
MESSAGE FROM CHARLES J. WILLOUGHBY INSPECTOR GENERAL

On behalf of the District of Columbia Office of the Inspector General (OIG), I am pleased to present the Report on the Activities of the Office of the Inspector General for the fiscal year (FY) ending September 30, 2006. The purpose of this report is to provide a comprehensive accounting of matters addressed by the OIG during the past year. Full versions of all audit and inspection reports noted herein, as well as selected other issuances, such as this annual report, can be downloaded from our website, www.oig.dc.gov.

The OIG is established by law to provide independent and objective reporting to the Mayor, City Council, the Congress, District residents, and other stakeholders. It is the mission of this Office to promote economy, efficiency, and effectiveness in government programs and operations through the elimination of fraud, waste, and abuse.

The D.C. OIG is comprised of divisions specializing in audits, investigations, inspections, and legal matters. These units, coupled with the Medicaid Fraud Control Unit, comprise a formidable team that, working closely with other government agencies, has made significant recommendations for management improvement, recovered millions of dollars in misused funds, and brought law breakers to justice. It is an honor to serve with this talented group of individuals who strive to further the OIG's mission.

Triennial Peer Reviews. Thanks to the hard work and professionalism of our auditors, inspectors, investigators, attorneys, and administrative support personnel, the OIG passed its second triennial series of peer reviews. The peer review certification of our Audit Division was conducted by the Association of Local Government Auditors (ALGA). The peer review of the Inspections and Evaluations Division (I&E) and the Investigations Division (ID) was conducted by a team from the Association of Inspectors General using standards created by the President's Council on Integrity and Efficiency for federal Inspector Generals.

Audit Division (AD). For FY 2006, the Audit Division issued 41 reports with total potential monetary benefits of approximately \$31 million. Comparing these savings to Audit Division costs of approximately \$3.1 million results in a return on investment for audits performed by OIG audit staff exceeding \$10 for each dollar invested. All annual performance measures were met or exceeded.

The Audit Division also assists the IG with oversight of the accounting firm that conducts the annual city financial audit. With the issuance of the FY 2005 Comprehensive Annual Financial Report (CAFR), on January 23, 2006, the city received its ninth consecutive unqualified opinion on its financial statements.

In June of 2006, the OIG opened a full-time resident audit site at DCPS to conduct audits, interact with school officials for prompt resolution of identified deficiencies, and recommend corrective action. Because, as previously noted, our on-site presence will enable this office to aggressively follow-up on past recommendations and advise school officials of the actions

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needed to resolve recurrent deficiencies, it is anticipated that our audits will be key factors in promoting efficiency and effectiveness in the school system. Identification of systemic problems and recommendations will provide DCPS officials and educators with tools to make sufficiently sound decisions to effect positive improvements.

Looking to the upcoming year, the Audit Division will continue to concentrate on critical priorities, including issues facing our schools, the District's Medicaid Program, financial management, contracting and procurement irregularities, and potential threats to public safety.

Inspections and Evaluations Division (I&E). During FY 2006, the I&E Division conducted three comprehensive inspections of District agencies, a special review at the behest of the City Administrator, and one re-inspection, as well as issued one Management Alert Report. The inspection of the State Education Office focused on financial reporting, program performance measures, use of tuition benefits and services, and veterans' education benefits. In the Office of Contracting and Procurement, the inspection focused on approval of million-dollar contracts, performance standards, policies and procedures, assessment of contract awards and sole-source contracts, and retroactive contracts. All areas of the Public Service Commission were inspected, with particular focus on the management of key operations. The Division joined OIG's Medicaid Fraud Control Unit in evaluating the emergency response by the Fire and Emergency Medical Services Department, Metropolitan Police Department, and Howard University Hospital employees with respect to the assault on a District resident, and made several recommendations regarding improving operational procedures, implementing quality assurance programs, improving training and certifications, and implementing performance evaluation programs.

Investigations Division (ID). During the past fiscal year Special Agents from the ID instituted a wide variety of investigations into allegations of criminal or administrative misconduct among District employees, to include fraudulent overtime, theft of government property, abuse of position, and misuse of identity to obtain a cellular telephone account. Our agents worked with the Office of the United States Attorney (USAO), the Federal Bureau of Investigation (FBI), the U.S. Department of Education, Office of the Inspector General (DOEIG), and other investigative entities in bringing charges against corrupt District employees in several agencies, including the Department of Employment Services (DOES), the D.C. Department of Transportation (DDOT), District of Columbia Public Schools (DCPS), and the Department of Consumer and Regulatory Affairs (DCRA).

ID presented 66 cases to the USAO and 14 cases to the D.C. Office of the Attorney General for prosecution under laws within the jurisdiction of those offices. Twenty cases were accepted by the USAO for prosecution or further investigation, and our cases resulted in 18 convictions. ID cases resulted in restitutions, fines, and recoveries of over \$745,000.

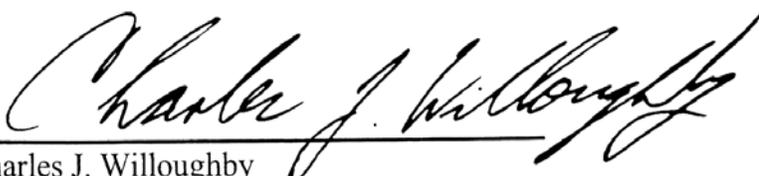
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INSPECTOR GENERAL

Our referral program and Hotline operation continue to respond to citizens' concerns and District employees who report waste, fraud, or abuse, or otherwise seek assistance in dealing with District agencies. In the past fiscal year, we referred 191 matters to agency heads and received 88 credible allegations of waste, fraud, and abuse, many of which resulted in investigations or were included in our referral program.

Medicaid Fraud Control Unit. The MFCU has a dual mission. It investigates and prosecutes Medicaid providers who engage in fraudulent billing, and it investigates and prosecutes the abuse, neglect, and financial exploitation of persons who reside in Medicaid-funded facilities. In FY 2006, the MFCU obtained nine convictions – almost double the number of convictions obtained in FY 2005. In addition, the MFCU recovered over \$2.1 million for the Medicaid program, recouping almost \$5 for every local dollar funding the Unit.

In FY 2007, the U.S. Department of Health and Human Services and the District of Columbia, which jointly fund the Unit, have increased the MFCU's budget so that it can hire five additional full-time employees. Although the MFCU is fulfilling its mission and objectives – as demonstrated by the fact that it exceeded all of its performance goals – it is clear that the MFCU will be more productive with an increased staff.

While I am proud of the OIG's accomplishments during FY 2006, no single agency with fiscal and managerial oversight can be any more effective in achieving positive results throughout the government than those who are entrusted with carrying out its functions. Consequently, the effort to achieve the OIG's mission must be supported and shared by elected officials, managers, career employees, and citizens – all participants with a stake in making the District government one that provides the highest level of services for all of its residents.



Charles J. Willoughby
Inspector General

December 1, 2006



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RISK ASSESSMENT



RISK ASSESSMENT

The OIG continues to focus on major programs and operations that require management's attention and transformation in order to ensure that the District government functions in the most economical, efficient, and effective manner possible. Our priorities this past year concentrated on areas of risk that are also of critical concern to the Mayor and City Council – Public Schools, Medicaid Programs, Vulnerable Populations, Procurement and Contracting, and Citizen Safety and Protection.

In addressing the various risks facing the District, we design our audits and inspections to assess the results of budgeted programs, including the economy and efficiency of management actions to attain those results. We also continually notify District management of potential problems as they are identified. For example, we brief District officials early in the examination process to apprise them of our findings and often issue a Management Alert Report to the head of an agency for the purpose of identifying systemic problems. 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. If a problem is identified at a particular agency that may extend to other agencies, we issue a Management Implication Report to the heads of all District agencies alerting them to the problem, which could be occurring in their agencies as well.

Public Schools

District of Columbia Public Schools (DCPS) have been identified as a high-risk area for several years and provide an example of the importance and benefit of a strong management commitment and sustained effort to address long-standing problems with our schools. During FY 2006, our Audit Division continued its series of DCPS reviews that largely focused on contractor billings, overtime, and capital improvements. With a school budget of about \$1 billion, there is a significant risk for waste and misuse of public education dollars. Our audit efforts have successfully identified needed improvements in controlling costs associated with overtime and capital projects. To address these and other inefficiencies in operations, the Audit Division established a permanent audit site in FY 2006 devoted solely to reviewing public education programs. Working with public school and elected officials, we have defined an ambitious audit program. Including those audits that began before the start of FY 2006, our on-site audit team will be working on diverse topics such as: graduation requirements; tuition and residency requirements; procurement practices; truancy; special education programs; and other education-related issues. These ongoing and planned audits outline some of the high-risk issues affecting the public schools. We will continue to work with the school superintendent and educators to also identify and address urgent issues that could have an immediate fiscal impact on school operations.

RISK ASSESSMENT

Medicaid Program

The District's Medicaid Program will spend about \$1.5 billion in FY 2007. In light of experts' estimates that 10 percent of our nation's health care expenditures are lost to fraud, the impact of potential financial losses to the District is significant. Just as important as this financial risk is the potential harm that patients in the Medicaid program could suffer from poor quality care and the intentional abusive acts of their caregivers.

The Medicaid Fraud Control Unit vigorously investigates allegations of fraud, abuse, and neglect regarding the Medicaid program. When allegations can be substantiated, we pursue criminal prosecution and civil enforcement efforts directed at individual instances of fraud, abuse, or neglect. Moreover, we believe that criminal and civil litigation will serve as a deterrent to Medicaid abuse throughout the healthcare community.

Beyond law enforcement, we have engaged in a number of long-term efforts to reduce risks. We worked closely with stakeholders and initiated frequent informal contacts to make programs more resistant to fraud. Another key aspect of our deterrent efforts was our outreach to the health care industry, other law enforcement agencies, and the public in general. We informed them of our efforts and encouraged them to contact us if they were aware of any threats to the integrity or safety of the Medicaid program.

In FY 2006, the Audit Division focused on Medicaid transportation costs. In FY 2007, we plan to focus on the core areas of recordkeeping and documentation, nursing home reimbursements, and managed care organizations that provide Medicaid-covered services. We believe these audits demonstrate our continued commitment to perform comprehensive audits of the District's Medicaid program until the program no longer poses a significant risk.

Vulnerable Populations

The District government serves a diverse population of approximately 563,000 residents. Among its more vulnerable citizens are the District's: elderly; abused, disadvantaged, and foster care children; individuals who are physically or mentally disabled; and residents affected by poverty, homelessness, unemployment, and crime. The OIG continues to play a role in assisting District management in addressing areas of risk in order to meet the needs of these individuals.

Each year, the Audit Division has focused a portion of its resources on audits of several social programs. In FY 2006, we completed audits on Children in Foster Care Programs, spending at the Mental Retardation and Developmental Disabilities Administration, and initiated a follow-up audit of the Administration for HIV Policy and Programs. In FY 2007, we continue our work to ensure our vulnerable populations are best served. FY 2007 planned audits include: implementation of the Child in Need of Protection Amendment Act of 2004,

RISK ASSESSMENT

a review of the Child Welfare System, the creation of Special Education slots in DCPS, the No Child Left Behind Implementation Act, and Workforce Investment Programs.

Procurement and Contracting

By statute, the OIG is charged with the responsibility for reviewing the District's procurements annually. To discharge this responsibility and to address the continuing high risk of financial loss posed by District procurement and contracting actions, the OIG has devoted a segment of its audit resources to focus on key contracting issues and allegations of procurement abuse.

We have included an ambitious plan for continuous oversight of procurement and contracting issues in FY 2007. Some of the ongoing and planned procurement audits include a review of the Local, Small, and Disadvantaged Enterprise (LSDBE) contracts; persistent and systemic problems with contract file management; costly expert and consulting contracts; and construction contracts. Other issues related to contracting and procurement will be tangentially addressed in other audits involving District contracts.

Citizen Safety and Protection

In the aftermath of Hurricane Katrina and the Federal Emergency Management Agency's deficient response to the Gulf Coast, the Metropolitan Washington Council of Governments Board of Directors was asked to revamp the region's emergency response plans, and our own Homeland Security Department reviewed its procedures to ensure that local emergencies could be addressed effectively in the absence of a rapid federal response.

There is little doubt that the District government has made strides in the last few years in strengthening its preparedness programs, including coordinating planned efforts with federal and surrounding local jurisdictions, to respond effectively and quickly to an emergency. Additionally, the District has improved local policing and security programs. Given the importance of this issue and its associated risks, we are currently conducting audits of Emergency Health and Medical Services Administration (EHMSA) contracts awarded to improve bioterrorism preparedness in the District of Columbia, as well as the adequacy of security funding for District of Columbia schools. Additionally, our FY 2007 audits and inspections will include reviews of several aspects concerning citizen protection and safety, to include: a review of the use of appropriated funds to develop and lead interagency public safety programs; the effectiveness of the Unified Communications Center in responding and dispatching emergency and non-emergency calls; the effectiveness of the Metropolitan Police Department's Community Policing program, including interaction with local neighborhoods and its effects on reducing crime; the District's policies and procedures for protecting its citizens from identity theft; and the systems in place to prevent the erroneous release of dangerous inmates back into the community.



GENERAL ACTIVITIES



GENERAL ACTIVITIES

MISSION

Pursuant to D.C. Code § 2-302.08(a-1) (2001), the mission of the District of Columbia Office of the Inspector General (OIG) is to:

- Conduct and supervise inspections, audits, and investigations, which relate to programs and operations of the District government departments and agencies, including independent agencies;
- Provide leadership, coordinate with, and recommend policies for activities to promote economy, efficiency, and effectiveness, and to prevent and detect waste, fraud, abuse, corruption, and mismanagement in District government programs and operations; and
- Provide a means to keep the Mayor, D.C. Council, and District government agency and department heads fully and currently informed of problems and deficiencies relating to the administration of District government programs and operations and the necessity for and the progress of corrective actions.

STATUTORY RESPONSIBILITIES

The OIG is a subordinate agency within the District government and, therefore, reports administratively to the Executive Office of the Mayor (EOM). However, one of the distinguishing features of the OIG is its statutory requirement to carry out its mission independently. Independence is both fundamental and critical to the OIG's mission because it ensures the integrity and credibility of the OIG's findings and recommendations. Accordingly, the OIG conducts its audits, investigations, and inspections free of outside interference or influence. The OIG's independence is further strengthened through its statutory budget autonomy, which prohibits the D.C. Council and the Mayor from revising the OIG's annual budget submissions. Although the D.C. Council may comment on or make recommendations to the OIG's annual budget estimates, the D.C. Council may not revise these estimates.

The OIG statute, D.C. Code § 2-302.08 (2001), charges the OIG with performing audits, inspections, and investigations as requested by the Mayor or that are deemed necessary or desirable by the Inspector General. If the OIG finds reasonable grounds to believe there has been a violation of federal or District criminal law, the Inspector General reports the evidence of criminal misconduct to the U.S. Department of Justice; in these instances, the OIG also forwards to the Mayor any report regarding the evidence, if appropriate, and within a reasonable time period. In cases of administrative misconduct, the Inspector General refers evidence of the same to the Mayor or the appropriate agency head. The OIG additionally

GENERAL ACTIVITIES

forwards any audit, inspection, or investigative report of misconduct or unethical behavior to the appropriate authority.

The OIG has several other statutorily mandated responsibilities. These responsibilities include the following:

- Independently initiating and conducting fiscal and management audits of District government operations.
- Serving as the principal liaison between the District government and the U.S. General Accountability Office and as the liaison representative for all external audits of the District government.
- Conducting an annual operational audit of District government procurement activities.
- Contracting with an outside auditing firm to perform the Comprehensive Annual Financial Report (CAFR) of the District government for the previous fiscal year.

OIG investigators, auditors, and inspectors rely upon several statutory “tools” to accomplish the OIG’s mission. Principal among these is the agency’s statutory access to the records, accounts, documents, and property of other agencies within the Executive Branch of the District of Columbia government. The OIG also has authority to issue subpoenas for witness testimony and documentation in connection with any matter under investigation; if necessary, the OIG may enforce its subpoenas in the District of Columbia Superior Court. District government employees and contractors have a statutory duty to cooperate with an OIG request for documents or testimony. In cases where there is a failure to comply, the Inspector General may recommend administrative or adverse action against the employee or contractor, including termination of employment or the contractual relationship.

The OIG’s responsibilities are a culmination of a series of federal and local legislation. The OIG’s statutory duties were established in 1986 by the D.C. Procurement Practices Act of 1985 (D.C. Law 6-85, effective Feb. 21, 1986). Approximately 10 years later, Congressional legislation - the D.C. Financial Responsibility and Management Assistance Act of 1995, Pub. L. No. 104-8, § 303 (adopted Apr. 17, 1995) - substantially modified the OIG’s responsibilities. The D.C. Council subsequently enlarged the OIG’s law enforcement powers in 1999 via the Office of the Inspector General Law Enforcement Powers Amendment Act of 1998 (D.C. Law 12-190, effective Mar. 26, 1999), which empowered criminal investigators to carry firearms in the District of Columbia while engaged in the performance of official duties; make arrests without a warrant for felony violations committed in their presence in the District; and execute search warrants issued upon probable cause.

GENERAL ACTIVITIES

In 2000, the D.C. Council's Office of the Inspector General Powers and Duties Amendment Act of 1999 (D.C. Law 13-71, effective Apr. 5, 2000) made several changes to the OIG's statute. Specifically, the Act: 1) codified the OIG's mission statement; 2) required the OIG to comply with generally accepted auditing, inspection, and investigation standards; 3) provided that every third year, the OIG must undergo a peer review to thoroughly assess the OIG's audit, inspection, and investigative standards, policies, procedures, and quality controls; 4) gave the OIG access to the papers, documents, and other property belonging to, or in use by, District government subordinate and independent agencies, excluding the D.C. Council and the District of Columbia Courts; 5) provided that the OIG could recommend administrative sanctions against employees or contractors who refuse to cooperate with official OIG investigations; and 6) codified the OIG's policy of non-disclosure of the identity of complainants or individuals providing information to the OIG, unless the Inspector General determines that disclosure is unavoidable or necessary to further the ends of an investigation.

The D.C. Council further amended the OIG statute in fiscal year (FY) 2003 via the Inspector General Qualifications Amendment Act of 2003 (D.C. Law 15-026, effective Jul. 30, 2003) (Qualifications Act). The Qualifications Act expanded the necessary qualifications for the Inspector General, who must now possess a minimum of 7 years aggregate experience in law, accounting, auditing, financial management analysis, public administration, or investigations. Additionally, the Inspector General must be a graduate of an accredited law school, be a member in good standing of the D.C. Bar for at least 7 years immediately preceding appointment, and possess 7 years experience in the practice of law. However, the legislation allows an Inspector General to substitute the legal experience prerequisite with either: 1) certified public accountant licensure for 7 years immediately preceding his/her appointment and 7 years aggregate experience in accounting, tax consulting, or financial consulting; or 2) possession of a certified public accountant certificate from the District of Columbia Board of Accountancy, membership with the Greater Washington Society of Certified Public Accountants, and 7 years experience in the practice of public accounting.

In FY 2004, the D.C. Council instituted the Inspector General Appointment and Term Clarification Amendment Act of 2004 (D.C. Law 15-212, effective Dec. 7, 2004), which added two new sections to the OIG statute. First, the legislation provides that the Inspector General appointed after November 4, 2003, will serve until May 19, 2008, and that the terms of each succeeding Inspectors General will expire every 6 years thereafter. Second, in any non-control year, the Inspector General shall be removed only for cause by the Mayor with the approval of two-thirds of the Council.

FY 2006 LEGISLATIVE ACTION REGARDING THE OIG STATUTE

The OIG statute provides the Mayor with the authority to set the annual rate for the Inspector General's salary so long as it does not exceed the rate set forth for level IV of the Executive

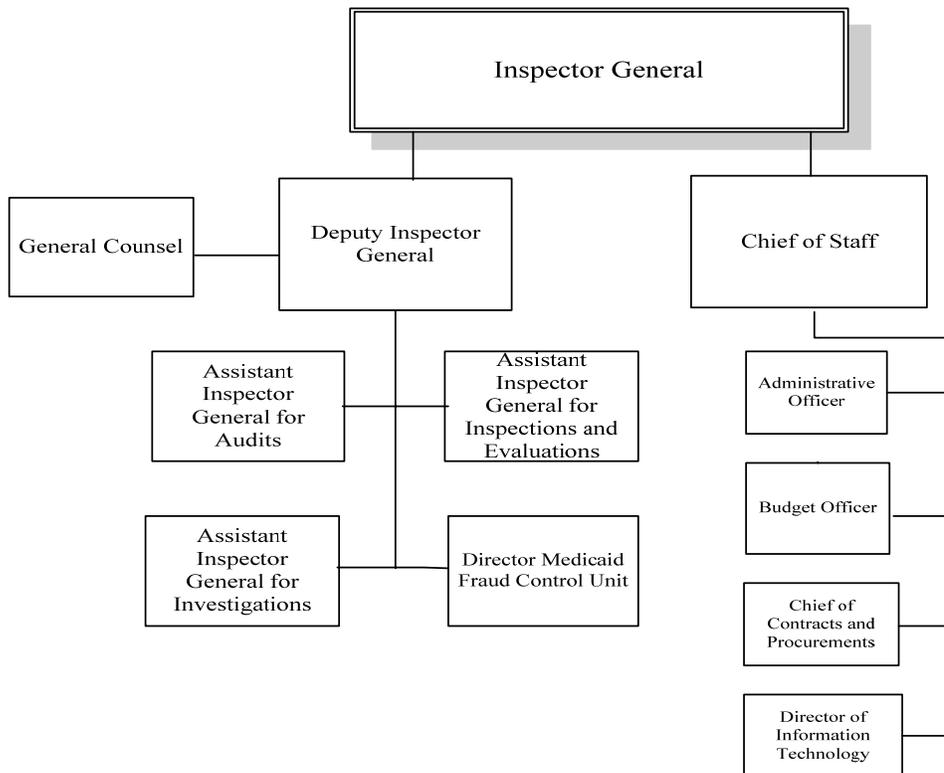
GENERAL ACTIVITIES

Schedule. In December of 2005, the D.C. Council introduced legislation to lift the Executive Schedule limitation and require D.C. Council review and approval for the rate of pay selected by the Mayor. This legislation, entitled the “Rate of Pay for the Position of Inspector General for the Office of the Inspector General Amendment Act of 2005”, was enacted as Bill 16-525, and assigned to the Council’s Committee on Government Operations. On November 3, 2006, the Committee on Government Operations held a Public Roundtable hearing on Bill 16-525, and the legislation is currently pending before the D.C. Council.

ORGANIZATION

The OIG is comprised of the Inspector General, the Deputy Inspector General, the General Counsel, the Chief of Staff, and four divisions, which are: the Audit Division; the Investigations Division; the Inspections and Evaluations Division; and the Medicaid Fraud Control Unit (MFCU). An Assistant Inspector General (AIG) leads each Division and a Director leads the MFCU. All executives report directly to the Deputy Inspector General, except for the Chief of Staff, who reports to the IG. Reporting to the Chief of Staff are the Budget Officer, the Chief of Procurement, the Administrative Officer and the Director of Management Information Technology. The following organizational chart depicts the reporting hierarchy.

OIG Organizational Chart - as of September 30, 2006



GENERAL ACTIVITIES

BUDGET AND PERSONNEL

The Office of the Inspector General's FY 2006 approved operating budget from all sources was \$12.9 million. Of this amount, \$2.4 million was allocated for the Comprehensive Annual Financial Report. There were 113 full-time positions supported by this budget. The Office received 90 percent of its budget (\$11.6 million) from local funding, which supported 101 full-time positions, (including 4 positions that represent a 25 percent local contribution to the federal grant that supports the Medicaid Fraud Control Unit). The Office received 11 percent (\$1.3 million) of its budget from federal funding, which supports 75 percent of the 16 full-time positions for the Medicaid Fraud Control Unit.

