services, and interface with other major District systems and applications. As the nation's capital and a major city, the District must be prepared to protect and ensure the continuity of its business operations in the event of a major catastrophe or terrorist attack affecting the city's

infrastructure, including its financial systems. A business continuity plan focuses on minimizing the risks associated with potential business failures and maintaining public services. A sound business continuity plan safeguards each District agency's ability to produce a minimum acceptable level of outputs and services in the event of failures to process internal or external mission-critical information and operational systems and processes. This audit will evaluate how well the District is prepared to maintain continuity of business operations and citizen services should a significant event occur.

NO. 47 **Multi-Agency** **STATUS: Start FY 2007**

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 children in the system, but also the families of these children and the service workers who must provide efficient and necessary services. The lack of reliable and accurate information used by child welfare workers puts the safety and security of District foster care children at risk.

NO. 48 **Multi-Agency** **STATUS: Start FY 2007**

TITLE: **UNIFIED COMMUNICATIONS CENTER (UCC)**

OBJECTIVES: Our audit objectives are to determine whether: (1) emergency and non-emergency calls are answered within the required timeframe; (2) emergency calls are received by dispatchers and dispatched to a responding unit within the required timeframe; and (3) emergency calls are dispatched to the accurate location. We will also determine the effectiveness of quality assurance at UCC.

JUSTIFICATION: Emergency and non-emergency call activities from the Metropolitan Police Department, Fire and Emergency Medical Services Department and Customer Service Operations are consolidated within the Unified

Communications Center. By the end of year 2005, UCC will be the designated 24-hour call center for all 911 (emergency), 311 (non-emergency public safety), and (202) 727-1000 (citywide call center) calls. Cross-trained call operators and dispatchers respond to all citywide emergency and non-emergency calls using state-of-the-art programming and communications systems specifically designed for these functions. The UCC facility will be designed to improve the overall quality of life for residents, businesses, and visitors by increasing responsiveness to calls for emergency assistance and non-emergency inquiries.

In addition to routine public safety initiatives, the UCC is also responsible for ensuring the security of large-scale events that often take place in the District of Columbia area. UCC's proposed operating budget for FY 2006 is \$31.6 million. There are 382 proposed FTE's for the center.

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. 49

Multi-Agency

STATUS: Start FY 2007

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 and managerial 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 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. 50 **Department of Employment Services** **STATUS: Start FY 2007**

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 2007 was \$99 million, which consisted of local, special purpose, federal, private, and District funds. In particular, DOES budgeted \$13.1 million for unemployment insurance in FY 2007. The audit will seek to identify whether District residents are benefiting from the Workforce Development Program.

V. AUDITS REQUIRED BY LAW

Various laws require the OIG to perform specific annual audits, some of which must be performed only by contracts with Certified Public Accounting (CPA) firms. Largest among the required audits is the Comprehensive Annual Financial Report (CAFR). The OIG contracts for, monitors, and provides oversight of the performance of the CAFR, which is conducted by a private CPA firm licensed in the District. In addition, the District's annual appropriation legislation often includes language that requires the OIG to conduct one-time audits.

A. Financial Integrity

The fiscal health of the city is directly linked to the integrity of its financial books and records. This issue area has come under greater scrutiny because of recent reporting lapses

of various business institutions. In addition to providing oversight of the CAFR, we plan to conduct audits regarding several funds, which are required by District and federal laws.

NO. 51 **Multi-Agency** **STATUS: Ongoing/
Start FY 2007**

TITLE: **COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)
FOR FY 2007**

OBJECTIVES: The objective of this engagement is to secure services of an independent CPA firm to perform the annual audit of the District government's financial statements. Once a contractor is selected, the OIG provides oversight of the progress of the audit and addresses any issues that may arise from the audit or that may prevent the audit from being completed timely. The OIG chairs the audit oversight committee, conducting regular meetings with committee members and interacting with the CFO and CPA firm throughout the audit engagement.

In fulfilling our oversight role, the OIG is responsible for: (1) monitoring the reliability and integrity of the CFO's financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance; (2) monitoring the independence and performance of the CPA firm; and (3) providing an open avenue of communication among the auditors, the Executive Office of the Mayor, the D.C. Council, the CFO, and other District management officials.

