
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, 2007. 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, work together as a team that has made significant recommendations for management improvement, recovered millions of dollars in misused funds, and brought lawbreakers to justice. It is indeed an honor and a privilege to serve with this talented group of individuals who serve the residents of the District by striving to further the OIG's mission.

Audit Division (AD). For FY 2007, the Audit Division issued 35 reports with total potential monetary benefits of approximately \$47 million. Comparing these savings to Audit Division costs of approximately \$3.5 million results in a return on investment for audits performed by OIG audit staff exceeding \$13 for each dollar invested.

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 2006 Comprehensive Annual Financial Report (CAFR) on January 29, 2007, the city received its tenth consecutive unqualified opinion on its financial statements.

FY 2007 marks the first full year of operation for our resident audit site at DCPS; which was opened to conduct audits, interact with school officials for prompt resolution of identified deficiencies, and recommend corrective action. Because our on-site presence enables 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 sound decisions to effect positive improvements. Based on the proven results and effectiveness of our audits, for FY 2008, the OIG was provided four additional FTEs to complement its current staff and to provide continuous audit coverage of the District's Medicaid Program.

Inspections and Evaluations Division (I&E). During FY 2007, the I&E Division completed three comprehensive inspections of District agencies, three special evaluations,

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and two re-inspections. I&E also issued nine Management Alert Reports. I&E's inspection of the Department of Human Resources focused on operations that affect many District agencies: the solicitation, processing, and evaluation of applications submitted by individuals seeking employment within the District government. I&E's special evaluation of the D.C. Village Emergency Shelter for Homeless Families cited deficient living conditions and recommended specific improvements in the supportive services offered to adults and children living at the facility. The Division's report, *Conditions in Fire and Emergency Medical Services Department Fire Stations*, contained 140 color photographs that documented numerous problems with the stations' infrastructures, and noted deficiencies in critical areas such as emergency call alerting systems and building heating and cooling equipment. The re-inspection of the Office of the Chief Medical Examiner (OCME) concluded that the agency had made substantial progress in correcting many of the deficiencies found during the OIG's 2003 inspection. I&E's work during FY 2007 resulted in 119 findings and 225 recommendations to District agency managers. I&E's recommendations to District agencies contributed to increased performance, greater accountability, improved working conditions, and enhanced service delivery.

Investigations Division (ID). During the past fiscal year, special agents from the ID instituted a wide variety of investigations into allegations of criminal and administrative misconduct among District employees, to include theft and forgery of D.C. government checks, submission of fraudulent time and attendance records, diversion of money belonging to the District, fraudulent use of a stolen credit card, misuse of official position for private gain, and attempts to obtain a fraudulent D.C. driver's license. In many of these cases, our agents worked jointly with the Office of the United States Attorney (USAO), the Federal Bureau of Investigation, the U.S. Department of Education Office of the Inspector General, and other investigative entities in bringing charges against corrupt District employees in several agencies, including the D.C. Department of Parks and Recreation, D.C. Public Schools, D.C. Department of Health, D.C. Department of Motor Vehicles, and D.C. Department of Consumer and Regulatory Affairs.

ID presented 92 cases to the USAO and 69 cases to the D.C. Office of the Attorney General for prosecution under laws within the jurisdiction of those offices. Twenty-two cases were accepted by the USAO for further investigation, and our cases resulted in 12 convictions. ID cases resulted in restitutions, fines, and recoveries of over \$2,575,125.68.

Medicaid Fraud Control Unit (MFCU). The MFCU, established in 2000, has a dual mission. It investigates and prosecutes Medicaid providers who engage in fraudulent billing. The Unit also investigates and prosecutes the abuse, neglect, and financial exploitation of persons who reside in Medicaid-funded facilities.

In FY 2007, the MFCU initiated 207 investigations and closed 98 matters. Through trial or settlement, the Unit attained 17 substantive dispositions of outstanding fraud, abuse, neglect, and sexual assault cases, significantly surpassing its target levels. The MFCU obtained 13

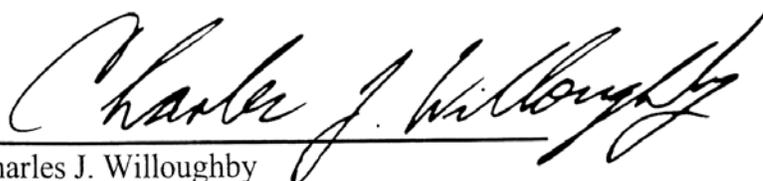
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criminal convictions through trials and plea agreements. Additionally, the Unit recovered over \$2.3 million in four civil settlements for the Medicaid program, recouping almost \$4 for every dollar funding the Unit.

The MFCU continues to demonstrate a high level of activism and community outreach through its membership in task forces, invitations to make presentations, and participation in other writing and training opportunities.

The U.S. Department of Health and Human Services and the District of Columbia, which jointly fund the Unit, increased the MFCU's budget, allowing it to hire five additional full-time employees. While MFCU is fulfilling its mission and objectives, as demonstrated by the fact that it exceeded all its performance goals, we expect the MFCU to be even more productive with its increased staff.

In closing, as I have stated on previous occasions, an entity is no more effective than those who participate in it. We each, District employee and citizen alike, play a role in ensuring the effectiveness of the District government. Accordingly, while those roles may vary, it is incumbent that each of us fully uses his or her respective role to achieve that common goal of a District government that does the most good for all of its residents.



Charles J. Willoughby
Inspector General

December 1, 2007



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RISK ASSESSMENT



RISK ASSESSMENT

As in past years, the OIG has devoted significant resources to audits, inspections and investigations of those programs and initiatives that pose serious challenges and risks for District executives and managers, citizens and stakeholders. Our goals remain focused on evaluating those risk areas that represent issues of critical concern to the Mayor and City Council. For FY 2007, risk areas included Public Schools, Medicaid Programs, Vulnerable Populations, Procurement and Contracting, and Citizen Safety and Protection. Additionally, based on our work during the year and concerns expressed by several District leaders, we identified Workforce Administration as an additional risk area that requires heightened oversight attention.

In looking for ways to mitigate the various risks facing the District, we fashion audits and inspections to assess the results of budgeted programs, including the economy, efficiency, and effectiveness of management actions taken to address those results. On a continuing basis, we work with District officials by advising them early in the review process of recently discovered problems and audit/inspection findings. When necessary, we will issue a Management Alert Report to obtain prompt resolution and corrective action on particular emergent and time-sensitive issues. When we find a problem that potentially has systemic impact among several District agencies, we issue a Management Implication Report to the heads of all District agencies alerting them of the deficiencies so that they can take preemptive action to determine if the problem exists in their agencies and initiate the appropriate corrective measures.

Public Schools

The District of Columbia Public Schools (DCPS) continue to pose significant financial and performance risks for the District. With substantial leadership changes in DCPS occurring in FY 2007 and the positioning of DCPS under mayoral direction, strategies for moving DCPS forward offer promise of mitigating some long-standing risks. For FY 2007, the OIG was actively involved in DCPS audits and maintained an onsite audit team in DCPS, worked continuously with the CAFR oversight committee to assess and track progress in mitigating the risks posed by reportable conditions and material weaknesses and held interactive meetings with school and legislative officials to discuss audit agenda and priorities. In FY 2007, on-going and completed audits at DCPS covered such issues as high school graduation requirements, student residency requirements, maintenance and repair of DCPS buildings, and contracting for teacher education. With the DCPS budget in excess of \$1.2 billion, there is a significant risk of waste and misuse of public education dollars. Accordingly, our DCPS audit plans for FY 2008 contain 12 new audits that address fiscal as well as academic risk areas. A sampling of our proposed audits includes topics that address service contracts, grant revenue, the DCPS athletics program, special education programs, and management of truancy. Through the auspices of the CAFR Committee, the OIG also oversees actions taken by DCPS, the Office of the Chief Financial Officer (OCFO), the Office of the State Superintendent of Education, and other officials to initiate the appropriate corrective

RISK ASSESSMENT

measures and program improvements to reduce the risks associated with several programmatic areas, including personnel, procurement, and Medicaid. We will continue to work with key school and agency officials to identify and address issues that could have an immediate fiscal impact on school operations.

Medicaid Program

As in past years, the District continues to devote considerable resources, in terms of local and federal dollars, to provide health care for the part of the District population covered by the Medicaid program. For FY 2008, the District budgeted more than \$1.5 billion for Medicaid covered services. With such a large planned expenditure and the fact that national health care experts estimate that about 10 percent of Medicaid covered dollars are lost to fraud, the potential financial loss to the District is significant. The OIG has consistently addressed the risks posed by the Medicaid program by devoting a segment of Audit Division resources to review Medicaid program systemic weaknesses and internal controls and maintaining a Medicaid Fraud Control Unit to conduct investigations of Medicaid fraud and patient abuse issues.

In FY 2007, the Audit Division completed an audit of the Department of Health's oversight of three of the four Managed Care Organizations (MCOs) that provide health care to District residents. The audit disclosed significant deficiencies and mismanagement of the MCO program's rate setting capitation methodology that resulted in the District paying nearly \$100 million more than necessary for patient care in the past 5 years. Another audit questioned the current process for providing non-emergency transportation services covered by Medicaid. The audit resulted in the recalculation of the number of non-emergency annual trips, the re-solicitation of a contract to manage the program, and a recurring savings of about \$6.8 million annually. We also performed Medicaid-related audits in the administration of HIV policy and programs and in home health care agency compliance with hourly wage rate requirements. For FY 2008, we will continue our vigorous oversight of the Medicaid program, focusing on such areas as nursing home reimbursements, third party liability, Medicaid recordkeeping and documentation, and other related issues. Working with the OCFO, we are performing a Medicaid research project that will assess the differing policies and practices among various District agencies involved in providing Medicaid covered services. The purpose of this project is to provide District leadership with information about the varied Medicaid practices as these leaders work to reach agreement on the actions needed to further mitigate the financial risks Medicaid programs pose for the city.

Vulnerable Populations

As the Nation's capital, the District government serves a diverse population of about 563,000 residents. Nearly one quarter or 141,000 residents are registered as eligible for Medicaid coverage and an assortment of social services. Included in the District's vulnerable

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population are the elderly; abused; disadvantaged; foster care children; individuals with physical or mental disabilities; and residents affected by poverty, homelessness, unemployment, and crime. Mindful of this population in need, the OIG continues to evaluate a number of the District's programs which present District managers with both risks and challenges in meeting individual needs.

In FY 2007, many audits touched on aspects of social need. However, two audits addressed high risk programs, one involving the District's HIV/AIDS population and the other addressing the ability to account for foster children placements. In FY 2008, the OIG will continue to focus on vulnerable population issues such as health care services, workforce investment programs, public libraries, the family and maternal administration, and other social service issues.

Procurement and Contracting

District law requires that the OIG review procurements annually. For FY 2007, District agencies placed more than \$3.7 billion in contract actions to procure a variety of goods and services. To address the continuing high risk of financial loss posed by District procurements, we have placed added audit emphasis and resources to address the procurement problems and allegations of procurement abuse that have continually arisen.

The procurement and contracting problems the District faces are rooted in structural deficiencies in the methods used to award and administer contracts through completion. A FY 2007 District of Columbia Contracting and Procurement Task Force Report (November 2006) pointedly addressed many of the deficiencies plaguing the procurement system. In addition, the independent auditor's report on Internal Controls and Compliance¹ cited procurement as a material weakness in the District of Columbia Public Schools and also identified instances of noncompliance with procurement regulations at Child and Family Services Agency, the Department of Mental Health, and the Office of Contracting and Procurement. To address these procurement risk areas, we have audited and plan to audit numerous aspects of contracting and procurement related topics. In FY 2007, the OIG completed an audit of the Administrative Services Modernization Program wherein the audit recommended adoption of a major acquisition methodology. Another important review found a flawed estimating methodology for capitation rates by Managed Care Organizations, health care organizations from which the District acquires Medicaid covered services. We also questioned contracting practices for outsourcing the Aging and Disability Resource Center and a contract solicitation for non-emergency transportation services, and we

¹ BDO Seidman, LLP, Independent Auditor's Report On Internal Control Over Financial Reporting And Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards (Jan. 26, 2007).

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reviewed subcontractor costs associated with the District's employee disability compensation program.

FY 2008 audit plans call for an aggressive look at contracting and procurement related issues. New to our audit plans are proposed audits of the District of Columbia Supply Schedule, contract file management, construction contracts, and contracting for the consolidated forensic laboratory.

Citizen Safety and Protection

While the District has made recent strides in strengthening its emergency preparedness, local policing, and security programs, public safety remains a high concern to District residents, elected officials, and the community of police, fire, and emergency response personnel. In FY 2007, two audits addressed citizen safety issues - the first dealing with the ability to account for children placed in foster homes and the other addressing the District's homicide closure rate. Projects planned for FY 2008 include an audit of the District of Columbia jail; the intake, custody, and disposal of seized property; community policing; and emergency preparedness after-action reports.

Workforce Administration

The District operates in one of the most competitive markets for acquiring and retaining professional and support personnel. With a career workforce of more than 32,000 people, District leaders and managers are challenged to provide a wide range of services to residents and be accountable to those same residents who are also taxpayers. In recent years, the issue of workforce accountability has presented the District with a level of financial risk that we believe needs closer management scrutiny and oversight. Additionally, the concerns of high level District officials point to the need to increase the OIG's audit coverage of several workforce management issues. In FY 2007, we performed two audits on this issue area with an audit of hiring practices at the Department of Parks and Recreation and a review of the employee disability compensation program. We will greatly expand our involvement in FY 2008 to cover such issues as workforce investment programs, the unemployment compensation program, protection of personal data, the DCPS personnel and payroll system, employee qualifications and background checks, employee suspensions with pay, and other workforce topics.

GENERAL ACTIVITIES



GENERAL ACTIVITIES

MISSION

The statutory mission of the District of Columbia Office of the Inspector General (OIG) has three components. According to D.C. Code § 2-302.08(a-1) (Supp. 2007), the OIG is required to:

- inspect, audit, and investigate District government programs and operations within departments and agencies, including independent agencies;
- lead, coordinate, and recommend policies that promote economy, efficiency, and effectiveness, and seek to prevent and detect waste, fraud, abuse, corruption, and mismanagement in District government programs and operations; and
- keep the Mayor, D.C. Council, and other District government agencies and departments informed of problems and deficiencies in the administration of District government programs and operations as well as the need for corrective actions and the progress of the same.

STATUTORY RESPONSIBILITIES

Similar to other subordinate agencies in the District government, the OIG reports administratively to the Executive Office of the Mayor (EOM). A feature that distinguishes the OIG from other subordinate agencies, however, is its statutory requirement to conduct its mission independently. The OIG must be able to conduct its audits, investigations, and inspections at other agencies without outside influence or interference. Independence is both fundamental and critical to the OIG's mission because it ensures veritable and credible findings and recommendations.

Another distinguishing characteristic of the OIG is its budget autonomy. According to the OIG's governing statute, D.C. Code § 2-302.08, neither the Mayor nor the D.C. Council may revise the OIG's annual budget estimates. Rather, these executive and legislative entities may only comment on or make recommendations to the OIG's budget estimates when they are submitted.

The OIG is required by law to perform audits, inspections, and investigations as requested by the Mayor or that are deemed necessary or desirable by the Inspector General. The Inspector General must report evidence of criminal misconduct to the U.S. Department of Justice in cases where the OIG has reasonable grounds to believe a violation of federal or District criminal law has been committed. In these instances, the OIG also forwards to the Mayor any report regarding the evidence, if appropriate, within a reasonable time period. The OIG

GENERAL ACTIVITIES

has jurisdiction over allegations of administrative misconduct and, at the conclusion of any such investigation, the Inspector General refers the evidence to the Mayor or the appropriate agency head. Finally, the OIG forwards any audit, inspection, or investigative report of misconduct or unethical behavior to the appropriate authorities.

In order to accomplish its mission, the OIG relies upon several statutory provisions set forth in D.C. Code § 2-302.08. OIG investigators, auditors, and inspectors must routinely review the records of other government agencies, and the D.C. Code meets this need by providing statutory access to the records, accounts, documents, and property of other agencies within the Executive Branch of the District of Columbia government. The statute also mandates that both D.C. government employees and contractors cooperate with an OIG request for documents or testimony. If 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. Where the source of information is an individual or entity outside of the D.C. government, the OIG has authority to issue a subpoena for witness testimony and documentation in connection with any matter under investigation. These subpoenas may be enforced by the OIG in the District of Columbia Superior Court, where necessary.

The D.C. Code assigns several other statutorily mandated responsibilities to the OIG. 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 a private auditing firm to perform the Comprehensive Annual Financial Report (CAFR) of the District government for the previous fiscal year.

The OIG's current set of responsibilities resulted from a series of federal and local legislation. The D.C. Procurement Practices Act of 1985 (D.C. Law 6-85, effective Feb. 21, 1986) established the OIG's statutory duties in 1986. Congress substantially modified the OIG's responsibilities in 1995 through the D.C. Financial Responsibility and Management Assistance Act of 1995, Pub. L. No. 104-8, § 303 (adopted Apr. 17, 1995). Then, the D.C. Council passed the Office of the Inspector General Law Enforcement Powers Amendment Act of 1998 (D.C. Law 12-190, effective Mar. 26, 1999), which enlarged the OIG's law

GENERAL ACTIVITIES

enforcement authority by empowering OIG criminal investigators to: a) carry firearms in the District of Columbia while engaged in the performance of official duties; b) make arrests without a warrant for felony violations committed in their presence in the District; and c) execute search warrants issued upon probable cause.

Approximately 2 years later, 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) amended the OIG's statute yet again. This Act codified the OIG's mission statement; required the OIG to comply with generally accepted auditing, inspection, and investigation standards; and 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. In addition, the Act 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; and provided that the OIG could recommend administrative sanctions against employees or contractors who refuse to cooperate with official OIG investigations. Finally, the legislation 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.

In fiscal year (FY) 2003, the Inspector General Qualifications Amendment Act of 2003 (D.C. Law 15-026, effective Jul. 30, 2003) (Qualifications Act) expanded the necessary qualifications for the Inspector General. Currently, the Inspector General must: a) possess a minimum of 7 years aggregate experience in law, accounting, auditing, financial management analysis, public administration, or investigations; b) be a graduate of an accredited law school; c) be a member in good standing of the D.C. Bar for at least 7 years immediately preceding appointment; and d) possess 7 years experience in the practice of law. The legislation does allow the Inspector General to substitute the legal experience prerequisite with either: a) 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 b) 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.

Finally, in FY 2004, the D.C. Council added two new sections to the OIG statute via the Inspector General Appointment and Term Clarification Amendment Act of 2004 (D.C. Law 15-212, effective Dec. 7, 2004). This legislation provided 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. 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.

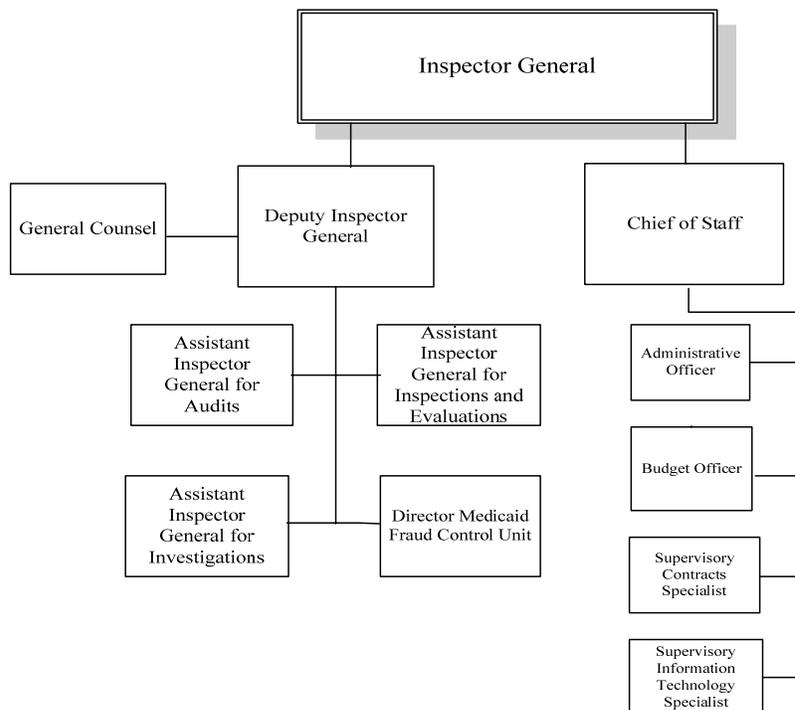
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In FY 2007, the D.C. Council enacted the Rate of Pay for the Position of Inspector General for the Office of the Inspector General Amendment Act of 2005 (D.C. Law 16-267, effective Mar. 14, 2007). Prior to this legislation, the OIG statute granted the Mayor authority to set the annual rate for the Inspector General’s salary so long as the rate did not exceed level IV of the Executive Schedule. The Act removed the Executive Schedule cap and allows the Mayor to determine the Inspector General’s annual salary, subject to the review and approval of 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 Supervisory Contracts Specialist, the Administrative Officer, and the Supervisory Information Technology Specialist. The following organizational chart depicts the reporting hierarchy.

