



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

---

# **FISCAL YEAR 2009 AUDIT AND INSPECTION PLAN**

**CHARLES J. WILLOUGHBY  
INSPECTOR GENERAL**

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

**Inspector General**



August 29, 2008

The Honorable Adrian M. Fenty  
Mayor of the District of Columbia  
Mayor's Correspondence Unit  
John A. Wilson Building, Suite 221  
1350 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004

The Honorable Vincent C. Gray  
Chairman  
Council of the District of Columbia  
John A. Wilson Building, Suite 504  
1350 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004

**RE: Office of the Inspector General's Fiscal Year 2009 Audit and  
Inspection Plan**

Dear Mayor Fenty and Chairman Gray:

This letter transmits the Office of the Inspector General's (OIG) *Fiscal Year 2009 Audit and Inspection Plan* (Plan). This Plan has been prepared pursuant to D.C. Code § 2-302.08(a)(3)(I) (2001), which states, in part, that the Inspector General shall "[n]ot later than 30 days before the beginning of each fiscal year . . . and in consultation with the Mayor... [and] the Council. . . establish an annual plan for audits to be conducted under this paragraph. . . ." For your convenience, as we did last year, we have incorporated our strategy for inspections into the Plan.

The Plan contains audits and inspections that are discretionary, required by law, or identified pursuant to special requests from District leaders, managers, and other stakeholders. Specifically, our Plan provides for conducting reviews that are designed to assess the results of various budgeted programs, which includes the economy and efficiency of actions taken to attain those results. The Plan includes OIG initiatives for audit and inspection coverage that will focus on areas that present the highest risks to maintaining the District's fiscal integrity and continued financial strength.

In formulating the Plan, we identified agencies and programs considered material in terms of service delivery and fiscal impact. Additionally, we considered risk factors, which include the following:

- material internal control weaknesses;
- potential fraud, other criminal acts, or improper practices;
- substantial violations of program directives or poor management practices that could seriously affect program accomplishment;
- major inefficiencies in the use of resources or management of operations; and
- significant program performance issues.

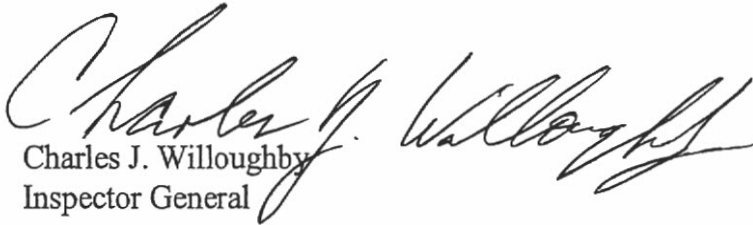
The OIG has and continues to play a role in assisting District management in addressing areas of risk. As such, we have developed six strategic themes that will govern our operations, help us achieve our mandated mission, and further the Mayor's strategic initiatives. These themes are:

- I. Revenue Enhancement
- II. Spending and Efficient Use of Resources
- III. Delivery of Citizen Services
- IV. Support Services
- V. Audits Required by Law
- VI. District of Columbia Education Programs

The reality of having limited resources and the unknown priorities arising from exigencies throughout the year often determine how many audits or inspections we can ultimately initiate and complete in any fiscal year. Also, many of the audit and inspection areas included transcend a given fiscal year. It is our hope that District managers will use this Plan to help further identify risk areas within their respective agencies so that they may begin to address issues identified herein, or previously reported, and begin to take actions to improve operational efficiencies before our audit or inspection. Accordingly, this plan should be viewed by management as a risk assessment of District programs and operations.

Copies of the enclosed Plan and our published audit and inspection reports are available at <http://oig.dc.gov>. If you have questions or desire additional information, please contact William J. DiVello, Assistant Inspector General for Audit; Alvin Wright, Jr., Assistant Inspector General for Inspections and Evaluations; or me at (202) 727-2540.