TRAINING

The OIG recognizes that the quality and effectiveness of its products are dependent upon a professionally trained staff. To this end, the OIG allocates a portion of its resources to ensure continuing professional education for its staff. The following is a summary of the various types of training taken by personnel of the OIG Divisions for FY 2006:

Various Types of Training

- Audit
- Investigative
- Inspections
- Medicaid and Health Care Fraud
- Computer Applications
- Legal
- Human Resource Management
- Office Management
- Leadership Management
- Procurement and Contracting
- Fundamental Skills
- Professional Development

SENIOR STAFF

Senior staff positions were occupied as follows:

7/18/05 – present: **Inspector General**
Charles J. Willoughby

2/28/00 – present: **Deputy Inspector General**
Austin A. Andersen

GENERAL ACTIVITIES

Chief of Staff

10/4/04 – 5/30/06: Vacant
6/1/06 – present: Roger W. Burke, Jr.

General Counsel

12/31/00 – present: Karen E. Branson

Deputy General Counsel

12/31/00 – present: Victoria L. Lucchesi

Assistant Inspector General for Investigations

2/10/03 – 2/10/06: Robert G. Andary
2/13/06 – 5/12/06: Victoria L. Lucchesi (Acting)
5/14/06 – present: Leonard C. Odom

Deputy Assistant Inspector General for Investigations

5/15/98 – present: Alfred Miller

Assistant Inspector General for Audits

6/18/00 – present: William J. DiVello

Deputy Assistant Inspector General for Audits

7/16/00 – present: Cheryl L. Ferrara

Assistant Inspector General for Inspections & Evaluations

6/21/99 – present: Alvin Wright, Jr.

Deputy Assistant Inspector General for Inspections & Evaluations

10/17/04–10/14/05: Lawrence Perry
10/15/05 – 3/5/06: Vacant
3/6/06 – present: Edward J. Farley

Director of Medicaid Fraud Control Unit

4/18/04 – present: Susan B. Kennedy

Deputy Director of Medicaid Fraud Control Unit

9/20/04 – present: Jane Drummey

Administrative Officer

3/12/93 – present: Grace Y. Price

GENERAL ACTIVITIES

Budget Officer
3/16/98 – present: Raneé Phillips

Supervisory Contracts Specialist
9/9/01 – present: Russell Symons

Supervisory Information Technology Director
2/17/98 – present: Lesly Valentin

FISCAL YEAR 2006 TESTIMONY BY THE INSPECTOR GENERAL

As a result of OIG audits, inspections, and investigations, we are often asked to provide information to our stakeholders. Copies of the testimonies delivered in FY 2006 can be accessed on our website. Appendix A contains the topics and dates of OIG testimonies presented before the City Council.

FISCAL YEAR 2006 PRESS HIGHLIGHTS

The OIG's work in District agencies is often recognized and reported on by local news organizations. It is our hope that media coverage will increase public awareness about the OIG's mission and our efforts to fulfill this mission, as well as encourage government efforts to correct reported deficiencies. Appendix B contains a selection of media highlights covering the OIG's work during FY 2006.

WEBSITE

The OIG website (www.oig.dc.gov) is a key resource that provides information about our operations and access to public documents, which include audit and inspection reports, press releases, notices regarding completed investigations, annual reports, testimony, and requests for proposals. The website also explains the OIG's legislative authority, describes our organizational structure, and includes the biographies of key personnel. It also explains procedures for submitting Freedom of Information Act (FOIA) requests to the OIG.

A key feature of the website is an online service entitled "Ask the Inspector General," which invites the public to submit comments or questions electronically to the OIG. The website additionally suggests the type of information individuals should provide to us when reporting fraud, waste, abuse, and mismanagement. The website further sets forth the OIG "hotline" telephone number, and advises that individuals reporting information can elect to remain anonymous.





FISCAL YEAR 2007 AUDIT AND INSPECTION PLAN





FISCAL YEAR 2007 AUDIT AND INSPECTION PLAN

The annual audit and inspection plan (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 Public Law. The FY 2007 Plan includes audits and inspections ongoing as of September 1, 2006. A copy of our annual plan can be accessed via our website at www.oig.dc.gov.

In an effort to sharpen the focus of our audits and inspections, the OIG continuously assesses 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. Responsible use of our audit and inspection resources has become increasingly important as the District seeks to maintain financial integrity and fiscal stability, despite known limitations for revenue growth. Clearly, District stakeholders have emphasized their continuing commitment to avoid risks that could trigger the re-emergence of budget deficits and management inefficiencies.

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

FISCAL YEAR 2007 AUDIT AND INSPECTION PLAN

As has been our practice, formulation of the Plan began with the initiation of the annual planning conference held in June 2006. To ensure that FY 2007 audits and inspections focused on issues that posed the greatest challenge to the District, we solicited participation from a group of District agency officials to speak about their concerns, or serve as discussion panelists and offer a critique of our audit process. Guest speakers included: Dr. Clifford B. Janey, Superintendent for the District of Columbia Public Schools; Stanley Jackson, Deputy Mayor for Planning and Economic Development; and Dr. Natwar M. Gandhi, Chief Financial Officer. Not only did District government leaders provide valuable insight into their individual programs and challenges facing the city, their evaluation of our audit process provided an unbiased assessment in several important audit areas.

We have undertaken an ambitious Plan, shaped in part by concerns raised by District stakeholders. Accordingly, our Plan reflects ideas and suggestions from the Executive Office of the Mayor, Council members, District agency officials, and others. The listing of a particular audit or inspection in the 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. The Plan is designed to address audit areas that transcend a given fiscal year until identified risks facing the District are mitigated. It is our hope that District managers will use the Plan to help further identify risk areas within their respective agencies so that they may begin to address issues identified in the Plan, or previously reported, and begin to take actions to improve operational efficiencies before our audit or inspection.

ACTIVITIES OF THE AUDIT DIVISION

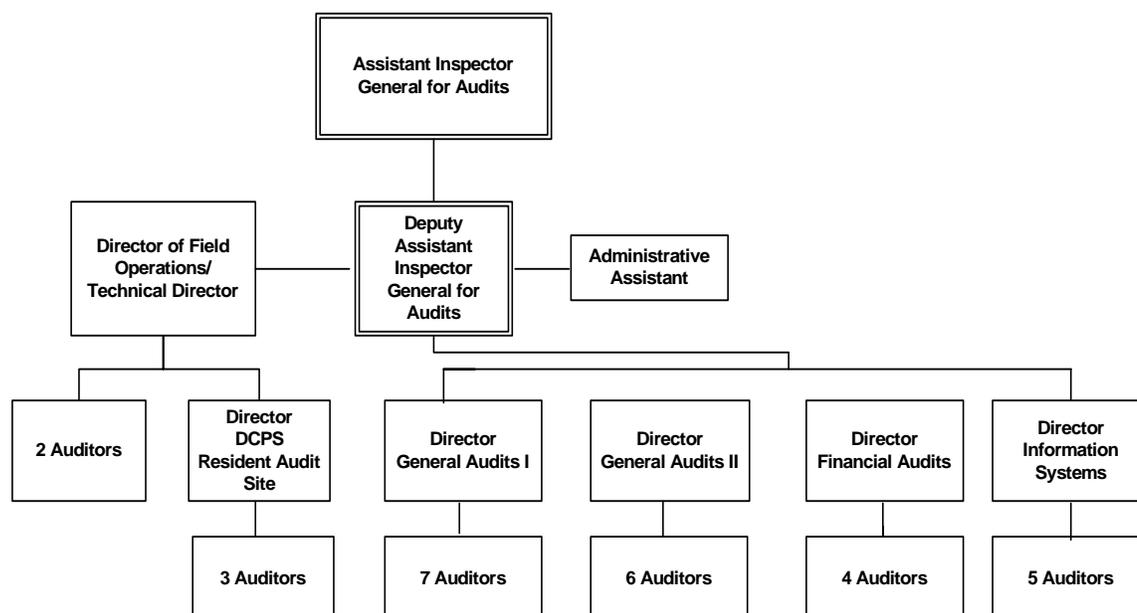


ACTIVITIES OF THE AUDIT DIVISION

ORGANIZATION

The OIG Audit Division, comprised of a staff of 36 professionals, is headed by an Assistant Inspector General for Audits (AIGA), a Deputy AIGA, and 6 Directors. The AIGA sets policy and, through the Deputy AIGA, provides leadership and direction for the Division. The Directors manage the day-to-day projects and activities of the auditors. The audit directorates are: (1) Field Operations/Technical; (2) DCPS Resident Audit Site; (3) General Audits I; (4) General Audits II; (5) Financial Audits; and (6) Information Systems.

**OIG Audit Division Organizational Chart
September 30, 2006**



The Audit Division is responsible for conducting audits of District organizations, programs, functions, and activities. These audits complement other elements of management evaluations and are aimed at providing reliable and constructive recommendations for improved administration of operations. Audits provide management with an independent appraisal of whether desired results and objectives are achieved efficiently, economically, and in accordance with prescribed laws, regulations, policies, and procedures. Key elements of our audits are the independence of the OIG from the management of such programs, and the OIG's responsibility to report to District management and other stakeholders the results of such audits.

ACTIVITIES OF THE AUDIT DIVISION

The Division is staffed to perform the full spectrum of engagements, e.g., financial, attestation, and performance audits. Financial audits assess whether the financial statements of an entity are presented fairly, in all material respects, in conformity with generally accepted accounting principles. Attestation audits or engagements concern examining, reviewing, or performing agreed-upon procedures on a subject matter or assertion. Performance audits entail an objective and systematic examination of evidence to provide an independent assessment of a program or entity and typically assess program results and/or the entity protecting or using its resources in the most productive manner. The purpose of performance audits is to improve accountability and to facilitate effective decision making.

CREDENTIALS AND QUALIFICATIONS

Auditors possess a 4-year degree from an accredited college or university. Additionally, many of our auditors hold advanced degrees and certifications, including the following:

- Certified Fraud Examiner
- Certified Government Financial Manager
- Certified Information System Auditor
- Certified Inspector General
- Certified Internal Auditor
- Certified Public Accountant
- Masters Degree in Business Administration
- Masters Degree in Public Administration
- Doctorate in Accounting

PROFESSIONAL ASSOCIATIONS AND ORGANIZATIONS

The OIG has joined a number of professional organizations to enhance audit performance and broaden the audit staff's perspective through educational and professional associations with the Association of Local Government Auditors (A.L.G.A.) and the Association of Inspectors General. Likewise, members of our staff are active in professional organizations such as, the American Institute of Certified Public Accountants, Association of Government Accountants, Association of Local Government Auditors, National Association of Certified Fraud Examiners, Information Systems Audit and Control Association, Association of Inspectors General, and Institute of Internal Auditors. Additionally, the OIG has been recognized in publications issued by A.L.G.A. and the Association of Inspectors General.

ACTIVITIES OF THE AUDIT DIVISION

ACQUIRING, DEVELOPING, AND RETAINING TALENT

Human capital management is critical to the organization's future success. The Audit Division's Technical Directorate, as well as individual Directors, continually work to identify the best ways to address the staffs' education needs and to identify core training programs. Through training and employee development, we strive to acquire, develop, and retain talent. We also consult with private-sector corporations, academic institutions, and other experts to identify best practices. For example, our Assistant Inspector General for Audits (AIGA) was a panelist at the Institute of Internal Auditor's 25th Annual Auditing Conference held in Washington D.C. on September 7, 2006. The AIGA addressed Human Resource Development from a federal, state, and local perspective. This was a lively discussion about current human resource issues and how audit organizations are attracting, training, and retaining staff. The AIGA also discussed hiring trends for the future and provided advice on how to stay competitive in today's changing environment.

AUDIT PEER REVIEW

In April 2000, when the Office of the Inspector General Powers and Duties Amendment Act of 1999 (D.C. Law 13-71) became effective, the Office of the Inspector General's (OIG) enabling statute was amended to ensure that the OIG complies with Generally Accepted Government Auditing Standards, which require an external quality control review (peer review) every 3 years. A peer review is generally conducted by individuals in a similarly situated professional environment. To meet this District requirement, the OIG has joined the Association of Local Government Auditors (A.L.G.A.).

On March 2, 2006, representatives from A.L.G.A. completed a peer review of the OIG's Audit Division. We are pleased to report that the Audit Division received an unqualified opinion from the peer review team. The peer review covered the period January 1, 2003, through December 31, 2005.

A companion management letter of the same date noted areas where this Office excelled and also included suggested improvements that will increase the value of this Office. Specifically, the report showed that the OIG Audit Division has a competent, qualified, and experienced staff, and that its Audit Handbook thoroughly addressed policies and procedures. In addition, it was noted that audit work was documented in a comprehensive and well-organized manner and that we had established an extensive and effective quality assurance function.

ACTIVITIES OF THE AUDIT DIVISION

CONTINUATION OF LIAISON ACTIVITY

Pursuant to the statutory mandate contained in D.C. Code § 2-302.08(a)(3)(B) and (C) (2001), the OIG is required to act as liaison representative to external organizations conducting audits of the District of Columbia government. The President's Council on Integrity and Efficiency is aware of this requirement and has asked member organizations to notify the OIG of any planned or future audits of District agencies. As a result, federal inspector general organizations and the Governmental Accountability Office (GAO) have coordinated their work with the OIG. Reciprocally, we continually coordinate audit efforts with the GAO, the District of Columbia Auditor, and federal inspector general offices.

Additionally, the AIGA participates on the procurement task force established by the City Council to address procurement practices and propose recommended solutions to identified problems. This task force often meets after hours and participation is on a voluntary basis. The AIGA has presented results of audits conducted by the OIG and has identified systemic deficiencies and possible solutions to the task force members.

THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

CAFR Oversight Committee. To oversee the CAFR, the OIG established the Comprehensive Annual Financial Report Oversight Committee (Committee). A charter identifying the Committee's purpose, composition, meeting schedule, and responsibilities governs the Committee, which assists the OIG in fulfilling its oversight responsibility by monitoring the progress of the audit and addressing any issues that may arise from the audit or may prevent the audit from being completed timely. The Committee's purposes include: (1) monitoring the reliability and integrity of the Office of the Chief Financial Officer's (OCFO) financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance; (2) monitoring the independence and performance of the District's independent auditors (Auditors); and (3) providing an open avenue of communication among the Auditors, Executive Office of the Mayor, Council of the District of Columbia (Council), OCFO, and other District management officials.

The Committee is comprised of District officials, who are independent of the OCFO, including representatives from the OIG, the Council, and the Executive Office of the Mayor. The Committee also invites representatives from the GAO, as well as CFO representatives, to attend select meetings, as appropriate.

FY 2005 CAFR. BDO Seidman issued an Independent Auditors' Report on Internal Control and Compliance Over Financial Reporting on January 23, 2006. With the issuance of the FY 2005 CAFR, the city received its ninth consecutive unqualified opinion on its financial statements. This CAFR was also issued ahead of its due date of

ACTIVITIES OF THE AUDIT DIVISION

February 1, 2006, which we perceive to be an indication that producing the District's CAFR has matured into an effective, if not routine, process.

On April 20, 2006, the OIG issued BDO Seidman's FY 2005 Management Letter, which is a companion document to the Independent Auditors' Report that identifies reportable conditions included in BDO Seidman's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. The Management Letter identified reportable conditions in the management of the Disability Compensation Program and Unemployment Compensation Claimant File Management.

AUDIT PERFORMANCE MEASURES TO EVALUATE PROGRESS

With regard to our audit performance and productivity standards, we currently report on three performance measures: the percentage of recommendations implemented; District agency coverage; and potential monetary benefits reported in final audit reports. We track audit recommendations so that we can assess the progress of corrective actions. The Comptroller General's Government Auditing Standards emphasize the importance of follow-up on significant findings and recommendations from prior audits to determine if corrective actions have been implemented. Audit recommendations do not produce the desired outcomes unless they are implemented. We will continue to work toward process improvements in measuring our productivity and performance. The results of our performance measures are shown in Appendix C.

FY 2006 Audit Recommendations

For FY 2006, the Audit Division made a total of 203 recommendations to District management. As these reports have been recently issued, we plan to conduct follow-up reviews in subsequent reporting periods at these agencies, and to work in conjunction with the Executive Office of the Mayor to ensure that actions are taken to address recommendations made. Appendix D provides further information regarding audit recommendations for FY 2006.

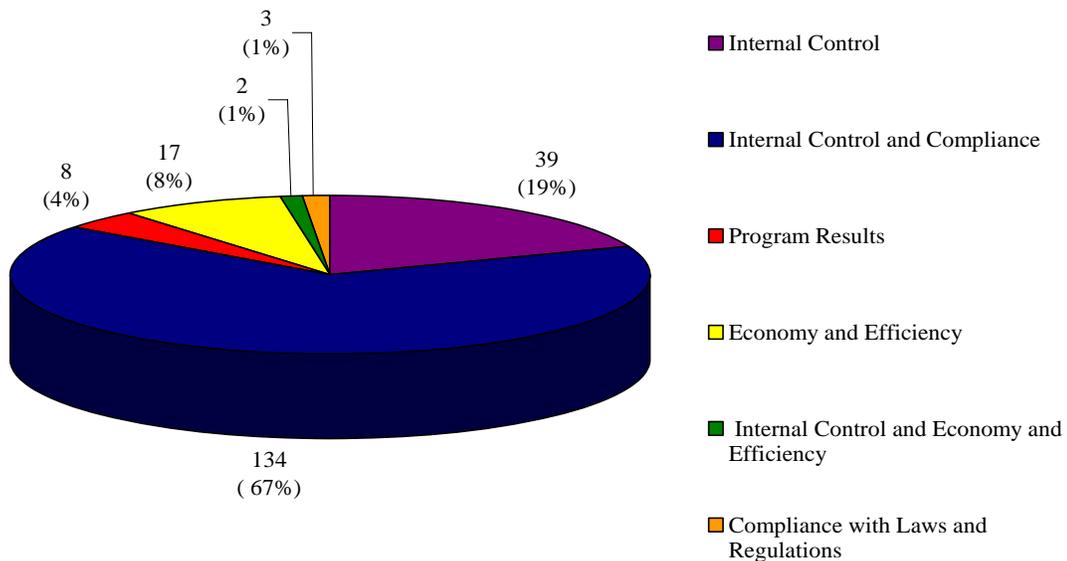
ACTIVITIES OF THE AUDIT DIVISION

SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDITS

For FY 2006, we issued 41 reports with total potential monetary benefits of approximately \$31 million. Comparing these to Audit Division costs of approximately \$3.1 million results in a return on investment for audits performed by OIG audit staff exceeding \$10 for each dollar invested.

To more readily identify and report potential benefits, the OIG includes a schedule in each audit report that identifies potential benefits resulting from the audit. The schedule identifies the corresponding benefit by recommendation, a description of the identified benefit, and type of benefit. The benefits of each recommendation are described as economy and efficiency, internal control and compliance, or program results. The type of benefit is reported as either monetary or nonmonetary. Monetary benefits are categorized as either "Funds Put to Better Use" or as "Questioned Costs." "Funds Put to Better Use" are funds that could be used more efficiently should management implement the recommendations. This category includes deobligation of funds from programs or operations and savings that result from implementation of recommended improvements. "Questioned Costs" are incurred costs questioned because of an apparent violation of a law, regulation, contract, or grant governing the expenditure of funds. The following chart identifies the number of recommendations by category.

Analysis of Recommendations by Category



ACTIVITIES OF THE AUDIT DIVISION

AUDIT AGENCY/OFFICE COVERAGE

The Audit Division issued 29 final reports in FY 2006, as well as 11 Management Alert Reports (MARs) and one Management Implication Report (MIR). Audits performed were conducted as part of our FY 2006 Audit and Inspection Plan or because of emerging issues requiring our immediate attention. Our audit reports to agency heads recommended corrective actions necessary to improve operations, address noted deficiencies, and ensure that agencies were in compliance with prescribed regulations, policies, procedures, and standards. Upon the issuance of our final reports, agencies described actions they had taken or planned to take to address our recommendations. Appendix E identifies the 36 District government agencies/offices audited during FY 2006.

AUDIT FOLLOW-UP

The Comptroller General's Government Auditing Standards emphasize the importance of follow-up on significant findings and recommendations from prior audits to determine if corrective actions have been implemented. In accordance with this standard, we have included a performance measure to track audit recommendations so that we can assess the progress of corrective actions.

SIGNIFICANT AUDIT FINDINGS

Our audits focus on areas that present the highest risks to maintaining the District's fiscal integrity and continued financial strength. To address these risks, we have designed our audits to concentrate on six themes that take into consideration the legislative triggers that could require the District's return to the operational control of the D.C. Financial Responsibility and Management Assistance Authority. When District leadership and the OIG identify and address such risks early, the likelihood of returning to a control period in the future is minimized. The six themes are as follows:

- 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

A summary of FY 2006 reports is included at Appendix F. To show the results of our audits by their respective risk area, we have summarized a selection of significant audits under each of the six themes identified above.

ACTIVITIES OF THE AUDIT DIVISION

AUDIT HIGHLIGHTS BY THEME

REVENUE ENHANCEMENT

Audits conducted under this theme address whether the District is maximizing its revenue potential from all known revenue sources.

Audit of the Homestead Deduction and Senior Citizen Real Property Tax Relief Programs, OIG No. 04-1-27AT, issued March 23, 2006.

Our audit disclosed that some property owners received the homestead deduction tax credit and/or senior citizen tax relief even though the owners did not qualify for these tax credits. This occurred when property owners received tax credits on multiple properties and on leased properties. These conditions existed because the Office of Tax and Revenue (OTR): (1) had inadequate internal controls over the application process; (2) did not coordinate with the Department of Consumer and Regulatory Affairs (DCRA) and the D.C. Housing Authority (DCHA) to identify rental properties; and (3) did not require property owners to submit sufficient documentation along with their homestead deduction and senior citizen tax relief applications. As a result, we projected OTR lost between \$1.1 million and \$3.4 million in revenue in FY 2004.

Further, OTR was unable to provide to us all completed homestead deduction and senior citizen tax relief applications for requested property owners in the homestead deduction and senior citizen tax relief programs. OTR's inability to provide the applications indicated the property owners possibly did not complete applications, and/or the owners received the tax credits because the prior owners received the tax credits. In addition, OTR had not recorded some current property owners in the tax system, evidencing that these owners likely did not complete the required applications.

We directed nine recommendations to the Chief Financial Officer, Office of the Chief Financial Officer (OCFO) and Deputy Chief Financial Officer, OTR in order to correct the deficiencies noted in this report.

ACTIVITIES OF THE AUDIT DIVISION

SPENDING AND EFFICIENT USE OF RESOURCES

Audits conducted under this theme examine programs that present the greatest risk of monetary drain on District funds. As such, we have conducted audits that address the efficiency of operations at various District agencies.

Audit of the Department of Public Works Inventory, Usage, and Maintenance of District Vehicles, OIG No. 04-1-21KT, issued March 20, 2006.

The audit disclosed that the DPW Fleet Management Administration (FMA) did not maintain an accurate inventory of all vehicles used by District agencies under the authority of the Mayor. FMA had not conducted an annual physical inventory since given the responsibility to manage the District fleet. Further, FMA did not establish sufficient procedures to adequately account for the vehicles and did not comply with its own policy to maintain a master fleet file for every vehicle in the District fleet. As a result, FMA officials could not account for 14 vehicles and could not provide sufficient documentation to determine the status of 4 other vehicles. Therefore, FMA could not provide us with reasonable assurance that it could account for all District vehicles under the agency's responsibility.