OIG Organizational Chart – as of September 30, 2007



GENERAL ACTIVITIES

BUDGET AND PERSONNEL

The Office of the Inspector General's FY 2007 approved operating budget from all sources was \$13.7 million. Of this amount, \$2.4 million was allocated for the Comprehensive Annual Financial Report. There were 118 full-time positions supported by this budget. The Office received 90 percent of its budget (\$12.4 million) from local funding, which supported 102 full-time positions, (including 5 positions funded by a 25 percent local contribution to the federal grant that supports the Medicaid Fraud Control Unit). The Office received 10 percent (\$1.4 million) of its budget from federal funding, which supported 75 percent of the 21 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 types of training taken by personnel within the OIG divisions for FY 2007:

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
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
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
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 – 3/2/07: Jane Drummey
3/3/07 – 6/24/07: Vacant
6/25/07 – present: Jacqueline Schesnol

Administrative Officer
3/12/93 – present: Grace Y. Price

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

GENERAL ACTIVITIES

Supervisory Contracts Specialist

9/9/01 – present: Russell Symons

Supervisory Information Technology Specialist

2/17/98 – present: Lesly Valentin

FISCAL YEAR 2007 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 2007 can be accessed on our website. Appendix A contains the topics and dates of OIG testimonies presented before the City Council.

FISCAL YEAR 2007 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 2007.

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 2008 AUDIT AND INSPECTION PLAN





FISCAL YEAR 2008 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 law. The FY 2008 Plan includes audits and inspections ongoing as of September 1, 2007. 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 2008 AUDIT AND INSPECTION PLAN

As has been our practice, formulation of the Plan began with the initiation of our annual planning conference held in June 2007. To ensure that FY 2008 audits and inspections focused on issues that pose the greatest challenge to the District, we solicited participation from a group of District agency and other officials to speak about their concerns or provide discussion on critical topic or emerging issues facing the District. Guest speakers included: David A. Catania, Chairperson, Committee on Health, Council of the District of Columbia; Ben Lorigo, Executive Director, Office of Integrity and Oversight, Office of the Chief Financial Officer; William Singer, Chief of Budget Execution, Office of the City Administrator; and Ann M. Calvaresi Barr, Director, Acquisition and Sourcing Management, U.S. Government Accountability Office. These individuals provided valuable insight into their individual programs and challenges facing the city, their evaluation of our audit process, and 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

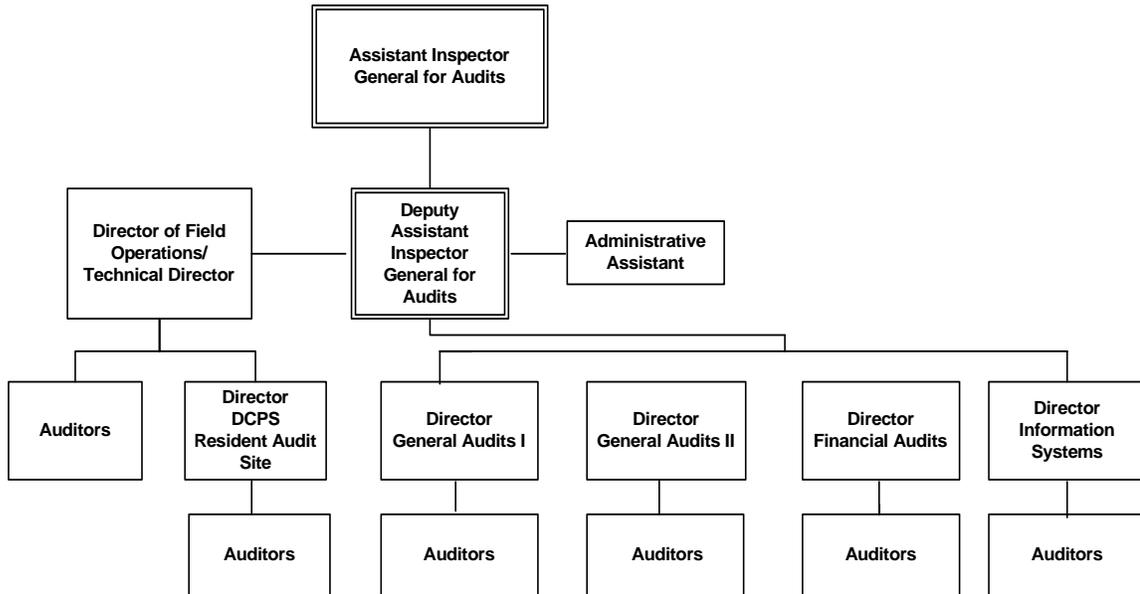


ACTIVITIES OF THE AUDIT DIVISION

ORGANIZATION

The OIG Audit Division, comprised of a staff of professional auditors, is headed by an Assistant Inspector General for Audits (AIGA), a Deputy AIGA, and 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 Audits.

**OIG Audit Division Organizational Chart
September 30, 2007**



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. Two important purposes of performance audits are to improve accountability and to facilitate effective decision-making.

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 AIGA was a presenter for the Association of Inspector's General Certified Inspector General Academy held in Washington D.C. at American University, on August 6 - 10, 2007. This was a lively discussion about how auditors can work collaboratively with investigators and inspectors to perform their mission and how each discipline complements the others. The AIGA also discussed techniques to develop audit and investigative leads and the use of forensic audit techniques and operational integrity surveys.

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

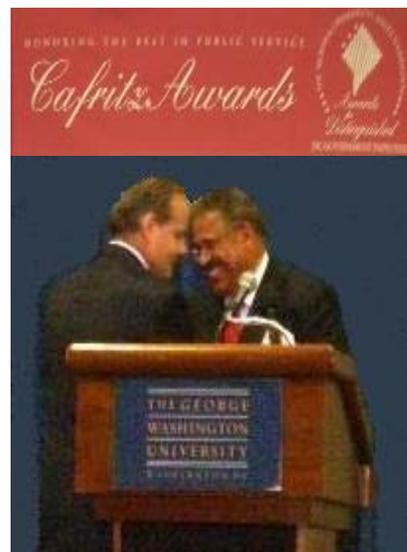
ACTIVITIES OF THE AUDIT DIVISION

AIGA RECOGNIZED FOR OUTSTANDING PUBLIC SERVICE

After a city-wide competition, 10 D.C. government employees were recognized on Thursday, January 18, 2007, at The George Washington University Cafritz Conference Center as part of the 2006 Morris and Gwendolyn Cafritz Foundation Award ceremony for Distinguished D.C. Government Employees. We are pleased that William J. DiVello of the OIG was one of those recognized.

The annual D.C. public service awards program is made possible by a grant from the Morris & Gwendolyn Cafritz Foundation and is administered by The George Washington University Center for Excellence in Public Leadership.

In a press release issued on January 16, 2007, Calvin Cafritz, president and CEO of the Foundation, was quoted as saying: “We honor them for their tireless effort, innovative ideas and commitment to excellence which benefits everyone in the Washington region.” The Center’s Executive Director, James Robinson, added, “The Cafritz Awards program is an exceptional occasion to recognize the public servants who work behind the scenes making a difference for those who live, work, and visit the District.... These five winners are very deserving of our recognition and ongoing support.”



William DiVello with James Robinson, accepting plaque for nomination of 2006 Morris and Gwendolyn Cafritz Foundation Award

PROFESSIONAL ASSOCIATIONS AND ORGANIZATIONS

The OIG has joined a number of educational and professional organizations to enhance audit performance and broaden the audit staff’s perspective such as 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 to include 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 the Institute of Internal Auditors.

In addition to being members of and participating in professional organizations, the staff has submitted articles on various audit topics and emerging audit issues, and audit abstracts of various audits conducted in FY 2007 for publication in various professional organizations. A list of these publications is contained in Appendix C.

ACTIVITIES OF THE AUDIT DIVISION

AUDITORS ON SITE

Our auditors routinely make physical observations as well as review controls and documents. For example, during on-site fieldwork for our audit covering the Department of Health's (DOH) non-emergency transportation of Medicaid recipients, we inspected medical transportation vehicles. The report was the fifth in a series of audits conducted as part of our continuous coverage of the District's Medicaid Program.



*Auditor Inspecting
Transportation Vehicles*

AUDIT PERFORMANCE MEASURES TO EVALUATE PROGRESS

With regard to our audit performance and productivity standards, we currently report on two performance measures: the number of audit reports issued and the potential monetary benefits reported in final audit reports. We continue to work toward process improvements in measuring our productivity and performance. In this regard, because of the importance we place on audit follow-up, we also track internally the status of recommendations made and District agency coverage. We track audit recommendations so that we can assess the progress of corrective actions. Additionally, 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. The results of our performance measures are shown in Appendix D.

SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDITS

For FY 2007, we issued 35 reports with total potential monetary benefits of approximately \$47 million. Comparing these to Audit Division costs of approximately \$3.46 million results in a return on investment for audits performed by OIG audit staff exceeding \$13.50 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

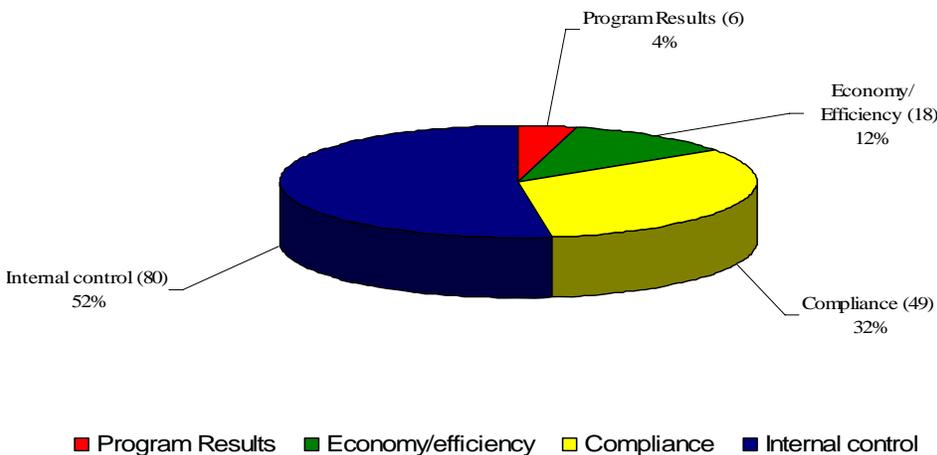
ACTIVITIES OF THE AUDIT DIVISION

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.

FY 2007 Audit Recommendations

For FY 2007, the Audit Division made a total of 153 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 E provides further information regarding audit recommendations for FY 2007. The following chart identifies the number of recommendations by category.

Analysis of Recommendations by Category



AUDIT AGENCY/OFFICE COVERAGE

The Audit Division issued 35 final reports in FY 2007. Audits performed were conducted as part of our FY 2007 Audit and Inspection Plan or as the result of emerging issues requiring our immediate attention. Our audit reports to agency heads recommended corrective actions necessary to improve operations, addressed noted deficiencies, and sought to 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 F identifies the 31 District government agencies/offices audited during FY 2007.

ACTIVITIES OF THE AUDIT DIVISION

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 these standards, we have organizationally emphasized this important function to include tracking audit recommendations so that we can assess the progress of corrective actions. Audit recommendations do not produce the desired outcomes unless they are implemented.

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, chaired by the AIGA, 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 2006 CAFR. BDO Seidman, LLP issued an Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters January 26, 2007. With the issuance of the FY 2006 CAFR, the city received its tenth consecutive unqualified opinion on its financial statements.

On May 1, 2007, the OIG issued BDO Seidman, LLP's Memorandum of Advisory Comments, in previous years known as the Management Letter. This Memorandum of Advisory Comments is a companion document to the Independent Auditors' Report that identifies reportable conditions included in BDO Seidman, LLP's Report on Compliance and on Internal Control over Financial Reporting. In the Memorandum of Advisory Comments, BDO Seidman, LLP identified DCPS as a material weakness and the District's Management of the Medicaid Program as a reportable condition. BDO Seidman, LLP set forth recommendations for correcting those matters. In most cases, management responded

ACTIVITIES OF THE AUDIT DIVISION

favorably to the recommendations contained in the report and, in many cases, corrective actions have already been taken to remedy the issues.

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 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.

The audit division's strong working relationships with these outside organizations, such as numerous federal, state and local inspector general offices, the GAO, and others, allow the sharing of information between our organizations so that we may better identify and address fraud, waste, and abuse. Moreover, the AIGA is often called upon to lecture on IG functions for professional organizations, state and local IG offices, and visiting foreign delegations.

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 2007 reports is included at Appendix G. To show the results of our audits by their respective risk area, we have summarized a selection of significant audits by the themes identified above.

ACTIVITIES OF THE AUDIT DIVISION

AUDIT HIGHLIGHTS BY THEME

DELIVERY OF CITIZEN SERVICES

Audit of the Department of Health's Contracting for Non-Emergency Transportation Services, OIG No. 05-2-18HC(c), March 13, 2007

This audit is part of our continuous coverage of the District's Medicaid Program. The report is the fourth in a series of audits covering the Department of Health's (DOH) non-emergency transportation of Medicaid recipients, and focuses on DOH's attempt to award a contract to a transportation broker (Broker) to manage and administer the District's non-emergency transportation (NET) Program.

Medical Assistance Administration (MAA) officials attempted to outsource NET Program services without evaluating the costs to perform the services and providing documentation to support that doing so was in the best interest of the District of Columbia government. Specifically, MAA did not prepare and submit a cost-benefit analysis to the Office of Contracting and Procurement (OCP) prior to requesting that OCP solicit and award a contract for a Broker. The cost estimate is required by District law and would have assisted MAA officials in reaching an informed decision about whether to perform the services in-house or to outsource them.

In addition, our review of the solicitation to obtain Broker services disclosed that the bid prices submitted by three offerors to provide NET Program services were based on an excessive amount of annual trips, which was estimated by MAA officials. The three offerors used 540,000 trips yearly as the basis for computing the total program costs (bid price) to manage and administer the NET Program. Our recommendations resulted in a potential annual savings of \$6.8 million.

Review of Homicide Closure Rates within the Metropolitan Police Department (MPD), OIG No. 07-2-02FA, June 26, 2007

This audit focused on data related to homicides that occurred between January 1, 2001, and December 31, 2006. As part of our review, we attempted to identify and describe homicide prevention methods as well as the responsibility of other agencies/offices that play a vital role in gathering and processing homicide evidence and prosecuting offenders.

The data portray significant variables among the Police Districts/Wards, not only in the number of homicides, but also in the closure rates. Overall, homicide closure rates compared favorably to national closure rates.

ACTIVITIES OF THE AUDIT DIVISION

The audit found that MPD needed to: (1) improve controls to ensure that required documents are obtained and maintained in all homicide case files; (2) ensure that basic supplies and tools were available to the detectives to perform their job duties; (3) provide the training necessary to maintain the level of skill and expertise to solve homicide cases; and (4) implement a computer system that is integrated with all of the agencies responsible for providing data analysis of evidence, witnesses, and other pertinent data.

Lastly, our review of the benchmarking data prepared and reported by MPD found that improvements could be made in the following areas: 1) updating the cities used for comparison on a more frequent basis; and 2) selecting cities based on other available demographic data. MPD relies primarily on factors such as population density, income, and education, rather than total population and other factors that bear on income (telephone and automobile). Using these other factors, the OIG identified other cities that we believe have better attributes for benchmarking homicide closure rates.

Accounting for Children in Out-of-Home Placements Who Are in the Custody of the Child and Family Service Agency, OIG No. 03-2-11RL (b), December 7, 2006

This report is the third and final in a series of audits that address various functions associated with the Child and Family Service Agency's (CFSA's) role in caring for children in the District of Columbia who are at risk of abuse and neglect. This report focuses on how well CFSA accounted for children placed in out-of-home foster care.

We found that CFSA could account for the children it places in various types of foster care homes. Based on a statistical sample of 100 children placed in foster homes, we were able to physically validate 99 placements. The remaining child had absconded and was subsequently detained by authorities.

We noted that the CFSA FACES database, which consisted of 2,309 records, contained inaccurate placement information for 9 of the 100 children that were selected for review. Based on this error rate, when statistically projected over the entire CFSA database, it can be expected that as few as 79 records (lower limit) and as many as 337 records (upper limit) would contain inaccurate placement information.

ACTIVITIES OF THE AUDIT DIVISION

SUPPORT SERVICES

Audit of the Department of Parks and Recreation's Hiring Practices, OIG No. 06-2-21MA, February 8, 2007

This audit was initiated in response to concerns raised by the Director of the Department of Parks and Recreation (DPR) and the Director of the D.C. Department of Human Resources¹ (DCHR) as to whether DCHR and DPR adhered to applicable District personnel policies and procedures when hiring five DPR employees between March 2005 and May 2006. Although our review was limited to the five DPR employees, we believe the conditions discussed in this report have significant system-wide implications at DCHR.

We determined that: (1) neither DCHR nor DPR adequately conducted qualification and pre-employment inquiries for the five employees prior to offering them District government employment; (2) DCHR did not comply with District personnel regulations when allowing DPR to hire three of the employees on non-competitive Temporary Appointment Pending Establishment of a Register (TAPER) appointments; (3) DCHR did not document whether the TAPER or term appointees met the minimum requirements for the TAPER appointments prior to offering them employment; (4) DCHR did not solicit "open competition," as required by personnel regulations, when converting two TAPER appointees to full-time Management Supervisory Service (MSS) positions; and (5) DCHR did not seek justification from DPR to extend one TAPER appointee beyond the initial 90-day period.

As such, neither DCHR nor DPR can be assured that the best-qualified applicants were selected and appointed to the positions or that District residents received proper consideration for the positions. Additionally, these conditions could convey, at a minimum, the perception that DCHR/DPR gave preferential treatment to the five employees.

Audit of the District of Columbia Employee Disability Compensation Program, OIG No. 06-1-07BG, April 23, 2007

The audit was initiated due to complaints alleging inappropriate management practices by the Office of Risk Management (ORM) and the Third Party Administrator (TPA) of the Disability Compensation Program.

The audit found that the Disability Compensation Program continues to be at risk for significant fraud, waste, and abuse. We found that the TPA failed to adequately manage disability claims because it failed to review and monitor claims for continued eligibility, perform timely follow-up and appropriate case management actions, and conduct supervisory

¹ Formerly known as the D.C. Office of Personnel.

ACTIVITIES OF THE AUDIT DIVISION

reviews on processed claims. In addition, ORM did not exercise sufficient management oversight to ensure that the TPA efficiently and effectively managed disability claims. As a result, the TPA missed opportunities to return disability claimants to the workforce or remove them from the Disability Compensation Program and, therefore, failed to reduce program costs by as much as \$3.3 million annually.

We also found that claimants who had returned to work, or who were collecting retirement benefits, continued to receive disability compensation payments. As a result, we estimate that the Disability Compensation Program losses total as much as \$1.1 million annually due to inappropriate disability compensation payments.

Lastly, we found that ORM and the TPA lacked procedures to account for claimant's health and/or life insurance benefits. As a result, claimants had no assurance that their health and/or life insurance benefits were properly accounted for or whether their health and/or life insurance coverage was active or had lapsed.