JUSTIFICATION: The CAFR must be submitted to the Mayor and the Council of the District of Columbia on or before February 1st of each year following the end of the fiscal year being audited. Immediate and continued access to records and personnel by the audit firm is required to provide audit and other professional assistance and to avoid disruption of the District's financial operations. In addition to the District's General Fund, the following District agencies or entities (component units) are required to be included in the CAFR audit:

- D.C. Public Schools (CAFR and CAFR Preparation)
- D.C. Sports Complex (Financial Statements)
- D.C. Lottery Board (Financial Statements)
- Department of Employment Services (Unemployment Compensation Fund – Financial Statements)

- Department of Employment Services (Disability Compensation Fund – Actuarial Study)
- Washington Convention Center Authority (Financial Statements)
- University of the District of Columbia/D.C. Law School (Financial Statements)
- D.C. Water and Sewer Authority (Financial Statements)*
- D.C. Retirement Board (Financial Statements and Actuarial Study)*
- D.C. Housing Finance Agency (Financial Statements)*

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- These agencies and entities will arrange to secure separate audit firms to perform the required services.
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NO. 52 **Department of Housing and Community Development** **STATUS: Ongoing/ Start FY 2007**

TITLE: **HOME PURCHASE ASSISTANCE FUND**

OBJECTIVES: The objectives of this financial statement audit are to determine whether monies in the Home Purchase Assistance Fund have been accounted for properly and whether persons obtaining loans under this program meet the qualifications under existing policies and procedures.

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. 53 **Department of Consumer and Regulatory Affairs** **STATUS: Ongoing/ Start FY 2007**

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. 54 **Office of the Attorney General** **STATUS: Ongoing/
Start FY 2007**

TITLE: **DISTRICT OF COLUMBIA ANTIFRAUD FUND**

OBJECTIVES: The objectives of the audit are to: (1) express an opinion on the FY 2006 financial statements of the Fund; (2) determine whether fines, penalties, and monetary damages collected pursuant to antifraud cases are properly deposited and accounted for in the Fund; (3) determine whether expenditures/costs charged to the Fund were proper; (4) whether internal controls over fund transactions and financial reporting were adequate; and (5) determine whether the Fund is administered in accordance with laws and regulations.

JUSTIFICATION: The audit is being conducted pursuant to D.C. Code § 2- 308.20 (2001), which requires the OIG to conduct an annual audit of the Fund. The fund is comprised of deposits resulting from criminal fines, civil penalties, and damages collected from false claim recoveries.

NO. 55 **Department of Public Works** **STATUS: Ongoing/
Start FY 2007**

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. The Highway Trust Fund Pro Forma (Forecast) has a statutory due date of May 1st. The Forecast includes the actual

revenues and expenditures for the preceding fiscal year and the forecast for the current fiscal year and the next four fiscal years.

NO. 56 **Washington Metropolitan Area Transit Commission (WMATC)** **STATUS: Start FY 2007**

TITLE: **WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION**

OBJECTIVES: Our audit objective is to perform a financial statement audit of the Washington Metropolitan Area Transit Commission for the year ended June 30, 2006.

JUSTIFICATION: Pursuant to an agreement among the District, Maryland, and Virginia, the District is required to perform an audit of the WMATC every three years, alternating with Maryland and Virginia.

VI. DISTRICT OF COLUMBIA PUBLIC SCHOOLS PROGRAMS

The cost of operating the District of Columbia Public Schools (DCPS) for FY 2007 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, in July 2006, the OIG opened 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 provides aggressive follow-up on past recommendations and advises school officials of the actions needed to resolve recurrent deficiencies. The DCPS audits we have included in our Plan for FY 2007 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. 57 **District of Columbia Public Schools** **STATUS: Ongoing**

TITLE: **GRADUATION REQUIREMENTS**

OBJECTIVES: Our audit objective are to: (1) evaluate the protocols, authorities, and practices for certifying students for graduation; (2) determine if graduates at Wilson Senior High School and other selected high schools satisfied the graduation requirements; and (3) assess the accuracy of student recordkeeping and the procedures for securing student records.

JUSTIFICATION: Over 3 years ago, a local high school teacher reported that some Wilson Senior High School (SHS) graduates did not meet mandated requirements. In 2002, DCPS hired an independent consultant to perform an agreed-upon procedures review, and DCPS convened an investigation. The independent consultant concluded DCPS high schools did not have consistent policies and procedures, and DCPS had inadequate internal controls to ensure the integrity, accuracy, and completeness of student records. Additionally, the consultant confirmed that some Wilson SHS students did not meet the academic requirements to graduate in 2002.

This year, concerns were raised again. In June 2006, the same local high school teacher reported that more than 100 graduates at Wilson SHS did not meet the mandated requirements to graduate. In July 2006, the Superintendent of DCPS requested the OIG to “conduct an investigation and if necessary, an audit of the protocols, authorities and practices of securing student transcripts and certifying Wilson Senior High School students as eligible to receive a District of Columbia Public School high school diploma.”