In addition, FMA officials did not fully comply with Mayor's Order 2001-85 by failing to: 1) prepare and maintain a daily record (daily usage log) of all individuals with custody of District vehicles; and 2) establish and implement procedures to ensure that the requirements were met by District agency fleet coordinators. Consequently, we could not determine whether District vehicles were used only by authorized individuals for official purposes. Although we identified vehicles with unexplained mileage, we did not identify specific instances of misuse or unauthorized use of District vehicles.

Finally, FMA did not properly account for vehicles that were either sold at auction or used for parts by maintenance services officials. As a result, we could not determine the status of five vehicles listed on April 28, 2005, as towed to the auction company for public auction. In addition, 54 vehicles had been awaiting sale at the auction company for 3 to 14 months. As a result, the District is at an increased risk for theft of parts from vehicles awaiting property disposal.

We directed 22 recommendations to the Director that focused on conducting a physical inventory, generating reliable inventory records, establishing and implementing policies and procedures, and complying with applicable criteria.

ACTIVITIES OF THE AUDIT DIVISION

DELIVERY OF CITIZENS SERVICES

The common goal of these audits is to improve the efficiency and effectiveness of municipal services to District residents.

Audit of a Contractual Arrangement for Non-Emergency Transportation of Medicaid Recipients, OIG No. 05-2-18HC(a), issued May 5, 2006.

Our audit found that a Department of Health (DOH) employee, who did not have authority to bind the District in a contractual arrangement, executed a contract for transportation authorization services. The contractual arrangement bypassed the normal procurement process, and the funds to pay for the services had not been pre-encumbered (budgeted). Approval to pay the contractor was made only after a formal ratification process had been completed. This procurement violated basic procurement rules contained in the D.C. Code and the District of Columbia Municipal Regulations (DCMR). See D.C. Code § 2-301.05(d)(1)(2001) and 27 DCMR § 1200.1.

We directed four recommendations to the Director, DOH which focused on: (1) ensuring the integrity of the agency procurement functions; (2) issuing written guidelines informing the DOH employees that a DOH contracting officer is the only agency employee authorized to execute a contract on behalf of the agency; (3) amending the ratification package; and (4) implementing controls to ensure that the Office of Contracting and Procurement is fully informed of services to be provided under the contract.

Audit of the FY 2006 Fund Status at the Mental Retardation and Developmental Disabilities Administration, OIG No. 06-2-18JA, issued September 20, 2006.

Our audit reported that program officials did not implement sufficient management controls or take sufficient ownership over Mental Retardation and Developmental Disabilities Administration (MRDDA) operations, which resulted in an \$18 million budget shortfall. Specifically, during the FY 2006 budget development process, program officials did not timely or adequately identify financial impacts or operational remedies relative to: (1) developing a distinct or achievable plan to address “cuts” made to MRDDA’s budget; (2) identifying program needs adequately and timely; and (3) maximizing available federal funds or reducing costs for services, which we estimated to be in the millions of dollars.

Additionally, we verified that MRDDA was in an over-obligated status based on its commitments to consumers. Ultimately, in order to continue its operations, it was necessary for District officials to augment MRDDA’s FY 2006 budget by \$18 million from outside of the Human Services Support Cluster. These, and other actions, resulted in apparent violations of the District’s and federal anti-deficiency laws.

Our report contained 13 recommendations made to District officials, some requiring coordination, in order to correct identified deficiencies.

ACTIVITIES OF THE AUDIT DIVISION

SUPPORT SERVICES

This issue area encompasses personnel matters, benefits, hiring practices, and personnel and payroll systems.

Review of Controls Over Pension Payments, OIG No. 05-1-01MA, issued May 4, 2006.

Our audit found that the Office of Pay and Retirement Services (OPRS) made notable improvements in internal controls over the detection and removal of deceased annuitants from the District's pension payment system. However, it was also disclosed that OPRS could make additional improvements to its internal control system to further reduce the time it takes to stop pension payments to deceased annuitants (retired police officers, firefighters, and teachers and their survivors). Specifically, our review of pension payments made to 68 annuitants during calendar years 2003 and 2004 revealed that OPRS continued to issue monthly payments to 10 of the 68 annuitants, who were deceased.

Although OPRS had "informal" procedures, we found a need for OPRS to formalize and strengthen its procedures for: (1) detecting ineligible annuitants; (2) detecting and reporting the death of annuitants; (3) discontinuing pension payments to annuitants after receiving notice of death; and (4) recouping overpayments.

We directed three recommendations to the Chief Financial Officer that we believe will improve the pension payment process.

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 firms. Largest among the required audits is the Comprehensive Annual Financial Report (CAFR). In addition, the District's annual appropriation legislation often includes language that requires the OIG to conduct one-time audits.

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

ACTIVITIES OF THE AUDIT DIVISION

Comprehensive Annual Financial Report of the Government of the District of Columbia for the Fiscal Year Ended September 30, 2005, issued January 23, 2006.

On January 23, 2006, as part of the CAFR, BDO Seidman, LLP issued its opinion on the District of Columbia's financial statements for the fiscal year ended September 30, 2005. The financial statements received an unqualified, or "clean," audit opinion from BDO Seidman. This is the ninth consecutive year the District has earned an unqualified audit opinion.

DISTRICT OF COLUMBIA PUBLIC SCHOOLS PROGRAMS

In June of 2006, the OIG opened a full-time resident audit site at DCPS to conduct audits, interact with school officials for prompt resolution of identified deficiencies, and recommend corrective action. Because, as previously noted, our on-site presence will enable this office to aggressively follow-up on past recommendations and advise school officials of the actions needed to resolve recurrent deficiencies, it is anticipated that our audits will be key factors in promoting efficiency and effectiveness in the school system. Identification of systemic problems and recommendations will provide DCPS officials and educators with tools to make sufficiently sound decisions to effect positive improvements.

Audit of the District of Columbia Public Schools Overtime, OIG No. 05-2-09GA, issued June 16, 2006.

This report disclosed that DCPS did not fully comply with all of the District's regulations governing processing employee overtime payments. Specifically, we found overtime payments that were: (1) made for hours worked when basic pay should have been paid while employees were on official leave or holiday; (2) not properly authorized; (3) not authorized in advance; (4) not recorded for the period in which the overtime was worked; and (5) lacking the required overtime request forms. Further, DCPS did not maintain all of the required documentation to support many of the overtime payments. We also found that DCPS has not maintained a current and accurate employee database, and had not charged appropriate funding codes (e.g., specific schools and departments) for overtime work performed. Finally, DCPS had not developed adequate written policies and procedures for processing payroll, and had not adequately trained employees involved in the payroll process. As a result, there were few internal controls in place to ensure that DCPS effectively and efficiently used overtime funds.

We addressed eight recommendations to the Superintendent of DCPS to initiate the necessary actions to correct the deficiencies noted in this report.

ACTIVITIES OF THE AUDIT DIVISION

SUMMARY OF MANAGEMENT ALERT REPORTS (MAR)

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.

In FY 2006 we issued 11 MARs. Below is a summary of the seven MARs we issued related to our audit of Agency Key Performance Measures. See Appendix G for a summary of the remaining 4 MARs issued in FY 2006.

Audit of Selected District Agency Key Result Measures, issued in March 2006

In March of 2006, the OIG issued individual MARs to the respective Directors of the seven agencies included in our review of District Agency Key Result Measures (KRM). The MARs detailed the process agencies followed to track and report on KRM results, the details and results of tests of supporting data, related comments/observations, and management's preliminary response. All results were discussed with appropriate agency personnel for final resolution. Additionally, agency heads provided the OIG with written responses to their respective MARs, which detailed actions planned or taken in response to recommendations made to correct deficiencies noted at their agencies.

The objectives of our review were to determine whether agencies were maintaining data to adequately support performance measures and to verify the accuracy of accomplishments reported. Our audit found that agencies did not always maintain support for KRMs on the established basis, nor did they establish an audit trail for independent verification of accomplishments for each KRM. As a result, we were unable to verify 25 of 44 (57 percent) KRM results reported to the Office of the City Administrator (OCA).

SUMMARY OF MANAGEMENT IMPLICATION REPORT (MIR)

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 be occurring in their particular agency. During FY 2006 we issued one MIR.

Analysis of Overtime in the District of Columbia, issued July 17, 2006

This review identified internal control weaknesses over the use and accountability of overtime. Findings identified in a recent audit provided reasons to believe that these internal control weaknesses may exist in other District agencies. Awareness of the District's history of excessive overtime costs and innovative approaches now used by other municipalities to reduce overtime also provide District agencies with opportunities for assessing the adequacy of their internal

ACTIVITIES OF THE AUDIT DIVISION

controls and initiating actions to better manage and reduce overtime costs. Conservatively, we estimated that the District can reduce overtime costs by at least 10 to 15 percent, or between \$5.5 million and \$8.2 million, based on the successes achieved by other municipalities' overtime cost reduction efforts.

**ACTIVITIES OF THE INSPECTIONS
AND EVALUATIONS DIVISION**



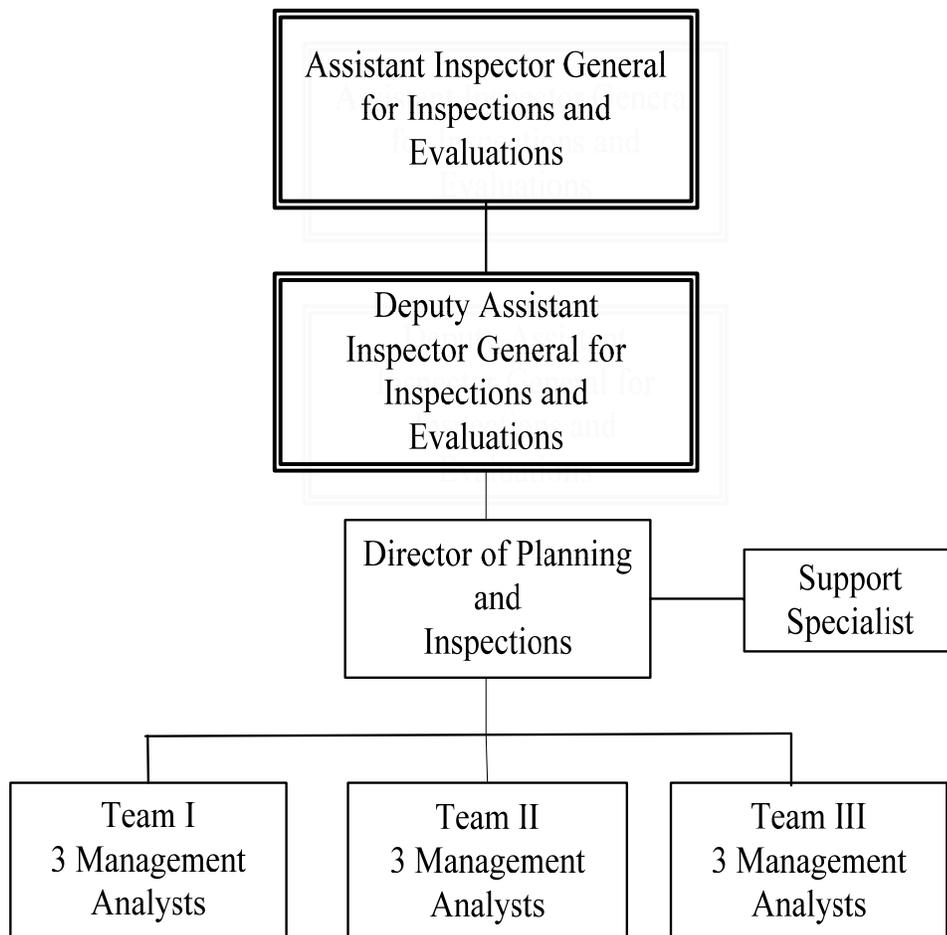
ACTIVITIES OF THE INSPECTIONS AND EVALUATIONS DIVISION

ORGANIZATION AND MISSION

The OIG Inspections and Evaluations Division (I&E) is managed by an Assistant Inspector General (AIG), a Deputy Assistant Inspector General (DAIG), and a Director of Planning and Inspections (DPI). The AIG sets policy and, through the DAIG, provides leadership and direction to the Division. The DPI manages inspection and evaluation activities both in the field and at the OIG, and oversees the day-to-day administrative activities in the Division.

OIG INSPECTIONS AND EVALUATIONS DIVISION

SEPTEMBER 30, 2006



ACTIVITIES OF THE INSPECTIONS AND EVALUATIONS DIVISION

I&E is responsible for conducting inspections of District government agencies and programs. An OIG inspection is a process that evaluates, reviews, and analyzes the management, programs, and activities of a District department or agency in order to provide information and recommendations that will assist managers in improving operations, programs, policies, and procedures. Inspections provide senior managers with an independent source of factual and analytical information about vital operations, measuring performance, assessing efficiency and effectiveness, and identifying areas of mismanagement, fraud, waste, and abuse. Inspection results are published in a Report of Inspection (ROI) and in MARs. The OIG provides a MAR when the Inspector General believes that a matter surfaced during an inspection requires the immediate attention of the head of an agency or department. The findings developed during inspections may lead to recommendations for investigations or audits. I&E also conducts re-inspections to follow-up on and monitor agency compliance with the Inspector General's recommendations.

CREDENTIALS AND QUALIFICATIONS

I&E has nine inspector positions and a support specialist. All employees, including managers, inspectors, and the support specialist, have 4-year degrees from an accredited college or university, typically in the fields of business and public administration, and most have graduate degrees. Senior inspectors must have significant experience working in or with state or federal government, or the private industry, as inspectors, management analysts, auditors, managers, or program managers. Upon entering on duty, new inspectors receive both formal, job-specific training at the graduate level, as well as specific on-the-job training in the evaluation and analysis of District government organizations and their management.

INSPECTION STANDARDS

I&E Division inspectors adhere to the Quality Standards for Inspections promulgated by the President's Council on Integrity and Efficiency, as well as to the standards mandated by the Inspector General of the District of Columbia. Inspectors pay particular attention to the quality of internal control exercised by managers in inspected agencies.

PERFORMANCE MEASURES USED TO EVALUATE PROGRESS

The number of inspections conducted, findings identified, recommendations made and agreed to by inspected agencies, and subsequent improvements in agency operations as determined through re-inspections are indicators of the effectiveness of the overall performance of the OIG inspection program. I&E performance statistics for FY 2006 are reported in Appendix H.

ACTIVITIES OF THE INSPECTIONS AND EVALUATIONS DIVISION

INSPECTIONS CONDUCTED

In FY 2006, I&E conducted three inspections, one special review, one re-inspection, and issued one MAR. These projects generated 67 findings and 86 recommendations. The Division also prepared three inspection reports, and one re-inspection report that will be issued in FY 2007. Inspections can take from 6 months to a year, depending on the size of the inspected agency, the complexity of the issues covered, and the inspection resources available. Recommendations made to agency and department heads call for corrective measures to improve operations, address deficiencies, and ensure that District and federal laws, regulations, and policies are followed.

The following describes the scope of the inspections, special review, re-inspection, and the MAR. Details of the findings and recommendations resulting from these projects will be published when the reports are issued in FY 2007. The cost of the projects conducted during FY 2006 and the number of recommendations resulting from each inspection and re-inspection are reported in Appendices I and J.

**State Education Office (SEO)
Fieldwork completed in FY 2006
(Report to be issued in FY 2007)**

The SEO is responsible for “all federal child nutrition programs in the District;” reporting on the “fall enrollment counts for all public and public charter schools in the District;” formulating and promulgating “rules for the documentation and verification of District residency for public and public charter schools students;” making “recommendations to the Mayor and Council for periodic revisions to the *Uniform Per Student Funding Formula*; and administering the District’s tuition assistance programs.”¹ The SEO FY 2006 budget was approximately \$90 million, and the agency had 77 full-time employees. The inspection of the SEO focused on the following areas: GEAR-UP, including financial reporting, program measures, facilities, program staffing, matching contributions, and sub-grants; nutrition services, including participation, records maintenance, and contract oversight; tuition services, including records maintenance and use of tuition benefits; management of SEOs imprest fund; purchase card payments; and the Education Licensure Commission, including veterans’ education benefits, licensure of postsecondary institutions, and issuance of reports to the Mayor or D.C. Council. The inspection team also conducted an employee survey covering the attitudes and perceptions of SEO employees toward the management and operations of the agency.

¹http://www.seo.dc.gov/seo/cwp/view,A,1222,Q,535125,seoNav_GID,1507,seoNav,|31195|,asp (last visited Nov. 14, 2006).

ACTIVITIES OF THE INSPECTIONS AND EVALUATIONS DIVISION

Findings and Recommendations: Under review pending publication of the final report in FY 2007.

**Public Service Commission (PSC)
Fieldwork completed in FY 2006
(Report to be issued in FY 2007)**

The PSC's mission "is to serve the public interest by ensuring that financially healthy electric, gas, and telecommunications companies provide safe, reliable and quality utility services at reasonable rates for District of Columbia residential, business and government customers."² PSC's FY 2006 budget was approximately \$ 7 million, and the agency had 67 full-time employees. The inspection included all key areas of PSC, including the following: numerous employee complaints and grievances against management; insufficient internal controls regarding handling of checks received from utility companies; lack of comprehensive operating policies and procedures; and auditing and oversight procedures regarding revenues. The inspection team also conducted an employee survey covering the attitudes and perceptions of PSC employees toward the management and operations of the agency.

Findings and Recommendations: Under review pending publication of the final report FY 2007.

**Office of Contracting and Procurement (OCP)
Fieldwork completed in FY 2006
(Report to be issued in FY 2007)**

OCP is responsible for providing contracting and procurement services and personal property management to District agencies so agencies can obtain the quality goods and services needed to accomplish their mission in a timely and cost-effective manner. OCP has 155 full-time employees, and its FY 2006 budget was approximately \$14 million. This inspection was the second of two and focused on OCP's ability to account for approval records of million-dollar contracts; the commodity groups' ability to maintain complete contract files of procurement activity; staffing; management and organization, including the performance standards for procurement employees, written guidelines to assist employees, policies for file storage and retrieval, and training programs; assessment of contracts awarded, including sole source contract files, letter contract files, and retroactive contract files; and how employee retirement may affect OCP operations.

Findings and Recommendations: Under review pending publication of the final report in FY 2007.

² <http://www.dcpsec.org> (last visited Nov. 14, 2006).

ACTIVITIES OF THE INSPECTIONS AND EVALUATIONS DIVISION

Emergency Response to the Assault on David E. Rosenbaum Fieldwork completed in FY 2006 (Report issued in June 2006)

In January 2006, a man was found lying on the sidewalk in his Northwest District neighborhood. The Office of Unified Communications dispatched emergency responders to the scene for a “man down.” The emergency responders, (fire, police, and ambulance personnel) who came to the scene did not detect serious injuries, illness, or evidence that the then-unknown man had been physically attacked. The man, subsequently identified as a District resident, was classified as a low priority patient. He was transported to the Howard University Emergency Department (Howard) where, after lying in a hallway for more than an hour, medical personnel discovered that he had a critical head injury. Despite surgery and other medical interventions to save him, the resident died on January 8, 2006.

Subsequently, numerous questions were raised and complaints made by both citizens and District government officials about the emergency medical services provided to him by D.C. Fire and Emergency Medical Services Department (FEMS) and Howard personnel. Questions were also raised regarding the delayed recognition by Metropolitan Police Department (MPD) officers that a crime had been committed.

The City Administrator requested that the OIG conduct a review of the District’s emergency response to the citizen’s assault and subsequent death.

Findings and Recommendations: The Inspector General made a number of recommendations to FEMS, MPD, and Howard regarding the issuance of updated policies and procedures, establishment and maintenance of quality assurance and monitoring programs, training and certification programs, and implementation of timely performance evaluation policies.

RE-INSPECTIONS CONDUCTED

The OIG inspection process includes follow-up with inspected agencies to monitor the action taken on OIG findings and recommendations. Compliance forms are issued to agencies at the end of the OIG’s initial inspection so that agencies can report back on their progress in complying with recommendations over an established time period. At the end of that period, re-inspections are scheduled and conducted to verify an agency’s compliance with recommendations as agreed to.

ACTIVITIES OF THE INSPECTIONS AND EVALUATIONS DIVISION

Department of Corrections (DOC), Central Detention Facility (CDF) Fieldwork completed in FY 2006 (Report to be issued in FY 2007)

DOC's mission is to maintain public safety for citizens of the District of Columbia by providing the "safe, secure and humane confinement" of pretrial detainees and sentenced inmates. The re-inspection team found that DOC had made substantial progress in correcting deficiencies found during the initial inspection in 2001. The team found that of the 32 recommendations agreed to, DOC was in full compliance with 16, partial compliance with 7, 1 had not been complied with, and 8 had been overtaken by events. The re-inspection team found that DOC had made the following capital improvements in the CDF: renovation of the kitchen, laundry, and health care unit; replacement of the heating, ventilation, and air conditioning systems; and overhaul of plumbing and electrical fixtures. In addition, DOC also had made improvements in sanitation throughout the facility since the initial inspection.

MANAGEMENT ALERT REPORT

Department of Corrections (DOC), Central Detention Facility (CDF) Management Alert Report 06-I-002 (Report Issued May 18, 2006)

I&E issued one Management Alert Report (MAR) during FY 2006. The OIG issues MARs when it believes a matter requires the immediate attention of a District of Columbia government official.

During the re-inspection of the DOC, concerns arose about the lack of medical leadership at DOC's facilities. The inspection team found that the contractor responsible for inmate healthcare at DOC's Central Detention Facility (D.C. Jail) and the Central Treatment Facility (CTF) had not staffed medical leadership positions according to contract specifications. There were inconsistencies between the language in the contract between the DOC and its medical provider that calls for two Medical Directors (one for each facility) and the medical provider's policies and procedures that reference a sole Medical Director.

The purpose of this MAR was to highlight the discrepancy between contractual staffing requirements and actual implementation, and to address an apparent lack of enforcement by DOC. Because Medical Directors occupy the most important medical leadership positions at the D.C. Jail and the CTF, the OIG concern was that DOC was paying for a medical leadership structure (e.g., a full-time Medical Director for each DOC facility) that was not implemented as contractually required.

ACTIVITIES OF THE INSPECTIONS AND EVALUATIONS DIVISION

The OIG recommended that DOC coordinate with the Office of Contracting and Procurement (OCP) and the D.C. Office of the Attorney General (OAG) to determine whether the current absence of full-time, on-site Medical Directors at both the D.C. Jail and CTF constitutes vacancies of “Key Personnel” positions, and whether DOC should seek liquidated damages against the medical provider. We also recommended that the DOC take steps to ensure that requirements for staffing all medical positions for the D.C. Jail and CTF are clearly defined, enforced, and monitored.