Follow-up Audit of the Department of Health's Administration for HIV Policy and Programs, OIG No. 06-2-23HC, October 20, 2006

This audit was performed at the request of Councilmember David A. Catania, Chairperson, Committee on Health, Council of the District of Columbia. Our audit objectives were to review the Department of Health's (DOH's) implementation of prior audit recommendations and corrective actions pertaining to the current management and the administration of grant funds awarded to community-based organizations (subgrantees). We also re-audited grant monitoring functions and Administration for HIV Policy and Programs (AHPP). Finally, we reviewed the management of the AIDS Drug Assistance Program (ADAP), which was not covered in our previous audit.

The audit identified that DOH needs to implement five of seven previously agreed-to recommendations to improve monitoring and oversight of subgrantees that provide HIV/AIDS services to District residents. We again identified problems with grant monitoring, finding that grant management specialists did not perform the required number of site visits, inadequately maintained subgrantee files, and did not sufficiently ensure that monitors performed their duties.

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

ACTIVITIES OF THE AUDIT DIVISION

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.

Comprehensive Annual Financial Report of the Government of the District of Columbia for the Fiscal Year Ended September 30, 2006, issued January 26, 2007.

On January 26, 2007, 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, 2006. The financial statements received an unqualified, or "clean," audit opinion from BDO Seidman, LLP.

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 actions. As previously noted, our on-site presence will enable this Office to aggressively follow-up on past recommendations and advise school officials of actions needed to resolve recurrent deficiencies. We anticipate 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' Graduation Requirements, OIG No. 06-2-25GA, April 5, 2007

The Superintendent of DCPS requested that we conduct an audit of graduation requirements in response to allegations made by a teacher at Woodrow Wilson Senior High School (SHS). Our overall audit objectives were to: (1) evaluate the protocols, authorities, and practices for certifying students for graduation; (2) determine if senior high school graduates satisfied the graduation requirements; and (3) assess the accuracy of student recordkeeping and the procedures for securing student records.

We found that Wilson SHS officials allowed 17 students to graduate in June 2006 even though the students did not complete academic requirements. Students graduated without meeting the requirements because guidance counselors did not schedule students to attend required courses and did not properly categorize courses. Additionally, we found that

ACTIVITIES OF THE AUDIT DIVISION

Wilson SHS officials did not submit an accurate graduation list to the Superintendent, did not maintain sufficient documentation to support that graduating students completed community service requirements, and did not maintain sufficient documentation for 36 graduates. As a result, we could not verify that these 36 graduates completed the required community service hours or otherwise met all requirements for graduation. Our report contained nine recommendations for necessary action to correct the described deficiencies. DCPS responded favorably to our report and has already taken actions to address our recommendations.

SUMMARY OF MANAGEMENT ALERT REPORTS (MAR)

During FY 2007, the Audit Division issued 1 MAR. The MAR resulted from our audit of the Department of Health's (DOH) Non-Emergency Transportation of Medicaid Recipients. During audit fieldwork, we identified that the Department of Health, Medical Assistance Administration-Office of Program Operations (MAA-OPO) was attempting to award a contract to a transportation broker (Broker) to manage and administer the District's Non-Emergency Transportation (NET) Program without providing documentation to support that doing so is in the best interest of the government.

Our review of the solicitation to obtain Broker services disclosed that the bid prices submitted by three offerors to provide NET Program services were based on an excessive amount of annual trips, which was estimated by MAA officials. The three offerors used 540,000 trips yearly as the basis for computing the total program costs (bid price) to manage and administer the NET Program. In addition, the Solicitation that was issued on May 31, 2006, to obtain Broker services contained ambiguous language pertaining to the Broker's use of the Medical Necessity form.

We made four recommendations to MAA to correct the identified deficiencies. MAA officials agreed with our findings and recommendations. Additionally, MAA management took action during the audit to strengthen internal controls over non-emergency transportation by developing and implementing policies and procedures requiring that completed Medical Necessity forms be submitted to it for review and maintenance.

**ACTIVITIES OF THE INSPECTIONS
AND EVALUATIONS DIVISION**



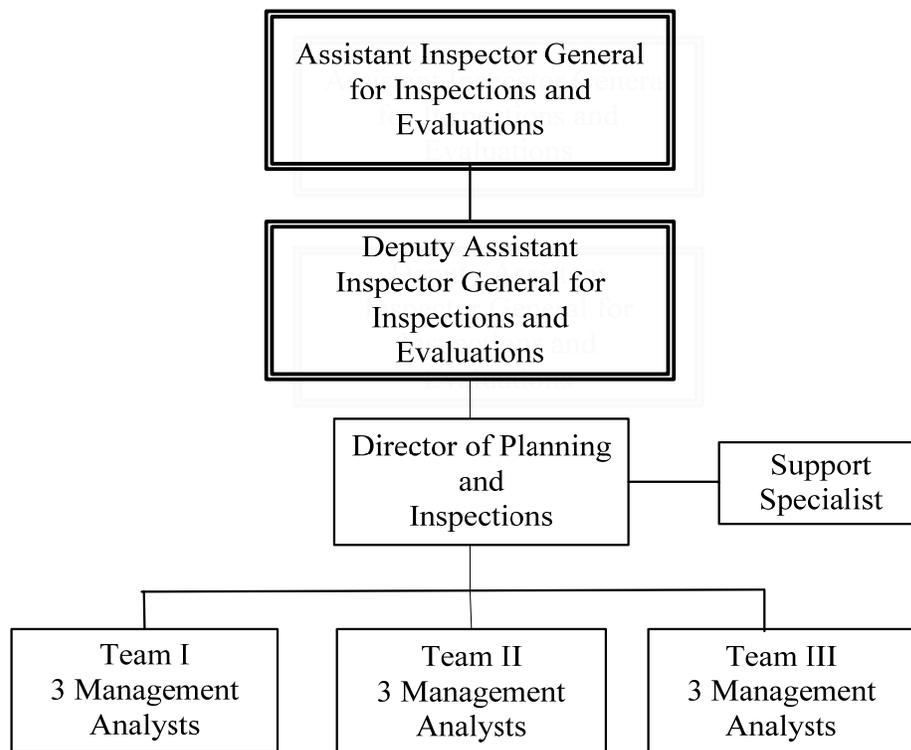
ACTIVITIES OF INSPECTIONS AND EVALUATIONS DIVISION

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, 2007



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

ACTIVITIES OF INSPECTIONS AND EVALUATIONS DIVISION

abuse. Inspection results are published in a Report of Inspection (ROI) and in Management Alert Reports (MARs). The OIG provides a MAR when the Inspector General believes that a matter which 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 previous 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 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 met both of its performance measures for FY 2007. I&E performance statistics for FY 2007 are reported in Appendix H.

INSPECTIONS CONDUCTED

In FY 2007, I&E conducted three inspections, three special evaluations, two re-inspections, and issued nine MARs. These projects generated 119 findings and 225 recommendations. The Division also prepared three inspection reports and one re-inspection report that will be issued in FY 2008. 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

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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 evaluations, re-inspections, and MARs. The number of findings and recommendations resulting from each inspection, special evaluation, re-inspection, and MAR are reported in Appendix I.

D.C. Village Emergency Shelter for Homeless Families (DCV)
Fieldwork completed in FY 2007
(Report Issued in December 2006)

The D.C. Village Emergency Shelter for Homeless Families (DCV) was a 24-hour facility located in a complex of District buildings near Bolling Air Force Base in southwest Washington, D.C.¹ With a daily population of 200-250 people, DCV provided temporary living quarters for adults and children who are considered either homeless or at risk of becoming homeless. DCV provided meals; referrals to medical care, substance abuse, and employment counseling; and assistance in finding permanent housing. The District's Department of Human Services (DHS) funded the operation of DCV; two non-profit organizations were under contract to manage the day-to-day operation of DCV and provide monitoring and oversight.

In October 2005, then-Councilmember Adrian Fenty asked the OIG to inspect and evaluate the management, services provided to residents, and health and safety conditions at DCV. The primary objectives of this special evaluation were to determine if: (1) services provided and the conditions at DCV complied with the Homeless Services Reform Act of 2005 (HSRA); (2) contract requirements and lines of accountability and responsibility between DHS and the non-profit organizations were clear and effective; and (3) management and oversight of the facility were adequate.

Findings and Recommendations: The evaluation team (team) found, among other things, that: (1) the accommodations at DCV did not comply with the HSRA; (2) DCV employees who had direct contact with families and children had not had criminal background checks or substance abuse screenings conducted as required by D.C. law; (3) the buildings that housed DCV did not afford adequate safety and security to residents, some of whom, as victims of domestic abuse, were particularly vulnerable; (4) mice, roaches, and bed bugs were persistent problems; and (5) minimal funding was available for training case managers and other shelter personnel who interacted on a daily basis with DCV residents. The team recommended that: (1) DHS develop a strategic plan to bring the District into compliance with the HSRA requirement that families be housed in apartment-style accommodations; (2) all requisite

¹ In October 2007, DHS announced that it would close DCV, and moved all families living at the shelter into apartments.

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criminal background checks and substance abuse screenings be conducted expeditiously; (3) in order to establish healthier living conditions, DHS and its primary contractor establish and enforce a maximum facility capacity; (4) DHS improve the format of both its own periodic shelter monitoring reports as well as those completed by the contractor; and (5) DHS ensure implementation of an effective system for labeling, securing, and granting residents access to their prescription medications.

Department of Employment Services (DOES)
Workers' Compensation Processes – Resolution of Disputed Claims
Fieldwork completed in FY 2007
(Report Issued in July 2007)

This special evaluation examined the timeliness and impartiality of the Department of Employment Services' (DOES) processes for resolving disputed private sector workers' compensation claims. Former D.C. Councilmember Kathy Patterson requested the special evaluation in response to an anonymous letter she received alleging deliberate delays by DOES employees and bias against injured workers.

Located within the Labor Standards Bureau of DOES, the Office of Workers' Compensation (OWC), the Administrative Hearings Division (AHD), and the Compensation Review Board (CRB) each manage separate yet related processes that attempt to resolve disputed cases. In total, the 3 units have approximately 71 full-time employees. The team interviewed DOES employees, administered an anonymous survey to employees, reviewed documents, and observed key work processes.

Findings and Recommendations: The team found no evidence to support allegations of deliberate delays or bias against injured workers in deciding disputed claims; DOES had mechanisms in place to ensure that its processes are impartial. The team determined that while most DOES employees sought to resolve disputed workers' compensation claims timely and fairly, their efforts had been negatively affected by: (1) staffing shortages that have caused delays; (2) inconsistencies in the way disputed claims are processed; (3) inadequate resources to perform their jobs; (4) supervisors who are not available to provide assistance; and (5) ineffective case tracking systems. A large majority of DOES employees expressed a commitment to fairness and timeliness in resolving disputed workers' compensation claims. The team also found that: (1) the AHD had a significant backlog of cases in which decisions were more than a year late; and (2) there was no comprehensive system for tracking complaints received by DOES. The team recommended, among other things, that (1) DOES develop a plan to address areas of concern identified in the employee survey, such as supervisor availability and guidance, and deficient policies and procedures; and (2) DOES acquire or develop a comprehensive, searchable system to track stakeholders' complaints from receipt through to resolution.

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D.C. Fire and Emergency Medical Services Department
Conditions in Fire and Emergency Medical Services Department (FEMS)
Fire Stations

Fieldwork completed in FY 2007
(Report issued in October 2007)

This special evaluation evolved out of the Division's re-inspection of FEMS, which was also launched during FY 2007 (see page 47). The re-inspection team (team) visited several fire stations in order to ascertain FEMS' efforts to comply with recommendations made in the OIG's October 2002 report of inspection (ROI). During these initial site visits, the team observed conditions and spoke with employees about problems such as improperly functioning heating and cooling systems, leaking roofs, and inoperative toilets, sinks, and showers. Based on the team's initial observations at several fire stations, the team was instructed to visit all 33 fire stations¹ and the Fire Boat facility to observe and record conditions in key areas such as general infrastructure, employee accommodations, and communications systems. The team developed a checklist of items in order to record a standard set of observations and collect the same type of information from each station.

Findings and Recommendations: The team found numerous deficient conditions: inoperative smoke detectors; unabated asbestos hazards; exposed electrical wiring; emergency call alerting systems that did not operate properly; broken windows; holes and cracks in interior walls, ceilings, and façades; improperly functioning heating and cooling systems; and leaking roofs and water-damaged walls. The team also found that employees working in FEMS' Property Management Office (PMO) lacked position descriptions and an effective mechanism for tracking maintenance and repair requests through to resolution. The team recommended, among other things, that FEMS: (1) take steps immediately to abate the asbestos hazards at three fire stations; (2) adequately monitor those stations that have non-hazardous asbestos-containing material; (3) devise a strategy to identify, prioritize, and complete necessary repairs of all conditions that threaten the health, safety, comfort, and effectiveness of FEMS employees; and (4) take steps to improve its capabilities in receiving maintenance and repair requests and tracking their status through to timely resolution.

D.C. Department of Human Resources (DCHR) – Personnel Operations
Fieldwork completed in FY 2007
(Report to be issued in FY 2008)

DCHR, formerly known as the D.C. Office of Personnel (DCOP), is the lead human resources (HR) provider for the District government. DCHR's stated mission is to provide

¹ There are 33 FEMS fire stations, but during the team's fieldwork, two stations were under renovation. The team did not assess conditions at these two stations.

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comprehensive human resources management services that strengthen individual and organizational performance and enable the government to attract, develop, and retain a highly qualified, diverse workforce. DCHR's personnel operations staff members provide services and advice to client agencies in the areas of employee recruitment, selection, and placement.

This inspection, the first of several planned for DCHR, aimed to: (1) assess the overall sufficiency and quality of DCHR's policies, procedures, and internal controls regarding hiring and selection of new District government employees; and (2) evaluate the quality of DCHR's service delivery. The inspection team reviewed core hiring activities such as the solicitation, processing, and evaluation of job applications, and attempted to determine whether DCHR's Internet-based job application capability has improved the effectiveness of the hiring process.

The team conducted dozens of interviews; reviewed DCHR files, policies, and procedures; issued anonymous and confidential surveys to employees at both DCHR and its client agencies; and observed demonstrations of key work processes. The inspection focused on numerous aspects of DCHR's personnel operations, such as: the coordination of drug testing and criminal background checks for District employees; management and oversight of the District's Residency Preference hiring initiative; and the receipt, tracking, and evaluation of job applications.

During its inspection, the team also issued one MAR to DCHR (see page 46).

Findings and Recommendations: Under review pending publication of the final report in FY 2008.

Department of Mental Health (DMH)
School-Based Services and Special Education Centers
Fieldwork completed in FY 2007
(Report to be issued in FY 2008)

The Department of Mental Health (DMH) oversees the District's comprehensive, community-based, mental health system. Among its responsibilities, DMH offers children and youths a range of school-based programs and services that focus on various levels of intervention, including prevention, treatment, and family support. This inspection focused on two primary programs: (1) the Psychoeducational Services (PES) Programs, which provide treatment and therapy in a regular school setting to DCPS special education students who experience behavioral, emotional, and academic problems; and (2) the School-Based Mental Health Program (SMHP), which provides full-time mental health clinicians to selected District of Columbia Public Schools (DCPS) and public charter schools, and offers an array of mental health services to promote social and emotional development. The inspection focused on a number of areas of DMH operations, including: criminal background checks

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for DMH employees; employee safety; availability of therapeutic services; organization and security of students' medical records; and hiring and promotion practices.

During its inspection, the team also issued two MARs to DMH (see page 46).

Findings and Recommendations: Under review pending publication of the final report in FY 2008.

D.C. Emergency Management Agency (EMA)
Fieldwork completed in FY 2007
(Report to be issued in FY 2008)

The District of Columbia Emergency Management Agency (DCEMA), now referred to as the Homeland Security and Emergency Management Agency, provides coordination and support of the city's response to emergencies and disasters of all types, both natural and artificial. DCEMA develops emergency response plans and procedures; coordinates emergency resources; provides training for all emergency first responders, city employees, and the public; conducts exercises; and coordinates major special events and street closings.

The inspection focused on two primary elements of the agency's operations: the training of the District's emergency responders and other critical personnel (i.e., police officers, firefighters, hazardous materials experts, traffic control experts, etc.), and the planning and execution of simulated emergencies and other training exercises such as tabletop planning sessions. The objectives were to evaluate the overall sufficiency and quality of DCEMA's plans, policies, procedures, and internal controls; assess the effectiveness of DCEMA's training initiatives; and evaluate the existence and quality of management systems and performance evaluation mechanisms. The inspection team conducted dozens of interviews; attended several DCEMA-led planning/emergency simulation sessions; and reviewed internal policies and procedures, relevant District laws and regulations, and emergency management documents from other jurisdictions.

Findings and Recommendations: Under review pending publication of the final report in FY 2008.

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,

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re-inspections are scheduled and conducted to verify an agency's compliance with agreed upon recommendations.

Office of the Chief Medical Examiner
Fieldwork completed in FY 2007
(Report issued in October 2007)

OCME's mission is to investigate and certify all violent deaths in the District of Columbia; deaths that occur without explanation or medical attention; that take place when individuals are in custody; or that pose a threat to the public health. Official business is conducted 24-hours a day, 7 days a week. The re-inspection was a follow-up to the initial inspection conducted by the OIG in 2003.

The re-inspection team found that OCME had made substantial progress in correcting many of the deficiencies found during the initial inspection. Of the 79 recommendations made in the initial inspection, OCME was in compliance with 50, in partial compliance with 12, and had not complied with 11; 6 recommendations had been overtaken by events.

Among other things, the team noted the following specific improvements in OCME operations: the development of formal policies and procedures that provide guidelines for decedent identification, autopsies, the release of bodies following autopsy, and the security and maintenance of records; a significant reduction in the backlog of autopsy reports and unclaimed or unidentified bodies; and the installation and implementation of an automated case tracking system that allows OCME to track data and generate case reports and statistical data. In its report of re-inspection, the team presented 15 new recommendations to OCME in areas such as employee health and safety, professional certifications for certain OCME employees, and communication with the public.

During its inspection, the team also issued two MARs to OCME (see page 46).

D.C. Fire and Emergency Medical Services Department
Fieldwork completed in FY 2007
(Report to be issued in FY 2008)

The D.C. Fire and Emergency Medical Services Department (FEMS) is responsible for providing fire protection, accident response, and emergency medical services (EMS) throughout the District. Every day FEMS employees respond to approximately 400 calls for emergency assistance.²

² D.C. FIRE & EMS DEPARTMENT, FISCAL YEAR 2005 ANNUAL REPORT, at 2.

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The objectives of the re-inspection were three-fold: (1) to verify implementation of recommendations and actions taken by FEMS in response to the OIG's October 2002 report of inspection; (2) to determine the status of FEMS' compliance with recommendations made in the OIG's June 2006 Special Report *Emergency Response to the Assault on David E. Rosenbaum*; and (3) to identify and report on any management or operational challenges currently facing FEMS employees.

The re-inspection focused on the following areas: training and professional certifications of FEMS personnel; quality assurance mechanisms that monitor employees' performance in the field; communication and response capabilities; and morale within FEMS.

During its re-inspection, the team also issued four MARs to FEMS (see below).

MANAGEMENT ALERT REPORTS

I&E issued nine MARs during FY 2007. The OIG issues a MAR when it believes a matter requires the immediate attention of a District of Columbia government official.

**Department of Mental Health
Management Alert Report 07-I-001
Psychological Reevaluations
(Report Issued March 15, 2007)**

During the inspection of DMH, employees expressed concern that legally-mandated psychological evaluations for a number of DCPS students were overdue. According to DMH and DCPS employees, DMH did not have the testing equipment necessary to perform the evaluations. Furthermore, the roles and responsibilities for DMH and DCPS employees with respect to psychological evaluations were not clearly enumerated.

The OIG recommended that DMH obtain the necessary equipment to conduct all overdue psychological evaluations, promptly perform all overdue evaluations, and ensure that all future evaluations are conducted timely. We also recommended that DMH establish written policies and procedures regarding the administration of psychological evaluations to DCPS students.