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 2007**

TITLE: **MAINTENANCE AND REPAIRS OF DCPS BUILDINGS**

OBJECTIVES: The overall objectives are to determine: (1) the status of maintenance performed by DCPS; (2) the extent of maintenance being performed; (3) the effectiveness of the maintenance; (4) and the impact it has on buildings.

JUSTIFICATION: DCPS operates 147 schools with an average building age of 63 years. The combination of aging structures and deferred maintenance of the District's public school facilities has created many emergencies during the last several years such as failing boilers, deteriorating walls, inoperable windows, and leaking roofs. Facility condition is important not only from a safety standpoint, but well-designed and maintained facilities can improve employee morale and provide students with a conducive environment in which to learn.

DCPS Office of Facilities Management (OFM) is charged with providing resources to manage and maintain a safe educational environment through facility upkeep and maintenance. OFM's responsibilities include facility operations, maintenance, planning, design, and construction services. The maintenance of buildings, grounds, and equipment at DCPS addresses routine, preventative, and deferred maintenance needs in order to contribute to an atmosphere for effective learning. The FY 2007 budget for facilities and infrastructure is \$33.6 million.

NO. 60 **District of Columbia Public Schools** **STATUS: Start FY 2007**

TITLE: **CREATION OF SPECIAL EDUCATION SLOTS IN DCPS**

OBJECTIVES: The overall objectives are to determine: how many new special education slots DCPS created in FY 2006; the identity of the schools

allotted the new slots; and the type of students (e.g., students with mental retardation, hearing impairments, autism, or emotional disturbance) for which the slots were created and allocated. In addition, the audit will determine how many of the total slots (including new) have been filled, with the data disaggregated by school and type of program for students with different disabilities.

JUSTIFICATION: The District currently spends about \$120 million annually for nonpublic special education placements. Reducing the reliance on nonpublic special education programs and improving the quality of such programs may be realizable when additional slots are created and filled. For FY 2006, the Office of Special Education was said to have created 700 additional special education slots. We are uncertain as to whether these slots were in fact created, whether the slots were filled and if so, how the slots were distributed among the eligible special education population.

NO. 61 **District of Columbia Public Schools** **STATUS: Start FY 2007**

TITLE: **NO CHILD LEFT BEHIND ACT IMPLEMENTATION**

OBJECTIVES: Our audit objectives are to evaluate the District of Columbia Public School's (DCPS) progress in achieving compliance with the requirements of the No Child Left Behind Act since inception (2001) and DCPS's plans for achieving compliance with the Act in view of the time limits imposed by the Department of Education for compliance to avoid the potential loss of federal funding.

JUSTIFICATION: The No Child Left Behind Act of 2001 contains many provisions for improving education requirements in each state and the District of Columbia. Part of the Act's provisions require that a plan be created to ensure that all teachers of core academic subjects are "highly qualified" by the end of the 2005-2006 school year. Recent actions by the DCPS superintendent to require all DCPS teachers to possess the necessary teacher certifications appear in part to be a response to the Act's requirements. The Department of Education has provided a 1-year extension for jurisdictions to meet the "highly qualified" requirement as defined by the Act. DCPS plans for meeting this deadline to achieve compliance with the Act and avoid the potential loss of federal funding needs to be assessed.

NO. 62 **District of Columbia Public Schools** **STATUS: Start FY 2007**

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 2007, 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. 63 **District of Columbia Public Schools** **STATUS: Start FY 2007**

TITLE: **MATCHING EDUCATIONAL REQUIREMENTS WITH THE DISTRICT'S FUTURE ECONOMIC DEVELOPMENT NEEDS**

OBJECTIVES: Our objective is to determine if DCPS is providing a curriculum to equip students with the knowledge and skill sets to fill jobs that are anticipated in future years based on the District's long-term economic growth. The audit will also explore the use of vocational school programs and technical/trade educational programs.

JUSTIFICATION: The District has plans for the economic development in virtually all areas of the city. Hundreds of millions of dollars have been earmarked for engineering and construction projects which will require significant professional trade services to include construction workers, electricians, plumbers, and other technical skills. In order to ensure that competent, qualified, and properly trained persons are available, and to provide employment opportunities, the District should look into ways to coordinate the future needs with the education curriculum being provided so that are students can take advantage of available jobs.

NO. 64 **District of Columbia Public Schools** **STATUS: Start FY 2007**

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 truanancies 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 2007**

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 2007**

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).