Sincerely,

  
Charles J. Willoughby  
Inspector General

Enclosure

CJW/cf

cc: See Distribution List

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**FISCAL YEAR 2009  
AUDIT AND INSPECTION PLAN**

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# **INTRODUCTION**





## INTRODUCTION

The Office of the Inspector General (OIG) is pleased to present the Fiscal Year 2009 Audit and Inspection Plan (Plan) for the Government of the District of Columbia. Pursuant to D.C. Code § 2-302.08(a)(3)(I) (2001), the OIG, in consultation with the Mayor and the District of Columbia City Council (Council), is required to establish an audit plan 30 days prior to the commencement of the new fiscal year.

The Plan includes descriptions of mandated and discretionary audits and inspections to be conducted in the upcoming fiscal year based on risk assessments of vulnerable programs and issues; input from the District's executive and legislative leadership, agency officials, and other stakeholders; and the requirements of federal law. We have also included audits and inspections ongoing as of September 1, 2008.

In an effort to sharpen the focus of our audits and inspections, the OIG continuously assesses those programs and activities that pose the greatest risk to the District. Statutory mandates govern the conduct of many of our activities; however, the majority of our activities are discretionary, often addressing concerns and interests of elected officials, agency heads, and members of the District community. District officials and other stakeholders have emphasized their continuing commitment to avoid risks that could trigger the re-emergence of budget deficits and management inefficiencies.

The Plan includes OIG initiatives for audit and inspection coverage that will focus on areas that present the highest risks to maintaining the District's fiscal integrity and continued financial strength. In assessing these risks, our audit plan has been designed to concentrate on six strategic themes that will govern our operations, help us achieve our mandated mission, and further the Mayor's strategic initiatives. These themes are:

- I. Revenue Enhancement
- II. Spending and Efficient Use of Resources
- III. Delivery of Citizen Services
- IV. Support Services
- V. Audits Required by Law
- VI. District of Columbia Education Programs

We have undertaken an ambitious Plan, shaped in part by concerns raised by District leadership. Accordingly, our Plan reflects ideas and suggestions from the Mayor's office, Council members, District agency officials, and others. The listing of a particular audit or inspection in this plan does not necessarily mean that problems exist or guarantee that a review will be undertaken. The reality of having limited resources and the unknown priorities arising from exigencies throughout the year often determine which audits or inspections can ultimately be initiated in any fiscal year. Additionally, this plan is designed to address audit areas that transcend a given fiscal year until identified risks facing the District are mitigated.

The following is a brief explanation of the audit and inspection process and a short summary of each audit and inspection, ongoing as of September 1, 2008, or planned for Fiscal Year 2009. They are categorized first by theme and then by issue area within a theme. Issue areas are not mutually exclusive of other themes; however, an audit or inspection is listed under the issue area where the majority of the reviews are intended to focus their efforts.

# **THE AUDIT PROCESS**



## **THE AUDIT PROCESS**

An established sequence of events occurs for every audit conducted. These steps include the announcement of the audit (engagement letter), entrance conference, fieldwork, exit conference, a resolution process, and audit follow-up. Each step is discussed below.

### **Engagement Letter**

Prior to the start of an audit, we normally send the head of the agency a letter announcing the audit. The letter includes the title of the audit effort and a project number and describes the audit objectives, the scope of the review, and the planned starting date. The letter also explains that we plan to hold an entrance conference to brief the appropriate management officials about the audit. The engagement letter may also advise agencies of our working space requirements, any specific information needs, and other support requirements.

### **Entrance Conference**

At the beginning of each audit, we hold a formal entrance conference with the management officials whose operations are to be audited. It is at this initial meeting that the auditors explain the purpose of the audit, including the audit objectives, the scope of the audit effort, audit methodologies, and the audit reporting process. If management has requested the audit, it is an opportune time to discuss management's concerns and possibly adjust or add specific audit objectives to focus on management's specific areas of interest or potential problems. During the conference, we encourage management officials to bring to the attention of the audit team members any concerns, ideas, or special circumstances concerning the matters to be audited.