**D.C. Fire and Emergency Medical Services Department
Management Alert Report 07-I-002
Universal Precautions Training
(Report Issued March 4, 2007)**

During its re-inspection of FEMS, the team learned that FEMS employees may not have been receiving all recommended training in universal precautions against occupational exposure to

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blood and other potentially infectious materials. “Universal precautions” is an approach to infection control in which all human blood and other human bodily fluids are treated as if known to be infectious for human immunodeficiency virus (HIV), hepatitis B virus, and other pathogens.

The OIG recommended that FEMS: (1) ensure that all FEMS employees who come in contact with blood and other potentially infectious materials receive annual training, as mandated by the federal Occupational Safety and Health Administration, in precautions against occupational exposure; and (2) track and document employees’ annual training in universal precautions.

**Office of the Chief Medical Examiner
Management Alert Report 07-I-003**

***The District Has No Standard Process for a Prompt, Official Pronouncement of Death
(Report Issued April 19, 2007)***

The OCME re-inspection team (team) followed up on an issue originally identified during the OIG’s 2003 inspection of OCME and determined that the District still lacked a clear point of responsibility and a process for the prompt, official pronouncement of death prior to a body’s removal from a death scene. In 2003, the OIG determined that official pronouncements of death were often delayed because qualified employees – who, among others, include certain members of the OCME, as well as physicians and registered nurses – frequently were unavailable. In the 2003 report of inspection, the OIG recommended that OCME consider new practices and propose changes to the District’s death pronouncement policies.

The team found that the agreed-to recommendations had not been acted upon, and as a result, OCME autopsy technicians continued to transport bodies to the mortuary prior to the pronouncement of death. In the MAR, the OIG recommended that the Chief Medical Examiner draft a pronouncement of death policy for the District that identifies a single District agency or individual who will be responsible for ensuring the prompt pronouncement of death, identifies the medically trained individuals authorized to officially pronounce death and the individuals authorized to give them direction, and establishes procedures regarding all aspects of the pronouncement of death. The OIG further recommended that OCME propose legislation, if necessary, to the D.C. City Council to support the content of the District’s updated death pronouncement policy.

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**D.C. Fire and Emergency Medical Services Department
Management Alert Report 07-I-004
Deficiencies in the Security and Readiness of Reserve Ambulances
(Report Issued April 2, 2007)**

Based on preliminary observations that some FEMS vehicles were not properly secured, the re-inspection team conducted unannounced site visits to assess the readiness and security of reserve ambulances and other FEMS vehicles that are not used on a daily basis. The team found numerous deficiencies: reserve ambulances were parked in an unsecured lot; other vehicles were vulnerable to misuse, vandalism, and theft; two ambulances, with their engines running and doors unlocked were unattended; and a weapons of mass destruction response vehicle was not secure.

In the MAR, the OIG expressed concern that an unsecured FEMS emergency vehicle could be stolen and used to commit an act of terrorism or other crime, or to gain access to a security-sensitive area or building, such as a major special event or a federal government building. The OIG recommended that FEMS immediately mitigate the possibility of theft or damage to the vehicles cited in the MAR and the equipment stored in them, and that FEMS develop and implement written policies and procedures to securely store all vehicles and equipment that are not in regular service.

**D.C. Fire and Emergency Medical Services Department
Management Alert Report 07-I-005
Deficiencies at Engine Company 16
(Report Issued April 4, 2007)**

The FEMS re-inspection team became aware of a serious deficiency in the building that houses both FEMS Engine Company 16 and FEMS' Emergency Medical Services Division offices. During site visits, the team learned that standing water, wetness, and sewage in the building's basement were persistent problems and posed health and safety risks to employees and visitors to the building. Team members were told that there have been from 12 inches to 6 feet of water in the building's basement at various times.

We recommended that FEMS: (1) take steps immediately to remove any wetness, standing water, and sewage contamination; and (2) acquire a permanent solution to the infrastructure problems that caused the flooding and sewage contamination.

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Department of Mental Health
Management Alert Report 07-I-006
*Clinicians Without Completed Background Checks Providing Direct Services to Children
and Youths*
(Report Issued April 18, 2007)

During the course of its inspection of DMH, the team determined through interviews and a review of records that DMH was allowing clinicians without completed and satisfactory criminal background checks to provide direct services to children and youth. The team believed that in the absence of the criminal history information provided by background checks, the safety of children and youths receiving direct services from these DMH employees may be at risk, and that DMH was not in compliance with District law. The OIG also expressed its concern that the District may be liable if a clinician without a completed and satisfactory criminal background check harms a child or youth to whom he/she is providing direct services.

The OIG recommended, among other things, that: (1) DMH move expeditiously to obtain all requisite criminal background checks for its employees; and (2) DMH amend its policies and procedures to include action(s) the department would take to ensure that an employee is supervised if he/she provides direct services and does not have a completed and satisfactory criminal background check.

D.C. Fire and Emergency Medical Services Department
Management Alert Report 07-I-007
Inoperative Smoke Detectors in FEMS Fire Stations
(Report Issued June 15, 2007)

During site visits to several FEMS fire stations, the FEMS re-inspection team found non-working smoke detectors in living quarters and work areas. The inspectors observed and photographed missing or inoperative smoke detectors, and spoke with FEMS employees at various locations who, in some instances, confirmed that the smoke detectors were not working. Some detectors appeared to have been inoperative for some time, but as the OIG cautioned in the MAR, there may have been detectors at some locations that did not show obvious defects, but may in fact also have been inoperative.

The OIG recommended that FEMS: (1) immediately determine the exact number of inoperative or missing smoke detectors in all fire stations; (2) assign high priority to their repair or replacement; and (3) install additional detectors if deemed necessary in order to ensure adequate protection of fire station personnel and structures.

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**Office of the Chief Medical Examiner
Management Alert Report 07-I-008
*More Medicolegal Investigators Needed;
Collaboration with MPD Investigators Questioned*
(Report Issued July 10, 2007)**

This MAR addressed two related issues: (1) a shortage of the Medicolegal Investigators (MLIs) needed to respond on behalf of OCME and investigate death scenes on a 24-hour basis, a deficiency that was noted in the OIG's 2003 inspection of OCME; and (2) OCME's apparent delegation of some of its investigative responsibilities to Metropolitan Police Department (MPD) detectives, an arrangement that called into question OCME's autonomy and the independence of OCME investigations from law enforcement investigations. Both issues cited in the MAR represent potential obstacles to OCME becoming accredited by the National Association of Medical Examiners, a nationally recognized professional organization.

During the re-inspection, the team found that OCME was not adequately staffed with MLIs to provide 24-hour coverage of death-scene investigations, and that MPD investigators housed at OCME supplemented OCME death investigation activities. The OIG learned that from 2004 through 2006, MPD investigators rather than OCME investigators conducted over 1,000 death scene investigations but there appeared to be no provision in the D.C. code for delegating or otherwise reassigning OCME's investigative responsibilities. The OIG believed that the interaction of the MPD investigators and OCME investigators may create the impression that OCME investigations are not autonomous and independent, a condition that may jeopardize OCME's ability to become accredited.

The OIG recommended: (1) that OCME take steps to hire enough MLIs so that it can respond to the scenes of all deaths it is required to investigate; and (2) that the Mayor's office and the Office of the Attorney General review the investigative relationship between OCME and MPD to determine whether it is appropriate.

**Department of Consumer and Regulatory Affairs (DCRA) and
Department of Human Resources
Management Alert Report 07-I-009
D.C. Engineers' Exemption From Licensure Law Questioned
(Report Issued July 25, 2007)**

This MAR informed both DCRA and DCHR of a questionable exemption in the law that applies to the licensing of professional engineers in the District. DCHR received the MAR due to its role in the recruitment and hiring of District employees; DCRA also received the MAR due to the fact that it employs a large number of professional engineers.

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During the course of its inspection, the team learned that District government engineers are exempt from professional licensure requirements, a condition that, according to engineering licensure experts, may jeopardize public health and safety. Members of the D.C. Board of Professional Engineers (Board) opined that D.C. law should not exempt District employees from professional engineering licensure. The Board also stated that licensed private-sector professional engineers who submit plans to District agencies are not confident of the abilities of unlicensed District government engineers.

The OIG recommended that DCRA and DCHR, along with the Board, the Office of the Attorney General, and several other District agencies, determine: (1) which District government engineering jobs should require licenses; and (2) whether District law should be amended to address this questionable exemption to engineering licensure.

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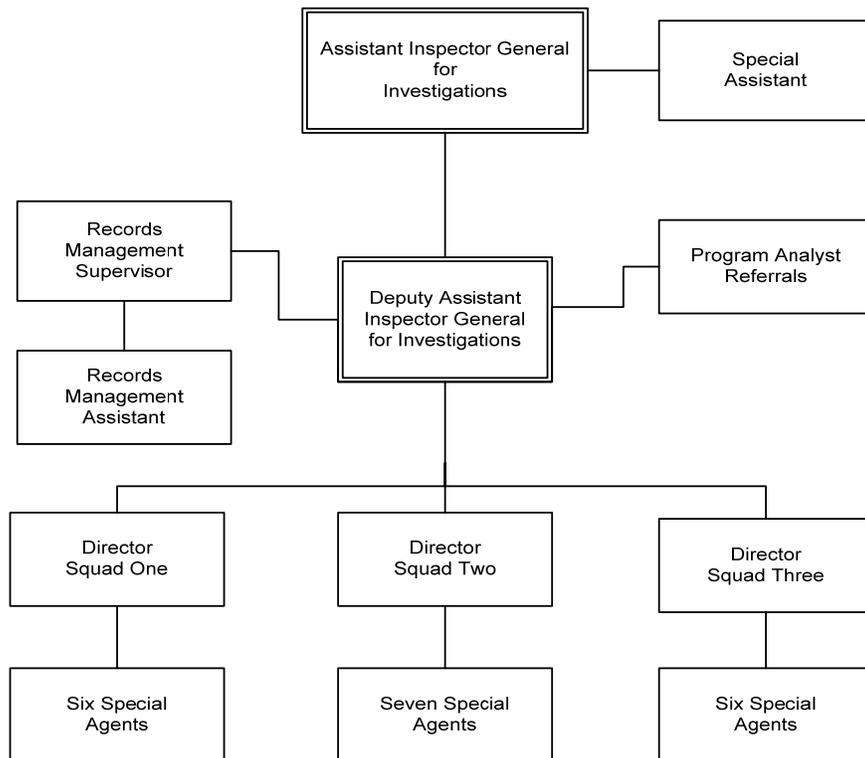


ACTIVITIES OF THE INVESTIGATIONS DIVISION

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 2007, as a customer service enhancement, the ID implemented a policy of issuing letters notifying individuals who were subjects of investigations when allegations against them were not substantiated.

OIG Investigations Division September 30, 2007



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The ID is comprised of 29 employees, including 6 managerial/supervisory personnel, 20 special agents, 1 Special Assistant, and 2 support staff members. OIG special agents are sworn law enforcement officers. 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 Federal Bureau of Investigation (FBI), Internal Revenue Service, 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.

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.

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

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provisions of Rule 6(e) of the Federal Rules of Evidence. In addition, the Unit works closely with the OIG's Legal Division 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 and case filing 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 inquire of 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. Appendix J compares actual FY 2007 performance with target goals. In FY 2007, the ID exceeded its target goals in all five performance measures. Appendix K reflects these same performance measures, and compares actual FY 2007 performance with performance in the previous 2 fiscal years. New and different types of performance measures were adopted for FY 2006 and FY 2007.

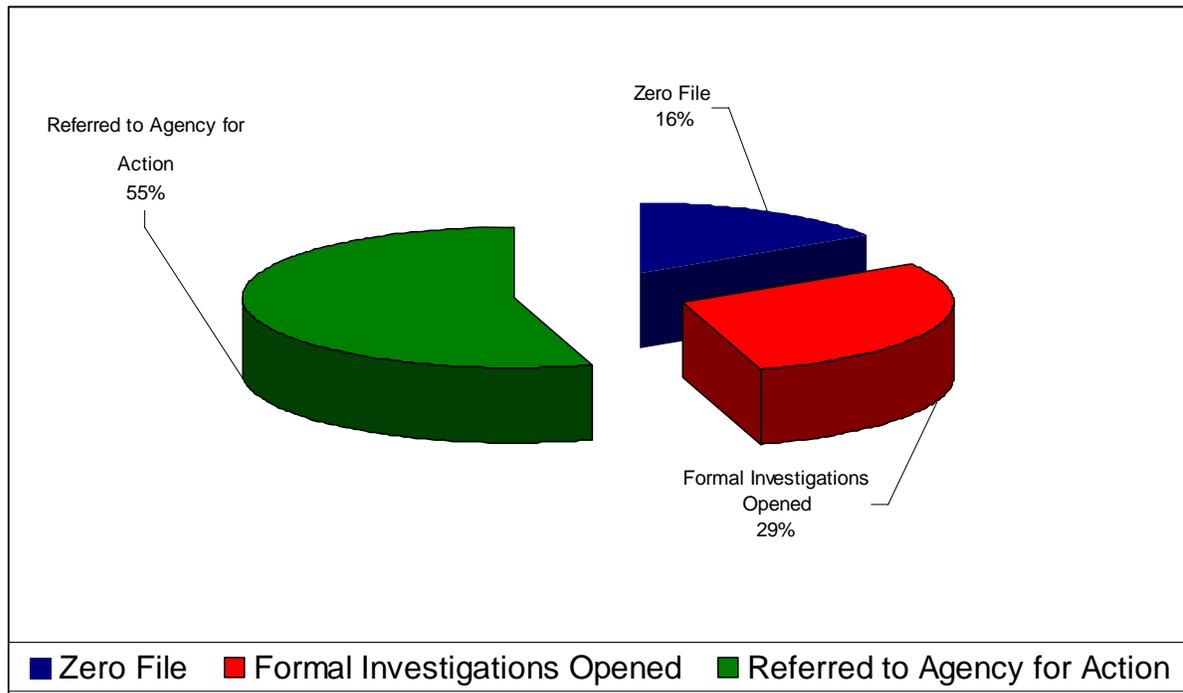
INVESTIGATIVE WORKLOAD AND PRIORITIES

At the start of FY 2007, the OIG ID had 159 pending investigations, and processed 551 new investigative complaints received during FY 2007. Of those 551 matters, 118 were opened as potential criminal investigations, 44 were opened as administrative investigations, 301 were referred to agency heads for action, and 88 were closed without further action (or placed in the "Zero" file).

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The chart below reflects the proportionate resolution of investigative matters received in FY 2007 (based on 551 new matters).

Resolution of Investigative Matters



Each special agent maintains an average caseload of between 10 to 15 formal investigations. This is a high workload in comparison to federal OIGs and other law enforcement agencies that investigate public corruption and government fraud. Consequently, the ID is required to prioritize the use of its strained investigative resources. Priority investigations include:

- matters referred from the Executive Office of the Mayor (EOM), D.C. Council, and Congress;
- allegations of serious criminal activity on the part of District government employees or contractors 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; and
- systemic program or management deficiencies that need immediate attention and correction.

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INVESTIGATIONS CLOSED

In FY 2007, the ID closed 174 investigations. Appendix L 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.

HOTLINE USAGE

Detailed OIG Hotline statistics are included in Appendix M. 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.

During FY 2007, the OIG received a total of 173 calls on the OIG Hotline during FY 2007 that required further action by the ID. 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, e-mail, facsimile, in person, and by referral from other departments and agencies, the EOM, the D.C. Council, and Congress.

PERSONNEL ACHIEVEMENTS

D.C. Office of Inspector General Special Agent Receives Recognition from the U.S. Department of Justice

The U.S. Department of Justice, 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 this year's 27th Annual Ceremony, one ID

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special agent, Larry Carr, received an award in recognition of his work, which included assisting in obtaining numerous indictments against former D.C. government employees and D.C. government contractors. The outcome of this prosecution led to five significant white collar felony convictions of serious corruption, fraud, and tax violations.

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 2007, the OIG presented 92 cases to the USAO for possible prosecution. Of these, 22 cases were accepted for further investigation and, in 69 cases, prosecution was declined.⁶ The 69 cases declined by the USAO were presented to the OAG for prosecution under laws within the jurisdiction of that office, with 17 accepted for further investigation. 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 12 convictions in FY 2007. The individuals who were convicted received sentences that included imprisonment, home detention, probation, fines, and restitution.

RESTITUTION AND RECOVERIES

During FY 2007, individuals convicted as a result of OIG investigations were ordered to pay a total of \$2,575,125.68 in restitutions, fines, and recoveries.

INVESTIGATIVE REPORTS

The OIG issued 6 ROIs in FY 2007. 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, 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 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.

Fraud Alert Reports are issued to agency heads as notification of particular criminal schemes.

⁶ One of the 92 cases presented was under prosecutorial consideration at the end of FY 2007.

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Management Implication Reports are issued to numerous agency heads to alert them to issues or problems that affect more than one agency.

Finally, the ID issued numerous Significant Activity Reports during FY 2007 to notify the Mayor of criminal prosecutions and convictions of District government employees and contractors.

SIGNIFICANT INVESTIGATIONS

District of Columbia Resident Convicted for Fraudulently Receiving Temporary Assistance for Needy Families (TANF) Benefits and Social Security Income (SSI)

A joint investigation conducted by the OIG and the Social Security Administration, OIG, resulted in the conviction of a D.C. resident, who fraudulently received TANF benefits and SSI on behalf of her disabled son from October 1998 through March 2006. The investigation determined that the subject's disabled son was in the care of his biological father. The defendant pled guilty to First Degree Theft, (D.C. Code § 22-3211). On May 30, 2007, District of Columbia Superior Court Judge Brian Holeman sentenced the defendant to 1 year probation, 60 days in a halfway house, 40 hours of community service, and ordered restitution in the amount of \$6,000, plus a \$400 special assessment fee.

Two Convicted for Using Stolen Identities to Pay D.C. Department of Motor Vehicle (DMV) Fines Associated with Parking and Speed Enforcement Citations

The OIG led a joint investigation with the U.S. Department of Transportation (USDOT), OIG, concerning a D.C. resident and a contract employee with the USDOT. The investigation revealed that the D.C. resident fraudulently obtained credit card numbers from her employer and used them to pay the DMV fines associated with parking and speed enforcement citations. The fines were paid on behalf of individuals that the USDOT contract employee located and solicited through his employment with USDOT. As a result of this scheme, the District government was defrauded of \$2,684.85, and CITI Group of \$2,777.90. Both defendants pled guilty to Access Control Device Fraud in U.S. District Court for the District of Columbia, and in June 2007, U.S. District Court Judge Royce C. Lamberth sentenced each defendant to 3 years of supervised probation, ordered \$5,426.75 in restitution to CITI Group and DMV, and a \$100 special assessment fee. The USDOT contract employee's employment with USDOT was terminated.

D.C. Department of Parks and Recreation (DPR) Employee Stole Checks Intended for the D.C. Adult Softball League

Investigation into this matter was predicated upon the receipt of a complaint from the DPR alleging that an employee cashed a check made payable to the D.C. Treasurer in the amount of \$450. The check was intended to pay the registration fee for the 2007 Spring Adult Softball

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League. The investigation revealed that on March 6, 2007, the check was endorsed and cashed by the DPR employee. When questioned regarding the matter, the employee resigned from DPR and left an envelope containing a personal check made payable to the D.C. Treasurer in the amount of \$450. During the course of the investigation, it was discovered that another check in the amount of \$475 was remitted to DPR to pay for the 2006 Fall Adult Softball League. The investigation determined that in September 2006, the \$475 check was cashed by the same DPR employee. A review of the employee's bank account revealed that on the same day a deposit of \$460 was credited to the employee's account. This matter was accepted by the OAG for civil prosecution.

D.C. Department of Health (DOH) Summer Employment Program Employee and Sibling Stole Checks from the D.C. Government

During the summer of 2002, a DOH employee became employed through the summer employment program. During the course of employment, the employee was assigned to work in the mail room where there was access to D.C. government checks payable to various payees. The employee and sibling agreed to steal D.C. government checks, forge and deposit the checks into a bank account located in Maryland, and then split the proceeds. The conspiracy existed for approximately 5 months and a total of 15 checks were stolen, totaling \$19,806.40. In August 2007, both individuals pled guilty in the U.S. District Court to conspiracy. The defendants face a maximum statutory sentence of 5 years of imprisonment, a fine of \$250,000, a 3-year term of supervised release, and an order of restitution. Under the federal sentencing guidelines, they face a likely sentence of up to 6 months in jail, home confinement, and/or a period of probation. Sentencing is scheduled for December 2007.