ACTIVITIES OF THE INVESTIGATIONS DIVISION

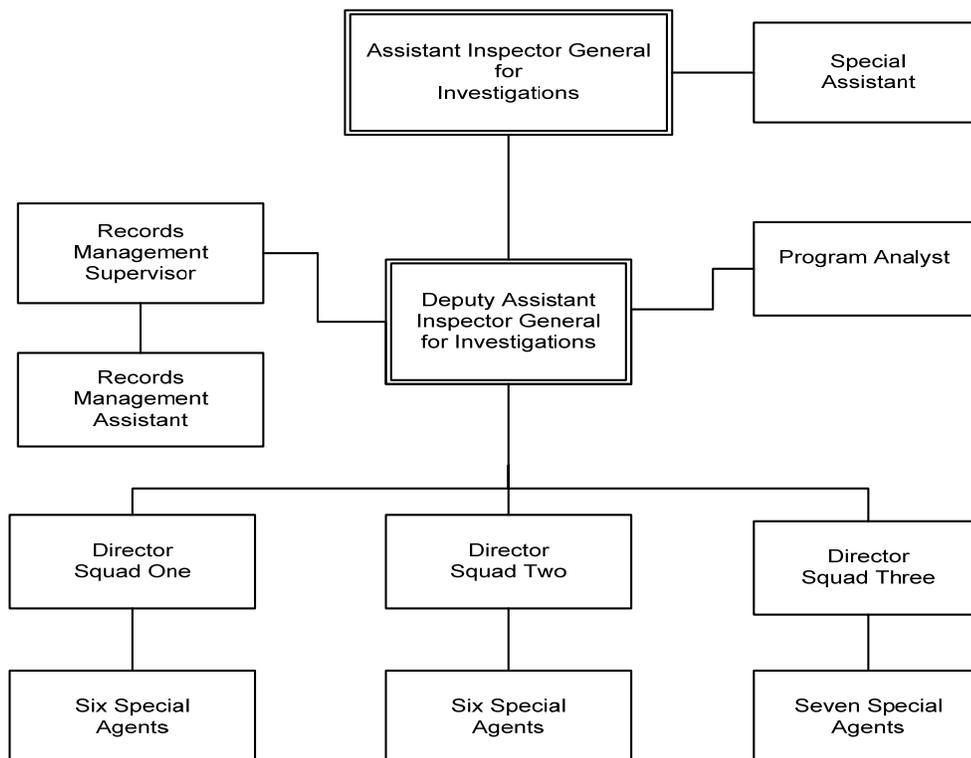


ACTIVITIES OF THE INVESTIGATIONS DIVISION

ORGANIZATION

The day-to-day operation of the Investigations Division (ID) is the responsibility of the Assistant Inspector General for Investigations (AIGI), who supervises a management team that consists of a Deputy AIGI and three Directors. Each Director is responsible for a team of Special Agents who are assigned both administrative and criminal investigations concerning District government operations, District government employees, and those doing business with the District government. The Records Management Supervisor provides organization and accountability to the various records systems of the OIG. This supervisor reports directly to the Deputy AIGI. The Program Analyst is responsible for the effective operation of the Hotline Program and for the Referral Program. The hotline is staffed by Special Agents on a rotating basis. In FY 2006, ID implemented a policy of issuing acknowledgement letters, where appropriate, to individuals who provide information by mail, facsimile, or computer, as a customer service enhancement.

**OIG Investigations Division
September 30, 2006**



ACTIVITIES OF THE INVESTIGATIONS DIVISION

The ID is comprised of 29 employees, including 6 managerial/supervisory personnel, 20 Special Agents, 1 Special Assistant, and 2 support staff members. Many of our Special Agents hold advanced degrees and professional certifications. Newly hired Special Agents are required to attend and successfully complete a 10-week basic training course at the Federal Law Enforcement Training Center (FLETC), Glynco, Georgia. They are also required to meet the firearm qualification standards of FLETC, or of another federal law enforcement agency, as well as those of the Metropolitan Police Department (MPD). The ID staff includes former investigators and managers from law enforcement agencies such as the FBI, federal OIGs, and major police departments. Special Agents are authorized to carry firearms during the performance of official duty, make arrests in limited situations, execute search warrants, and administer oaths.

In FY 2006, one of ID's Directors received a Certificate of Appreciation from the United States Attorney's Office in recognition of her diligent and cooperative investigative efforts regarding corruption in the D.C. Department of Motor Vehicles.

RESPONSIBILITIES

The ID is responsible for conducting criminal and administrative investigations into allegations of waste, fraud, and abuse on the part of District government employees and contractors. In addition, the ID conducts investigations of District government employee conduct alleged to be violative of the Standards of Conduct. When investigative findings solely indicate non-criminal employee misconduct or management deficiencies, Reports of Investigations (ROIs) are prepared and forwarded to the responsible agency heads. These administrative investigations typically uncover violations of District law, policy, and/or regulations. They also identify the individuals responsible for the violations and make recommendations for disciplinary action. Equally important to the investigative process, however, is the identification of program weaknesses, contracting irregularities, and other institutional problems that place a District government agency at risk for waste, fraud, and abuse. Therefore, the ROIs frequently make concrete recommendations to correct the identified deficiencies, provide guidance on the applicable laws and regulations, and suggest employee training where appropriate.

When investigative findings are indicative of criminal conduct, they are presented to either the United States Attorney's Office for the District of Columbia (USAO) or the D.C. Office of the Attorney General (OAG) for prosecutorial opinion and action. When a case is accepted by either entity for prosecutorial consideration, the investigation will proceed under the guidance and direction of the prosecutors, often in conjunction with other law enforcement partners such as the FBI. The investigative findings are also used to determine whether civil action is appropriate in addition to or in lieu of criminal prosecution.

ACTIVITIES OF THE INVESTIGATIONS DIVISION

The Records Management Unit (Unit) is responsible for maintaining the investigative files of the ID and for coordinating the development and retention of all OIG files in accordance with District law and policy. The Unit is also responsible for maintaining the chain-of-custody for all evidence and for protecting the identity of matters subject to the Grand Jury secrecy provisions of Rule 6(e) of the Federal Rules of Criminal Procedure. In addition, the Unit works closely with the OIG's General Counsel to identify and produce documents requested pursuant to the District of Columbia Freedom of Information Act. Consequently, the Unit is also responsible for maintaining a comprehensive database of the ID's investigative information and a formal case file system that allows the ID to locate all investigative information through the identity of complainants, subjects, and critical witnesses.

The Referral Program is an important adjunct to the investigative work of the ID and allows the OIG to be responsive to citizen complaints of waste, fraud, and abuse. Complaints and allegations received by the OIG that do not warrant formal investigation by the ID are referred to the appropriate District or other government agency for consideration and resolution. In most cases, the responsible agency head is requested to respond to the ID's questions and concerns. Based on the adequacy of the response, the ID determines whether further investigation is warranted. The Referral Program is an invaluable mechanism by which the OIG is able to raise issues of concern to District government agency heads in order to ensure that they are accountable to citizen concerns and responsive to the public interest.

The Hotline Program is an equally important component of the ID whereby the OIG is available 24 hours a day to receive telephonic complaints from District government employees and the general public. A Special Agent is on duty every working day during normal business hours to respond to telephonic complaints. All complaints received during non-business hours are recorded and an appropriate response is initiated the next workday.

PERFORMANCE MEASURES TO EVALUATE PROGRESS

Performance measures within the ID are set by the Inspector General to assess progress toward resolving identified risks. New and different types of performance measures were adopted for FY 2006 and FY 2007. Appendix K shows ID's FY 2006 performance measure targets and actual performance. In FY 2006, the Division exceeded its target goals in three of the five performance measures. Appendix L shows ID's FY 2006 performance statistics compared with FY 2004 and FY 2005.

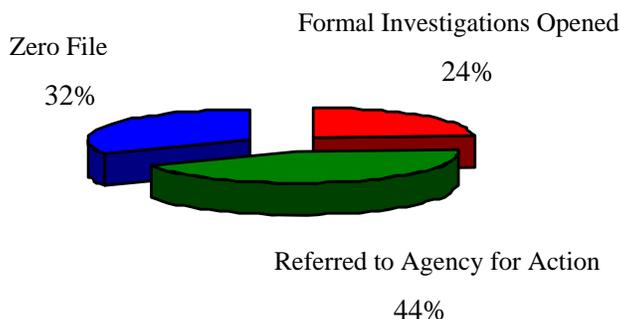
INVESTIGATIVE WORKLOAD AND PRIORITIES

At the start of FY 2006, the OIG ID had 176 pending investigations. The Division processed 433 new investigative complaints received during FY 2006. Of those 433 matters, 102 were opened as formal investigations, 191 were referred to agency heads for action, and 140 were closed without further action (or placed in the "Zero" file).

ACTIVITIES OF THE INVESTIGATIONS DIVISION

The chart below reflects the proportionate resolution of investigative matters received in FY 2006 (based on 433 new matters).

Resolution of Investigative Matters



Due to the high volume of allegations and complaints received, the ID must prioritize the use of its limited investigative resources. Priority investigations include the following:

- Matters referred from the Executive Office of the Mayor (EOM), D.C. Council, and the U.S. Congress.
- Allegations of serious criminal activity on the part of District government employees involving government fraud and public corruption.
- Allegations of procurement fraud that are of a significant dollar value.
- Allegations of misconduct on the part of agency heads and other high-ranking executives in the District government.
- Systemic program or management deficiencies that need immediate attention and correction.

INVESTIGATIONS CLOSED

In FY 2006, the ID closed 239 investigations. Appendix M shows the details of the number of cases closed by agency. These statistics are reflective of the size of the agency, the nature of its mission, and the proportionate frequency with which the ID receives allegations of waste, fraud, and abuse relating to each department or agency. The table does not include closed Administrative Referrals, which are included in other tables.

ACTIVITIES OF THE INVESTIGATIONS DIVISION

HOTLINE USAGE

Detailed OIG Hotline statistics are included in Appendix N. D.C. Code § 47-2881 (2001) requires the OIG to submit quarterly reports to Congress on the number and nature of calls placed to the OIG Hotline. The OIG Hotline numbers are (202)727-0267 and 1(800)521-1639. Approximately 4,000 hotline calls are received every year. The OIG Hotline is used to report a wide range of matters. However, not all calls result in the OIG opening an investigation. In some cases, the callers (many of whom elect to remain anonymous) do not report sufficient information to enable the OIG to initiate an investigation, and other calls concern matters that are not within the OIG's jurisdiction for investigation. Still other matters cannot be pursued because the OIG lacks the personnel and resources to handle the investigations.

Numerous complainants call the OIG Hotline to report that District government agencies were not responsive to their initial calls. Many of these and other inquiries were successfully redirected to a responsive District government official or resolved informally with the caller.

The OIG received a total of 88 calls on the OIG Hotline during FY 2006 that required further action by the ID. These are described in Appendix N. While OIG Hotline calls represent just one of the ways in which government employees and concerned citizens provide information to the OIG, it is important to note that some of the most significant cases the OIG investigates result from calls placed to the OIG Hotline. The OIG also receives reports of government corruption, waste, fraud, and abuse via mail, email, facsimile, in person, and by referral from other departments and agencies, the Executive Office of the Mayor, the D.C. Council, and the U.S. Congress.

SUMMARY OF PROSECUTIVE ACTIVITY

The OIG refers credible allegations of criminal conduct on the part of District government employees and contractors to the USAO for prosecutorial consideration. *See* D.C. Code § 2-302.08(a)(3)(F)(ii) (2001). In FY 2006, the OIG referred 66 cases to the USAO for possible prosecution. Twenty cases were accepted for further investigation, 46 cases were declined, and 14 cases were presented to the OAG for prosecution under laws within the jurisdiction of that office. These figures include referrals of cases from previous years. The investigations conducted by the OIG (and, in some cases, in conjunction with other law enforcement agencies) resulted in 18 convictions in FY 2006. The individuals who were convicted received sentences that included imprisonment, home detention, probation, fines, and restitution.

RESTITUTION AND RECOVERIES

During FY 2006, individuals convicted as a result of OIG investigations were ordered to pay a total of \$745,177 in restitution, fines, and recoveries.

ACTIVITIES OF THE INVESTIGATIONS DIVISION

INVESTIGATIVE REPORTS

The OIG issued 9 reports of investigation (ROIs) in FY 2006. Formal ROIs are issued at the conclusion of significant administrative investigations of misconduct, waste, fraud, and abuse. In cases where the allegations are substantiated, the ROIs recommend disciplinary and/or remedial action where appropriate. These ROIs are then distributed to responsible District government agency heads, with executive summaries distributed to the Mayor, the D.C. Council members, and, where necessary, to congressional oversight committees.

In addition, the ID prepares a variety of other investigative reports to respond to more immediate problems. Management Alert Reports (MARs) are issued to particular District government agency heads to alert them to an issue uncovered during the course of an ID investigation that requires immediate attention. For example, in FY 2006 the ID issued a MAR to alert and advise the Superintendent of the District of Columbia Public Schools (DCPS) of evidence indicating that a former DCPS employee falsified investigatory documents in a corporal punishment case. Another MAR was issued to the Fire Chief of the District of Columbia Fire and Emergency Services Management (DCFEMS) regarding an investigation by the OIG into Cardio-Pulmonary Resuscitation (CPR) certification and recertification procedures at the DCFEMS Training Academy and the maintenance of training records. The MAR also alerted the Fire Chief to potential irregularities surrounding testing in an arson class.

Fraud Alert Reports (FARs) are issued to agency heads as notification of particular criminal schemes. In FY 2006, a FAR was issued to the Director of the District of Columbia Department of Human Services (DHS) to report the results of an investigation regarding fraudulent tuition reimbursements.

Management Implication Reports (MIRs) are issued to numerous agency heads to alert them to issues or problems that affect more than one agency. No MIRs were issued in FY 2006.

Finally, the ID issued numerous Significant Activity Reports during FY 2006 to notify the Mayor of criminal prosecutions and convictions of District government employees and contractors.

ACTIVITIES OF THE INVESTIGATIONS DIVISION

SIGNIFICANT INVESTIGATIONS

Unemployment Compensation Claimant Pleads Guilty to First Degree Fraud

This investigation was based on complaints from the Benefit Payment Control Branch (BPCB), Office of Unemployment Compensation, Department of Employment Services (DOES), that certain Unemployment Insurance (UI) claimants submitted fraudulent UI claims to DOES. The OIG investigation revealed that a claimant falsely certified on DOES mail-in claim cards that the claimant was unemployed for various times during the period of January 2001 until July 2002. As a result, the claimant fraudulently received approximately \$14,790 in UI benefits. On February 1, 2006, the claimant entered a guilty plea in the District of Columbia Superior Court to one count of First Degree Fraud, in violation of D.C. Code § 22-3221, and was sentenced to 180 days incarceration (suspended), 40 hours of community service, alcohol and drug testing, and ordered to restitution in the amount of \$7,145.

Owner/Operator of Filling Station Pleads Guilty to Fraud

Investigation into this matter was predicated on a referral from the United States General Services Administration Office of the Inspector General, which advised of a “double-billing” scheme on credit card purchases for gasoline at a District of Columbia filling station. The investigation determined that during a 2-year period, the filling station overcharged approximately \$182,000 to various federal and District of Columbia government agencies. On January 17, 2006, the owner/operator entered a guilty plea to one count of First Degree Wire Fraud. The owner/operator is scheduled to be sentenced in November 2006.

Embezzlement and Fraud at the Washington Teacher’s Union

The former President of the Washington Teacher’s Union (WTU) Local 6, a collective bargaining unit for 5,000 teachers, guidance counselors, librarians, and other school professionals employed by or retired from the District of Columbia Public Schools, pled guilty to mail fraud and conspiracy. The former WTU President, found responsible for the theft of over \$4 million in union funds, received a 9-year federal prison sentence and was ordered to pay restitution in the amount of \$4,249,187. The former Executive Assistant to the WTU President received an 11-year prison sentence, and the former WTU Treasurer received a 10-year prison sentence. The embezzlement scheme was carried out with the assistance of five additional individuals (who also pled guilty): the Executive Assistant’s daughter; the Executive Assistant’s son-in-law; a former WTU Accountant; a friend of the son-in-law; and the former WTU President’s chauffeur.

ACTIVITIES OF THE INVESTIGATIONS DIVISION

D.C. Department of Transportation Employee Admitted Taking a Bribe

A former District Department of Transportation (DDOT) Maintenance Construction employee was surveilled accepting a \$50 bribe. The former employee admitted to accepting cash payments totaling \$4,000 from individuals and entities within the District of Columbia. The former employee received 5 years probation, a fine of \$2,000, and was ordered to pay restitution in the amount of \$4,000.

Former Employee of the Office of Property Management Pleads Guilty to Bribery

The investigation was predicated on a complaint received by the District of Columbia Office of Property Management (OPM) that an employee, while working as an engineer for OPM, solicited bribes from three separate contractors who were working on the Turkey Thicket and North Michigan Park Recreation Centers. On February 22, 2006, a federal grand jury indicted the former employee on a 10-count indictment for extortion, bribery, and honest services fraud. On July 28, 2006, the former OPM employee pled guilty in the United States District Court for the District of Columbia to one count of bribery, and is scheduled to appear for sentencing on January 12, 2007.

Former Principal of the District of Columbia Public Schools Pleads Guilty to First Degree Theft

The investigation was predicated on a request for assistance from the USAO concerning a preliminary audit from the District of Columbia Public Schools (DCPS) Office of Compliance that identified approximately \$9,835 in improper expenditures from the John Burroughs Elementary School (JBES) Student Activity Fund (SAF). The investigation revealed that from September 9, 2000, through September 16, 2002, a former JBES Principal spent approximately \$9,835.86 from the SAF to shop at various store locations, including COSTCO, Ames, and Shopper's Food Warehouse, for her own personal use/benefit. On October 31, 2005, pursuant to a plea agreement with the USAO, the JBES former Principal pled guilty to one count of First Degree Theft. On December 15, 2005, in the Superior Court of the District of Columbia, the employee was sentenced to 10 months confinement (suspended), 1 year probation, and fined \$200 to be paid to the Victims of Violent Crimes Fund. The former JBES Principal reimbursed the JBES SAF \$9,835.86 prior to sentencing.

Employee of the Department of Consumer and Regulatory Affairs Pleads Guilty to Bribery

The investigation was predicated on allegations that an employee of the Department of Consumer and Regulatory Affairs (DCRA) was extorting money from businesses in exchange for overlooking compliance issues. The investigation revealed that the DCRA employee accepted bribes from local businesses after informing them of violations of

ACTIVITIES OF THE INVESTIGATIONS DIVISION

municipal regulations, in exchange for not issuing infraction notices. On March 31, 2006, the employee pled guilty in the United States District Court for the District of Columbia to one count of bribery. On July 21, 2006, the employee was sentenced to 18 months incarceration and 2 years supervised release.

Former Employee of the Washington Metropolitan Area Transit Authority Pleads Guilty to Attempted Uttering

The investigation was predicated on allegations that someone was creating and cashing fraudulent checks using the account number of the District of Columbia Disability Compensation Fund (DCDCF). The investigation revealed that on April 30, 2004, a former employee of the Washington Metropolitan Area Transportation Authority (WMATA) deposited a \$6,500 counterfeit check, which was drawn on the DCDCF account, into his personal bank account. On July 6, 2006, the former WMATA employee pled guilty in the Superior Court of the District of Columbia to one count of Attempted Uttering and was sentenced to 5 years supervised probation, ordered to pay restitution of \$6,000 to Industrial Bank N.A., and ordered to complete a drug and alcohol treatment program. The Industrial Bank N.A. had previously reimbursed the DCDCF for the funds that were fraudulently obtained.

Employee of the District of Columbia Public Schools Pleads Guilty to Second Degree Theft

The investigation was predicated on allegations that an employee of the DCPS fraudulently deposited a check made payable to the DCPS into his personal checking account at PNC Bank. The investigation revealed that on December 23, 2005, the DCPS employee wrongfully removed from the DCPS mailroom a \$5,250 check issued by the Devereux Foundation to DCPS. On May 16, 2006, the employee pled guilty in the Superior Court of the District of Columbia to one count of Second Degree Theft and agreed to make restitution in the amount of \$5,250. On June 12, 2006, the employee was sentenced to 120 days incarceration (suspended), 1 year supervised probation, 40 hours of community service, and was fined \$50 in court costs.

Former Employee of the Department of Employment Services (DOES) and Participants in the DOES "Project Empowerment" Program Plead Guilty to False Claims and Fraud

The investigation was predicated on allegations that 13 participants in the DOES "Project Empowerment" were placed in unsubsidized employment with DCRA; however, each received at least 1 additional paycheck from the DOES Project Empowerment Program (PEP). The investigation revealed that a former DOES PEP job coach conspired with participants in the PEP to continue submitting time sheets through the PEP at the same time

ACTIVITIES OF THE INVESTIGATIONS DIVISION

the participants were being paid as full-time subsidized employees of the DCRA. The job coach and the PEP participants split the PEP checks. On January 20, 2006, in the Superior Court of the District of Columbia, the former DOES job coach was sentenced to 1 year of imprisonment for each of the four counts of violating the False Claims Act and 1 year of imprisonment for each of the four counts of fraud of obtaining public assistance; to serve 200 days, with the suspended time impossible if the former DOES job coach fails to complete 4 years of probation; to pay \$910 in restitution; and to perform 200 hours of community service. The former DOES job coach was arrested while enrolled as a recruit in the Metropolitan Police Department (MPD) Academy. Subsequently, the employee was terminated from MPD on November 26, 2005.

Also convicted in the scheme were two PEP participants: one participant pled guilty to one count of fraud in obtaining public assistance and was sentenced to 45 days incarceration (suspended), 18 months probation, and ordered to pay \$2,000 in restitution; the other, who also pled guilty to one count of fraud in obtaining public assistance, was ordered to pay \$1,300 in restitution in exchange for agreeing to testify against the former DOES employee.

“Petition for Remission” Garners the District of Columbia Government \$185,152.05 from Seized Assets

This case has been under the jurisdiction of the USAO since shortly after its presentation in 1998. In August 2004, in coordination with the OAG, a *Petition for Remission* was filed with the United States Department of Justice (DOJ), Asset Forfeiture & Money Laundering Section (AFMLS), to recover District funds that were determined to have been fraudulently obtained by the subjects of an investigation. On February 24, 2006, the AFMLS awarded the District \$185,152.05 of the recovered assets. This was the first instance of the OIG utilizing this process to obtain funds from the federal government from assets seized during the course of an OIG investigation.

Former Teacher with the District of Columbia Public Schools Received Prison Term for Theft of Government Property

Investigation into this matter was predicated upon an allegation of theft of annuity payments by a former Special Education teacher with the DCPS. The teacher was the niece of a deceased annuitant of the Office of Pay and Retirement Services.

The investigation revealed that after the death of the former DCPS Special Education teacher’s aunt, the teacher fraudulently obtained \$31,782 in annuity payments by telephonically transferring the monthly payments from the deceased aunt’s sole signatory account to an account on which the teacher and the deceased aunt were co-signatories. In addition, the teacher presented checks for payment that were drawn on the teacher’s aunt’s account that fraudulently bore the signature of the deceased aunt.

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The teacher was charged with one count of Theft of Government Property, one count of Causing an Act to be Done, and one count of Fraud in the First Degree. The teacher was sentenced to 6 months in prison and ordered to pay full restitution, along with a \$100 special assessment fee. The teacher was also ordered to complete 3 years of supervised probation and prohibited from incurring any additional debt.

District of Columbia Parking Enforcement Officer Pled Guilty to Overlooking Parking Violations in Exchange for Payment

As a result of a joint investigation by the OIG and the Bureau of Engraving and Printing Police Department, a Department of Public Works (DPW) Parking Enforcement Officer was arrested and pled guilty to five misdemeanor counts of bribery for his role in a scheme whereby the employee accepted bribe money in lieu of issuing parking citations to citizens in Washington, D.C. The investigation revealed that beginning in July 2005 through September 2005, while employed as a DPW Parking Enforcement Officer, the employee attempted to solicit, demand, accept, or agree to accept U.S. currency in exchange for destroying, or not issuing parking tickets. Immediately after entering a guilty plea, the employee was sentenced by a U.S. District Court Judge and received 90 days incarceration for each count, with all but 45 days suspended; 1 year probation; 40 hours of community service; and ordered to pay \$500 in fines. Subsequently, the employee resigned from the District government.