### **Fieldwork**

Audit fieldwork begins with the survey phase. In the survey phase, we obtain information on a program, activity, or function and perform initial tests in line with our audit objectives to discern any vulnerable areas on which we need to focus our audit efforts. After we complete the survey work, we will determine whether there is sufficient basis for additional audit work. When such a determination is made, we perform the second phase of fieldwork, which is the audit execution phase. Normally, the bulk of the audit work is performed in the audit execution phase, when more extensive reviews of records and documentation are undertaken and detailed tests are performed to determine whether programs and systems are functioning as intended. In this phase, the

auditors will begin to develop their findings and recommendations. Audit fieldwork often requires the cooperation of agency personnel to answer questions; provide access to original records, documentation, and files; and prepare information requested by the auditors. Keeping in mind that agencies need to focus on their normal workload, our auditors make every attempt to limit requests for information to the level necessary to complete the audit.

### **Keeping Agency Officials Informed**

During the course of the audit, we keep management officials advised of any deficiencies and/or weaknesses we identify. Our auditors are instructed to keep agency officials informed of the audit's progress and to be alert to issues that need to be immediately brought to management's attention. Managers of an organization being audited can also expect the following types of formal communications:

***Audit Memoranda.*** As the audit progresses, we may provide the agency head with interim findings (such as a Management Alert Report) or discussion drafts to alert the agency head of matters requiring immediate attention or action and to obtain informal comments regarding the accuracy and completeness of the audit findings.

This early communication serves three purposes:

1. It gives the agency the opportunity to voice concerns and provide additional information.
2. It reduces misunderstandings or inaccuracies.
3. It allows agencies to correct problems as they are identified.

***Audit Exit Conference.*** After all audit work is completed, we conduct an exit conference with agency officials. At the exit conference, we summarize the issues previously brought to management's attention as well as the findings and recommendations we may have developed. This is an opportune time to discuss the corrective actions needed to address any deficiencies. We encourage management to take immediate corrective action, if possible. Substantiated corrective actions taken by management are included in our draft report.

***Draft Audit Reports.*** After considering any comments and concerns raised at the exit conference, we prepare a draft report and send it to agency officials responsible for ensuring implementation of the corrective actions. Usually, we request the agency official to respond in writing to a draft report within 15 business days. The reply should include the actions taken and planned, target dates for any uncompleted actions, and the reasons for any disagreements with the findings or recommendations.

***Final Report.*** After carefully analyzing management's response to the draft report, we incorporate management's response into the body of the report and include the full text of the reply in an appendix to the report. We send copies of the final report to the official responsible for taking corrective action. This usually is the head of the agency. Copies of the final report are also provided to the Mayor, City Administrator, D.C. Council, and other officials, as appropriate. OIG audit reports may also be provided to congressional committees, individual members of Congress, and the press. Generally, audit reports are available to the public on the OIG website.

***Resolution Process.*** Prior to issuing the final report, the OIG will make every reasonable effort to resolve a disagreement with agency officials responsible for acting on report recommendations. If an agreement is not attainable, the final report will be issued and agency officials will be given another opportunity to comment on the final report. If comments to the final report indicate a continuing disagreement with the report's findings or recommendations, the issue will be resolved at the Inspector General level in conjunction with the Mayor.

***Audit Follow-up.*** District officials and managers are responsible for implementing the corrective actions they have agreed to undertake in response to the audit report. The OIG monitors progress in implementing audit recommendations. Periodically, the OIG conducts follow-up audits to verify that pledged actions have been taken and were effective in correcting reported deficiencies. In addition, the Executive Office of the Mayor has initiated a system to track OIG recommendations, agency responses, and corrective actions.





# **ADDITIONAL REPORTING MECHANISMS**



## **ADDITIONAL REPORTING MECHANISMS**

In addition to final reports issued upon the completion of an engagement, the OIG has instituted special reports to include:

- Management Alert Report (MAR)
- Management Implication Report (MIR)
- Fraud Alert Report (FAR)

A MAR is a report that is issued to the head of an agency for the purpose of identifying systemic problems that should and can be addressed during an audit, investigation, or inspection process. This report can also be used as a quick reaction report when it is necessary to advise management that significant time-sensitive action is needed.

A MIR is a report that is issued during or at the completion of an audit, investigation, or inspection alerting all District agencies of a potential problem, which may or may not be occurring in their particular agency.

A FAR is a report identifying a fraudulent scheme or schemes discovered most commonly as a result of a criminal investigation. This report, which is usually issued by our investigative division, is issued to alert all District agencies to be “on the lookout” for similar schemes.