NO. 67 **District of Columbia Public Schools** **STATUS: Start FY 2007**

TITLE: **EVALUATION OF THE PROGRESS FOR THE TRANSITION OF SPECIAL EDUCATION STUDENTS OUT OF THE SPECIAL EDUCATION PROGRAM**

OBJECTIVES: Our objectives are to determine whether: (1) the DCPS special education program successfully provides students with the necessary curriculum to be able to perform on grade-level school work; and (2) students who no longer need special education services are timely and seamlessly folded back into their normal school level placements.

JUSTIFICATION: The District spends millions of dollars annually for costs associated with the Special Education Program. The total enrollment of special education students in DCPS is 12,135. Of the total enrollment, 76 percent are in DC Public Schools, 24 percent are in non-public, residential and interagency programs, 46 percent of the students have

learning disabilities, 18 percent have emotional disabilities, and 13 percent are students with mental retardation.

NO. 68 **District of Columbia Public Schools** **STATUS: Ongoing**

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.

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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 Division (I&E) 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 ³	P A G E
I. Delivery of Citizen Services			
A. Core Services			
1. Inspection of the D.C. Office of Personnel – Personnel Operations Program	BE	P	82
2. Inspection of the Office on Aging – Part One: Management and Oversight of Lead Agencies	BY	P	82
3. Inspection of the Department of Mental Health – DCPS-Based Services and Special Education Centers	RM	P	83
4. Re-Inspection of the Department of Fire and Emergency Services	FB	P	83
5. Inspection of the D.C. Emergency Management Agency	BN	O	84
6. Inspection of the D.C. Village Emergency Shelter for Homeless Families	JA	O	84
7. Inspection of the Department of Consumer and Regulatory Affairs, Business and Professional Licensing Administration	CR	O	85
8. Inspection of the Department of Employment Services Workers Compensation Program	CR	O	85
9. Inspection of the Office of Contracting and Procurement Commodity Buying Groups: Part II	PO	O	86
10. Inspection of the Public Service Commission	DH	O	87
11. Inspection of the State Education Office	GD	O	87
12. Re-Inspection of the Department of Corrections, Central Detention Facility	FL	O	88
13. Re-Inspection of the Office of the Chief Medical Examiner	FX	O	88

³ “O” indicates the review is ongoing as of September 1, 2006. “P” indicates the review is planned to start in FY 2007.

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**PLANNED AND ONGOING
INSPECTIONS
AND RE-INSPECTIONS**

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I. 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 2007, 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 2007 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 will initiate a multi-part inspection of the District of Columbia Office on Aging (DCOA). Part One of this inspection will focus on DCOA's management and oversight of its "Lead Agencies," its contracted service delivery organizations that act as the focal points for aging services in the community. I&E also plans to initiate and complete inspections of the management and operations of specific elements of the D.C. Office of Personnel, and the Department of Mental Health. The Division will also initiate a re-inspection of the Department of Fire and Emergency Medical Services (FEMS). In addition to assessing FEMS' 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.

The Division will complete ongoing inspections of the D.C. Emergency Management Agency, the D.C. Village Emergency Shelter for Homeless Families, the Department of Consumer and Regulatory Affairs, the Department Of Employment Services' Workers' Compensation Program, the Office of Contracting and Procurement, the Public Service Commission, and the State Education Office. The Division will also complete ongoing re-inspections of the Department of Corrections/Central Detention Facility, and the Office of the Chief Medical Examiner.

Should time and resources permit, other agencies will be added to this plan.

NO. 1	D.C. Office of Personnel	STATUS: Start FY 2007
TITLE:	INSPECTION OF THE D.C. OFFICE OF PERSONNEL - PERSONNEL OPERATIONS PROGRAM	
AGENCY MISSION:	The D.C. Office of Personnel (DCOP) provides comprehensive human resource management services to client agencies so that they can strengthen individual and organizational performance and enable the government to attract, develop, and retain a highly qualified, diverse workforce. DCOP's Personnel Operations program (program) provides services and advice to client agencies in the areas of employee recruitment, selection, and placement. The program's other primary activity, Processing and Information Management, refers to those services provided by DCOP to agencies so that they have timely, accurate, and up-to-date information for making human resource decisions.	
OBJECTIVES:	The inspection objectives are to evaluate the overall sufficiency and quality of Personnel Operations' policies, procedures, and internal control; assess operational effectiveness and accuracy; and evaluate the quality of service delivery. The inspection team will assess core hiring activities such as the solicitation, processing, and evaluation of job applications, and in particular, determine whether the introduction of Internet-based job application capability has improved the effectiveness of the Personnel Operations program.	