Department of Consumer and Regulatory Affairs Employee Terminated for Fraudulently Opening a Credit Card Account Under the District Government's Name

This investigation was predicated on the receipt of an allegation regarding an unauthorized opening of a DCRA Small Business Services Credit Card account. During this investigation, a DCRA employee admitted to acquiring and making charges to a Small Business Account Visa Credit Card in the agency's name, without the agency's knowledge or consent. Although the employee made periodic payments on the credit card, many payments were delinquent and charges exceeded the credit card's credit limit. The employee was subsequently terminated from the District government.

Department of Human Services Employee Terminated from Employment for Fraudulently Opening an Account and Using a Cellular Telephone Under Another Employee's Name

An investigation was conducted as a result of an allegation regarding the unauthorized activation of a personal cellular telephone account using the social security number and date of birth of a District of Columbia retiree by a current employee of the Department of Human Services (DHS) Rehabilitation Services Administration (RSA). During the investigation, a DHS-RSA employee admitted to acquiring and using the identification of a former co-worker in order to apply for a personal cellular telephone account, without the former co-worker's

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knowledge or consent. The cellular telephone was used for approximately 2 years before the account was terminated due to a fraud alert posted by the former co-worker. The employee's employment was subsequently terminated.

Metropolitan Police Department Failed to Properly Record Criminal Offense Reports

This matter was based on a letter to the OIG requesting an investigation into the MPD's recordation of criminal offense reports. Specifically, the allegation was that the MPD did not properly record criminal offenses in the department's database, while other offenses were downgraded to less serious offenses. The investigation revealed that 383 of the 486 reports provided to the OIG were not recorded in the MPD's tracking systems in accordance with established guidelines and procedures. The reports were generated during a period of approximately 7 years. The failure to properly record the 383 reports appeared to have been the result of inefficiency by an employee rather than an institutional issue.

The investigation also revealed that uniform standards were lacking for the classification of certain incidents, such as stolen tags (Part One) versus lost tags (Part Two), and attempted theft of vehicle (Part One) versus destruction of property (Part Two). As a result, the classifications of these incidents were subjective. The OIG provided recommendations to ensure proper recording of criminal offenses, as well as a recommendation to establish uniform standards for determining the classification of certain offenses.

Business Manager Employed by the District of Columbia Public Schools Pled Guilty in Federal Court to Bribery

A DCPS employee, who for years handled contracting duties for several D.C. elementary schools, steered work to two Maryland companies and used a District government-issued credit card to purchase more than \$360,000 in work. For steering the contracts to these companies, the employee received nearly \$40,000 from 2001 to 2003. In many instances, the companies were paid even though they never performed the work. The employee pled guilty to conspiracy, receipt of bribes by a public official, and aiding and abetting, and was sentenced to 18 months in prison, 36 months of supervised probation, and was fined \$100 for special assessment. The contractor, who owned both companies, also pled guilty in federal court in January 2006 and faces up to 15 years in prison.

District of Columbia Public Schools Employee Terminated After Accepting Overtime Pay for Hours Not Worked

The investigation was predicated upon information received that a senior DCPS employee received payment in the amount of \$8,206.12 for hours the employee did not work. In an OIG interview, the employee admitted to claiming 172 hours of overtime while not

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physically on site at the assigned DCPS location. The employee voluntarily repaid the DCPS \$8,206.12 and was terminated from employment.

REFERRALS

The OIG frequently refers administrative matters to other departments and agencies due to jurisdictional issues or because the matters can best be addressed by those agencies. For example, issues involving the electoral process are referred to the Office of Campaign Finance (OCF), Hatch Act allegations are referred to the U.S. Office of Special Counsel (OSC), and EEO-related complaints are referred to the Office of Human Rights. In addition, the OIG is a party to a Memorandum of Understanding with the MPD, which provides that allegations of traditional personal and property crimes, as well as all complaints involving controlled substances, are referred to the MPD. Most allegations of misconduct on the part of the MPD employees are referred to the MPD's Office of Professional Responsibility.

In most cases, the OIG monitors the responses to these referrals to ensure that the matters are handled appropriately. The focus of the Referral Program is to hold agency heads accountable for thoroughly addressing issues of mismanagement and inefficiency within their respective agencies. During FY 2006, the OIG referred a total of 191 matters to the District agencies described in Appendices O and P.

SIGNIFICANT RESULTS FROM THE REFERRAL PROGRAM

The following are examples of significant outcomes for referrals sent to agency heads during FY 2006 or outstanding from FY 2005:

Case 1: This referral to the Department of Health concerned an allegation that an agency employee misused an agency vehicle to transport personal furniture during working hours. It was alleged that a mattress had been so poorly attached to the vehicle that it fell off in transit. Although the agency's investigation indicated that the driver was hauling (non-personal) discarded debris to a dump as a public service, the employee was nevertheless given a letter of reprimand for leaving work without permission and for conducting business outside the scope of the employee's work assignment.

Case 2: This referral to DOES concerned an allegation that two individuals were collecting unemployment compensation benefits from the District of Columbia government by means of false claims of unemployment.

The agency's investigation was unable to substantiate the allegation with respect to one of the subjects. However, the other subject confessed to having been self-employed during at least part of the time during which the employee continued to collect the benefits, and to failing to inform the government of employment and income. Provided with an opportunity

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to explain the situation and to provide relevant documentation, the subject failed to appear for the scheduled interview, with the consequence that: (1) the subject's existing unemployment compensation benefits have been terminated, (2) the subject has been classified as ineligible to apply for further such benefits prior to May 2006, and (3) a restitution agreement in the amount of \$6,821.00 has been prepared to recoup the funds lost to the subject's fraud.

Case 3: This referral to the Child and Family Services Agency (CFSA) concerned an allegation of unlicensed youth homes and failure by the homes' owner to perform mandatory criminal background checks on employees who have contact with children.

The agency noted that it did "not contract with [the company] to provide any residential services, nor has CFSA licensed [the company] to operate a residential program for children." It also substantiated the allegation that the company was operating three unlicensed youth homes in the District of Columbia. However, "CFSA has decided to allow [the company] to seek licensure under 29 DCMR Chapter 62 for its facilities that house children." "CFSA has not initiated punitive measures against [the company] since its leadership has committed to immediately seek licensure, but stands ready to seek enforcement action through injunctive relief and/or criminal action consistent with D.C. Official Code § 7-2108 should [the company] fail to cooperate fully with District licensure requirements." Furthermore, although the company claims that it has routinely conducted the required criminal background checks on its employees who have contact with children, the CFSA directed the company to "immediately secure criminal background and child protective registry checks and other clearances for all employees that have contact with children. Those clearances and background checks must be secured from the District and the employees' states of residence, if different, and shall meet the requirements of 29 DCMR Chapter 62."

Case 4: This referral to DCRA concerned an allegation that a citizen who had purchased property in the District of Columbia was held responsible by the agency for the previous owner's failure to obtain certain permits, and was under threat of a \$10,000 lien.

Shortly after the allegation was received by the OIG, a DCRA representative met with the complainant, who provided the documentation necessary to prove ownership after the DCRA had issued its *Stop Work Order*, and the *Stop Work Order* was removed.

Case 5: This referral to DHS involved a victim of Hurricane Katrina who had been taken in by the District of Columbia municipal government. The complainant had not yet received expected furniture and other household goods and, hearing from other displaced persons that other Hurricane Katrina donation goods had turned up stolen or missing in the District of Columbia, the complainant reported that the expected donated goods may have been misplaced or stolen.

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The agency's investigation revealed that the complainant was not conversant with the program under which the items were to be given, had unreasonable expectations (e.g., turned down an offered recliner chair, instead demanding a particular type and brand of recliner), failed to appear for appointments, and was not amenable to listening to explanations. Because the program relied entirely on donated items and had no funds to purchase items, any delays in delivery of goods were due to delay in receiving the required items as donations. Moreover, the agency confirmed that the complainant received everything to which the complainant was entitled under the program.

Case 6: This referral to CFSA concerned an allegation from a former foster parent that their foster child had not received adequate support services, and that when the foster parent complained, the child was removed from the foster parent's custody.

The agency's investigation suggested that the foster parent's concern was artificial, created in an attempt to increase the foster parent's board rate. The child's testing was up-to-date and had revealed only a very mild indication of mental retardation, for which appropriate tutoring and other support services were, and continue to be, provided. In addition, the child was not removed from the foster parent's care as an act of retaliation, as alleged, but rather the child was removed at the foster parent's own request.

The child is a committed ward of the District of Columbia, and as such is represented by an attorney and a judge, and monitored also by a social worker and that social worker's supervisor. As of a November 2005 hearing before the judge, it was established that the child had adjusted well to the new placement.

Case 7: This referral to the D.C. Housing Authority concerned an allegation that a subject improperly obtained a housing choice voucher through a relative who was employed by the agency and falsely claimed that the residence would be for the subject and for one child. It was also alleged that the subject was late in making rent payments and was involved in ongoing domestic violence.

The agency's investigation substantiated the presence of multiple residents in violation of the terms of the subject's lease and voucher agreement, and substantiated non-payment of rent and ongoing domestic violence issues. The subject agreed to vacate the property, and the agency's investigation was forwarded to the head of the Housing Choice Voucher Program for review and possible termination of benefits.

Case 8: This referral to DCRA alleged a conflict-of-interest on the part of an agency inspector who had prepared plans for the renovation of a private residence, obtained a building permit in the owner's name without authorization, and falsely claimed that the construction had been inspected by a third-party inspection company.

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The agency's investigation revealed that while the subject had retired from DCRA in 1994, the subject processed the building application on the owners' behalf and approved the construction on behalf of a third party inspection company, thereby constituting a conflict of interest.

Case 9: This referral to DHS involved a review of an internal DHS investigation into allegations of sexual harassment made against a DHS employee. The agency's investigation substantiated the allegations, the employee's employment was terminated, and a union appeal of the termination was denied.

Case 10: This referral to DHS involved an allegation that a child-care center was understaffed to the point that children were being neglected. The agency's investigation revealed that, prior to hiring two additional caretakers in May 2006, regulations requiring one caretaker per four children were violated, and the center had enrolled one more child than it was licensed to enroll. No punitive measures were taken, but recommendations were issued concerning monitoring and stricter adherence to signing in-and-out for both children/parents and staff.

Case 11: This referral to DOES involved an allegation that the agency was imposing an arbitrarily-determined fine on a union admitted to be in violation of regulations requiring it to carry workers' compensation coverage for one employee. It was also reported that an agency representative attempted to steer the union toward a particular insurance carrier and that the union was directed to make payment, improperly, to the D.C. Treasurer but in the care of the Office of Workers' Compensation.

The agency Director oversaw the investigation of this complaint himself. The investigation revealed that:

1. It was not arbitrary that the fine was imposed.
2. There is some discretion in the determination of the fine amount, but the discretion was not abused in this case. However, there was an employee error in agreeing to a fine amount with the union before obtaining review and approval.
3. The employee appears only to have been trying to be helpful in recommending a particular insurance carrier and has never done it before. The agency has in the past considered providing a listing of carriers, but has rejected the idea as impractical.
4. Addressing the check to the care of the Office of Workers' Compensation was appropriate in this case.
5. New procedures are being developed to reduce the amount of discretion in determining fine amounts, ethics counseling will be conducted, and the Director was considering disciplinary action against one or more employees.

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Case 12: This referral to the Department of Fire and Emergency Medical Services concerned allegations that two captains had violated the sequestration protocols that govern the Examination Committee that administers promotional examinations. The agency's investigation disproved one of the allegations; however, the other allegation was substantiated at the time, and the subject was placed on administrative leave until the testing process was complete. In addition, the examination had been re-written to eliminate questions the subject assisted in drafting. The subject was referred to the Department Disciplinary Board for further review.

Case 13: This referral to the University of the District of Columbia concerned an allegation that a citizen was billed for a tuition payment made (with proof of payment) months earlier. The University's review substantiated the allegation and identified a specific personnel failing in this particular instance, rather than a systemic problem, that had resulted in the error. The citizen's account was credited in full for the original payment, and the University implemented stricter error correction documentation procedures to prevent a recurrence of the specific failure that occurred in this case.

Case 14: This referral to the Department of Youth Rehabilitative Services involved an allegation that 30 computers and related equipment had been ordered and delivered, but went missing after delivery. The agency's review revealed that 8 of the 30 computers could not be accounted for. Although the computers had been correctly added to inventory when they were delivered, due to a lack of space they had been stored in an open warehouse. In response to this incident, security access to the warehouse has been restricted and security access codes have been changed such that warehouse individuals now have individual security codes unique to them. Furthermore, a new warehouse and inventory system, as well as new digital security devices, are scheduled to be implemented by October 2006.



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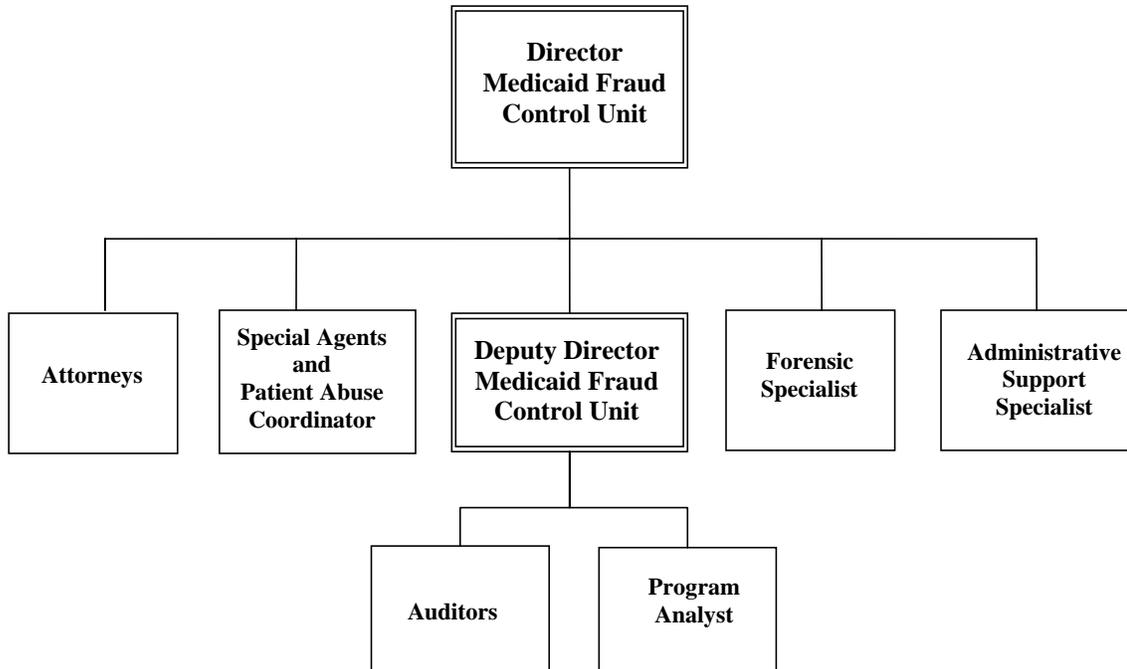


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ORGANIZATION

FY 2006 marked the seventh year of existence for the Medicaid Fraud Control Unit (MFCU). The United States Department of Health and Human Services (HHS) certified the MFCU on March 1, 2000, and FY 2006 was the sixth year in which the Unit was fully staffed and completely operational. The MFCU's mission is to investigate and prosecute cases of fraud and abuse within the Medicaid program for the District of Columbia. Managed by a Director, the 16 members of the MFCU bring a variety of skills and experiences to the task. Of particular value is the health-care industry background that members possess, including hospital billing, health-care accounting, insurance experience, and pharmaceutical drug diversion. The current Director, appointed in FY 2004, formerly worked as a Registered Nurse in long-term care and community health agencies and was a state prosecutor before joining the MFCU as Deputy Director in FY 2003. The Deputy Director, who joined the staff in late FY 2004, worked for another large metropolitan area MFCU and has experience as a psychiatric Social Worker.

OIG Medicaid Fraud Control Unit September 30, 2006



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MFCU cases are investigated from their inception with prosecutors leading teams generally composed of investigators and auditors. This method of organization presents significant advantages in that attorneys are able to provide legal analysis from the very beginning of each case and are familiar with the case long before it results in litigation. The team approach also has proven to be productive in that all members of the Unit have a forum to share their expertise and creativity in investigating and prosecuting cases. Team members are able to view cases from different perspectives and use new approaches in investigating other cases. The team approach is especially helpful in building unity and cooperation in the MFCU. Because the MFCU is small, staff members are frequently needed to assist on cases that are not their primary responsibility. Many matters are brought to a successful resolution because of the team approach.

Attorneys in the MFCU are sworn Special Assistant United States Attorneys and Special Assistant Attorneys General and, as such, are able to represent the OIG in Superior and District courts on matters investigated by Special Agents of the MFCU. MFCU attorneys work in a cooperative manner with their colleagues in the United States Attorney's Office for the District of Columbia (USAO) and the District of Columbia Office of Attorney General (OAG) to act as co-counsel during all phases of civil and criminal litigation on matters initiated by the MFCU.

The MFCU's enforcement efforts fall into two general categories: (1) financial fraud committed by providers against the Medicaid program; and (2) abuse, neglect, or financial exploitation of persons who reside in Medicaid-funded nursing homes and other institutional settings, or board and care facilities. Both of these areas involve investigations, litigation, outreach, and legislative components.

The Unit is 1 of 49 certified MFCUs nationwide. The MFCU receives 75 percent of its funding in the form of a grant from the HHS Office of Inspector General. In order to remain eligible for these yearly grants, the MFCU must conform to a number of federal requirements described in the Code of Federal Regulations. The MFCU's policies, staffing, case management, and operations are reviewed annually by the Medicaid Fraud Oversight Division at HHS to earn recertification and continued funding. In addition to complying with all mandatory federal standards, the MFCU must provide quarterly and annual statistical reports demonstrating its continued productivity and a significant return on the investment of federal and District tax dollars.

ANTI-FRAUD EFFORTS

The MFCU conducts intensive investigative activity in the area of fraudulent practices by individuals and corporations that provide Medicaid-covered services to citizens of the District of Columbia. Ongoing investigations involve allegations of fraud committed by a broad range of health-care providers, ranging from nationally known institutions to solo

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practitioners. Medical care professionals and organizations involved in our cases include physicians, podiatrists, pharmacies, medical equipment suppliers, mental health clinics, nursing homes, and transportation providers. Investigations can lead to the filing of criminal, civil, and/or administrative charges. In fact, whenever appropriate, consideration is given to the possibility of simultaneously working a case on parallel criminal, civil, and/or administrative tracks. In this way, we can obtain the powerful deterrent effect that comes with criminal convictions and also maximize our potential for recovering funds improperly taken from the Medicaid program. Although health-care fraud cases can take up to 3 or 4 years to progress from receipt of an allegation to the filing of charges, the MFCU currently has a significant number of matters that have been presented to our colleagues at the USAO or the OAG for prosecution or other resolution, and many of those matters will be resolved in FY 2007. Currently, the MFCU is working on approximately 55 matters involving allegations of provider fraud, 40 of which were initiated in FY 2006.

Outreach. The Unit also engaged in anti-fraud educational and outreach presentations in the private sector. The Patient Abuse Coordinator and the Director receive frequent requests for information and training on health-care fraud and reporting as well as investigating crimes against vulnerable citizens. The Director made numerous formal presentations in FY 2006 to introduce the MFCU and answer questions regarding the Unit's work to audiences at the George Washington University Medical Center, the American Association of Retired Persons, the National Association of Hospital Administrative Managers, the National Children's Center, Medlink Hospital of Capitol Hill, Hadley Memorial Hospital, the *Evans* Court Monitor and Quality Trust, and the Office of Inspector General Audit Division conference. This past year, for the first time, the MFCU submitted a proposal to present at the annual National Aging Law Conference (NALC), which was held in Arlington, Virginia, in April 2006. The proposal was accepted, and the Director of the MFCU and a staff attorney held a "roundtable" during the conference to discuss investigative and prosecutorial challenges in the area of abuse and neglect of elderly persons. In addition, the Director was asked to participate in a panel discussion on sexual assault in long-term care facilities at the conference. The MFCU also hosted a gathering of MFCU staff and attorneys from the OAG in December 2005. At the gathering, the Deputy Director and a staff attorney made a presentation regarding false claims act lawsuits and how they are processed by the two agencies. One of the MFCU's performance measures is to provide training or in-service education to 10 entities each fiscal year. In FY 2006, the target goal was to achieve 60% of this performance measure. The MFCU substantially exceeded its target goal by providing 11 trainings.

Liaison. The Unit works closely with industry groups on problems of mutual concern and with other District and federal law enforcement agencies in the investigation and prosecution of fraud cases. In particular, the Unit is working on a number of ongoing investigations with the Federal Bureau of Investigation (FBI), the HHS Office of Inspector General, the Drug Enforcement Administration (DEA) of the Department of Justice, and the Metropolitan

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Police Department (MPD). Additionally, the MFCU is an active participant in a local law enforcement Health-Care Fraud task force along with the HHS Office of Inspector General, the FBI, and the Medical Assistance Administration (MAA) of the District of Columbia Department of Health. The task force initiates investigations by selecting specific areas that are known by law enforcement to be prone to Medicaid fraud. The investigators analyze billing and claims data to determine if there is fraud. If a suspected fraud is detected, a full investigation will commence. This initiative has generated investigations during FY 2006 and, we believe, it will continue to generate referrals for FY 2007. The MFCU is also a participant in a local Drug Diversion task force consisting of representatives from the HHS Office of Inspector General, the FBI, MAA, DEA, the Food and Drug Administration, the Department of Health, and the MPD. The task force meets monthly to discuss current cases and other topics of interest.

MFCU staff participate as members in anti-fraud organizations such as the National Healthcare Anti-Fraud Association, the Association of Certified Fraud Examiners, the National Association of Drug Diversion Investigators, the International Association of Financial Crimes Investigators, the American Health Lawyers Association, the High Technology Crime Investigation Association, the Federal Criminal Investigators Association, the American Association of Health Care Administrative Management, and the Association of Government Accountants. The Director is a member of the Mayor's Fatality Review Committee. One of the staff attorneys is the Vice Chair of the Programs Committee of the Health Law Section of the D.C. Bar Association, and also serves as a member of that section's Steering Committee. In addition, he is a member of the Advisory Board of the Bureau of National Affairs *Health Care Fraud Reporter*. These memberships permit staff to interact with colleagues who are performing similar anti-fraud activities and learn about schemes that may be perpetrated in other communities. Memberships in professional organizations also enhance the MFCU's visibility in investigative and law enforcement communities which, in turn, increase the number of cases referred to the MFCU for investigation.

Personnel Achievements. During FY 2006, the MFCU continued its initiative to encourage staff members to research and write articles with the goal of publishing articles on topics believed to be of interest to other MFCUs and the law enforcement community. These articles are based on issues that we have become aware of during our work. One of the Unit's staff attorneys co-authored an article which was published in the July 10, 2006, issue of *The Legal Times*. The article, entitled "Big Bills for Bad Care," discussed how prosecutors are using the federal false claims act to bring actions against nursing homes that provide substandard care to their residents.

The USAO holds an annual Law Enforcement Awards Ceremony at which it presents Certificates of Appreciation to federal, state, and local law enforcement officers in recognition of their outstanding efforts during the past year. At this year's 26th Annual

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Ceremony, one of the MFCU's special agents received an award in recognition of her work, which included assisting in obtaining an indictment against a physician's assistant on more than 30 counts of health care fraud. This award is a first for an agent from the MFCU.

During FY 2006, one of the MFCU staff attorneys, a member of the National Association of Medicaid Fraud Control Units (NAMFCU) Managed Care Working Group, was presented with an award from NAMFCU. The award was given for the staff attorney's many contributions as a member of the group. The Managed Care Working Group meets on a periodic basis to discuss, among other things, issues particular to Medicaid fraud in the managed care arena and to assist all MFCUs with guidance on these issues.