# **AUDIT THEME/AGENCY INDEX**



Theme/Issue Area/Review Title	A G E N C Y <sup>1</sup>	S T A T U S <sup>2</sup>	P A G E
<b>I. Revenue Enhancement</b>			
<b>A. Medicaid</b>			
1. Medicaid Research Project	MA	O	26
2. Managed Care Organization (MCO) Costs	MA	O	26
3. Intermediate Care Facilities for the Mentally Retarded	MA	O	27
4. Third-Party Liability	MA	P	28
5. Management Operations of the Community Health Administration	MA	O	28
6. Nursing Home Reimbursements	MA	P	29
7. Prior Authorization for Medicaid Funded Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DME/POS)	MA	P	29
8. Medicaid Claim Payments	MA	P	30
9. Income Maintenance Eligibility Determination	JA	P	30
10. Denied Medical Claims	MA	P	31
11. Classifying and Recording Managed Care Organizations' Administrative and Medical Costs	MA	P	31
<b>B. Grant Management</b>			
12. Review of Grant Allegations at the Department of Health	MA	O	33
13. Appropriated Funds for Citizen Protection	AE	P	33
14. Lapsed Grant Funds	MA	P	33
<b>C. Tax Collections</b>			
15. Tax Appeal Process	AT	P	34
16. Collection of Business Franchise Taxes	AT	P	35
17. Delinquent Tax Collections/Offers in Compromise	AT	P	35
<b>D. Other Revenue Issues</b>			
18. Photo Radar Enforcement Program	FA	O	36
19. Parking Enforcement Services	MA	O	37
20. Parking Lot Revenues at the University of the District of Columbia	KA	O	37
21. Condominium Conversion Fees	CR	O	38
22. Building Permits and Certificate of Occupancy Fees	CR	P	39
23. Monitoring and Analyzing Telecommunications User Fees	TO	P	39

<sup>1</sup> Agency's codes identified correspond to the two-digit codes assigned by Mayor's Budget Office. "MA" represents audits for which fieldwork will be conducted at multiple agencies.

<sup>2</sup> "O" indicates the review is ongoing as of September 1, 2008, and "P" indicates the review is planned to start in FY 2009.



Theme/Issue Area/Review Title	A G E N C Y <sup>1</sup>	S T A T U S <sup>2</sup>	P A G E
<b>24. D.C. Lottery and Charitable Games Control Board Operations</b>	DC	P	40
<b>25. Disposition of 401(a) Defined Contribution Pension Plan Forfeited Funds - Follow-up Audit</b>	AT	P	41
<b>II. Spending and Efficient Use of Resources</b>			
<b>A. Procurement</b>			
<b>26. Ambulance Billing Contracts</b>	FB	O	42
<b>27. Vendor/Provider Payment Process</b>	MA	P	43
<b>28. Contracting and Procurement Operations at the Office of the Chief Financial Officer (CFO)</b>	MA	P	44
<b>29. Advance Payments to Contractors</b>	MA	P	44
<b>30. Contracting Officer Technical Representative Appointments and Administration of District Contracts</b>	AT	P	45
<b>31. Delegation of Contracting Authority to District Agencies</b>	PO	P	46
<b>32. Forecast and Allocation of Fixed Cost – Phase II</b>	MA	P	46
<b>33. District of Columbia Supply Schedule</b>	MA	P	47
<b>34. Consolidated Forensic Laboratory</b>	HC	P	47
<b>35. Construction and Building Permits at the Department of Consumer and Regulatory Affairs</b>	MA	P	48
<b>36. Expert and Consulting Services</b>	MA	P	49
<b>37. Construction Contracts</b>	MA	P	49
<b>38. Contract File Management</b>	MA	P	50
<b>39. Contractor Debarments and Suspensions</b>	PO	P	51
<b>B. Social Service Spending</b>			
<b>40. Energy Assistance Program</b>	HC	P	52
<b>41. The Department of Disability Services</b>	GF	P	53
<b>42. Department of Parks and Recreation Before and After School Care Program</b>	HA	P	53
<b>43. Addiction, Prevention and Recovery Administration</b>	HC	P	54
<b>C. Other Spending Programs</b>			
<b>44. Management of District Infrastructure Assets</b>	KA	P	54
<b>45. Capital Fund Budget Authority</b>	EB	P	55
<b>46. “O” Types Revenue Funds</b>	MA	P	56
<b>47. Alcoholic Beverage Regulation Administration</b>	LQ	P	57
<b>48. District of Columbia Child Support Customer Service Unit</b>	RL	P	57
<b>49. Asset Management Program</b>	MA	P	58