D.C. Office of the Chief Financial Officer (OCFO) Employee Submitted Fraudulent Time and Attendance Records for an Employee at the D.C. Department of Youth Rehabilitation Services (DYRS)

This investigation was predicated on information received from the OCFO alleging that an OCFO employee submitted fraudulent time and attendance records for another individual employed at the DYRS. The investigation determined that from October 2005 through January 2006, the OCFO employee prepared and submitted fraudulent time and attendance records for 14 weeks that the DYRS employee was actually on leave without pay. The OCFO employee recorded the DYRS employee as having worked 40 hours per week, overtime, night differential, and/or holiday pay. The total amount of money that the DYRS employee received as a result of the fraudulent time and attendance records was approximately \$19,002.76. As a result, both employees pled guilty in the U.S. District Court to Aiding and Abetting the obtaining of funds by fraud. The OCFO employee was sentenced to 5 years probation, an ordered to pay \$19,002.76 in restitution, as well as a \$100 special assessment court fee. The DYRS employee was sentenced

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to 5 years probation, 180 days of home confinement, 300 hours of community service, and an order of restitution for \$19,002.76, to be paid jointly and severally with the OCFO employee.

Former D.C. Charter Schools Executive Pleads Guilty to Embezzlement and Tax Evasion

This investigation was predicated on allegations that the Executive Director of the District of Columbia School's Office of Charter School Oversight (CSOO) authorized payments on an expired contract and illegally circumvented funds allocated for CSOO to the Public Chartered School Board (PCSB) account. The OIG investigation revealed that between March 2003 and May 2006, the Executive Director used her position to divert money belonging to the District and the federal No Child Left Behind program to various bank accounts over which she had control. As part of the scheme, the Executive Director submitted false and fraudulent invoices to steal more than \$200,000 in public funds, claiming that such funds were for monitoring the quality of D.C. charter schools. The Executive Director furthered the scheme by violating procurement rules in awarding seven no-bid schools contracts worth over \$400,000. The primary beneficiaries of those contracts were the Executive Director's friends and, in return, the Executive Director received over \$180,000 in kickbacks and other fraudulent payments.

On August 9, 2007, the Executive Director entered a guilty plea in the United States District Court for the District of Columbia to two felony counts of Theft from a Program Receiving Federal Funds (18 U.S.C § 666), one count of Federal Tax Evasion (26 U.S.C. § 7201), and one count of District of Columbia Tax Evasion (D.C. Code § 47-4101(a)). The Executive Director is scheduled for sentencing on November 29, 2007. As part of the plea, she has agreed to pay \$383,000 in restitution.

Former Employee of the District of Columbia Fire and Emergency Medical Services (FEMS) Pleads Guilty to First Degree Theft

This investigation was predicated on a request for assistance from the City of Alexandria Police Department, Virginia, which involved a District government agency and the alleged fraudulent use of a stolen credit card. The OIG investigation revealed that a former employee of the FEMS solicited cash payments from individuals who owed the DMV for unpaid parking citations. The former FEMS employee, in concert with others, used a stolen credit card to pay the parking citations via the DMV online payment system.

On May 14, 2007, the former FEMS employee entered a guilty plea in the Superior Court of the District of Columbia to one count of First Degree Theft, in violation of D.C. Code § 22-3211. On July 9, 2007, the former FEMS employee was sentenced to 20 months incarceration (suspended), 3 years supervised probation, and ordered to pay DMV \$3,490 in restitution.

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Former Contract Employee with the District of Columbia Office of the Chief Technology Office (OCTO) convicted of False Representation

This investigation was predicated on a referral from OCTO, which advised the OIG of suspected fraud by a former OCTO contract worker. The former contract worker was alleged to have falsified managers' signatures on timesheets over a period of more than 1 year and falsely reported weekly hours ranging from 60 to more than 80.

The OIG investigation revealed that the former contract worker falsified time and attendance sheets during the period of January 9, 2004, through September 3, 2004. On August 31, 2007, a jury convicted the former contract worker in the Superior Court of the District of Columbia on 13 counts of False Representation. The former contract worker is scheduled to be sentenced in FY 2008.

Misuse of Official Position for Private Gain by a D.C. Department of Consumer and Regulatory Affairs (DCRA) Employee

An investigation into this matter was predicated on an allegation of misuse of an official position for private gain by a DCRA employee. The DCRA employee was alleged to have approached several business constituents while on official duty as a DCRA third-party inspector and solicited business for the employee's private commercial business. Based upon the evidence obtained during the investigation, the OIG determined that the DCRA employee violated the District's Standards of Conduct by soliciting work as a third-party inspector for the employee's private commercial business from several consultants and contractors while on official duty for DCRA. Therefore, the employee used the District government for private gain, in violation of District Personnel Manual § 1803.1 (a)(1) (using public office for private gain). The employee was subsequently terminated.

Department of Health (DOH) Employee Resigns after OIG Substantiates Misconduct

Investigation into this matter was predicated on a complaint that the DOH Chief Information Officer (CIO) misused his official position for private gain. The CIO purportedly sent an e-mail to Dell Computers, Inc. (Dell), threatening to negatively affect Dell's contracts with the District government if the CIO did not receive a new replacement computer for his home. The complainant also stated that two vendors complained that the CIO had refused to meet with them unless it was during breakfast, lunch, or dinner. Additionally, the OIG obtained a copy of an e-mail, in which the CIO appeared to have provided a vendor with inside information on a pending contract for an Information Technology Business Continuity Plan.

The OIG investigation revealed that: (1) the CIO violated the District's conflict of interest laws as well as the Standards of Conduct, regulations, policies, and procedures by threatening to negatively affect Dell's contracts with the District government; (2) the CIO solicited and

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received favors from potential contractors, in violation of DPM § 1803.2; and (3) the CIO provided a potential contractor of the District government with inside information, in violation of D.C. Code § 1-618.02 (Conflicts of Interest). Pending the OIG's recommendation to the Director of DOH for appropriate administrative action against the CIO, the CIO tendered his resignation.

D.C. Department of Employment Services (DOES) Employee Falsified an Application for D.C. Government Employment

This investigation was initiated as a result of information obtained through a criminal record inquiry in an unrelated OIG investigation. A review of a National Crime Information Center database revealed that a DOES employee, who used three aliases, was charged with a number of criminal violations from 1989 through 1996.

The OIG investigation determined that on August 1, 2000, the DOES employee signed and submitted a handwritten employment application for a supervisory position at DOES. The DOES employee responded "No" to questions related to being convicted of or forfeited collateral for any felony; or convicted by a court martial during the past 10 years. DOES offered the DOES employee a position within its Welfare-to-Work program on September 10, 2000.

This investigation determined that the DOES employee had a felony conviction in Washington, D.C., in 1995. On November 13, 1995, in the U.S. District Court for the District of Columbia, the DOES employee pled guilty to Conspiracy to Commit Bank and Credit Card Fraud, and Aiding and Abetting, Causing an Act to be Done, in violation of 18 U.S.C. §§ 371 and 2. On February 28, 1996, the DOES employee was sentenced to 4 months incarceration in a halfway house, 3 years supervised release, and 4 months in the Electronic Monitoring Program.

DOES implemented disciplinary proceedings against the DOES employee. In addition, the OIG provided recommendations to implement procedures for conducting preliminary background checks on all employees hired before they are allowed to report for duty.

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, Hatch Act allegations are referred to the U.S. Office of Special Counsel, 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 Metropolitan Police Department (MPD), which provides that allegations of traditional personal and property crimes, as well as all complaints

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involving controlled substances, are referred to the MPD. Most allegations of misconduct on the part of MPD employees are referred to the MPD's Office of Professional Responsibility.

In the majority of 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 2007, the OIG referred a total of 301 matters to the District agencies set forth in Appendices N and O.

SIGNIFICANT RESULTS FROM THE REFERRAL PROGRAM

The following are examples of significant outcomes for referrals sent to agency heads during FY 2007 or outstanding from FY 2006:

Case 1: This referral to the Office of the Chief Financial Officer (OCFO) concerned a salary overpayment of approximately \$40,000 for hours not actually worked by a particular employee. When the USAO declined to prosecute, the matter was referred back to the OCFO for appropriate action. As a result of this action, the OCFO's annual timekeepers' training will be expanded to address the specific issue that arose in this matter, and will now cover special employees (e.g., temporary and contract workers), and the Office of Tax and Revenue will implement a timekeeping audit program.

Case 2: This referral to the D.C. Office of Personnel (currently, the D.C. Department of Human Resources (DCHR)) concerned an allegation that an employee of the Emergency Management Agency (EMA) arranged to have his or her Management Supervisory Service (MSS) position re-classified into a Career Service position.

The agency's investigation revealed no malfeasance or abuse of authority. Instead, a coding error had initially been made for the position by EMA personnel in the PeopleSoft system; however, DCHR's review process also failed to catch the error. As a result of this administrative referral, the position was re-classified from DS-17 to MS-16.

Case 3: This referral to the OAG concerned an allegation that an agency employee was fraudulently altering her boyfriend's child support account to relieve him of making child support payments. While the agency's review of the allegation demonstrated that alterations were made to the child support account, the alterations were not fraudulent and were appropriate. However, the agency review also disclosed that the subject was not in compliance with the child support order, and the agency intended to file a Motion For Order To Show Cause Why Contempt Should Not Be Entered with the court.

Case 4: This referral to the Office of Unified Communications involved an allegation that MSS employees were forced to work overtime without compensation. The agency

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explained that uncompensated overtime had in fact been policy for a period of time due to a rules interpretation issued by the D.C. Office of Personnel (currently, the DCHR). However, agency management disagreed with the interpretation and requested reconsideration. The issue was reconsidered and reversed effective December 2006, with the result that the agency's MSS employees will be entitled to overtime compensation in the future, and to overtime compensation retroactive to November 12, 2006.

Case 5: This referral to the D.C. Office of Personnel (currently, the DCHR) involved an allegation that a municipal employee had not received his open enrollment application materials until after the open enrollment period had expired. The agency explained that a number of factors largely beyond the agency's control worked together to delay the mailing of the open enrollment materials for approximately 4,500 municipal employees. The open enrollment period was twice extended to ensure that every municipal employee was given the opportunity to participate, and corrective measures were taken to ensure timely mailing in the future.

Case 6: This referral to the DCHR involved an allegation that a job candidate was inappropriately permitted to apply for a position after the position announcement's closing date, and that candidate was subsequently hired into the position. DCHR's review substantiated the allegation, revealing that an HR official had acceded to a request from the hiring agency to accept the candidate's application despite the expiration of the position announcement date. The HR official was suspended, and his or her supervisor - who failed to oversee the process and review the documentation - was admonished. Also, DCHR will inform the hiring agency of the results of its findings and recommend that the hired person's employment be terminated.

Case 7: This referral to the Department of Health (DOH) involved, in part, an allegation that one or more new employees had not received sufficient safety information and/or training to handle some potentially toxic materials in their workplace. The agency's investigation showed that the employees had received training at a federal institution prior to their employment with the DOH, that DOH does provide adequate information and training, and that attendance sheets from the agency's training sessions showed the employees' signatures. However, the agency's investigation also showed that the training had been "sporadic." Therefore, to address any potential safety concern, future safety training will be conducted annually for all existing employees, and new employees will receive separate training.

Case 8: This referral to the University of the District of Columbia involved an allegation that a professor who had inappropriately been paid for several hours of unpaid leave was grossly overcharged to repay the value of that time. The professor repaid the \$715.85 sum in full but protested the calculated value. The agency's review concluded that

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while the amount that the professor had initially been asked to repay was reasonable based on the information available at the time, subsequent information showed that the professor would now be due a refund of \$506.35.

Case 9: This referral to the D.C. Department of Human Services (DHS) involved an allegation that an agency contractor operating under a DHS grant had failed to meet all of the terms of its grant agreement. The agency's review of the allegation indicated that the agency had already been aware of problems and had taken action. However, while substantial improvements had been achieved by June 2007, DHS nevertheless determined that the contractor would be unable to come into full compliance with the grant terms within a specified period of time, and canceled the grant effective June 30, 2007.

Case 10: This referral to the National Capital Revitalization Corporation (NCRC) concerned an allegation that an employee was devoting office time and resources to a second job that he or she held with a real estate company. The NCRC had been aware of the allegation prior to receipt of our letter of referral, had substantiated the allegations, and had counseled the employee and put a letter of reprimand in the employee's personnel file. There is no evidence that the behavior continued after the disciplinary action.

**ACTIVITIES OF
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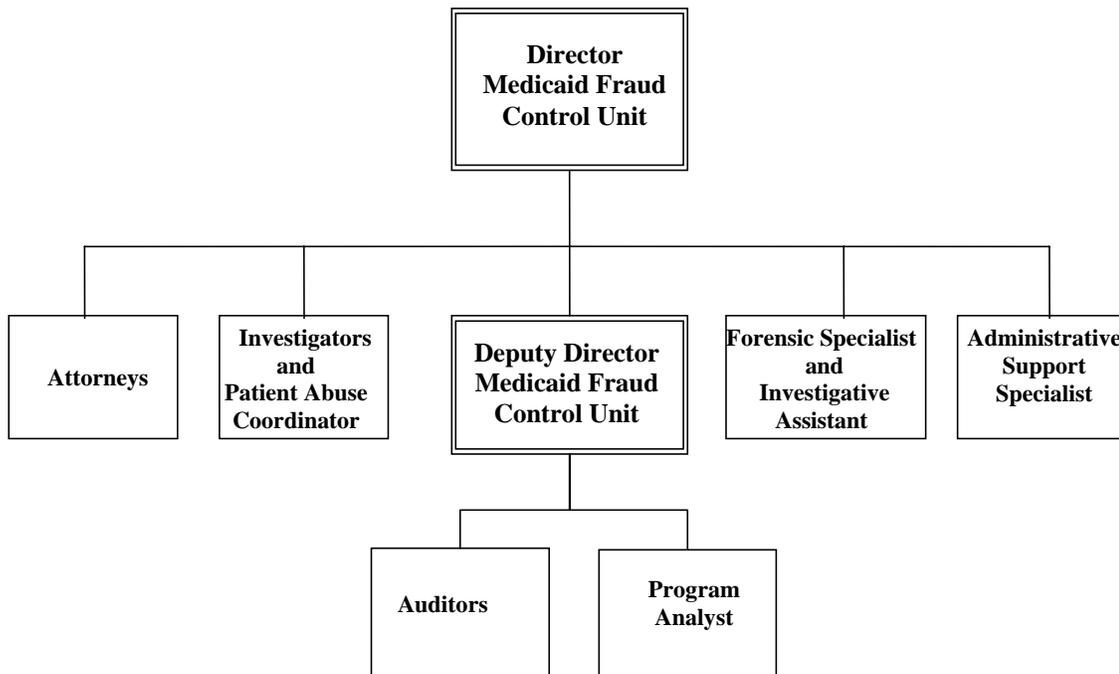


ACTIVITIES OF THE MEDICAID FRAUD CONTROL UNIT

ORGANIZATION

The United States Department of Health and Human Services (HHS) certified the Medicaid Fraud Control Unit (MFCU) on March 1, 2000, and FY 2007 was the seventh year in which the Unit was 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 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, 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 FY 2007, worked as an attorney for the previous 12 years, prosecuting violent and white collar crimes.

OIG Medicaid Fraud Control Unit September 30, 2007



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MFCU cases are investigated from their inception with prosecutors leading teams made up of an attorney, investigator, and (for financial fraud cases) an auditor. 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 litigation ensues. 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 the investigation and prosecution process of cases. Team members view cases from different perspectives and use new approaches when investigating other cases. The team approach is especially helpful in building unity and cooperation among the MFCU staff members. MFCU staff members are frequently called to assist on cases that are not their primary responsibility. The team approach brings many matters to a successful resolution.

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 federal District courts on matters investigated by the MFCU. MFCU attorneys work 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), acting 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 50 certified MFCUs nationwide. The MFCU receives 75 percent of its funding in the form of a grant from the Department of Health and Human Services (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.

OUTREACH

The Unit engaged in anti-fraud educational and outreach presentations in the private sector. The Patient Abuse Coordinator and the Director frequently receive 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 2007 to introduce the MFCU and answer questions regarding the Unit's work. Presentations to local

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audiences included the Washington Home, the Association for Retarded Citizens, Adult Protective Services, United Cerebral Palsy Association, AARP, and the DC Coalition Against Rape. Two of the presentations were made to nationwide audiences at the National Citizens Coalition for Nursing Home Reform and the National Elder Abuse Conference. A MFCU attorney made a presentation at the American Health Lawyer's Association Annual Conference, and an investigator spoke to the Association for Retarded Citizens. One of the MFCU's FY 2007 performance measures was to provide training or in-service education to 10 entities each fiscal year. The target goal of 80% was exceeded by the MFCU providing 10 trainings.

Other MFCU activities include the Director's participation as a member of the Mayor's Mental Retardation and Developmental Disabilities Fatality Review Committee, a MFCU attorney's participation in a mock interview program for the students at George Washington University Law School, and the MFCU's Patient Abuse Coordinator's service on a local Elder Abuse Prevention Committee. In conjunction with the OIG's Legal Division, the MFCU hosted a law school intern over the school's summer semester. This experience was advantageous to the Unit and the student and the OIG's relationship with the community benefited as well.

During FY 2007, 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. In the January 2007 *Health Care Fraud Report* published by the Bureau of National Affairs, a MFCU attorney was quoted throughout an article regarding Medicaid Fraud and the False Claims Act. In the March 2007 *Health Care Fraud Report* published by the Bureau of National Affairs, a MFCU attorney was quoted throughout the 10th Anniversary Special Report, highlighting key enforcement and compliance trends in health care fraud.

GOVERNMENT LIAISONS

The Unit works closely with industry groups on problems of common concern. Collaborating with other District and federal law enforcement agencies in the investigation and prosecution of fraud cases is mutually beneficial. 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 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 (DOH). 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

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fraud is detected, a full investigation will commence. This initiative has generated investigations during FY 2007, and we expect that it will continue to generate referrals for FY 2008. 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, DEA, MAA, the United States Food and Drug Administration, the DOH, and the MPD. The task force meets monthly to discuss current cases and other topics of interest.

MFCU staff are members of anti-fraud organizations such as: the Association of Inspectors General, 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 Reid Institute, and the Association of Government Accountants. 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 Report*. 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.

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. Pursuant to federal law (42 CFR § 455.15(a) (1)), the Surveillance and Utilization Unit (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.

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 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. We anticipate an overpayment collection of approximately \$80,000 in FY 2008 based on efforts carried out in FY 2007.

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

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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 2007, 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, but the average was six trainings per staff member. Conferences attended included Forensic Photography, Introduction to Accounting, Data Collection for Global Settlements, Elder Abuse Prosecution, Exclusions, Internet Search Strategies for the Health Care Fraud Investigator, Legal Issues in Health Care Fraud, Basic Writing Skills, Medical Terminology, Elder Sexual Abuse, and various writing and computer workshops.

ANTI-FRAUD EFFORTS

The MFCU's anti-fraud efforts consist of instances of fraud solely impacting the District of Columbia and those which affect other jurisdictions, resulting in a global impact. 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 practitioners. Medical 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 2008.

Local Anti-Fraud Efforts:

In FY 2007, MFCU resolved several local fraud cases. These cases included civil settlements and criminal convictions. MFCU recovered over \$1.6 million as a result of these cases.

In *U.S. v. Solomon*, a physician's assistant (PA) pled guilty to Making a False Statement in Regard to a Health Care Matter. The PA provided false statements on his application to

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become a provider to Medicaid and Medicare recipients. Specifically, he stated on the application that he had no adverse legal history, when he had a previous conviction for Medicaid Fraud. Additionally, the PA submitted over \$148,000 in claims to the Medicare system based on services provided by a physician, when the services had actually been provided by him, a physician's assistant. The PA was sentenced to serve 6 months of incarceration and fined over \$5,000.