National Anti-Fraud Efforts. The MFCU is a member of the NAMFCU and regularly coordinates with its counterparts in 48 states, sharing information and strategies, and cooperating in multi-jurisdictional matters. An important aspect of the MFCU's involvement in national health-care fraud activities is its participation in global settlements. On occasion, health-care providers, typically pharmaceutical manufacturers, engage in fraudulent activities and schemes in multiple states. The Unit has joined with other MFCUs, under the auspices of NAMFCU, to more efficiently and effectively resolve cases of this nature. The use of multi-state teams representing the interests of all aggrieved states allows each state to recoup monies without duplicating the efforts of the others. In FY 2006, the MFCU received over \$2.16 million in settlement of global cases, thus recouping nearly \$5 for every District dollar funding the Unit.

A notable achievement in FY 2006 was the District's recovery of \$2,003,507 as part of a \$262 million settlement with Serono, S.A. (Serono), a Swiss corporation. The settlement addressed Serono's conduct in marketing Serostim, a drug approved to treat HIV wasting – an AIDS-related syndrome. During 1997 through 2004, state Medicaid programs paid claims to Serono for Serostim. These claims were not eligible for reimbursement because they were generated by the use of unapproved testing devices, were for unapproved uses, or were induced by kickbacks. In another global settlement, the Unit recovered \$147,724 as part of a \$124 million settlement with King Pharmaceutical, Inc. (King). From 1994 through 2002, King had not accurately calculated drug prices reported to the federal government for establishing rebates under the federal Medicaid drug rebate statute. As a result of these incorrect price calculations, Medicaid and other programs that were due rebates from King were underpaid approximately \$62 million nationwide. The settlement included a double damages penalty, resulting in the total settlement figure of \$124 million. The MFCU continues to participate in multiple global settlement negotiations and anticipates receiving significant monetary settlements in FY 2007.

In FY 2005, the MFCU became a member of a national *qui tam* committee initiated by NAMFCU and consisting of representatives from the MFCUs of all states that have enacted false claims act statutes containing *qui tam* or whistleblower provisions. Currently, the

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District and 15 states have such statutes. During FY 2006, the MFCU continued to participate in bi-monthly conference calls during which MFCU representatives discuss issues in pending lawsuits as well as how to investigate and prosecute these cases in the most efficient manner. The MFCU has found the committee to be a valuable resource. During FY 2006, the committee instituted a process for drafting intake memoranda for all newly-filed *qui tam* lawsuits. All representatives share responsibilities by volunteering to draft intake memoranda that contain analyses of the allegations of improper conduct, theories of liability, anticipated defenses, and recommendations regarding how to proceed with the matters. The recommendations are shared with the President of NAMFCU who, if a lawsuit has merit, appoints an investigative or global settlement team. The *qui tam* committee is committed to the team approach so that no single MFCU becomes overburdened with time-consuming and costly investigations. In FY 2006, the Deputy Director was asked to join a NAMFCU investigative team to explore whether a particular lawsuit had merit and if other MFCUs should invest time and effort investigating the relator's allegations. The MFCU is currently involved in over 70 false claims act lawsuits that are in various stages of investigation and prosecution.

The MFCU also works closely with the OAG, which has jurisdiction over all false claims act lawsuits brought by or on behalf of the government of the District of Columbia. Accordingly, the OAG is tasked to investigate and prosecute *qui tam* lawsuits that involve the District's Medicaid program. Typically, the OAG refers these cases to the MFCU for investigation and analysis. After an analysis of the case is completed - which frequently includes a review of Medicaid claims, billing data, and the utilization of certain pharmaceuticals by District Medicaid recipients - the MFCU and the OAG make joint decisions on how to proceed. In FY 2006, staff members from both agencies began meeting on a quarterly basis to discuss pending cases as well as the legal challenges these cases present. We anticipate that the OAG and the MFCU will continue this fruitful partnership in FY 2007.

ABUSE AND NEGLECT

A vital aspect of the MFCU's work is in the area of abuse and neglect. The MFCU has jurisdiction to investigate and prosecute cases of abuse and neglect in hospitals, nursing homes, group homes for citizens with mental retardation and mental illness, and board and care facilities. Cases of physical abuse generally involve an intentional assault on a person. In contrast, neglect cases typically focus on inadequate care rendered to the person, including substandard medical care, poor nutrition or sanitation, or a failure to properly supervise living conditions.

The District of Columbia has one of the most progressive laws in the nation regarding the abuse of vulnerable adults. The Criminal Abuse and Neglect of Vulnerable Adults Act of 2000 criminalizes both the abuse and the neglect of vulnerable adults. The law includes

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prohibitions of abuse by assault or threats of assault, verbal harassment, or involuntary confinement. Neglect includes the failure to provide the care necessary to maintain the physical and mental health of a vulnerable adult. This law expands the options available to prosecutors in abuse cases and allows for filing charges specifically targeted at this type of abusive behavior. The MFCU utilizes this law whenever appropriate.

Abuse cases are among the most disturbing matters handled by the MFCU. These cases are generally assigned to personnel with a specialized background who can handle them in a diligent and expeditious, yet sensitive, manner. They require investigators and prosecutors to sort through voluminous medical records and documents, while often working with emotional and distressed persons, their families, and medical staff. The victims in these cases are among the most vulnerable of our citizens, those who are dependent on others for their care and safety. In addition, such investigations can be challenging because the same limitations that make the victims vulnerable can impede their ability to assist authorities. Allegations of abuse must be reported and investigated quickly and thoroughly before recollections and evidence disappears.

In FY 2006, the Unit obtained nine convictions in the areas of abuse, neglect, sexual assault, or financial exploitation of vulnerable adults. This is more than double the number of convictions that were obtained in FY 2005.

Abuse

The MFCU obtained 6 convictions in FY 2006 of cases of abuse. Four of these convictions were obtained after trial, and two defendants entered pleas of guilty.

In *U.S. v. Ibeh*, the defendant, a caregiver at a group home for mentally retarded individuals, was found guilty of assault of a vulnerable adult after a bench trial in D.C. Superior Court. The defendant, who has licenses in Maryland and Virginia as a Licensed Practical Nurse, was charged with hitting a vulnerable adult on the head. He was sentenced to a 180-day sentence of imprisonment, the maximum for the offense, 120 days of which was suspended. The sentence included 2 years of supervised probation, a fine of \$500, and an order to not work as a caregiver for vulnerable adults. Pursuant to a request by the MFCU, the defendant has been suspended from participation in all federally-funded health-care programs for a term of 5 years.

In another case, *U.S. v. Poole*, the defendant was found guilty of assault of a vulnerable adult following a bench trial in D.C. Superior Court. He was a caregiver in a group home for mentally retarded citizens. According to trial testimony, the defendant pushed one of the vulnerable adults in his care to the ground, slapping the victim's face, and "kneeing" him in the back to restrain him. The victim of the assault testified at the trial. The Honorable Zinora Mitchell-Rankin sentenced the defendant to a 180-day period of imprisonment, the

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maximum for the offense, 90 days of which was suspended. Included in the sentence was a fine of \$500, a \$50 court fee, and orders to have no contact with the victim and the group home. The defendant has been suspended from participation in all federally-funded health-care programs for a term of 5 years.

Another example of the Unit's work on abuse cases involving Medicaid patients residing in group homes for mentally persons, is shown in *U.S. v. Rucyamuzi*, where the defendant was charged with simple assault. After a bench trial in D.C. Superior Court, the defendant was found guilty. The defendant had slapped the face of an 11-year-old boy, a resident of the National Children's Center, who has been diagnosed with autism and mental retardation. Although the slap was not seen by witnesses, the sound was heard by two other workers, one of whom also saw the defendant's hand and arm recoil. Both testified that they saw red marks on the boy's face. The defendant was sentenced to a 180-day term of imprisonment, the maximum for the offense, 165 days of which was suspended. The defendant was also sentenced to 1 year of supervised probation, ordered to stay away from the National Children's Center, the victim, and the witnesses, and ordered not to work in any capacity with vulnerable children. He also has been suspended from participation in all federally-funded health-care programs for a term of 5 years.

In *U.S. v. Taylor*, a former nursing home caregiver was found guilty of assault by the Honorable Zinora Mitchell-Rankin following a bench trial. The defendant, who had been a caregiver at a nursing home, was charged with roughly handling and striking the head of a 94-year-old resident in her care. The defendant was sentenced to 180 days, the maximum for the offense, with all but 20 days suspended. In addition, she was sentenced to 2 years of supervised probation, a \$500 fine, and ordered not to work as a caregiver with vulnerable adults until receiving certification by a professional that she does not pose a danger to vulnerable adults. Pursuant to a request by the MFCU, the defendant has been suspended from participation in all federally-funded health-care programs for a term of 5 years.

In yet another case, *U.S. v. Nichols*, a former one-on-one caregiver for a mentally retarded man who resided at a group home, was charged with one count of criminal abuse of a vulnerable adult. According to the government's evidence, the defendant assaulted the man in his care while both were on a bus while in transit to a day treatment program. The defendant pled guilty to the charge, and was sentenced to 120 days, the maximum for the offense, which was suspended except for 45 days. The sentence included 2 years of probation, during which time the defendant is prohibited from working with or providing care for vulnerable persons or persons with disabilities, a mental health evaluation, and drug treatment. The MFCU has requested that the defendant be suspended from participation in all federally-funded health-care programs for a term of 5 years.

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Neglect

The MFCU obtained one conviction for neglect after a plea of guilty.

In *U.S. v. Keita*, a caregiver was charged with burning a vulnerable adult group home resident in scalding bath water that the defendant had improperly heated on a stove top. The water was hot enough to cause second degree burns to the vulnerable adult's buttocks and legs, which covered four percent of the adult's total body surface. The defendant entered a pre-indictment plea of guilty to one count of misdemeanor criminal negligence. After accepting the guilty plea, the Honorable Erik Christian of D.C. Superior Court sentenced the defendant to the maximum 180-day term of imprisonment, which was suspended. The Court also placed the defendant on a 3-year period of supervised probation with the conditions that he perform 100 hours of community service and refrain from working as a caregiver or provider in the health-care industry. Pursuant to a request by the MFCU, the defendant has been suspended from participation in all federally-funded health-care programs for a term of 5 years.

Sexual Assault

The MFCU also investigates and prosecutes sexual assaults against vulnerable adults. Physical and cognitive impairments make elderly and other vulnerable adults especially vulnerable to predators who search for such individuals to victimize. Vulnerable adults are seen as easy to overpower or manipulate and less likely to report sexual assaults. Beginning in FY 2005, the MFCU noticed an increase in the reporting of sexual assaults against these individuals. As in prior years, it remains crucial that the MFCU allocate resources to investigate and prosecute all types of abuse and neglect cases, including sexual assaults.

In FY 2006, the MFCU obtained two convictions in cases involving sexual assault. One of these convictions was obtained after trial and in the other, the defendant entered a plea of guilty. In *U.S. v. Nkop*, a certified nursing assistant was found guilty of two counts of attempted misdemeanor sexual abuse and two counts of simple assault following a bench trial in D.C. Superior Court. Two residents of a nursing home testified that the defendant had engaged in sexual contact while providing personal care to them. The women informed a nursing manager about the offensive touching which was subsequently reported to the D.C. Long Term Care Ombudsman. Based on the seriousness of the offenses, the Honorable Jeanette Clark sentenced the defendant to serve consecutive sentences totaling 400 days in jail, 3 years of supervised probation, and ordered him to stay away from complainants, the nursing home, and all statutorily defined vulnerable adults. In addition, the defendant was ordered to register as a sexual offender. The MFCU has requested that the defendant be suspended from participation in all federally-funded health-care programs for a term of 5 years.

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In another case that demonstrates the Unit's work on sexual assault cases, *U.S. v. Thompson*, the defendant, who worked at a local day program for disabled persons, pled guilty to charges related to him sexually abusing a client and, in a separate matter, sexually abusing his fiancée's child. Defendant pled guilty in D.C. Superior Court to attempted first degree sexual abuse of a client and attempted first degree child sexual abuse. According to the government's evidence, the adult victim attended a day program for disabled individuals. The defendant, who was a work activities coordinator with the program, was responsible for assisting the victim and others with developing employment skills. The victim, who has cerebral palsy, used a wheelchair for her daily activities. The defendant approached the victim while she was waiting for a van to transport her home. He pushed her wheelchair to a back room of the facility, sexually assaulted her, and warned the victim not to tell anyone about the sexual assault. Upon arriving home, the victim immediately reported the assault. The defendant was sentenced to 24 months of incarceration for sexually abusing the physically and mentally disabled woman and 36 months in prison for sexually abusing his fiancée's daughter. The sentences are consecutive to each other. The defendant is also required to register as a sex offender for the rest of his life. The MFCU has requested that the defendant be suspended from participation in all federally-funded health-care programs for a term of 5 years.

Financial Exploitation

The MFCU prosecutes cases involving the financial exploitation of individuals living in Medicaid-funded facilities, including the theft of patient funds. In FY 2006, the MFCU obtained one conviction in a case involving financial exploitation of vulnerable adults.

In *U.S. v. Wilkins*, the MFCU successfully completed the investigation of a second defendant in a case that began in September 2002. The first defendant, a security guard working at a nursing home in D.C., was arrested by the United States Postal Inspectors for stealing residents' checks from the incoming mail. In 2003, the security guard pled guilty and was sentenced. The MFCU and Postal Inspectors continued investigating and determined that the security guard's sister, who was employed as a security officer at the Smithsonian Institute, had endorsed a number of the checks stolen from the nursing home. In 2006, the second defendant was arrested and charged with felony theft. She entered a plea of guilty in D.C. Superior Court and was sentenced to 180-day term of imprisonment, which was suspended, 5 years probation, and ordered to pay restitution in the amount of \$11,590. The sentence included an order prohibiting the defendant from working with vulnerable adults or in positions entailing financial responsibility.

Prosecution of abuse and neglect cases, subsequent press and media attention, and discussions industry-wide with caregivers, family members, providers, and other professionals provide a deterrent effect. We believe publicizing these cases sends a strong message to the professionals throughout the industry that due care must be taken to protect

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the safety and welfare of their vulnerable charges and that abuse will not be tolerated. In addition, all persons convicted of crimes against the Medicaid program can be excluded from working in programs, institutions, and entities nationwide that receive federal funds of any kind, including Medicare and Medicaid. The MFCU always seeks to have these individuals excluded.

On May 21, 2006, *The Washington Post* published an article entitled, “Prosecutions of Abuse, Exploitation in Homes Are on the Rise” (page C7). This article described the MFCU’s work in the area of abuse and neglect of vulnerable adults, noting the MFCU’s aggressive posture regarding these cases. The article pointed out that there had been a “surge” in cases brought by the MFCU and the USAO in the past 2 years, and that the cases frequently used the D.C. statute that makes abuse of a vulnerable adult a specific crime. *The Washington Post* also stated that, until the MFCU began investigating and prosecuting these cases, instances of exploitation and abuse in nursing homes and other facilities in the District were often unprosecuted and uninvestigated. The article quoted the Honorable Zinora Mitchell-Rankin of the D.C. Superior Court, who remarked at the sentencing of an individual who was convicted because of the efforts of the MFCU, “Whenever these abuse cases come about, I believe it’s absolutely imperative that there should be some jail time involved.” Judge Mitchell-Rankin also stated: “I believe it’s important to send a message to those who are similarly situated that for far too long, this kind of conduct has been cloaked in the dark . . . nevertheless, people are looking . . . [t]he government is involved, law enforcement is involved, and it’s not going to be tolerated.” This article reflects the message that the MFCU wants to send.

Throughout the year, hospitals, nursing homes, community residence facilities, day treatment programs, and group homes for persons with mental retardation and mental illness provide the MFCU with a steady stream of unusual incident reports. Although many of these reports describe medical conditions or accidents that have no connection to abuse or neglect, some reports contain serious allegations of abuse and neglect requiring a rapid response. In FY 2006, 3,042 unusual incident reports were received, ranging from reports of changes in medical conditions of nursing home residents, to reports of alleged assaults of residents by employees of the facilities. This represents an increase of almost 20% in unusual incident reports than were received in FY 2005. Beginning in FY 2004, when the Unit received a record-breaking number of unusual incident reports, the number of unusual incident reports received by the Unit has substantially increased every succeeding year. In FY 2006, the MFCU received approximately 250 unusual reports every month. These reports must be evaluated and investigated in a timely fashion. One of the Unit’s performance measures is to evaluate abuse/neglect complaints within 1 business day of receipt. For FY 2006, the target goal was to review 75% of the complaints within 1 business day. The Unit evaluated 81% of the complaints within 1 business day, exceeding its target goal. The Unit is currently investigating over 80 abuse or neglect matters and 13 matters of financial exploitation of vulnerable adults.

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The MFCU continues to reach out to providers to inform them of the unusual incident reporting process and its importance to the well-being of residents. In FY 2005, the MFCU created a database, with the assistance of the OIG's Information System Division, which captures data regarding abuse and neglect of residents in health-care facilities in the District. The MFCU began using this database in FY 2006 and believes that it will assist the Unit in investigating its cases as well as identifying problem areas and trends that need to be addressed in the future.

GOVERNMENTAL LIAISON

A key aspect of the MFCU's continuing efforts against waste, fraud, and abuse in the District's Medicaid program is its continuing partnership with MAA. This partnership with MAA includes, among other things, discussions and meetings to review particular cases and projects. The Unit most frequently interacts with MAA's Surveillance and Utilization Review Unit (SUR). Pursuant to federal law (42 CFR § 455.15(a)(1)), the SUR is required to refer cases of suspected fraud to the MFCU. The MFCU has provided MAA with frank and substantive suggestions to maximize the productivity of the SUR in this regard. The Director and other staff members meet monthly with MAA managers to discuss incoming matters, referrals, and operational issues. Another aspect of the partnership between the agencies is the MFCU's ability to identify overpayments made to Medicaid providers. During the course of investigations, the MFCU sometimes discovers overpayments made to providers by the Medicaid program. Although the MFCU typically does not actually collect overpayments by the Medicaid program on behalf of the District, it is aggressive in assisting MAA in identifying overpayments and referring them to MAA for administrative action and collection. In FY 2006, the MFCU identified and notified MAA of approximately \$36,000 in overpayments to a Medicaid provider. The MFCU will continue to identify and notify MAA of such overpayments in the future.

The MFCU has limited direct online access to MAA's computerized database, the Medicaid Management Information System (MMIS), an automated claims payment and information retrieval system that tracks Medicaid providers, recipients, and claims made to Medicaid. Unit members can readily retrieve Medicaid data without requesting such information from MAA. This access to MAA's computerized database ensures that investigations can proceed more effectively, with fewer burdens on both MAA and MFCU personnel.

During FY 2006, the MFCU continued to build relationships with other law enforcement agencies by participating in educational programs as well as organizing training and giving presentations at conferences. Every member of the MFCU staff attended at least two training conferences related to their particular profession or the mission of the MFCU. Conferences attended included Introduction to Medicaid Fraud; Strengthening the Government's Response to Medicaid Fraud; Medicare Part D; Health Care Fraud Schemes; HHS OIG Operations; the Sixth Annual Pharmaceutical Regulatory and Compliance Congress; Drug

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Diversion Investigations; Pharmacy Fraud; Civil False Claims Act and Qui Tam Enforcement; Incentivizing Whistleblower Litigation; Federal Agent Orientation at the USAO; Investigator Training; Ethical Issues and Decisions in Law Enforcement; Surveillance Operations; Investigating and Prosecuting Non-Stranger Sexual Assault; Prosecution of Sexual Assault; Elder Abuse; Data Analysis Strategies and Techniques; Advanced Fraud Examination Techniques Workshop; Advanced Text Mining, Data Extraction, Structuring, and Visualization Tools; Advanced Computer Aided Fraud Prevention and Detection; and writing and computer workshops.

SUMMARY OF MANAGEMENT ALERT REPORTS ISSUED

The MFCU periodically issues Management Alert Reports (MARs) to District agencies that are involved with the Medicaid program. These are based on potential problems or weaknesses in the Medicaid program as viewed from the perspective of the MFCU. The Unit issued two MARs in FY 2006. The following is a brief description of the problems and suggested corrective steps provided for consideration in each MAR.

Management Alert Report Regarding Disclosure of Social Security Numbers on the Department of Human Services Mental Retardation and Developmental Disabilities Administration Incident Report Form, MAR No. 06-M-02, July 11, 2006

This MAR was issued to alert the Department of Mental Retardation and Developmental Disabilities Administration (MRDDA) that the requirement for disclosure of a social security number on the Department of Human Services (DHS)/MRDDA Incident Report Form placed MRDDA consumers at risk of identity theft. DHS/MRDDA's Policy and Procedure (Policy) entitled "Incident Management System," sets forth notification procedures to be followed regarding all consumer incidents. In brief, the policy states that any serious incident that has harmed or may potentially harm a MRDDA consumer must be reported, investigated, and corrected. In reporting serious incidents, MRDDA provider employees must use the DHS/MRDDA Incident Report Form, which must be forwarded within 24 hours, by facsimile or electronic transmission, to various agencies, including the MFCU. The Policy requires all MRDDA providers to maintain Incident Report Forms and associated investigation records in administrative files separately from the records of consumers involved in the incidents. In addition, the Policy requires that provider agencies must maintain all investigative reports and other relevant information related to such investigations in a secured, organized file for 7 years. While reviewing Incident Report Forms, the MFCU discovered that the Incident Report Forms require that the social security number be provided for MRDDA consumers who are involved in serious incidents. After the MFCU noticed this requirement, it conducted a review of DHS/MRDDA Incident Report Forms received by the MFCU during a 6-month period. The MFCU found a number of Incident Report Forms that contained MRDDA consumers' social security numbers. The MFCU concluded that, despite the Policy's requirements to keep Incident Report Forms

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secure and confidential, these forms may be viewed by the public. For example, it would be possible for an Incident Report Form to be sent, inadvertently, to an incorrect facsimile number. In addition, the Policy only required provider agencies to maintain Incident Report Forms in an administrative file, while the investigative reports had to be maintained in a secure file. The MFCU believed that the Incident Report Forms should also be maintained in a secure file.

The MFCU recommended that the Administrator, MRDDA take the following steps: 1) modify the DHS/MRDDA Incident Report Form to delete the requirement for inclusion of a MRDDA consumer's social security number (this modification should include the electronic format of the Incident Report Form); 2) change DHS/MRDDA Policy and Procedure entitled "Incident Management System" to state that MRDDA provider agencies must maintain Incident Report Forms in a secured location; and 3) notify all MRDDA provider agencies that consumers' social security numbers should not be disclosed on Incident Report Forms.

On July 26, 2006, in response to the MAR, the Interim Administrator of MRDDA advised the OIG that MRDDA concurred with all of the MFCU's recommendations. She outlined steps that MRDDA would take to safeguard the identity and personal information of the persons it serves, including modifying the DHS/MRDDA Incident Report Form by deleting the requirement for inclusion of the social security number of the MRDDA consumer. The revised form was effective July 26, 2006.

Management Alert Report Regarding Need for Centralized Collection and Retention of Information Pertaining to District of Columbia Public Schools, MAR No. 06-M-01, March 31, 2006

This MAR recommended that the District of Columbia Public Schools (DCPS) implement a centralized system of records documenting school closure days. Among other things, the MFCU investigates fraud schemes where Medicaid providers submit claims for services that were never rendered to children enrolled in District public schools. These schemes involve the inappropriate use of Medicaid numbers and the fabrication of medical records to support the false claims. To investigate these types of cases, it is helpful for the MFCU to know the dates when District public schools were officially closed. This information can serve as evidence that claims filed by a Medicaid provider were never rendered because the child was attending school. The MAR recommended that DCPS implement a centralized system of records containing dates when District public schools are closed (in whole or in part) and the reason for closure during the academic year.