Theme/Issue Area/Review Title	A G E N C Y <sup>1</sup>	S T A T U S <sup>2</sup>	P A G E
<b>50. Deferred Maintenance</b>	MA	P	59
<b>51. Vacant and Abandoned Property</b>	MA	P	59
<b>52. Water and Sewer Authority Contracting and Procurement Practices</b>	LA	P	60
<b>III. Delivery of Citizen Services</b>			
<b>A. Core Services</b>			
<b>53. Triennial Follow-Up of Agency Recommendations</b>	MA	P	61
<b>54. Unified Communication Purchase Cards</b>	UC	P	62
<b>55. Management Operations of the Office of Cable Television</b>	CT	O	63
<b>56. Contracting Actions at the Office of the Chief Technology Officer (OCTO)</b>	TO	O	63
<b>57. DCRA Inspection of Residential Properties</b>	CR	P	64
<b>58. HSEMA's Emergency Plans and Strategies</b>	MA	P	65
<b>59. District Department of Transportation</b>	CF	P	65
<b>60. Health Care Alliance</b>	HC	P	66
<b>61. Community Outreach and Extension Services</b>	GF	P	67
<b>62. Closure and Construction of Public Libraries</b>	MA	P	68
<b>63. Family and Maternal Health Administration</b>	MA	P	68
<b>64. D.C. Taxicab Commission</b>	TC	P	69
<b>65. District of Columbia Jail</b>	FL	P	69
<b>66. Community Policing</b>	FA	P	70
<b>67. Homeland Security/Emergency Preparedness After-Action Reports</b>	MA	P	70
<b>68. Building Security – Protective Services Division</b>	MA	P	71
<b>IV. Support Services</b>			
<b>A. Information Systems</b>			
<b>69. Medicaid Management Information System</b>	MA	O	72
<b>70. District's Surveillance Network System</b>	MA	P	73
<b>71. Survey of the District's Existing and Planned Information Technology (IT) Resources</b>	MA	P	74
<b>72. Application Controls for the Integrated tax System</b>	TO	P	74
<b>73. District of Columbia's Entity-Wide Security Programs</b>	TO	P	75
<b>74. District Agencies' Efforts to Protect Sensitive Information</b>	MA	P	76
<b>75. DMV Online Services</b>	KV	P	76
<b>76. Protection of Information Systems Supporting Critical Government Infrastructures</b>	TO	P	77

Theme/Issue Area/Review Title	A G E N C Y <sup>1</sup>	S T A T U S <sup>2</sup>	P A G E
77. Protection of Network and Internet Services	TO	P	78
78. Disaster Recovery and Contingency Planning for District Financial Systems	TO	P	78
79. DCPS Personnel and Payroll System	GA	P	79
80. Systems Review of the Child Welfare System	MA	P	80
81. Unified Communications Center	UC	P	80
<b>B. Human Capital</b>			
82. Employee Qualifications and Background Checks	MA	P	81
83. Educational Requirements for District Jobs/Positions	MA	P	82
84. Correctional Officer Qualifications and Training	FL	P	82
85. Processes for Competitive Hiring and Promotions	JA	P	83
86. District Employee Suspensions with Pay	MA	P	83
87. District Employees' Use of Sick Leave	MA	P	84
88. District Employees' Use of Administrative Leave	MA	P	84
89. Ethics Awareness and Training for District Employees and Prospective Contractors	MA	P	85
<b>V. Audits Required by Law</b>			
<b>A. Financial Integrity</b>			
90. Comprehensive Annual Financial Report (CAFR) for FY 2007	MA	O/P	86
91. Home Purchase Assistance Fund	DB	O/P	87
92. Professional Engineers' Fund	CR	O/P	88
93. District of Columbia Antifraud Fund	CB	O/P	88
94. District of Columbia Highway Trust Fund and 5-Year Forecast	KT	O/P	89
<b>VI. DCEP Resident Audit Site</b>			
95. Payroll Verification Audit for the District of Columbia Public Schools	GA	O	90
96. Notification Procedures of the D.C. Public Charter School Board and the D.C. Board of Zoning Adjustment	GA	O	91
97. Services Provided By Teachers Institute for the District of Columbia Public Schools	GA	O	92
98. The Department of Employment Services Summer Youth Program of the Passport-to-Work Program	MA	P	92
99. Maintenance and Repairs at DCPS Buildings	GA	P	93
100. Negotiated Service Contracts	GA	P	94