NO. 2	D.C. Office on Aging	STATUS: Start FY 2007
TITLE:	INSPECTION OF THE OFFICE ON AGING – PART ONE: MANAGEMENT AND OVERSIGHT OF LEAD AGENCIES	
AGENCY MISSION:	The D.C. Office on Aging (DCOA) provides advocacy, health education, employment, and social services to District residents 60 years of age and older. DCOA funds comprehensive service-delivery organizations and designates them "Lead Agencies." These agencies plan and deliver direct services to the District's elderly residents and their caregivers. Each ward has one or more Lead Agencies that provide services to seniors in the ward. These agencies serve as the focal points for aging services in the community.	

OBJECTIVES: I&E intends to conduct a multi-part inspection of DCOA. The objectives of Part One are to evaluate the overall sufficiency and quality of DCOA's policies, procedures, internal control, and oversight mechanisms used to monitor the operations and service delivery of the Lead Agencies.

NO. 3 **Department of Mental Health** **STATUS: Start FY 2007**

TITLE: **INSPECTION OF DCPS-BASED SERVICES AND SPECIAL EDUCATION CENTERS**

AGENCY MISSION: The Department of Mental Health (DMH) develops, supports, and oversees a comprehensive, community-based, mental health system. DMH provides full-time mental health clinicians to the D.C. Public Schools and offers a range of school-based programs and services that focus on various levels of intervention, including prevention, treatment, and family support. DMH also offers therapy and treatment at three special education centers for children who experience behavioral, emotional, and academic problems in a regular school setting.

OBJECTIVES: The inspection objectives are to evaluate the overall sufficiency and quality of DMH's policies, procedures, and internal control; assess operational effectiveness; and evaluate the quality of service delivery.

NO. 4 **Department of Fire and Emergency Medical Services** **STATUS: Start FY 2007**

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.

continued shelter and permanent housing, and refers them to needed medical, mental health, education, career, and substance abuse counseling and treatment services.

OBJECTIVES: The inspection objectives are to assess the overall sufficiency and quality of management oversight at the Shelter; determine whether services are being delivered in accordance with the Homeless Services Reform Act of 2005; and evaluate health and safety conditions and overall facility adequacy.

NO. 7 **Department of Consumer and Regulatory Affairs** **STATUS: Ongoing**

TITLE: **INSPECTION OF DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS, BUSINESS AND PROFESSIONAL LICENSING ADMINISTRATION (BPLA)**

AGENCY MISSION: BPLA regulates the practices of individuals in professions and trades as varied as plumbers, accountants, and real estate agents. Working through 12 regulatory boards, BPLA processes applications, administers examinations, issues licenses, and maintains the District's official licensure records. Additionally, BPLA regulates commercial activity in the District and issues business licenses for 127 categories. It registers corporations and partnerships, and inspects and certifies weighing and measuring devices.

OBJECTIVES: The inspection objectives are to evaluate the overall sufficiency and quality of BPLA policies and procedures; assess the operational effectiveness of BPLA; evaluate the quality of service delivery; and determine the sufficiency of internal control.

NO. 8 **Department of Employment Services** **STATUS: Ongoing**

TITLE: **INSPECTION OF DEPARTMENT OF EMPLOYMENT SERVICES WORKERS COMPENSATION PROGRAM**

AGENCY MISSION: The Department of Employment Services (DOES) plans, develops, and administers employment-related services to all segments of the Washington, D.C. metropolitan area

NO. 12	Department of Corrections	STATUS: Ongoing
TITLE:	RE-INSPECTION OF THE DEPARTMENT OF CORRECTIONS (DOC), CENTRAL DETENTION FACILITY	
OBJECTIVE:	The re-inspection objective is to verify implementation of recommendations and actions taken by DOC in response to our initial inspection report (OIG No. 02-0002-FL), issued in October 2002. The initial inspection found, among other things, that: inmate case records contained inaccurate information; DOC was unable to locate inmate files; health and safety hazards continued unabated; and case managers were working without basic resources. Recommendations were made in areas such as court ordered compliance and monitoring, the handling of inmate records, health and safety, inmate case management, and capital improvement projects.	
JUSTIFICATION:	The OIG re-inspection process includes follow-up with inspection agencies on findings and recommendations. Recommendations in each ROI focus on correcting noted deficiencies, monetary benefits, more efficient and effective program operations, and safer environments for city workers and residents.	

NO. 13	Office of the Chief Medical Examiner	STATUS: Ongoing
TITLE:	RE-INSPECTION OF 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. 03-0011-CM), issued in September 2003. The initial inspection 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, and forensic investigations.	
JUSTIFICATION:	The OIG re-inspection process includes follow-up with inspection agencies on findings and recommendations.	

Recommendations in each ROI focus on correcting noted deficiencies, monetary benefits, more efficient and effective program operations, and safer environments for city workers and residents.