On April 23, 2006, in response to the MAR, the DCPS Superintendent advised the OIG that DCPS had established a centralized system that recorded the dates in each academic year on which any or all schools in the District were officially closed. The records system would be kept by the Office of Accountability. For each weekday in a school year on which schools

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are officially closed (in whole or in part), the Chief Accountability Officer will certify in writing the closure, the hours of closure, and the reason for the closure. In addition, for ease of reference, at the end of each school year, the Chief Accountability Officer will provide the Office of the Superintendent with a graphic summary of school closures for the year. The Office of Accountability created this record for school year 2005-06, by reviewing documents related to school closings.

Management Alert Report Regarding Criminal Background Checks for Unlicensed Professionals in District Health-Care Facilities, MAR No. 05-M-02, August 24, 2005

This MAR was issued to alert the Department of Health (DOH) to the existence of problems regarding criminal background checks conducted on prospective unlicensed employees by District of Columbia health-care facilities. During an investigation, the MFCU learned that a number of unlicensed employees of health-care facilities had convictions in violation of the Health-Care Facility Unlicensed Personnel Criminal Background Check Amendment Act of 2002, D.C. Law 14-98 (the "Act"). The Act requires criminal background checks on every prospective unlicensed employee in all jurisdictions in which that person has lived or worked, and prohibits facilities from hiring a person who has been convicted of certain enumerated offenses within the 7 years preceding the background check. The MFCU found that certain facilities were conducting criminal background checks in a limited fashion; that is, criminal background checks were done solely for convictions within the District of Columbia even though applicants had listed out-of-state addresses and prior employment histories in jurisdictions other than the District on their employment applications. In addition, the MFCU found that health-care facilities that obtained criminal history checks from the MPD were only obtaining information regarding convictions in the District and the criminal history checks may not be accurate because the MPD conducts name-only searches. Name-only searches are not an adequate screening method because the positive identification needed for a record search can only be obtained by a fingerprint-based search. Moreover, in examining the Act and its implementing regulations, the MFCU determined that they are flawed in that they allow opportunities for prospective employees to circumvent the stated purpose of the law - to protect the District's elderly population who are dependent on others for their day-to-day care. The current implementing regulations for the Act provide that a health-care facility shall require the applicant to provide the information necessary for the initiation of the background check. Prospective employees have enormous incentive to conceal prior criminal records and, under the current regulations, a prospective employee can, in effect, control the scope of his or her criminal background check by choosing what past addresses to provide to the facility. Under the current law, the MFCU concluded, a facility loses the ability to determine if an applicant is concealing information.

The MFCU recommended that DOH take the following steps regarding the existing Act: DOH should notify all health-care facilities that a criminal background check conducted by the MPD only reveals convictions in the District and may not be accurate; make

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arrangements with the MPD so that health-care facilities may obtain fingerprint-based criminal background checks from the Department of Justice; establish procedures to monitor health-care facilities that are not in compliance with the Act; and take corrective action against facilities that are not in compliance with the Act, including notifying MAA if Medicaid providers are not in compliance with the Act. The MFCU also recommended that DOH consider recommending to the D.C. Council that the Act and its implementing regulations be amended to clarify the definition of a background check; to require a criminal background check in all 50 states; and to require that the results of criminal background checks on Nurse Aides be reported to the Nurse Aide Abuse Registry.

In response to the MAR, the DOH Director advised the OIG that DOH concurred with the majority of the specific recommendations set forth in the MAR. Regarding the existing Act, the Director stated that DOH would provide health-care facilities with additional written information and/or conduct additional training sessions with facility operators regarding the scope and possible inaccuracies of certain criminal background checks as well as different screening methods and their scopes. In addition, the Director said that DOH would initiate discussions with MPD and urge MPD to conduct fingerprint-based background checks for unlicensed employees of health-care facilities. According to the DOH Director, DOH is already complying with several recommendations made in the MAR. DOH is monitoring health-care facilities for compliance; taking corrective actions against facilities not in compliance, including sanctions; and informing MAA when a provider is out of compliance. The Director also stated that DOH would consider recommending to the D.C. Council amendments to the existing law and rules to clarify the definition of criminal background check and require that a nationwide check be performed. Finally, the Director stated that DOH respectfully declined to recommend to the D.C. Council amendments to the existing Act and rules requiring that background checks be reported to the Nurse Aide Abuse Registry because it is not governed by the Act.

In addition to all other projects and cases, during FY 2006, the Director and two investigators from the Unit worked on a special investigation that focused on emergency health-care delivery issues. This resulted in a special report issued by the OIG. A special inquiry into reports issued after the deaths of MRDDA clients was requested by the D.C. Council Committee on Human Services. Agents from the MFCU worked on this inquiry and the resulting report during FY 2006.

CONCLUSION

During FY 2006, the Unit obtained 13 resolutions to outstanding fraud, abuse, neglect, sexual assault, and financial exploitation matters. It obtained nine criminal convictions and recovered substantial monies in restitution to the Medicaid program in three global settlements. In addition, the Unit continued to demonstrate a high level of activism and gained prestige through its membership in task forces, invitations to make presentations, and

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participation in other writing and training opportunities. It is clear that the MFCU is hitting its stride in its investigations against fraud, abuse, and neglect cases. Moreover, a number of pending cases in which the MFCU has invested significant resources are expected to reach resolution in FY 2007.

In FY 2007, there will be a significant change in the MFCU. HHS and the District of Columbia have increased the MFCU's budget, enabling it to hire five additional full-time employees. Although the MFCU is fulfilling its mission and objectives – as demonstrated by the fact that it exceeded all of its performance goals – it is clear that the MFCU will be more productive with an increased staff. The results of performance measures for the Medicaid Fraud Control Unit for FY 2006 are shown in Appendix Q.



APPENDICES



**FISCAL YEAR 2006 TESTIMONY
BY THE INSPECTOR GENERAL**

Listed below are the topics and dates of OIG testimony presented before the D.C. Council and other official statements and remarks made during FY 2006.

June 19, 2006	Testimony Before the Committee on the Judiciary – Emergency Medical Services
April 28, 2006	Testimony Before the Committee on Government Reform, House of Representatives
April 6, 2006	Testimony Before the Committee on Government Operations – Fiscal Year 2007 Budget Review
March 8, 2006	Testimony Before the Committee on Government Operations – Public Oversight Hearing on Contracting and Procurement in the District of Columbia: The Utilization of Local, Small, and Disadvantaged Business Enterprises, Part III
February 28, 2006	Testimony Before the Committee on Government Operations – Fiscal Year 2005 Performance Review
February 2, 2006	Testimony Before the Committee of the Whole – Issuance of the District’s FY 2005 Comprehensive Annual Financial Report
December 9, 2005	Testimony Before the Committee on Government Operations – Public Roundtable on Contracting and Procurement in the District of Columbia
October 13, 2005	Testimony Before the Committee on Health – Audit of the Department of Health HIV/AIDS Administrative Office



FISCAL YEAR 2006 PRESS HIGHLIGHTS

Listed below is a sampling of the media highlights published in local news publications covering work conducted by the Office of the Inspector General.

“Some D.C. Apartment Rents Found to Exceed Cap”
December 24, 2005 (WP)

“Audit Says D.C. Fleet Missing 13 Vehicles”
March 24, 2006 (WT)

“Audit Reveals School Project in Northwest Overdue, Costly”
April 4, 2006 (WT)

“IG Questions No-Bid Hiring”
May 18, 2006 (WT)

“D.C. Audit Finds Medicaid Contract Invalid”
May 18, 2006 (Examiner)

“Prosecutions of Abuse, Exploitation in Homes Are on the Rise”
May 21, 2006 (WP)

“Inquiry into Reporter’s Death Finds Multiple Failures in Care”
June 17, 2006 (NT)

“Audit Hits D.C. Schools’ Overtime Pay”
June 21, 2006 (WT)

“Auditor Faults Special-Ed Data”
July 19, 2006 (WT)

“Inspector General Probes Deletions in Reports on Group Home Deaths”
August 15, 2006 (WP)

“EMT Fired in Wake of D.C. Inspector General’s Report”
June 18, 2006 (WTOP)

“Inspector General Begins Audit after Allegations of Unearned Diplomas”
September 12, 2006 (WP)

“D.C. Concedes Need for EMS Reforms”
September 17, 2006 (WT)

FISCAL YEAR 2006 PRESS HIGHLIGHTS

“D.C. Business License Records Exposed, in ‘Disarray’”
September 29, 2006 (Examiner)

References: *The Washington Post* – **WP** · *The Washington Times* – **WT** · *The New York Times* – **NT** · *103.5 FM/820 AM Radio* – **WTOP** · *The Washington Examiner* - **Examiner**

**FISCAL YEAR 2006 AUDIT DIVISION
PERFORMANCE MEASURE STATISTICS**

Activity	FY 2006 Target	FY 2006 Actual
Percent of District Agencies provided with audit coverage/presence	30	40
Percent of potential monetary benefits ¹ identified by OIG audits	\$15.6 million	\$30.9 million
Percentage of OIG audit recommendations that have been implemented by District agencies ²	This audit is completed every third year. The next audit is to be completed in FY 2008	N/A
Comprehensive Annual Financial Report (Audit) – Date signed	2/1/06	1/23/06

¹ This measure identified benefits amounting to 5 times the year's audit costs, excluding the cost of the CAFR and other audits, on a return on investment of \$5 for every dollar spent (((\$5,496,000 - \$2,379,000) X 5).

² This new performance measure is designed to follow up on 20 percent of recommendations made in the 3-year period prior to the triennial review in order to determine rate of implementation by agencies. The next follow-up audit is scheduled to be completed in FY 2008.



FISCAL YEAR 2006 AUDIT COST AND RECOMMENDATION SUMMARY

No.	Report Title	Cost	Recommendations	
			Made	Open/ Unresolved
1	Professional Engineers' Fund Financial Statement Audit for the Fiscal Year Ended September 30, 2004, OIG No. 05-1-15CR, October 5, 2005	\$57,150	0	0
2	Office of the Attorney General Antifraud Fund Financial Statement Audit for the Fiscal Year Ended, September 30, 2004, OIG No. 04-1-26CB, November 8, 2005	\$9,315	0	0
3-5	Home Purchase Assistance Program Financial Statement Audits for the Fiscal Years Ended September 30, 2004, 2003, and 2002 (With Independent Auditor's Report Thereon), OIG No. 06-1-02DB, (a),(b), November 30, 2005	Included in cost of the CAFR	0	0
6	Review of Housing Provider Filings at the Rental Accommodations and Conversion Division of the Department of Consumer and Regulatory Affairs, OIG No. 05-2-19CR, December 12, 2005	\$56,835	0	0
7	District Department of Transportation Highway Trust Fund Financial Statement Audit for the Fiscal Year Ended September 30, 2005, OIG No. 05-1-20KA, January 30, 2006	\$72,990	0	0
8	Comprehensive Annual Financial Report for the Year Ended September 30, 2005, OIG No. January 23, 2006	\$2.3 Mil	0	0
9	District of Columbia Independent Auditors' Report on Internal Control and Compliance Over Financial Reporting Fiscal Year Ended September 30, 2005, OIG No. 06-1-04MA, February 3, 2006	Included in cost of the CAFR	11	11
10	Audit of Revenue Collected in the Office of the Secretary of the District of Columbia, OIG No. 05-2-05BA, March 3, 2006	\$72,855	13	7
11	Audit of Contractor Billings for DCPS Security Services, OIG No. 03-2-14GA, March 3, 2006	\$63,810	4	2
12	Audit of Selected District Agency Key Result Measures, OIG No. 05-1-06MA, March 3, 2006	\$28,800	0	0
13	Audit of the Department of Public Works Inventory, Usage, and Maintenance of District Vehicles, OIG No. 04-1-21KT, March 20, 2006	\$98,040	22	3
14	Audit of the District of Columbia Public Schools Capital Improvement Program, OIG No. 05-1-08GA, March 23, 2006	\$72,090	3	0
15	Audit of the Homestead Deduction and Senior Citizen Real Property Tax Relief Programs, OIG No. 04-1-27AT, March 23, 2006	\$74,205	9	4
16	District of Columbia Public Schools Material Weaknesses and Reportable Conditions in Internal Control Over Financial Reporting and Management Letter Comments for the Year Ended September 30, 2005, OIG No. 06-1-15GA(b), April 10, 2006	Included in cost of the CAFR	7	7
17	District of Columbia Public Schools Budgetary Comparison Schedule for Fiscal Year 2005, OIG No. 06-1-15GA(a), April 11, 2006	Included in cost of the CAFR	0	0

FISCAL YEAR 2006 AUDIT COST AND RECOMMENDATION SUMMARY

No.	Report Title	Cost	Recommendations	
			Made	Open/ Unresolved
18	District of Columbia Memorandum of Advisory Comments Fiscal Year 2005, OIG No. 06-1-16MA, April 20, 2006	Included in cost of the CAFR	59	59
19	Review of Controls Over Pension Payments, OIG No. 05-1-01MA, May 4, 2006	\$74,610	3	3
20	Audit of a Contractual Arrangement for Non-Emergency Transportation of Medicaid Recipients, OIG No. 05-2-18HC(a), May 5, 2006	\$48,960	4	0
21	District Department of Transportation Report on the Examination of the District of Columbia's Highway Trust Fund Forecast Statements for Fiscal Years 2006 - 2010 With Actual Audited Figures for FY 2005, OIG No. 05-1-20KA(a), May 31, 2006	\$18,000	0	0
22	University of the District of Columbia Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters for the Year Ended September 30, 2005, OIG No. 06-1-20GF, June 8, 2006	Included in cost of the CAFR	0	0
23	University of the District of Columbia Financial Statements and Management's Discussions and Analysis for Fiscal Years 2005 and 2004, OIG No. 06-1-19GF, June 8, 2006	Included in cost of the CAFR	4	4
24	Audit of the District of Columbia Public Schools Overtime, OIG No. 05-2-09GA, June 16, 2006	\$125,145	19	19
25	Children in Special Education Programs Who are in the Custody of the Child and Family Services Agency, OIG No. 03-2-11RL(a), July 14, 2006	\$16,010	9	1
26	Audit of Selected District Agency Key Result Measures, OIG No. 05-1-06MA(b), August 17, 2006	\$28,800	2	1
27	Audit of the FY 2006 Fund Status at the Mental Retardation and Developmental Disabilities Administration, OIG No. 06-2-18JA, September 20, 2006	\$45,000	13	6
28	Audit of the Fixed-Costs Allocation Process, OIG No. 05-2-10MA, September 28, 2006	\$232,335	17	6
29	Audit of the Maintenance of Medical Necessity Forms for Non-Emergency Transportation of Medicaid Recipients, OIG No. 05-2-18HC(b), September 29, 2006	\$67,095	4	1
	Totals	\$3.56 Mil	203	134

FISCAL YEAR 2006 AUDIT COVERAGE

	Agency/Office
1	Chief Medical Examiner's Office
2	Child and Family Services Agency
3	Department of Consumer and Regulatory Affairs
4	Department of Employment Services
5	Department of Health
6	Department of Housing and Community Development
7	Department of Human Services
8	Department of Insurance, Securities, and Banking
9	Department of Parks and Recreation
10	Department of Public Works
11	Department of Transportation
12	District of Columbia Public Schools
13	Medical Administration Assistance
14	Mental Retardation and Developmental Disabilities Administration
15	Metropolitan Police Department
16	Office of Contracting and Procurement
17	Office of Finance and Resource Management
18	Office of Personnel
19	Office of Planning
20	Office of Property Management
21	Office of the Attorney General for the District of Columbia
22	Office of the Chief Financial Officer
23	Office of the Chief Technology Officer
24	Office of the City Administrator
25	Office of the Secretary
26	Office of Veteran's Affairs
27	State Education Office
28	University of the District of Columbia
29	Office of Finance and Treasury
30	Office of Financial Operations and Systems
31	Sports and Entertainment Commission
32	Lottery and Charitable Games Control Board

FISCAL YEAR 2006 AUDIT COVERAGE

	Agency/Office
33	Unemployment Compensation Fund
34	Anacostia Waterfront Corporation
35	Washington Convention Center Authority
36	Disability Compensation Program

FISCAL YEAR 2006 AUDIT REPORT SUMMARIES

Professional Engineers' Fund Financial Statement Audit for the Fiscal Year Ended September 30, 2004, OIG No. 05-1-15CR, issued October 5, 2005.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Consumer and Regulatory Affairs-Professional Engineers' Fund as of September 30, 2004, and the results of its operations for the year then ended, in conformity with Generally Accepted Accounting Principles.

Our audit did not identify any major issues of internal control weaknesses or non-compliance with regulations that we consider material or reportable conditions during our FY 2004 audit. However, we issued a management letter covering areas (such as, client waivers and cash receipts), where improvements can be made in the administration of the fund.

Office of the Attorney General Antifraud Fund Financial Statement Audit for the Fiscal Year Ended, September 30, 2004, OIG No. 04-1-26CB, issued November 8, 2005.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District of Columbia Office of the Attorney General's Antifraud Fund as of September 30, 2004, and the results of its operations for the year then ended, in conformity with Generally Accepted Accounting Principles.

Our audit did not identify any major issues of internal control weaknesses or non-compliance with regulations that we consider material or reportable conditions during our FY 2004 audit.

Home Purchase Assistance Program Financial Statement Audits for the Fiscal Years Ended September 30, 2004, 2003, and 2002 (With Independent Auditor's Report Thereon), OIG No. 06-1-02DB, (a),(b), issued November 30, 2005.

The Independent Auditor's Reports on Financial Statements for the Fiscal Years Ended September 30, 2004, 2003, and 2002, presented unqualified opinions. The audits were conducted by contract under the purview of the OIG.

Review of Housing Provider Filings at the Rental Accommodations and Conversion Division of the Department of Consumer and Regulatory Affairs, OIG No. 05-2-19CR, issued December 12, 2005.

The OIG performed a review that compiled and presented data on rent ceilings and rent charged, as submitted by housing providers. We did not verify, analyze, or evaluate the data; therefore, we express no opinions, conclusions, or recommendations related to the information gathered.

Our report contains exhibits that summarize the total increase in rent ceilings and rent charged per rental unit for seven apartment buildings covered by rent control provisions of The Rental Housing Act of 1985 (D.C. Law 6-10). Rent ceilings and rent charged for each apartment building generally covered the period of 1999 through 2005.

FISCAL YEAR 2006 AUDIT REPORT SUMMARIES

District Department of Transportation Highway Trust Fund Financial Statement Audit for the Fiscal Year Ended September 30, 2005, OIG No. 05-1-20KA, issued January 30, 2006.

In our opinion, the financial statements present fairly, in all material respects, in conformity with Generally Accepted Accounting Principles, the Fund's assets and liabilities as of September 30, 2005, and its revenues, expenditures, and changes in fund balance for the year then ended.

Our audit did not identify any major issues of internal control weaknesses or non-compliance with regulations that we consider material or reportable conditions during our FY 2005 audit.

Comprehensive Annual Financial Report for the Year Ended September 30, 2005, issued January 23, 2006.

See narrative provided in Audit Highlights by Theme Section of this report.

District of Columbia Independent Auditors' Report on Internal Control and Compliance Over Financial Reporting Fiscal Year Ended September 30, 2005, OIG No. 06-1-04MA, issued February 3, 2006.

In connection with the audit of the District of Columbia's general purpose financial statements for FY 2005, BDO Seidman prepared the Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting. This report details identified reportable conditions. Reportable conditions involve matters relating to significant deficiencies in the design or operation of internal control over financial reporting that could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the basic financial statements. The reportable conditions disclosed in the report are: (1) Management of Disability Compensation Program; (2) Unemployment Compensation Claimant File Management; and (3) District Medicaid Provider Contract Administration (at the D.C. Public Schools level only). BDO Seidman also disclosed the need for District officials to better comply with procurement laws and regulations.

The report also indicates the extent to which the District corrected the conditions cited in the previous year. In this regard, we are pleased to report the improvements made by the Office of the Chief Financial Officer and District agencies in mitigating the risks associated with the Health Care Safety Net Administration Contract Management and District Medicaid Provider Accounting and Financial Reporting.

FISCAL YEAR 2006 AUDIT REPORT SUMMARIES

Audit of Revenue Collected in the Office of the Secretary of the District of Columbia, OIG No. 05-2-05BA, issued March 3, 2006.

Our audit found that the Office of Documents and Administrative Issuances (ODAI) did not properly or accurately record collected revenue, and as a result, financial records showed that revenue collected was either overstated or understated. We found a lack of segregation of duties in key functions, such as authorizing, processing, recording, and reviewing financial transactions. The ODAI was unable to adequately identify inventory available for sale, inventory purchased, and/or inventory sold. Additionally, we found that the physical custody over inventory was poorly maintained. Further, the ODAI did not have adequate policies or procedures documenting office operations relating to the collection of revenue and the custody of inventory. Lastly, we found no evidence of supervisory review or management oversight over ODAI office operations.

Additionally, we found that the Office of Notary Commissions and Authentications (ONCA) did not have adequate procedures over revenue collection. We found that ONCA lacked pertinent financial records for FYs 2003 and 2004. Additionally, we determined that ONCA had weak internal controls over the authorizing, processing, and recordkeeping of financial transactions, and had not sufficiently segregated these duties, which were performed by one individual.

We directed 13 recommendations to the Secretary of the District of Columbia relative to improving internal controls in the ODAI and ONCA.

Audit of Contractor Billings for DCPS Security Services, OIG No. 03-2-14GA, issued March 3, 2006.

We found that: (1) DCPS paid duplicate billings submitted by the security contractor; (2) the security contractor did not replace absent school security officers within the 2-hour time limit imposed by the contract; (3) DCPS did not sufficiently review the school security contractor's monthly invoices for errors; and (4) DCPS did not assess fees for the absent school security officers. These conditions occurred because DCPS needed to improve internal control procedures for reviewing the security contractor's billings and monitoring the security contractor's performance. As a result, DCPS paid approximately \$38,000 in questionable costs during the time period of January 2002 through July 2003. Although these savings may appear to be minimal, we believe a subsequent review of the invoices will disclose additional billing errors. In addition, absent school security officers compromised the overall safety of DCPS students and staff.

We directed four recommendations to the Superintendent, DCPS to correct the deficiencies cited in the report. DCPS concurred with the recommendations and provided a description of the actions taken or planned by DCPS to address the deficiencies cited. We consider actions taken or planned by DCPS to be fully responsive to our recommendations.

FISCAL YEAR 2006 AUDIT REPORT SUMMARIES

Audit of Selected District Agency Key Result Measures, OIG No. 05-1-06MA, issued March 3, 2006.

Our review at 15 agencies found that, in most cases, agencies had:

- identified a central official to report data to the Office of the City Administrator and/or agency management;
- maintained support for Key Result Measures (KRM) on a regular (monthly) basis;
- established an audit trail for independent verification of accomplishments for each KRM; and
- implemented a system/process to track, monitor, and report KRM accomplishments.

While our report did not contain any recommendations, our initial observations and comments related to the processes utilized by District agencies for collecting, monitoring, and reporting KRM data were found to be useful to the Director of Strategic Planning and Performance Management and will be shared with the new administration.

Audit of the Department of Public Works Inventory, Usage, and Maintenance of District Vehicles, OIG No. 04-1-21KT, issued March 20, 2006.

See narrative provided in Audit Highlights by Theme Section of this report.

Audit of the District of Columbia Public Schools Capital Improvement Program, OIG No. 05-1-08GA, issued March 23, 2006.