<b>Theme/Issue Area/Review Title</b>	<b>A G E N C Y<sup>1</sup></b>	<b>S T A T U S<sup>2</sup></b>	<b>P A G E</b>
<b>101. Free and Reduced Priced Meals</b>	GA	P	94
<b>102. Grant Revenue</b>	GA	P	95
<b>103. Non-Emergency Transportation of DCPS Students</b>	GA	P	96
<b>104. DCPS Athletics Program</b>	GA	P	97
<b>105. Special Education Capacity and Utilization</b>	GA	P	97
<b>106. Benchmarking Reviews of Key DCPS Issues</b>	GA	P	98
<b>107. Matching Educational Requirements with the District's Future Economic Development Needs</b>	GA	P	99
<b>108. Management of Truancy at DCPS</b>	GA	P	99
<b>109. Evaluation of the Progress for the Transition of Special Education Students Out of the Special Education Program</b>	GA	P	100
<b>110. Non-Public Tuition Program</b>	GA	P	101
<b>111. Office of Public Education Facilities Modernization Business Operations</b>	GA	P	102



# **PLANNED AND ONGOING AUDITS**



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## I. REVENUE ENHANCEMENT

As the nation's capital, the District's taxable property base is reduced by about 42 percent for expressly exempted real property (i.e., federal buildings, foreign embassies, national monuments, and museums.) This severely limits the District's ability to generate additional revenue, making it increasingly difficult to meet planned spending levels. For FY 2009, we will continue to focus on audits that assess whether the District is effective in levying and collecting tax-based revenue, acting on all grant-based revenue opportunities, executing effective Medicaid reimbursement programs in the agencies, and optimizing other revenue generating activities. These audits address whether the District is maximizing its revenue potential from all known revenue sources. For FY 2009, the gross funds operating budget is about \$8 billion.

We categorized planned Revenue Enhancement reviews into Issue Areas that, while not mutually exclusive of other OIG themes, are primarily focused on the Revenue Enhancement theme. Accordingly, the Issue Areas are Medicaid, Grants Management, Tax Collections, and Other Revenue Issues.

### A. Medicaid

The District's Medicaid Program will spend over \$1 billion in FY 2009. The Medicaid Program has been of continuing concern to the District for some time and has been identified in recent Management Reports related to the Comprehensive Annual Financial Report as a material weakness affecting the District's financial management infrastructure. Past Congressional committees, as well as the Mayor and the Council, have recognized that Medicaid is a serious problem for the District that has threatened the solvency of some District agencies. For these reasons, the OIG has designated the Medicaid Program as a major issue area until the risk to the District is more manageable. Additionally, the Department of Healthcare Finance Establishment Act of 2007, D.C. Law 17-0109, establishes the Department of Health Care Finance (DHCF). Effective October 1, 2008, the DHCF will be responsible for financing health care services associated with the Medicaid and Alliance Programs. Accordingly, our plan for Medicaid coverage is citywide and comprehensive. Reviews contemplated include Medicaid transportation, Medicaid eligibility, Medicaid documentation, and Medicaid records management. Additionally, we will soon complete our Medicaid research project that is intended for management's use to help resolve past and current Medicaid problems and new pressures on the Medicaid Program.



**NO. 1** **Multi-Agency** **STATUS: Ongoing**

**TITLE: MEDICAID RESEARCH PROJECT**

**OBJECTIVES:** The research objectives are to document policies, procedures, and operations related to the Medicaid program to include: (1) rate setting methods for the reimbursement of Medicaid services; and (2) the process of determining eligibility, certifying providers, approving claims, paying providers, and drawing down the applicable federal reimbursement percentage.