In *U.S. v. Salih*, the defendant was the owner, president, and treasurer of NMS Transit Services. NMS billed the Medicaid program for transportation services to Medicaid recipients. In nine instances, such transportation was not provided and some of the bills were for transportation of recipients who were actually deceased. The defendant pled guilty to one count of Health Care Fraud. He was sentenced to 12 months and 1 day in jail, ordered to pay \$136,430 in restitution to the Medicaid program, and placed on 3 years of supervised probation. The MFCU submitted necessary documents to HHS to exclude the defendant from participating as a provider in all federally funded health care programs.

In a settlement with Atlantic Health Care, Inc., the company agreed to reimburse the Medicaid program \$1.5 million pursuant to the federal False Claims Act. Atlantic Health Care filed claims with Medicaid for reimbursement for medical supplies, which were not ordered by physicians or delivered to recipients.

National Anti-Fraud Efforts:

The MFCU is a member of the National Association of Medicaid Fraud Control Units (NAMFCU) and regularly coordinates with its counterparts in 49 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 2005, the MFCU became a member of NAMFU's *qui tam* sub-committee consisting of representatives from the MFCUs of all states that have enacted false claims act statutes containing *qui tam* or whistleblower provisions. Currently, the District and 18 states have such statutes. During FY 2007, the MFCU continued to participate in monthly conference calls during which state 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

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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* sub-committee is committed to the team approach so that no single MFCU becomes overburdened with time-consuming and costly investigations. The MFCU is currently involved in approximately 100 false claims act lawsuits that are in various stages of investigation and prosecution. The MFCU continues to participate in multiple global settlement negotiations and anticipates receiving significant monetary settlements in FY 2008.

Global Settlements:

In FY 2007 the District was involved in several global settlements, including Pediatrix Medical Group, Inc., Purdue Frederick Company, Inc., and Schering-Plough Corporation. As a result of these cases, the District of Columbia's total recovery exceeded \$673,000.

In a settlement with Purdue Frederick Company, Inc. and Purdue Pharma, the District of Columbia recovered over \$300,000 as part of a \$160 million national settlement to compensate federal and state Medicaid programs. The company misbranded the drug OxyContin as less addictive and having fewer withdrawal problems than other pain medications.

In a settlement with Schering-Plough Corporation, the District recovered over \$369,000 as part of a \$203 million settlement to compensate federal and state Medicaid programs. The company underpaid rebates, engaged in the improper off-label marketing of medication, and paid illegal remunerations to physicians.

In a settlement with Pediatrix Medical Group, Inc., the District recovered nearly \$2,000 as part of a \$25 million settlement to compensate federal and state Medicaid programs. The company improperly billed Medicaid and other programs for physical conditions not actually diagnosed in the patients.

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.

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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 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.

Recently, in *U.S. v. Poole* the D.C. Court of Appeals upheld the 2005 conviction obtained by the MFCU of an appellant who was convicted of Criminal Abuse of a Vulnerable Adult in violation of D.C. Code § 22-933 (Supp. 2007). The Court found that the evidence presented by the prosecution was sufficient to uphold the conviction.

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, often while 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.

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 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.

In FY 2007, the Unit obtained 11 convictions in the areas of abuse, neglect, sexual assault, or financial exploitation of vulnerable adults. This is an increase from the number of convictions obtained in FY 2006 and more than twice that of FY 2005.

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Abuse

The MFCU obtained nine convictions in FY 2007 in cases of abuse. Of these convictions, six were obtained after trial, and three defendants entered into guilty plea agreements.

In *U.S. v. Wilson*, an employee at a day treatment program pled guilty to Criminal Abuse of a Vulnerable Adult. The defendant punched the developmentally disabled victim in the face, fracturing a facial bone and leaving him with a blackened eye. The defendant was sentenced to 180 days in prison, with all but 4 days suspended. The sentence included 1 year of probation and a prohibition against the defendant working with vulnerable populations. In addition, the defendant was ordered to pay \$50 to the Victims of Violent Crime Compensation fund. The MFCU submitted necessary documents to HHS to exclude the defendant from working in all federally funded health care programs.

In *U.S. v. Bradley*, a residential counselor in a group home for developmentally disabled adults was found guilty of Criminal Abuse of a Vulnerable Adult. The counselor slapped the victim, a developmentally disabled individual who needed assistance with basic needs. The counselor was sentenced to 180 days in prison, with all but 30 days suspended. The sentence included 2 years of probation, and requirements that the defendant stay away from the victim and other group homes, and pay \$50 to the Victims of Violent Crime Compensation fund. The MFCU submitted necessary documents to HHS to exclude the defendant from working in all federally funded health care programs.

In *U.S. v. Dickerson*, a direct care employee at a day treatment program for developmentally disabled adults pled guilty to Criminal Abuse of a Vulnerable Adult. The defendant struck the victim, a developmentally disabled individual, in the face several times with his finger in a flicking motion, and called the victim a vulgar name. The defendant was sentenced to 180 days in prison, all but 90 days suspended. The sentence included 5 years of probation, and an order prohibiting the defendant from being around the victim or any other vulnerable adult. In addition, the defendant was ordered to pay \$50 to the Victims of Violent Crime Compensation fund. The MFCU submitted necessary documents to HHS to exclude the defendant from working in all federally funded health care programs.

In *U.S. v. Adeyemi*, a direct care provider was found guilty of two counts of Criminal Abuse of a Vulnerable Adult for the physical and verbal abuse of an adult with developmental disabilities. The defendant hit the victim on the leg twice with her hand, and threatened her. On the first count, the defendant was sentenced to 180 days incarceration, with all but 60 days suspended. On the second count, the defendant was sentenced to 180 days of incarceration, with all but 40 days suspended, to be served consecutively to the first count. The sentence included 1 year of probation, an order for the defendant to pay \$50 to the Victims of Violent Crime Compensation fund, and an order preventing the defendant from

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working with vulnerable adults. The MFCU submitted necessary documents to HHS to exclude the defendant from working in all federally funded health care programs.

In *U.S. v. Motley*, a van driver for a day treatment program was found guilty of Criminal Abuse of a Vulnerable Adult. The driver threatened to throw water on a developmentally disabled adult who was afraid of water. The defendant was sentenced to 180 days of incarceration, with all but 40 days suspended. The sentence included 1 year of probation, an order to pay \$50 to the Victims of Violent Crime Compensation fund, and an order for the defendant not to work with vulnerable adults. The MFCU submitted necessary documents to HHS to exclude the defendant from working in all federally funded health care programs.

In *U.S. v. Davis*, a group house manager was found guilty of Aiding and Abetting co-defendants in Criminal Abuse of a Vulnerable Adult. The house manager instructed her co-defendants to throw water on a developmentally disabled victim, who was afraid of water, which the co-defendant did. The house manager was sentenced to 180 days of incarceration, with all but 80 days suspended. The sentence included 1 year of probation, an order for the defendant to pay \$50 to the Victims of Violent Crimes Compensation fund, and an order for the defendant not to work with vulnerable adults. The MFCU submitted necessary documents to HHS to exclude the defendant from working in all federally funded health care programs.

In *U.S. v. Carter*, a caregiver at a group home was found guilty of Criminal Abuse of a Vulnerable Adult. The defendant repeatedly called the victim, a developmentally disabled person, a derogatory name. The defendant was sentenced to 180 days in prison with all but 15 days suspended. The sentence included 1 year of probation, an order that the defendant not have any contact with vulnerable adults, and to undergo drug testing. The MFCU submitted necessary documents to HHS to exclude the defendant from working in all federally funded health care programs.

In *U.S. v. Paul*, a former day care teacher pled guilty to Simple Assault. The defendant confronted the victim after she refused to obey the defendant's instructions. This confrontation led to the defendant attacking the victim, pushing her onto the floor. While on top of the victim, the defendant choked and repeatedly hit her. The defendant also kicked the victim in the back after she fell to the ground. The defendant was sentenced to 180 days incarceration, with all but 5 days suspended. The sentence included 3 years of supervised probation, a \$100 fine, and an order prohibiting the defendant from being around children, the elderly, and vulnerable adults without supervision.

In *U.S. v. Campbell*, a licensed practical nurse was found guilty of Criminal Negligence. The nurse struggled with the victim, a total care patient at a nursing facility. The victim had a fresh bruise after the struggle. The nurse was sentenced to 180 days in prison with all but 80 days suspended. The sentence included 5 years of probation, an order to stay away from the

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victim, and not to be in contact with any vulnerable persons. The MFCU submitted necessary documents to HHS to exclude the nurse from working in all federally funded health care programs. In addition, the MFCU notified the Boards of Nursing in the District, Maryland, and Virginia of the nurse's conviction.

Neglect

The MFCU obtained one conviction for neglect after a trial.

In *U.S. v. Jackson*, a residential counselor was found guilty of Criminal Negligence. The defendant engaged in a physical struggle with the developmentally disabled victim, resulting in the victim receiving bruises and scratches. The defendant failed to report the injuries to supervisors, thereby preventing the victim from receiving proper medical care. The defendant was sentenced to 180 days in prison with all but 15 days suspended. The sentence included 4 years of probation, a \$350 fine, and an order for the defendant to stay away from the victim or any other vulnerable adults. The MFCU submitted necessary documents to HHS to exclude the defendant from working in all federally funded health care programs.

Sexual Assault

The MFCU also investigates and prosecutes sexual assaults committed 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 2007, the MFCU obtained one conviction in a case involving sexual assault after the defendant was found guilty after trial.

In *U.S. v. Oke*, the defendant was convicted of misdemeanor Sexual Abuse of a patient. The defendant was employed as a case manager at an outpatient mental health clinic. He had a 4 month sexual relationship with a patient, and visited the patient at her apartment on nearly a daily basis to engage in sexual intercourse. The defendant was sentenced to 180 days in prison, all suspended, 18 months of supervised probation, and 75 hours of community service. The sentence also included an order to stay away from the patient, and sex offender evaluation and treatment if deemed necessary. The MFCU submitted necessary documents to HHS to exclude the defendant from working in all federally funded health care programs.

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Financial Exploitation

The MFCU prosecutes cases involving the financial exploitation of individuals living in Medicaid-funded facilities, including the theft of patient funds. Currently, MFCU is investigating 18 financial exploitation matters, 8 of which were opened in FY 2007.

STATISTICAL SUMMARY

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 2007, 3,575 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 more than 500 reports from FY 2006. The number of unusual incident reports received by the Unit has substantially increased every succeeding year. In FY 2007, the MFCU received approximately 300 unusual reports every month. These reports must be evaluated and investigated in a timely fashion.

Several of the Unit's performance measures relate to evaluation of complaints within a designated period of time after receipt. One goal was to review 80% of abuse or neglect complaints within 1 business day. The Unit evaluated 94% of the complaints within 1 business day, greatly exceeding its objective. A second goal was to review 80% of the misappropriation of funds complaints within 5 days of receipt. The Unit evaluated 93% of the complaints within 1 business day, again exceeding its objective. The third goal was to review 80% of the fraud complaints within 30 days of receipt. The Unit evaluated 98% of the complaints within 30 days, considerably exceeding its objective.

Another performance measure was to obtain 80% of the MFCU's goal of 10 criminal or civil resolutions. The Unit obtained resolutions in 17 cases, more than twice its objective. The Unit is currently investigating over 144 abuse or neglect matters, 81 of which were initiated in FY 2007. Further, the MFCU is currently working on approximately 77 matters involving allegations of provider fraud, 20 of which were initiated in FY 2007. In FY 2007, the MFCU received over \$2.3 million in settlements of fraud cases, thereby recouping nearly \$4 for every District dollar funding the Unit.

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 Systems Division, which captures data regarding abuse and neglect of residents in health care facilities in the District.

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The MFCU began using this database in FY 2006. Since that time, the database has and will continue to assist the Unit in investigating its cases as well as identifying problem areas and trends that need to be addressed in the future.

In FY 2008, MFCU will continue to grow. HHS and the District of Columbia increased the MFCU's budget, enabling the hiring of five additional full-time employees. Three of those five positions have already been filled, and the MFCU continues to search for the right candidates for the remaining spots. When fully staffed, there will be 21 members of the Unit. Although the MFCU is fulfilling its mission and objectives – as demonstrated by the fact that it significantly exceeded all of its performance goals – the MFCU will be even more productive with an increased staff. The results of performance measures for the MFCU for FY 2007 are shown in Appendix P.

CONCLUSION

In FY 2007, the MFCU initiated 207 investigations and closed 98 matters. Through trial or settlement, the Unit attained 17 substantive dispositions of outstanding fraud, abuse, neglect, and sexual assault cases, significantly surpassing its aspiration. It obtained 13 criminal convictions and recovered substantial monies in restitution to the Medicaid program in 4 civil 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 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 2008.



APPENDICES



**FISCAL YEAR 2007 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 2007.

June 11, 2007	Testimony Before the Committee on Workforce Development and Government Operations – Audits of the D.C. Employee Disability Compensation Program
April 17, 2007	Statement of the Inspector General at the First Convening of the Task Force on Emergency Medical Services
March 01, 2007	Testimony Before the Committee on Public Services and Consumer Affairs – Oversight Hearing for the Department of Consumer and Regulatory Affairs
February 27, 2007	Testimony Before the Committee of the Whole – Oversight Hearing for the District of Columbia Public Schools
February 16, 2007	Testimony Before the Committee on Workforce Development and Government Operations – Fiscal Year 2006 Performance Review
February 12, 2007	Testimony Before the Committee on Human Services – Roundtable to Discuss the Special Evaluation of the D.C. Village Emergency Shelter for Families Homeless
February 05, 2007	Testimony Before the Committee of the Whole – Issuance of the District’s FY 2006 Comprehensive Annual Financial Report (CAFR)
October 23, 2006	Testimony Before the Committee on Health – Follow-up Audit of the Department of Health’s Administration for HIV Policy and Programs



FISCAL YEAR 2007 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.

“Unused Phone Lines Add Up for District Government”
October 05, 2006 (Examiner)

“Audit Faults Tracking of Medicaid Spending”
October 10, 2006 (WP)

“Medicaid Drivers Take D.C. for Ride”
October 23, 2006 (WB)

“Blinding Medical Waste and Fraud”
October 27, 2006 (WT)

“Missing D.C. Crime Statistics Investigation Points to Analyst”
November 14, 2006 (Examiner)

“2 Charged in Fine-Payment Scheme”
December 04, 2006 (WT)

“City Misses Chance to Save \$34 Million”
December 09, 2006 (WP)

“Audit Suggests D.C. Foster Children Staying in Homes”
December 14, 2006 (Examiner)

“Housing Inspector Accused of Extortion”
December 15, 2006 (Examiner)

“Rosenbaum Case Colors Year for Fire Department”
December 28, 2006 (Examiner)

“Family Shelter Awash in Problems”
January 08, 2007 (Examiner)

“Payroll Scandal Haunts D.C.’s Special Education Office”
January 16, 2007 (Examiner)

FISCAL YEAR 2007 PRESS HIGHLIGHTS

“Audit Slams D.C. Personnel Policies”

February 13, 2007 (Examiner)

“Ex-D.C. Engineer Charged with Bribing Inspector”

February 15, 2007 (WT)

“Dispatch Errors Hamper Responses”

February 25, 2007 (WT)

“Audit Says District Agency Overpaid”

March 16, 2007 (Examiner)

“Audit: Bid Mistake Could Have Cost D.C. Millions”

March 19, 2007 (Examiner)

“Metro Briefs: Tech Project Falls Short of Goals”

April 02, 2007 (WT)

“Transport Company Owner Convicted”

April 04, 2007 (WT)

“Review Find D.C. Students Graduated Without Meeting Standards”

April 06, 2007 (WTOP)

“Wilson Erred on 17 Diplomas, Audit Says”

April 12, 2007 (NC)

“Maximum Prison Time Sought in Medicaid Fraud Suit”

April 13, 2007 (WT)

“Disability Audit Finds Millions in Waste, Fraud”

April 27, 2007 (WT)

“D.C. Set to Audit Medicaid Supplies”

August 08, 2007 (WT)

“District Falling Behind on Resolving Workers’ Compensation Disputes”

August 14, 2007 (Examiner)

“Absent Oversight, Official Profited”

August 19, 2007 (WP)

FISCAL YEAR 2007 PRESS HIGHLIGHTS

“D.C. Inspector General’s Office, Payroll Discrepancies in D.C. Schools”
August 20, 2007 (WUSA 9)

“D.C. to Inspect Pants Suit Judge’s Agency”
August 22, 2007 (Examiner)

“Inspector Cites Security Deficiencies”
September 18, 2007 (WP)

References: *The Washington Post* – **WP** · *The Washington Times* – **WT** · *Washington Blade*
– **WB** · *103.5 FM/820 AM Radio* – **WTOP** · *The Washington Examiner* – **Examiner** ·
Northwest Current – **NC** · *W*USA 9 and Gannett Companies, Inc.* – **WUSA**



**PUBLICATIONS OF AUDIT ARTICLES AND ABSTRACTS PUBLISHED IN
FY 2007**

Khaled Abdel Ghany, *The Revised GAS Achieves Consistency with the ASB and PCAOB*, NEW ACCOUNTANT, Mar. 2007, at 10.

Abstract, *Audit of the District of Columbia Employee Disability Compensation Program* (OIG No. 06-1-07BG), ASSOCIATION OF INSPECTOR GENERAL NEWSLETTER (Association of Inspectors General, New York, Y.Y.), Summer 2007, at 5.

Khaled Abdel Ghany, *Revised 2007 Yellow Book Enhances Consistency with ASB and PCAOB*, TENN. CPA JOURNAL, May 2007, at 4.

Khaled Abdel Ghany, *Fair-Value Model for Government Accounting*, LOCAL GOVERNMENT AUDITING QUARTERLY, Jun. 2007, at 12.

**FISCAL YEAR 2007 AUDIT DIVISION
PERFORMANCE MEASURE STATISTICS**

Activity	FY 2007 Target	FY 2007 Actual
Final audit reports issued	24	35
District agencies provided with audit coverage/presence	30%	35%
Potential monetary benefits identified by OIG audits	\$17 million	\$47 million
System-wide follow-up audit conducted by the OIG	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	2/1/07	1/26/07

FISCAL YEAR 2007 AUDIT COST AND RECOMMENDATION SUMMARY

	Audit Title, Number, Date Issued	Cost ¹	Recommendations	
			Made	Status ²
1	Home Purchase Assistance Program Financial Statement Audit for the Fiscal Year Ended September 30, 2005 (With Independent Auditor's Report Thereon), OIG No. 06-1-02DB(c), October 16, 2006	44,249	0	N/A
2	Professional Engineers' Fund Financial Statement Audit for the Fiscal Year Ended September 30, 2005, (With Independent Auditor's Report Thereon), OIG No. 06-1-10CR, October 16, 2006	23,920	0	N/A
3	Follow-up Audit of the Department of Health's Administration for HIV Policy and Programs, OIG No. 06-2-23HC, October 20, 2006	33,212	5	5 - Closed
4	Office of the Attorney General Antifraud Fund Financial Statement Audit for the Fiscal Year Ended September 30, 2005, OIG No. 6-1-22CB, December 4, 2006	19,320	0	N/A
5	Accounting for Children in Out-of-Home Placements who are in the Custody of the Child and Family Services Agency, OIG No. 03-2-11RL (b), December 7, 2006	127,006	2	2 - Closed
6	Audit of the Outsourcing of the Aging and Disabilities Resource Center, OIG No. 06-1-05MA(a), December 8, 2006	110,630	3	2 – Open 1 - Closed
7	District of Columbia Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2006, OIG No. 07-1-05MA, January 31, 2007		0	N/A
8	District of Columbia Independent Auditors' Report on Internal Control and Compliance Over Financial Reporting Fiscal Year Ended September 30, 2006, OIG No. 07-1-05MA, January 31, 2007	\$1,091,634	10	10 Closed

¹ Costs were calculated as the number of hours charged multiplied by the Audit Division's hourly composite rate.