Our audit identified that United States Army Corps of Engineers (USACE), while acting in its capacity as the contracting official for DCPS, did not fully comply with the intent of the Federal Acquisition Regulations by establishing definitive requirements prior to awarding the contract for the construction of the Barnard Elementary School project. USACE issued 77 contract modifications, valued at more than \$3.5 million, to provide the contractor with the proper specifications to finish the project and to cover the cost of other building enhancements.

As a result, Barnard Elementary School was not completed by the established deadline and the project experienced an approximate 20 percent cost growth, amounting to more than \$3.5 million.

Additionally, we found that DCPS has made recent organizational improvements that positively impact its ability to manage CIP projects in an effective and efficient manner. DCPS is improving its overall operations by simplifying its organizational structure in order to facilitate effective communication between managers and subject matter experts. DCPS is also in the process of drafting and implementing standard operating procedures that further clarify individual roles, duties, and responsibilities.

FISCAL YEAR 2006 AUDIT REPORT SUMMARIES

Audit of the Homestead Deduction and Senior Citizen Real Property Tax Relief Programs, OIG No. 04-1-27AT, issued March 23, 2006.

See narrative provided in Audit Highlights by Theme Section of this report.

District of Columbia Public Schools Material Weaknesses and Reportable Conditions in Internal Control Over Financial Reporting and Management Letter Comments for the Year Ended September 30, 2005, OIG No. 06-1-15GA(b), issued April 10, 2006.

In conjunction with the audit of the District of Columbia Public School's (DCPS) Budgetary Comparison Schedule – Governmental Funds and Supplemental Information (With Independent Auditor's Report Thereon) for the fiscal year ended September 30, 2004, BDO Seidman prepared a summary of *Reportable Conditions in Internal Control Over Financial Reporting and Management Letter Comments*. These reports provide information about DCPS' compliance with laws and regulations and the adequacy of internal controls, and also recommend actions to improve DCPS operations.

BDO Seidman set forth recommendations for correcting reportable conditions and other deficiencies. In most cases, DCPS responded favorably to the recommendations contained in the reports and, in some cases, corrective action has already been taken to remedy the issue.

District of Columbia Public Schools Budgetary Comparison Schedule for Fiscal Year 2005, OIG No. 06-1-15GA(a), issued April 11, 2006.

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2005, BDO Seidman prepared a final report on the District of Columbia Public Schools (DCPS) Budgetary Comparison Schedule – Governmental Funds.

BDO Seidman opined that the Schedule presents fairly, in all material respects, the original budget, final budget, and actual revenues, expenditures, and other sources/uses of the DCPS - which represents a portion of the District of Columbia's General Fund and Federal and Private Resources Fund - for the year ended September 30, 2004, in conformity with Generally Accepted Accounting Principles.

District of Columbia Memorandum of Advisory Comments Fiscal Year 2005, OIG No. 06-1-16MA, issued April 20, 2006.

In connection with the audit of the District of Columbia's general purpose financial statements for FY 2005, BDO Seidman prepared a Management Letter, which reported that over the last 5 fiscal years there has been a marked improvement in the management of the District's financial affairs. The Management Letter identified reportable conditions in the management of the Disability Compensation Program and Unemployment Compensation Claimant File Management.

FISCAL YEAR 2006 AUDIT REPORT SUMMARIES

BDO Seidman set forth recommendations for correcting reportable conditions and other deficiencies. While we continue to assess District agencies' implementation of recommendations, it is the responsibility of District government management to ensure that agencies correct the deficiencies noted in audit reports. This Office will work with managers, as appropriate, to help them monitor the implementation of recommendations.

Review of Controls Over Pension Payments, OIG No. 05-1-01MA, issued May 4, 2006.

See narrative provided in Audit Highlights by Theme Section of this report.

Audit of a Contractual Arrangement for Non-Emergency Transportation of Medicaid Recipients, OIG No. 05-2-18HC(a), issued May 5, 2006.

See narrative provided in Audit Highlights by Theme Section of this report.

District Department of Transportation Report on the Examination of the District of Columbia's Highway Trust Fund Forecast Statements for Fiscal Years 2006 - 2010 With Actual Audited Figures for FY 2005, OIG No. 05-1-20KA(a), issued May 31, 2006.

Our examination included testing internal controls for the purpose of expressing an opinion on the accompanying forecasted statements. Although we found no instances of noncompliance that would be reportable under Generally Accepted Government Auditing Standards, the objective of our review was not to provide an opinion on overall compliance with such provisions.

We opined that the forecasted statements were presented in conformity with guidelines for presentation of forecasted information established by the American Institute of Certified Public Accountants. Additionally, we found that the underlying assumptions made and methodologies used to develop the statements provided a reasonable basis for the 5-year forecast.

In FYs 2007 through 2009, the OIG identified the potential for a spending deficit in the Fund based on current revenue assumptions and expenditures for approved projects. In order to avoid violations of the Anti-Deficiency Act, which prohibits expenditures in excess of appropriations, DDOT will modify the Capital Improvement Program by postponing the start of projects.

FISCAL YEAR 2006 AUDIT REPORT SUMMARIES

University of the District of Columbia Financial Statements and Management's Discussions and Analysis for Fiscal Years 2005 and 2004, OIG No. 06-1-19GF, issued June 8, 2006.

This audit was conducted by BDO Seidman as part of our contract for the audit of the District of Columbia's general purpose financial statements for FYs 2005 and 2004.

BDO Seidman opined that the basic financial statements present fairly the financial position of the University of the District of Columbia as of September 30, 2005, and the changes in its financial position and its cash flow for the year then ended, in conformity with Generally Accepted Accounting Principles.

University of the District of Columbia Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters for the Year Ended September 30, 2005, OIG No. 06-1-20GF, issued June 8, 2006.

This audit was conducted by BDO Seidman, LLP, in conjunction with the audit of the University of the District of Columbia's (UDC's) financial reporting for the FY ended September 30, 2005. This report provides information about UDC's compliance with laws and regulations and the adequacy of internal controls, and also recommend actions to improve UDC operations.

BDO Seidman set forth recommendations for correcting the noted reportable conditions. UDC responded favorably to the recommendations contained in the report and, in some cases, corrective action has already been taken to remedy the issue.

Audit of the District of Columbia Public Schools Overtime, OIG No. 05-2-09GA, issued June 16, 2006.

See narrative provided in Audit Highlights by Theme Section of this report.

Children in Special Education Programs Who are in the Custody of the Child and Family Services Agency, OIG No. 03-2-11RL(a), issued July 14, 2006.

The audit disclosed that the Child and Family Services Agency (CFSA) and DCPS did not effectively carry out their joint responsibility of accounting for children under CFSA's custody who were in special education programs. Specifically, CFSA had not identified all children under its custody who received special education and related services. CFSA also had not effectively utilized the FACES computer application to record complete and accurate information about the children. The audit also determined that DCPS did not maintain accurate information on the number of CFSA children who received special education services or the location where these services were provided. As a result, we could not

FISCAL YEAR 2006 AUDIT REPORT SUMMARIES

determine the number of children under CFSA's custody who received special education services. Further, because of the deficiency in record keeping, it is difficult to determine whether the District's special education students are currently receiving the proper educational services.

Our report contained nine recommendations, which we believe are necessary to address the deficiencies identified in the report. CFSA concurred with our recommendations.

Audit of Selected District Agency Key Result Measures, OIG No. 05-1-06MA(b), issued August 17, 2006.

During our review at seven agencies, we found that agencies did not always maintain support for KRMs on the established basis, nor did they establish an audit trail for independent verification of accomplishments for each KRM. As a result, we were unable to verify 25 of 44 (57 percent) KRM results reported to the OCA.

We directed two recommendations to the City Administrator that we believe are necessary to correct the deficiencies. The recommendations center on providing agencies with clear guidance on: (1) developing and implementing controls to ensure accurate and reliable data are provided to the OCA with regard to agency performance measures; and (2) requesting OCA approval for modifications to targets or performance measures.

Audit of the FY 2006 Fund Status at the Mental Retardation and Developmental Disabilities Administration, OIG No. 06-2-18JA, issued September 20, 2006.

See narrative provided in Audit Highlights by Theme Section of this report.

Audit of the Fixed-Costs Allocation Process, OIG No. 05-2-10MA, issued September 28, 2006.

This report contains six findings that detail the conditions found during the audit. The first finding addresses the need for the Office of Finance and Resource Management (OFRM) to improve the Fixed-Costs Memorandum of Understanding (MOU) process. The second finding addresses deficiencies relating to the forecast process for telecommunications expenditures. The third finding addresses deficiencies in the inventory of telecommunications lines. The fourth finding noted that OPM performed minimal monitoring of the operational pass-through component of rental costs, and did not have any written policies and procedures governing the oversight and monitoring of operational costs. The fifth finding noted that OPM did not properly allocate and certify rental forecasts and expenditures for select agencies. Lastly, the sixth finding noted that while OFRM was observed to be generally accurate in processing rent payments, the OFRM made duplicate

FISCAL YEAR 2006 AUDIT REPORT SUMMARIES

rental payments to one lessor. Duplication of rental payments results in increased expenditures for the District and inefficient use of resources.

We directed 17 recommendations to the OCFO, OFRM, OCTO, OPM, and the Office of the City Administrator that we believe are necessary to correct the deficiencies noted in this report.

Audit of the Maintenance of Medical Necessity Forms for Non-Emergency Transportation of Medicaid Recipients, OIG No. 05-2-18HC(b), issued September 29, 2006.

The DOH Medical Assistance Administration (MAA) did not maintain Medical Necessity forms for nearly all of the 8,607 participants who received transportation benefits at a cost of \$16.3 million from the Non-Emergency Transportation (NET) Program in FY 2005. The maintenance of the Medical Necessity form is essential for controlling the total cost of the NET Program because it authorizes the District's Medicaid recipients to receive various modes of transportation assistance when receiving treatment or seeking other medical services. This condition occurred because MAA required and relied on the medical facilities to maintain the Medical Necessity forms. Further, MAA had not performed any on-site visits or reviews at the medical facilities to ensure that the forms were maintained. Although MAA required the medical facilities to maintain the Medical Necessity forms, MAA policies and procedures do not require medical facilities to submit completed and approved forms to MAA.

Due to MAA's failure to properly maintain Medical Necessity forms, DOH cannot determine the total number of authorized participants who utilized the NET Program. DOH also cannot substantiate the medical condition that warranted transportation for program participants who received transportation services during FY 2005. Moreover, failure to maintain all of the Medical Necessity forms is a serious breach of basic internal controls, which may have resulted in additional program costs to the District of Columbia.

We directed four recommendations to the Director, DOH, to correct identified deficiencies.



**FISCAL YEAR 2006 AUDIT DIVISION
MANAGEMENT ALERT REPORT SUMMARIES**

A Management Alert Report (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. In FY 2006, the Audit Division issued 11 MARs. Below is a summary of the MARs issued.

Audit of Selected District Agency Key Result Measures, OIG No. 05-1-06MA(b), seven MARs issued March 2006.

See narrative provided in Summary of Management Alert Section of this report.

Department of Health's Non-Emergency Transportation of Medicaid Recipients, issued February 28, 2006.

During our audit at the Department of Health (DOH), we identified that a DOH employee, who was not a contracting officer of the District of Columbia government, inappropriately authorized services that cost the District \$936,000. Because a valid contract had not been executed, the required contract deliverables were not specific and the standard contract provisions and protections normally afforded to the District were absent.

The contractual arrangement bypassed the normal procurement process, and the funds to pay for the services had not been pre-encumbered (budgeted). Approval to pay the contractor was made only after a formal ratification process had been completed. This procurement violated basic procurement rules contained in the D.C. Code and the District of Columbia Municipal Regulations (DCMR). Further, the individual responsible for authorizing this procurement remained in a position to act on other procurement actions.

We directed four recommendations to the Director, DOH, to correct identified deficiencies. Program officials provided responses which fully addressed the recommendations. We consider the actions taken and/or planned to be responsive.

Department of Health's Non-Emergency Transportation of Medicaid Recipients, issued August 3, 2006.

During an audit of the Non-Emergency Transportation (NET) Program, we found that the Department of Health Medical Assistance Administration (MAA) did not maintain a Transportation Request and Medical Necessity Certification form (Medical Necessity form) for any of the participants selected. Further, we were unable to obtain a copy of the Medical Necessity form from any of the six medical facilities where the participants received medical treatment.

**FISCAL YEAR 2006 AUDIT DIVISION
MANAGEMENT ALERT REPORT SUMMARIES**

District of Columbia Employee's Disability Compensation Program, issued September 28, 2006.

During an audit of the District's Disability Compensation Program, we identified that subcontractor costs were being improperly charged to the District by the third party administrator. During the course of our review of disability compensation claims, we found that the Office of Risk Management (ORM) paid subcontractor charges without identifying whether those charges were allowable. Our review of 32 subcontractor charges reported to and paid for by the District found that 29 (91 percent) of those charges were improperly charged to the District because Nurse Case Management (NCM) charges are covered under the basic contract with CMI and are not separately reimbursable to the subcontractor. Further, it appeared that as much as \$370,642 of the \$408,985 paid to the subcontractor may be recoverable.

We directed three recommendations to the Interim Chief Risk Officer to correct identified deficiencies.

Outsourcing the Aging and Disabilities Resource Center, issued August 28, 2006.

During an audit of nursing homes reimbursements, we identified concerns regarding the current effort to contract for the Aging and Disabilities Resource Center (ADRC). Specifically, we questioned the merits of outsourcing what appeared to be a growingly successful in-house effort. Further, we found no evidence that MAA officials prepared a cost benefit analysis that evaluated the cost of providing the ADRC services using District government employees versus the cost of contracted services, or the impact outsourcing to a commercial contractor might have on the program, because other states did not use commercial contractors to develop, operate, and manage ADRCs. Lastly, our analysis of past outsourcing efforts identified a significant lost opportunity to save up to \$33.8 million of costs associated with unfilled Home and Community-Based Services Waiver slots for the elderly and adults with physical disabilities.

**FISCAL YEAR 2006 INSPECTIONS AND EVALUATIONS DIVISION
PERFORMANCE MEASURES STATISTICS**

Activity	FY 2006 Target	FY 2006 Actual
Number of Inspections Completed	5	5
Number of Re-inspections Completed	2	1



**FISCAL YEAR 2006 INSPECTIONS AND EVALUATIONS DIVISION
INSPECTION COST AND RECOMMENDATION STATUS**

Inspection Title	Cost	Findings	Recommendations
D.C. Public Service Commission	\$96,000	17 (Under Review)	21 (Under Review)
State Education Office	\$80,000	18 (Under Review)	37 (Under Review)
Office of Contracting and Procurement II	\$64,440	13 (Under Review)	11 (Under Review)
Emergency Response to the Assault on David E. Rosenbaum	\$81,805	16	14
Lack of Medical Leadership at DOC's Facility	\$2,040	3	3
Total Cost	\$324,285¹	67	86

¹ Costs were calculated as the total direct hours charged, multiplied by the composite rate of Inspection Division expenses. Comparable management studies by private firms would cost approximately \$948,792.00.



**FISCAL YEAR 2006 INSPECTIONS AND EVALUATIONS DIVISION
RE-INSPECTION COST AND RECOMMENDATION STATUS**

Re-inspection Title	Cost	Recommendations	
		In Compliance	Compliance Pending
Department of Corrections	\$37,080	31	13
Total Cost	\$37,080¹		

¹ Costs were calculated as the total direct hours charged, multiplied by the composite rate of inspection Division expenses. Comparable management studies by private firms would cost approximately \$96,408.00.



**FISCAL YEAR 2006 INVESTIGATIONS DIVISION
PERFORMANCE MEASURE STATISTICS**

Activity	FY 2006 Target	FY 2006 Actual
Evaluate all complaints within three days of receipt in the Investigations Division	75%	87%
Complete every preliminary investigation within one month of assigning case to investigator in the Investigations Division	75%	50%
Close all administrative investigations pending in the Investigations Division at the beginning of the fiscal year	60%	50%
Clear all Hotline calls received during fiscal year	80%	98%
Prepare a referral letter to the appropriate District department or agency within one week of a complaint being assigned to the Referral Program	80%	95%



**FISCAL YEAR 2006 INVESTIGATIONS DIVISION
PERFORMANCE STATISTICS
FISCAL YEARS 2004 – 2006**

Activity	FY 2004	FY 2005	FY 2006
Investigative Matters Addressed	421	455	433
Investigations Opened	107	121	102
Investigations Closed	253	290	239
Investigative Reports Prepared	8	15	9
Cases Referred	154	195	191
Referred Cases Closed	134	169	193
Cases Accepted by USAO	23	46	20
Cases Presented to USAO	60	71	66
Cases Presented to OAG	9	14	14
Restitutions and Fines	\$4,926,115	\$261,821	\$511,939
Recoveries	\$10,658	\$9,466,312	\$233,238
Convictions	15	12	18
Indictments	14	11	14
MARs	1	3	2
FARs	0	0	1



**FISCAL YEAR 2006 INVESTIGATIONS DIVISION
CASES CLOSED BY AGENCY**

Agency/Office	Total
Advisory Neighborhood Commissions	1
Alcoholic Beverage Regulation Administration	1
Attorney General, Office of the	4
Chief Financial Officer, Office of the	3
Chief Technology Officer, Office of the	4
Chief Medical Examiner, Office of the	1
City Administrator, Office of the	1
Council of the District of Columbia	1
D.C. Emergency Management Agency	1
D.C. Housing Authority	2
D.C. Office of Personnel	1
D.C. Office on Aging	5
D.C. Public Charter Schools	2
D.C. Public Library	2
D.C. Public Schools	17
D.C. Superior Court	3
Dept. of Consumer and Regulatory Affairs	34
Dept. of Corrections	2
Dept. of Employment Services	12
Dept. of Fire and Emergency Medical Services	7
Dept. of Health	5
Dept. of Housing and Community Development	11
Dept. of Human Services	8
Dept. of Insurance and Securities Regulation	5
Dept. of Mental Health	3
Dept. of Motor Vehicles	10
Dept. of Parks and Recreation	1
Dept. of Public Works	1
Dept. of Transportation	4
Dept. of Youth Rehabilitation Services	1
Disability Compensation Fund	1
Executive Office of the Mayor	4
Housing Finance Agency	1
Inspector General, Office of the	1
Metropolitan Police Department	9
Office of Administrative Hearings	1

**FISCAL YEAR 2006 INVESTIGATIONS DIVISION
CASES CLOSED BY AGENCY**

Agency/Office	Total
Office of Cable Television and Telecommunications	1
Office of Campaign Finance	1
Office of Communications	2
Office of Contracting & Procurement	4
Office of Property Management	1
Office of Risk Management	4
Other	47
Police and Fire Retirement System	1
Recorder of Deeds	1
Taxicab Commission	4
Water and Sewer Authority	3
Total Closed Investigations	239

FISCAL YEAR 2006 HOTLINE STATISTICS BY QUARTER

Category	Q1	Q2	Q3	Q4	Total
Threats to public health, to public safety, or to the environment; or involving unsafe working conditions	0	0	3	3	6
Physical assaults or threats of violence	0	1	1	1	3
Fraud, theft, or false claims	5	3	4	4	16
Bribery, extortion, kickbacks, or illegal gratuities	1	1	0	0	2
Misuse of government funds or property, or use of official position for private gain	4	1	0	3	8
Governmental waste, inefficiency, or mismanagement	9	1	3	5	18
Contract fraud or procurement violations	2	0	1	1	4
False statements	1	0	1	1	3
Ethics violations and conflicts of interest	1	0	1	1	3
Time and attendance fraud	4	3	1	2	10
Harassment, retaliation, or abuse of authority by a supervisor or by another government official	1	2	1	0	4
Hiring, promotion, or other treatment of employees in violation of personnel regulations	1	0	1	0	2
Incivility or lack of response from an agency	1	0	0	1	2
Miscellaneous	0	2	1	4	7
TOTALS	30	14	18	26	88



FISCAL YEAR 2006 INVESTIGATIONS DIVISION REFERRAL STATISTICS

Agency	No. of Referrals	Agency	No. of Referrals
Alcoholic Beverage Regulation Administration	1	Metropolitan Police Department	13
Board of Education	1	Office of Administrative Hearings	1
Child and Family Services Agency	2	Office of Advisory Neighborhood Commissions	1
Department of Consumer and Regulatory Affairs	17	Office of the Attorney General	2
Department of Employment Services	4	Office of the Chief Financial Officer	14
Department of the Environment	1	Office of the Chief Technology Officer	2
Department of Fire and Emergency Medical Services	4	Office of Human Rights	4
Department of Health	10	Office of Inspector General (I&E Division)	1
Department of Housing and Community Development	4	Office of Inspector General (MFCU Division)	1
Department of Human Services	17	Office of Personnel	7
Department of Insurance, Securities and Banking	2	Office of Property Management	3
Department of Mental Health	3	Office of the U.S. Attorney	1
Department of Motor Vehicles	18	Police Complaints Board	1
Department of Public Works	6	Public Schools	11
Department of Small, Local, Disadvantaged Business Development	1	Public Service Commission	1
Department of Transportation	4	Superior Court of the District of Columbia	2
Department of Youth Rehabilitation Services	2	Taxicab Commission	1
Executive Office of the Mayor *	5	University of the District of Columbia	2
Federal **	16	Water and Sewer Authority	1
Housing Authority	4		

Total Referrals: 191

* Mayor's Office of Boards and Commissions 1
 Office of the City Administrator 1
 Office of Main Street 1
 Office of Risk Management 2

** Department of Education 1
 Department of Homeland Security 2
 Department of Homeland Security OIG 1
 Department of the Interior OIG 1
 Department of Justice OIG 4
 Department of Veterans' Affairs OIG 3
 Federal Bureau of Investigations 1
 Social Security Administration OIG 1
 U.S. Postal Service OIG 2



FISCAL YEAR 2006 INVESTIGATIONS DIVISION REFERRAL RESOLUTIONS

Referral Resolution	No. of Referrals
Administrative Leave	1
Agency Deadline Not Yet Expired	38
Referral Sent With No Response Requested	81
Allegations Unsubstantiated	18
Allegations Disproven	12
Agency Addressed Citizen's Complaints	3
Counsel, Training, or Instruction Provided	1
Oral Warning or Reprimand	1
Termination	2
Agency Reviewed/Revised Its Procedures	4
Agency Explained the Issue/No Action Required	5
Case Closed Administratively	4
Agency Never Responded/Delinquency Letter to Mayor *	15
Miscellaneous **	6
Total	191

* DCRA: 5 DMV: 2 MPD: 1
 DDOT: 2 DOH: 3
 D.C. Taxicab Commission: 1
 Department of Small, Local, Disadvantaged Business Development: 1

- ** 1. DCRA forwarded the complaint to DDOT.
 2. DCRA's resolution involved numerous actions.
 3. Fire/EMS's resolution involved numerous actions.
 4. Unable to contact complainant for permission to release her contact information to the D.C. Superior Court.
 5. Agency found violations and will monitor the situation, but took no punitive action.
 6. Unable to contact complainant for additional vehicle identification information required by DMV.



**FISCAL YEAR 2006 MEDICAID FRAUD CONTROL UNIT
PERFORMANCE MEASURE STATISTICS**

Activity	FY 2006 Target	FY 2006 Actual
Evaluate abuse/neglect complaints within 1 business day of receipt	75%	81%
Evaluate fraud complaints received within 30 days of receipt	75%	98%
Evaluate complaints of funds/property misappropriation within 5 days of receipt	75%	80%
Provide training/in-service education to 10 relevant entities in fiscal year	60%	110%
Obtain 10 criminal/civil resolutions (plea, settlement or verdict) in fiscal year	60%	130%



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