² This column provides the status of a recommendation as of September 30, 2007. For final reports, "**Open**" means management and the OIG are in agreement on the action to be taken, but action is not complete. "**Closed**" means management has advised that the action necessary to correct the condition is complete. If a completion date was not provided, the date of management's response is used. "**Unresolved**" means that management has neither agreed to take the recommended action nor proposed satisfactory alternative actions to correct the condition.

FISCAL YEAR 2007 AUDIT COST AND RECOMMENDATION SUMMARY

	Audit Title, Number, Date Issued	Cost	Recommendations	
			Made	Status
9	District Department of Transportation Highway Trust Fund Financial Statement Audit for the Fiscal Year Ended September 30, 2006, OIG No. 07-1-01KA, February 1, 2007	89,240	0	N/A
10	Audit of Compliance with Home Purchase Assistance Program Requirements, SP 06-014, February 7, 2007	19,780	5	4 – Open 1 - Closed
11	Audit of the Department of Parks and Recreation’s Hiring Practices, OIG No. 06-2-21MA, February 8, 2007	103,132	13	13 – Closed
12	Audit of the Third Party Administrator’s Subcontractor Costs for the District of Columbia Employee’s Disability Compensation Program, OIG No. 06-1-07BG(a), March 9, 2007	91,126	3	3 – Unresolved
13	Audit of the Department of Health’s Contracting for Non-Emergency Transportation Services, OIG No. 05-2-18HC (c), March 13, 2007	223,744	4	1 – Open 3 – Closed
14	Audit of the District’s Administrative Services Modernization Program Cost and Benefit Assumptions, OIG No. 04-1-12MA(a), March 27, 2007	125,672	6	6 – Closed
15	District of Columbia Unemployment Compensation Fund Financial Statements, Management’s Discussion and Analysis, and Independent Auditors’ Report Fiscal Year Ended September 30, 2006, OIG No. 07-1-11BH, March 30, 2007	55,350	0	N/A
16	Washington Convention Center Authority Financial Statements, Management’s Discussion and Analysis, and Independent Auditors’ Report Fiscal Years Ended September 30, 2006, and September 30, 2005, OIG No. 07-1-12ES, April 2, 2007	85,854	0	N/A
17	District of Columbia Anacostia Waterfront Corporation Financial Statements, Management’s Discussion and Analysis, and Independent Auditors’ Report Fiscal Year Ended September 30, 2006, OIG No. 07-1-14AW, April 4, 2007	15,700	0	N/A

FISCAL YEAR 2007 AUDIT COST AND RECOMMENDATION SUMMARY

	Audit Title, Number, Date Issued	Cost	Recommendations	
			Made	Status
18	District of Columbia Sports and Entertainment Commission Financial Statements, Management's Discussion and Analysis, and Independent Auditors' Report Fiscal Years Ended September 30, 2006, and September 30, 2005, OIG No. 07-1-13SC, April 4, 2007	69,025	0	N/A
19	Audit of the District of Columbia Public Schools' Graduation Requirements, OIG No. 06-2-25GA, April 5, 2007	118,036	9	9 – Closed
20	E911/E311 Special Revenue Fund Financial Statements and Independent Auditors' Report Fiscal Year Ended September 30, 2006, OIG No. 07-1-15UC, April 9, 2007	27,907	0	N/A
21	Audit of the District of Columbia Employee Disability Compensation Program, OIG No. 06-1-07BG, April 23, 2007	86,664	8	2 – Unresolved 2 – Open 4 – Closed
22	University of the District of Columbia Financial Statements, Management's Discussion and Analysis, and Independent Auditors' Report Fiscal Years Ended September 30, 2006, and 2005, OIG No. 07-1-19GF, April 30, 2007	179,623	0	N/A
23	Audit of Home Health Care Agency Compliance with Legal Requirements for Paying Fixed-Hourly Labor Rates to Personal Care Assistants, OIG No. 06-2-24HC, April 30, 2007	56,120	5	5 – Closed
24	District of Columbia Lottery and Charitable Games Control Board Financial Statements, Management's Discussion and Analysis, and Independent Auditors' Report Fiscal Years Ended September 30, 2006, and 2005, OIG No. 07-1-18DC, April 30, 2007	69,025	0	N/A
25	District of Columbia Memorandum of Advisory Comments Fiscal Year 2006, OIG No. 07-1-20MA, May 1, 2007	<i>included in cost of CAFR</i>	41	41 – Closed
26	District of Columbia Public Schools Budgetary Comparison Schedule for Fiscal Year 2006, OIG No. 07-1-22GA, May 17, 2007	207,350	0	N/A

FISCAL YEAR 2007 AUDIT COST AND RECOMMENDATION SUMMARY

	Audit Title, Number, Date Issued	Cost	Recommendations	
			Made	Status
27	District Of Columbia Tobacco Settlement Financing Corporation Financial Statements, Management's Discussion and Analysis, and Independent Auditors' Report Fiscal Year Ended September 30, 2006, OIG No. 07-1-21TT, May 17, 2007	41,298	0	N/A
28	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, 2006, OIG No. 07-1-22GA(a), May 23, 2007	<i>included in cost of DCPS CAFR</i>	8	8 – Closed
29	District of Columbia Department of Transportation- Report on the Examination of the District of Columbia Highway Trust Fund Forecast Statements for Fiscal Years 2007-2011 with Actual Audited Figures for FY 2006, OIG No. 7-1-01KA(a), May 31, 2007	17,434	0	N/A
30	Review of Homicide Closure Rates within the Metropolitan Police Department, OIG No. 07-2-02FA, June 26, 2007	53,820	10	3 – Open 7 – Closed
31	Audit of the Local Roads Construction and Maintenance Fund, OIG No. 06-2-09KA, July 2, 2007	127,696	10	2 – Open 8 – Closed
32	Audit of the Department of Health's Oversight of the District of Columbia Medicaid Managed Care Program, OIG No. 05-2-20HC, July 18, 2007	168,912	6	6 – Closed
33	Home Purchase Assistance Program Financial Statement Audit for the Fiscal Years Ended September 30, 2006 (With Independent Auditor's Report Thereon), OIG No. 07-1-29DB(a), August 20, 2007	41,298	0	N/A
34	Home Purchase Assistance Program Management Letter September 30, 2006, OIG No. 07-1-29DB(b), August 20, 2007		0	N/A
35	Audit of the Department of Public Works Fleet Management Administration's Billing Practices, OIG No. 06-2-11KT, September 18, 2007	130,088	5	5 – Closed
	TOTAL	\$3,653,865	153	5 – Unresolved 14 – Open 134 – Closed

FISCAL YEAR 2007 AUDIT COVERAGE

	Agency/Office	
1	AA	Executive Office of the Mayor
2	AS	Office of Finance and Resource Management
3	AT	Office of the Chief Financial Officer
4	AW	Anacostia Waterfront Commission
5	BG	Disability Compensation Fund
6	BH	Unemployment Compensation Fund
7	CB	Office of the Attorney General for the District of Columbia
8	CR	Department of Consumer and Regulatory Affairs
9	DB	Department of Housing and Community Development
10	DC	D.C. Lottery and Charitable Games Control Board
11	DS	Department on Disability Services
12	ES	Washington Convention Center Authority
13	FA	Metropolitan Police Department
14	GA	District of Columbia Public Schools
15	GF	University of the District of Columbia
16	HA	Department of Parks and Recreation
17	HC	Department of Health
18	MAA	Medical Assistance Administration
19	HAA	HIV/AIDS Administration
20	MFH	Maternal and Family Health
21	HD	Human Resources Development Fund
22	KA	Department of Transportation
23	KT	Department of Public Works
24	PO	Office of Contracting and Procurement
25	RK	Office of Risk Management
26	RL	Child and Family Services Agency
27	RM	Department of Mental Health
28	SC	D.C. Sports and Entertainment Commission
29	TO	Office of the Chief Technology Officer
30	TT	Tobacco Settlement Corporation
31	UC	Office of Unified Communications

FISCAL YEAR 2007 AUDIT REPORT SUMMARIES

Home Purchase Assistance Program Financial Statement Audit for the Fiscal Year Ended September 30, 2005 (With Independent Auditor's Report Thereon), OIG No. 06-1-02DB, (c), October 16, 2006

The Independent Auditor's Report on Financial Statements for the Fiscal Year Ended September 30, 2005, presented an unqualified opinion. The audit was conducted by contract under the purview of the OIG.

Professional Engineers' Fund Financial Statement Audit for the Fiscal Year Ended September 30, 2005, With Independent Auditor's Report Thereon), OIG No. 06-1-10CR, October 16, 2006

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, 2005, and the results of its operations for the year then ended, in conformity with Generally Accepted Accounting Principles.

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

Follow-up Audit of the Department of Health's Administration for HIV Policy and Programs, OIG No. 06-2-23HC, October 20, 2006

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

Office of the Attorney General Antifraud Fund Financial Statement Audit for the Fiscal Year Ended September 30, 2005, OIG No. 6-1-22CB, December 4, 2006

In our opinion, the financial statements 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, 2005, and the results of its operations for the year then ended, in conformity with Generally Accepted Accounting Principles.

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

Accounting for Children in Out-of-Home Placements who are in the Custody of the Child and Family Service Agency, OIG No. 03-2-11RL (b), December 7, 2006

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

FISCAL YEAR 2007 AUDIT REPORT SUMMARIES

Audit of the Outsourcing of the Aging and Disabilities Resource Center, OIG No. 06-1-05MA(a), December 8, 2006

This report is the first in a series of reports to be issued covering nursing home reimbursements. Our audit focused on efforts by the Department of Health (DOH) Medical Assistance Administration, Office on Disabilities and Aging (MAA-ODA) to develop, operate, and manage an Aging and Disabilities Resource Center (ADRC). One of the major purposes of the ADRC was to enroll District residents in the Home and Community-Based Services Elderly and Adults with Physical Disabilities Waiver Program (HCBS EPD Waiver Program).

MAA-ODA officials were, for the third time, attempting to outsource (contract out) the ADRC without evaluating other options and providing documentation to support that doing so was in the best interest of the District of Columbia (District). While participation in the HCBS EPD Waiver Program has increased, officials did not fill all of the slots approved by the Centers for Medicare and Medicaid Services (CMS), and lost opportunities to provide in-home nursing care for District residents and save money by diverting them from more expensive nursing home care.

We estimate that had MAA officials filled all allotted HCBS EPD Waiver slots from 2002 to 2005, the District could have saved up to \$33.8 million. In addition, we estimate that if MAA-ODA officials fill all of the allotted HCBS EPD Waiver slots in 2006, the District can save \$2.8 million.

District of Columbia Comprehensive Annual Financial Report for the Year Ended September 30, 2006, OIG No. 07-1-05MA, January 31, 2007

BDO Seidman, LLP issued an Independent Auditors' Report on Internal Control and Compliance Over Financial Reporting on January 26, 2007. With the issuance of the FY 2006 CAFR, the city received its tenth consecutive unqualified opinion on its financial statements.

District of Columbia Independent Auditors' Report on Internal Control and Compliance Over Financial Reporting Fiscal Year Ended September 30, 2006, OIG No. 07-1-05MA, January 31, 2007

In connection with the audit of the District of Columbia's general purpose financial statements for FY 2006, BDO Seidman, LLP prepared the Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting. This report 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

FISCAL YEAR 2007 AUDIT REPORT SUMMARIES

consistent with the assertions of management in the basic financial statements. In the report, BDO Seidman, LLP identified the DCPS as a material weakness and the District's management of the Medicaid program as a reportable condition. BDO Seidman, LLP set forth recommendations for correcting those matters. In most cases, management responded favorably to the recommendations contained in the report and, in many cases, corrective action has already been undertaken to remedy the issues.

District Department of Transportation Highway Trust Fund Financial Statement Audit, for the Fiscal Year Ended September 30, 2006, OIG No. 07-1-01KA, February 1, 2007

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, 2006, and its revenues, expenditures, and changes in fund balance for the year then ended.

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

Audit of Compliance with Home Purchase Assistance Program Requirements, SP 06-014, February 7, 2007

We performed a limited scope audit of compliance with the requirements of the Home Purchase Assistance Program (HPAP). The audit was requested by the Consumer Service Advocate, Neighborhood Stabilization Program (NSP), Department of Consumer and Regulatory Affairs (DCRA). The DCRA request referred to properties located at 3328, 3330, and 3332 Martin Luther King, Jr. Avenue, S.E., Washington, D.C. Neighbors of those addresses complained to DCRA officials that the homes were bought using HPAP loans, but that the owners did not maintain the properties as their principal places of residence, and that one property was being used as a daycare center.

Our review of the properties located at 3328, 3330, and 3332 Martin Luther King, Jr. Avenue, S.E., disclosed no violation of HPAP provisions. However, deficiencies in administering HPAP, which the OIG and contract audit firms have noted in past audits, still apparently exist and were considered in formulating the recommendations cited in the report.

Audit of the Department of Parks and Recreation's Hiring Practices, OIG No. 06-2-21MA, February 8, 2007

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

FISCAL YEAR 2007 AUDIT REPORT SUMMARIES

Audit of the Third Party Administrator's Subcontractor Costs for the District of Columbia's Employee's Disability Compensation Program, OIG No. 06-1-07BG(a), March 9, 2007

The audit focused on a review of subcontractor costs as related to the contractual agreement between the District and the Third party Administrator (TPA). This audit was initiated after an analysis of subcontractor charges discovered questionable program costs during our initial audit of the Disability Compensation Program.

An analysis of subcontractor charges reported and paid for by the Office of Risk Management (ORM) revealed that the charges were unallowable. The subcontractor charges were for services covered under the \$9.4 million contract between ORM and the TPA and, therefore, unallowable. Additionally, ORM paid the subcontractor costs without identifying whether those charges were allowable. We estimate that as much as \$370,642 of the subcontractor costs may be recoverable.

Audit of the Department of Health's Contracting for Non-Emergency Transportation Services, OIG No. 05-2-18HC(c), March 13, 2007

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

Audit of the District's Administrative Services Modernization Program Cost and Benefit Assumptions, OIG No. 04-1-12MA(a), March 27, 2007

This audit examined the overall Administrative Services Modernization Program (ASMP) implementation process, the methods used to document and validate a one-time cost benefit of \$157 million to be realized through the implementation of ASMP, and \$63 million in projected annual recurring benefits. Further, we evaluated the effectiveness of coordination between District agencies and the Office of the Chief Technology Officer (OCTO) during ASMP planning and implementation phases.

Our audit identified numerous challenges that have plagued the ASMP system from its inception. The problems that the ASMP system has experienced include a flawed acquisition process, an unsubstantiated one-time savings of \$157 million, unrealized annual recurring benefits, and agency funded projects that have not resulted in completed modules. These events occurred because OCTO did not establish an effective acquisition strategy at the onset of the program, did not adequately verify the assumptions and values used in determining monetary benefits, and did not have total buy-in and/or support from agencies that were crucial for the success of this project. Although the ASMP system has taken the District from certain manual processes to modernized on-line processes and functions, the District has not realized the initial projected annual or recurring benefits. ASMP program shortfalls

FISCAL YEAR 2007 AUDIT REPORT SUMMARIES

were largely due to the ASMP system not being fully deployed. Currently, none of the five major modules have been fully implemented.

As a result, the District government has not obtained the planned operational capabilities or realized expected monetary benefits. The District needs to ensure that the next major system integration should include a viable acquisition strategy, realistic assumptions of costs and benefits, proper oversight from top officials, and periodic reviews and analyses of program costs and benefits.

District of Columbia Unemployment Compensation Fund Financial Statements, Management's Discussion and Analysis, and Independent Auditors' Report Fiscal Year Ended September 30, 2006, OIG No. 07-1-11BH, March 30, 2007

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2006, the independent auditor issued a final report on the District of Columbia Unemployment Compensation Fund.

The independent auditor opined that the financial statements present fairly, in all material respects, the financial position of the Fund for the years ended September 30, 2006, and 2005, in conformity with accounting principles generally accepted in the United States of America.

Washington Convention Center Authority Financial Statements, Management's Discussion and Analysis, and Independent Auditors' Report Fiscal Years Ended September 30, 2006, and September 30, 2005, OIG No. 07-1-12ES, April 2, 2007

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2006, the independent auditor issued a final report on the District of Columbia Washington Convention Center Authority (Authority).

The independent auditor opined that the financial statements present fairly, in all material respects, the financial position of the Authority for the years ended September 30, 2006, and 2005, in conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Accounting Standards*, the independent auditor also issued its report on consideration of the Authority's internal control over financial reporting and on its tests of the Authority's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

FISCAL YEAR 2007 AUDIT REPORT SUMMARIES

District of Columbia Anacostia Waterfront Corporation Financial Statements, Management's Discussion and Analysis, and Independent Auditors' Report Fiscal Year Ended September 30, 2006, OIG No. 07-1-14AW, April 4, 2007

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2006, the independent auditor issued a final report on the District of Columbia Washington Convention Center Authority (Authority).

The independent auditor opined that the financial statements present fairly, in all material respects, the financial position of the Authority for the years ended September 30, 2006, and 2005, in conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Accounting Standards*, the independent auditor also has issued its report on consideration of the Authority's internal control over financial reporting and on its tests of the Authority's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

District of Columbia Sports and Entertainment Commission Financial Statements and Management's Discussion and Analysis, and Independent Auditors' Report Fiscal Year Ended September 30, 2006, OIG No. 07-1-13SC, April 4, 2007

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2006, the independent auditor issued a final report on the District of Columbia Sports and Entertainment Commission (Commission).

The independent auditor opined that the financial statements present fairly, in all material respects, the financial position of the Commission for the years ended September 30, 2006, in conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Accounting Standards*, the independent auditor also has issued its report on consideration of the Commission's internal control over financial reporting and on its tests of the Commission's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

Audit of the District of Columbia Public Schools' Graduation Requirements, OIG No. 06-2-25GA, April 5, 2007

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

FISCAL YEAR 2007 AUDIT REPORT SUMMARIES

E911/E311 Special Revenue Fund Financial Statements and Independent Auditors' Report Fiscal Year Ended September 30, 2006, OIG No. 07-1-15UC, April 9, 2007

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2006, the independent auditor issued a final report on the District of E911/E311 Special Revenue Fund (Fund).

The independent auditor opined that the financial statements present fairly, in all material respects, the financial position of the Fund for the year ended September 30, 2006, in conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Accounting Standards*, the independent auditor also has issued its report on consideration of the Fund's internal control over financial reporting and on its tests of the Fund's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

Audit of the District of Columbia Employee Disability Compensation Program, OIG No. 06-1-07BG, April 23, 2007

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

University of the District of Columbia Financial Statements, Management's Discussion and Analysis, and Independent Auditors' Report Fiscal Years Ended September 30, 2006, and 2005, OIG No. 07-1-19GF, April 30, 2007

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2006, the independent auditor issued a final report on the University of the District of Columbia.

The independent auditor opined that the financial statements present fairly, in all material respects, the financial position of the University of the District of Columbia for the years ended September 30, 2005, and 2006, in conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Accounting Standards*, the independent auditor also has issued its report on consideration of the Commission's internal control over financial reporting and on its tests of the University's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

FISCAL YEAR 2007 AUDIT REPORT SUMMARIES

Audit of Home Health Care Agency Compliance with Legal Requirements for Paying Fixed-Hourly Labor Rates to Personal Care Assistants, OIG No. 06-2-24HC, April 30, 2007

At the request of Councilmember David A. Catania, the OIG completed an audit to determine whether the Department of Health's (DOH) Medical Assistance Administration (MAA) ensured that home health care agencies paid labor rates of \$10.50 per hour to personal care assistants in accordance with the Fiscal Year 2006 Budget Support Act of 2005 (Act), D.C. Law 16-33, § 5259, 52 D.C. Reg. 7503 (2005).

We found that MAA did not take the necessary actions to ensure that the home health care agencies paid personal care assistants a minimum of \$10.50 per hour as mandated by the Act, which became effective November 1, 2005. We found that only one of five home health care agencies included in our test promptly paid the required \$10.50 per hour wage rate to personal care assistants. As a result, personal care assistants at four of five home health care agencies were underpaid by \$94,887. Further, payroll records of 947 personal care assistants indicated that 410 were classified as independent contractors and paid the same \$10.50 rate as agency employees. However, as independent contractors, these personal care assistants did not receive the employers' share of Social Security taxes and Medicare, resulting in a savings to the provider of 7.65 percent of \$10.50 per hour. Despite this savings, providers are reimbursed by the District in the same hourly amount (\$16.30), irrespective of whether the work is performed by employees or independent contractors.

District of Columbia Lottery and Charitable Games Control Board Financial Statements, Management's Discussion and Analysis, and Independent Auditors' Report Fiscal Years Ended September 30, 2006, and 2005, OIG No. 07-1-18DC, April 30, 2007

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2006, the independent auditor issued a final report on the D.C. Lottery and Charitable Games Control Board (Lottery Board).

The independent auditor opined that the financial statements present fairly, in all material respects, the financial position of the Lottery Board for the years ended September 30, 2005, and 2006, in conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Accounting Standards*, the independent auditor also has issued its report on consideration of the Commission's internal control over financial reporting and on its tests of the Lottery Board's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

FISCAL YEAR 2007 AUDIT REPORT SUMMARIES

District of Columbia Memorandum of Advisory Comments Fiscal Year 2006, OIG No. 07-1-20MA, May 1, 2007

In connection with the audit of the District of Columbia's general purpose financial statements for FY 2006, BDO Seidman, LLP 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 a reportable condition in the management of the Medicaid Program and cited DCPS as a material weakness.

BDO Seidman, LLP 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.

District of Columbia Public Schools Budgetary Comparison Schedule for Fiscal Year 2006, OIG No. 07-1-22GA, May 17, 2007

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2006, BDO Seidman, LLP prepared a final report on the District of Columbia Public Schools (DCPS) Budgetary Comparison Schedule – Governmental Funds.

BDO Seidman, LLP 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 represent a portion of the District of Columbia's General Fund and Federal and Private Resources Fund - for the year ended September 30, 2006, in conformity with Generally Accepted Accounting Principles.

District of Columbia Tobacco Settlement Financing Corporation Financial Statements, Management's Discussion and Analysis, and Independent Auditors' Report Fiscal Year Ended September 30, 2006, OIG No. 07-1-21TT, May 17, 2007

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2006, Thompson, Cobb, Bazilio & Associates, PC (TCBA) prepared the final report on the Tobacco Settlement Financing Corporation (TSFC).

TCBA opined that the financial statements present fairly, in all material respects, the financial position of TSFC for the year ended September 30, 2006, in conformity with accounting principles generally accepted in the United States of America.

FISCAL YEAR 2007 AUDIT REPORT SUMMARIES

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, 2006, OIG No. 07-1-22GA(a), May 23, 2007

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, 2006, BDO Seidman, LLP prepared a summary of *Reportable Conditions in Internal Control Over Financial Reporting and Management Letter Comments*. This report provides information about DCPS' compliance with laws and regulations and the adequacy of internal controls, and also recommends actions to improve DCPS operations.

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

District of Columbia Department of Transportation- Report on the Examination of the District of Columbia's Highway Trust Fund Forecast Statements for Fiscal Years 2007-2011 with Actual Audited Figures for FY 2006, OIG No. 7-1-01KA(a), May 31, 2007

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.

Review of Homicide Closure Rates within the Metropolitan Police Department, OIG No. 07-2-02FA, June 26, 2007

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

Audit of the Local Roads Construction and Maintenance Fund, OIG No. 06-2-09KA, July 2, 2007

This audit was requested by Councilmember Carol Schwartz, former Chair, Committee on Public Works and the Environment. The Office of the Chief Financial Officer (OCFO)

FISCAL YEAR 2007 AUDIT REPORT SUMMARIES

provides accounting and budgeting services for the Local Roads Construction and Maintenance Fund (LRCMF).

The audit objectives were to determine whether: (1) the District's Department of Transportation (DDOT) complied with applicable laws and regulations in administering the LRCMF; (2) LRCMF revenues were properly assessed, collected, and accounted for; (3) LRCMF expenditures were proper; and (4) internal controls over program administration, revenue collection, and expenditures were adequate.

We found that the DDOT/OCFO did not always charge proper expenditures to the LRCMF. In FY 2006, DDOT/OCFO improperly charged \$1.48 million in non-LRCMF expenditures to the LRCMF. In addition, in FY 2005, DDOT/OCFO charged \$377,000 to the LRCMF, which should have been charged to another fund, the Highway Trust Fund.

Also, DDOT/OCFO did not have in place adequate internal controls over LRCMF revenues. There were no written policies and procedures, insufficient separation of duties over billings and receipts, and no reconciliation of billings to receipts and accounts receivable.

Audit of the Department of Health's Oversight of the District of Columbia Medicaid Managed Care Program, OIG No. 05-2-20HC, July 18, 2007

We found that MAA fiscally mismanaged the Managed Care Organization (MCO) program. We found that the strategy for setting annually renewable capitation rates was flawed when MAA officials did not adjust the capitation rates to levels which would have avoided excessive MCO profits and maximized dollar expenditures for patient care. Further, MAA did not have a system to collect and use valid encounter data to best identify and evaluate the extent that MCO members used medical services.

Conclusions were based on the fact that MAA accepted an actuarial methodology that used the total medical costs of three MCOs to develop a single base as the starting point for capitation rate development. This "one size fits all" method of setting capitation rates and the lack of encounter data resulted in Amerigroup receiving \$74 million (or 20.9 percent) more than necessary for patient care over the past 5 years. In addition, DC Chartered and Health Right received \$17.5 and \$5.1 million (or 4.2 and 3.8 percent, respectively) more than necessary for patient care over the past 5 years. More importantly, Amerigroup spent as little as 64 percent of its capitation payment on patient care, as compared to 77 percent or more spent by the same MCO in Maryland and New Jersey and the 76 to 86 percent spent in the District by DC Chartered Health Plan, Inc. and Health Right, Inc. This audit was recognized nationally in several media outlets.

FISCAL YEAR 2007 AUDIT REPORT SUMMARIES

Home Purchase Assistance Program Financial Statement Audits for the Fiscal Year Ended September 30, 2006 (With Independent Auditor's Report Thereon), OIG No. 07-1-29DB(a), August 20, 2007

The Independent Auditor's Reports on Financial Statements for the Fiscal Year Ended September 30, 2006, presented an unqualified opinion. The audit were conducted by contract under the purview of the OIG.

Home Purchase Assistance Program Management Letter September 30, 2006, OIG No. 07-1-29DB(b), August 20, 2007

In conjunction with the financial statement audit of the Home Purchase Assistance Program (HPAP) for the fiscal year ended September 30, 2006, Thompson, Cobb, Bazilio & Associates, P.C. submitted the enclosed Management Letter, issued under OIG Report No. 07-1-29DB(b). The Management Letter provides information about DHCD's compliance with laws and regulations and the adequacy of internal controls, and also contains a recommendation to improve DHCD operations.

DHCD responded favorably to the recommendation and has reported actions already underway to address the issue of charging and allocating administrative expenditures.

Audit of the Department of Public Works Fleet Management Administration's (FMA's) Billing Practices, OIG No. 06-2-11KT, September 18, 2007

The audit disclosed that although FMA officials were in the process of identifying the data needed to support the basis of billing rates for fleet management services, they could not adequately support the fully burdened shop labor rate for maintenance services and the markups on parts and other fleet services provided by the vehicle acquisition department. In addition, FMA officials did not always comply with policies and procedures related to calculating billing rates for fleet services. As a result, FMA did not recover at least \$1 million in operating costs for FY 2006 and has no assurance that the agency can recover its operating costs for FY 2007 and beyond. In addition, FMA officials could not accurately allocate the cost of providing fleet services to District agencies without properly identifying, recording, and classifying actual direct and indirect operating costs.



**FISCAL YEAR 2007 INSPECTIONS AND EVALUATION DIVISION
PERFORMANCE MEASURES STATISTICS**

Activity	FY 2007 Target	FY 2007 Actual
Number of Inspections Completed	6	6
Number of Re-inspections Completed	2	2

**FISCAL YEAR 2007 INSPECTIONS AND EVALUATIONS DIVISION
FINDINGS AND RECOMMENDATIONS STATISTICS**

Report	Findings	Recommendations
D.C. Village Emergency Shelter for Homeless Families	17	26
Department of Employment Services Workers' Compensation Processes – Resolution of Disputed Claims	10	14
Conditions in Fire and Emergency Medical Services (FEMS) Department Fire Stations	2	8
D.C. Department of Human Resources (DCHR) – Personnel Operations	28 (Under Review)	46 (Under Review)
Department of Mental Health (DMH) – School-Based Services and Special Education Centers	27 (Under Review)	54 (Under Review)
D.C. Emergency Management Agency	7 (Under Review)	12 (Under Review)
Office of the Chief Medical Examiner (OCME) – Report of Re-Inspection¹	-	16
Fire and Emergency Medical Services – Report of Re-Inspection²	16 (Under Review)	24 (Under Review)
MAR 07-I-001: DMH – Psychological Reevaluations	1	4
MAR 07-I-002: FEMS – Universal Precautions Training	1	3
MAR 07-I-003: OCME – District Has No Standard Process for Prompt, Official Pronouncement of Death	1	1

¹ The OCME Report of Re-Inspection contained 16 new recommendations.

² The FEMS Report of Re-Inspection, when issued in FY 2008, will include new findings and new recommendations.

**FISCAL YEAR 2007 INSPECTIONS AND EVALUATIONS DIVISION
FINDINGS AND RECOMMENDATIONS STATISTICS**

Report	Findings	Recommendations
MAR 07-I-004: FEMS – Deficiencies in the Security and Readiness of Reserve Ambulances	3	5
MAR 07-I-005: FEMS – Deficiencies at Engine Company 16	1	2
MAR 07-I-006: DMH – Clinicians Without Completed Background Checks Providing Direct Services	1	5
MAR 07-I-007: FEMS – Inoperative Smoke Detectors in FEMS Fire Stations	1	1
MAR 07-I-008: OCME – More Medicolegal Investigators Needed; Collaboration with MPD Investigators Questioned	2	3
MAR 07-I-009: Department of Consumer & Regulator Affairs; Department of Human Resources – D.C. Engineers’ Exemption From Licensure Law Questioned	1	1
Total	119	225



**FISCAL YEARS 2006 & 2007 INVESTIGATIONS DIVISION
PERFORMANCE MEASURE STATISTICS**

Activity	FY 2006 Targets	FY 2006 Actuals	FY 2007 Targets	FY 2007 Actuals
Evaluate all complaints within 3 days of receipt in the Investigations Division	75%	87%	80%	97%
Complete every preliminary investigation within 1 month of assigning case to investigator in the Investigations Division	75%	50%	80%	86%
Close all administrative investigations pending in the Investigations Division at the beginning of the fiscal year	60%	50%	65%	100%
Clear all Hotline calls received during fiscal year	80%	98%	85%	97%
Prepare a referral letter to the appropriate District department or agency within 1 week of a complaint being assigned to the Referral Program	80%	95%	85%	99%

**FISCAL YEARS 2006 & 2007 INVESTIGATIONS DIVISION
PERFORMANCE STATISTICS
FISCAL YEARS 2004 - 2007**

Activity	FY 2004	FY 2005	FY 2006	FY 2007
Investigative Matters Addressed	421	455	433	551
Investigations Opened	107	121	102	118
Investigations Closed	253	290	239	263
Investigative Reports Prepared	8	15	9	6
Cases Referred	154	195	191	301
Referred Cases Closed	134	169	193	316
Cases Accepted by USAO	23	46	20	22
Cases Presented to USAO	60	71	66	92
Cases Presented to OAG	9	14	14	17
Restitutions and Fines	\$4,926,115	\$261,821	\$511,939	\$2,525,460.27
Recoveries	\$10,658	\$9,466,312	\$233,238	\$49,665.41
Convictions	15	12	18	12
Indictments	14	11	14	7
MARs	1	3	2	0
FARs	0	0	1	0

**FISCAL YEAR 2007 INVESTIGATIONS DIVISION
CASES CLOSED BY AGENCY**

Agency/Office	Total
Advisory Neighborhood Commission	1
Attorney General, Office of the	4
Board of Elections and Ethics	1
Chief Financial Officer, Office of the	4
Chief Technology Officer, Office of the	9
Chief Medical Examiner, Office of the	1
Child and Family Services Agency	4
City Administrator, Office of the	1
D.C. Emergency Management Agency	1
D.C. Housing Authority	1
D.C. Lottery and Charitable Games Control Board	1
D.C. Office of Personnel*	2
D.C. Public Charter Schools	1
D.C. Public Library	1
D.C. Public Schools	19
D.C. Sports and Entertainment Commission	1
Dept. of Consumer and Regulatory Affairs	6
Dept. of Corrections	5
Dept. of Employment Services	17
Dept. of Fire and Emergency Medical Services	6
Dept. of Health	13
Dept. of Human Services	18
Dept. of Mental Health	1
Dept. of Motor Vehicles	13
Dept. of Parks and Recreation	4
Dept. of Public Works	4
Dept. of Transportation	4
Dept. of Youth Rehabilitation Services	1
Executive Office of the Mayor	2
Inspector General, Office of the	1
Local Business and Economic Development Office**	1
Metropolitan Police Department	6
Office of Cable Television and Telecommunications	1
Office of Communications	1
Office of Contracting & Procurement	3

**FISCAL YEAR 2007 INVESTIGATIONS DIVISION
CASES CLOSED BY AGENCY**

Agency/Office	Total
Office of Energy	1
Office of Property Management	4
Office of Risk Management	3
Other	2
State Education Office***	1
University of the District of Columbia	4
Total Closed Investigations	174

*Currently, the D.C. Department of Human Resources

**Currently, the D.C. Department of Small, Local, & Disadvantaged Business Development

***Currently, the Office of the State Superintendent of Education

FISCAL YEAR 2007 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	2	3	2	1	8
Physical assaults or threats of violence	1	0	1	2	4
Fraud, theft, or false claims	8	4	5	7	24
Bribery, extortion, kickbacks, or illegal gratuities	3	1	3	2	9
Misuse of government funds or property, or use of official position for private gain	4	8	7	6	25
Governmental waste, inefficiency, or mismanagement	6	7	7	2	22
Contract fraud or procurement violations	3	2	1	1	7
False statements	1	1	0	1	3
Ethics violations and conflicts of interest	1	2	0	2	5
Time and attendance fraud	2	2	3	5	12
Harassment, retaliation, or abuse of authority by a supervisor or by another government official	5	6	4	4	19
Hiring, promotion, or other treatment of employees in violation of personnel regulations	4	8	3	3	18
Incivility or lack of response from an agency	2	2	2	3	9
Miscellaneous	2	2	3	1	8
Totals	44¹	48	41	40	173

¹ Three hotline calls that came in during the first quarter of FY 2007 were not recorded in time for the publishing of the *Quarterly Hotline Report to Congress*; the corrected figure is noted here.

FISCAL YEAR 2007 INVESTIGATIONS DIVISION REFERRAL STATISTICS

Agency	No. of Referrals
Alcoholic Beverage Regulation Administration	1
Board of Elections and Ethics	2
Child and Family Services Agency	4
D.C. Superior Court	1
D.C. Housing Authority	7
D.C. National Guard	1
D.C. Public Schools (DCPS)	10
DCPS Transportation Division	1
D.C. Taxicab Commission	1
Department of Consumer and Regulatory Affairs (DCRA)	35
Department of Corrections	1
Department of Employment Services	5
Department of Fire & Emergency Medical Services	8
Department of Health (DOH)	8
Department of Human Resources*	12
Department of Human Services	12
Department of Insurance, Securities & Banking	2
Department of Mental Health	4
Department of Motor Vehicles (DMV)	14
Department of Parks and Recreation	1
Department of Public Works	10
Department of Youth Rehabilitation Services	3
District Department of Transportation	6
Federal and State Referrals**	51
Mental Retardation & Developmental Disabilities Admin.	1
Metropolitan Police Department (MPD)	26
National Capital Revitalization Corporation	1
Office of Advisory Neighborhood Commissions	1
Office of the Attorney General for the District of Columbia	9
Office of Campaign Finance	5
Office of the Chief Financial Officer	11
Office of the Chief Technology Officer	2
Office of Community Relations and Services (OCRS)	1

FISCAL YEAR 2007 INVESTIGATIONS DIVISION REFERRAL STATISTICS

Agency	No. of Referrals
Office of Contracting and Procurement	1
Office of the District of Columbia Auditor	1
Office of Human Rights	4
Office of Inspector General (Audit Division)	7
Office of Inspector General (Legal Division)	1
Office of Inspector General (Medicaid Fraud Control Unit)	10
Office of Labor Relations & Collective Bargaining	1
Office of Property Management	2
Office of Risk Management	1
Office of the Secretary of the District of Columbia	1
Office of Unified Command Center	1
Police & Firefighters' Retirement & Relief Board	2
Split Referrals***	4
University of the District of Columbia (UDC)	5
Washington Convention Center Authority	1
Water and Sewer Authority	2
Total Referrals:	301

*includes referrals sent to the agency under its previous name, D.C. Office of Personnel

**Federal and State Referrals (51):

Bureau of Prisons	2
Court Services & Offender Supervision Agency	1
Dept. of Commerce Office of Inspector General	1
Dept. of Defense Office of Inspector General	2
Dept. of Education Office of Inspector General	1
Dept. of Health & Human Services	1
Dept. of Homeland Security	2
Dept. of Homeland Security Office of Inspector General	2
Dept. of Housing & Urban Development Office of Inspector General	2
Dept. of Interior	1
Dept. of Justice	6
Dept. of Justice Office of Inspector General	4
Dept. of Veterans' Affairs Office of Inspector General	5
Environmental Protection Agency Office of Inspector General	1

FISCAL YEAR 2007 INVESTIGATIONS DIVISION REFERRAL STATISTICS

Federal Bureau of Investigation	2
Federal Bureau of Prisons	2
General Accountability Office	3
General Services Administration Office of Inspector General	1
Internal Revenue Service	1
Postal Service Office of Inspector General	4
Secret Service	2
Walter Reed Army Medical Center	2
Walter Reed Army Medical Center Office of Inspector General	2
Virginia Dept. of Corrections Office of Inspector General	1

*****Split Referrals:**

1. D.C. Superior Court and U.S. Department of Justice Office of Inspector General
2. Department of Employment Services and D.C. Public Schools
3. City Administrator, D.C. Council, and Metropolitan Police Department
4. U.S. Secret Service and U.S. Department of Homeland Security

FISCAL YEAR 2007 INVESTIGATIONS DIVISION REFERRAL RESOLUTIONS

Referral Resolution	No. of Referrals
Suspension Without Pay	1
Agency Deadline Not Yet Expired	21
Referral Sent With No Response Requested	145
Allegation(s) Unsubstantiated	20
Allegation(s) Disproven	37
Agency Addressed Citizen's Complaints	12
Counsel, Training, or Instruction Provided	5
Written Warning or Reprimand	2
Termination	1
Agency Reviewed/Revised Its Procedures	4
Agency Explained the Issue/No Action Required	14
Case Closed Administratively	9
Agency Failed Timely to Respond – Delinquent*	26
Miscellaneous**	4
Total	301

* DCPS: 3 DMV: 2 MPD: 1 UDC: 2
 DCRA: 11 DOH: 5 OCRS: 1

- ** 1. Matter in litigation
 2. Matter too complex to summarize
 3. Complainant withdrew complaint
 4. Complainant declined to cooperate



**FISCAL YEAR 2007 MEDICAID FRAUD CONTROL UNIT
PERFORMANCE MEASURE STATISTICS**

Activity	FY 2007 Target	FY 2007 Actual
Evaluate abuse/neglect complaints within 1 business day of receipt	80%	94%
Evaluate fraud complaints received within 30 days of receipt	80%	98%
Evaluate complaints of funds/property misappropriation within 5 days of receipt	80%	93%
Provide training/in-service education to 10 relevant entities in fiscal year*	80%	100%
Obtain 10 criminal/civil resolutions (plea, settlement, or verdict) in fiscal year**	80%	170%

* MFCU provided 10 trainings

** MFCU resolved 17 cases



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