**JUSTIFICATION:** The Department of Health Medical Assistance Administration (MAA) is responsible for administering the District's Medicaid Program, which has a budget of approximately \$1.5 billion. However, District agencies independent of MAA provide Medicaid services to District residents and the program has become fragmented and subject to inconsistent policies and procedures. The research project will provide OIG managers and external stakeholders with a general understanding of the roles and responsibilities of agencies providing Medicaid services, document processes and internal controls related to rate setting, eligibility determination, provider certification, claims approval, provider payment, and the drawdown of the federal reimbursement portion. It is also our goal to determine if the District is ensuring that costs paid are accurate, and that it is obtaining proper reimbursements. Outputs from the research project will establish a source of information to be used to make future Medicaid audits more effective and efficient and reduce duplication of efforts.

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**NO. 2** **Office of the Attorney General** **STATUS: Ongoing**

**TITLE: MANAGED CARE ORGANIZATION (MCO) COSTS**

**OBJECTIVES:** The audit assist objectives are to determine whether managed care organizations (MCOs) submitted certified costs and whether the actuary used the costs in accordance with applicable regulations.

**JUSTIFICATION:** Audits conducted by our office and an independent Certified Public Accounting firm determined that MCOs made excess profits. As a result, the D.C. Attorney General requested that we conduct an audit-assist. The D.C. Attorney General had concerns about the costs certified and submitted by MCOs as part of the rate setting process. The misclassification of costs or the inclusion of unallowable costs in

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the rate setting could result in overcharging of managed care services under the contracts.

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**NO. 3**                      **Department of Health**                      **STATUS: Ongoing**

**TITLE:**                      **INTERMEDIATE CARE FACILITIES FOR THE MENTALLY RETARDED (ICFS/MR)**

**OBJECTIVES:**              The objectives of the audit are to determine whether costs reported to MAA by the ICFs/MR are accurate and supported, and whether the ICFs/MR program is effectively managed.

**JUSTIFICATION:**          The Health Care Facilities Division (HCFD) of the District's Department of Health inspects, monitors, and investigates hospitals and other health care sites in the District of Columbia. Facilities include nursing homes, home health agencies, end-stage renal disease facilities, laboratories, and intermediate care facilities for people with intellectual disabilities. HCFD ensures that these sites comply with federal standards for participation in Medicare and Medicaid under Titles XVIII and XIX of the Social Security Act. HCFD also ensures that sites comply with District licensure, health, and safety regulations.

There are two types of community residential facilities used to house people with intellectual disabilities in the District. The first, ICF/MR, is a licensed residential facility certified and funded under Medicaid. Residents in these facilities have significantly impaired functioning and require 24-hour supervision. There are 130 ICF/MRs operating in the District. The second is a Community Residential Facility for the Mentally Retarded (CRF/MR). Residents require moderate to high-level supervision on a 24-hour basis but have basic self-help skills. There are 33 of these facilities, funded with District appropriated dollars, operated by private vendors under contract with the District.

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**NO: 4**                      **Department of Health**                      **STATUS: Start FY 2009**

**TITLE:**                      **THIRD-PARTY LIABILITY**

**OBJECTIVES:**              The audit objectives are to determine whether controls are in place to ensure that District Medicaid funding is used as the payer of last resort for District Medicaid enrollees' healthcare costs. Specifically, we would determine whether the District identifies, bills, and collects all funds from third-party insurers for medical expenses of Medicaid enrollees when they exist.

**JUSTIFICATION:**          With Medicaid as the payer of last resort, the District is responsible for having a plan in place to identify Medicaid enrollees' other sources of healthcare coverage and determine the extent of liability of such third-party claims to avoid payment of claims that should be covered by another entity, and recover any fees already distributed on behalf of the recipient. Third parties include, in part: private health insurance (e.g. union, retired, and /or military); divorce judgments; child support orders; or other court decrees that include provisions regarding medical support; and automobile insurance for injuries sustained in a motor vehicle accident.

The Department of Health, Medical Assistance Administration (DOH-MAA) and the Department of Human Services, Income Maintenance Administration (DHS-IMA) appear to have third-party liability recovery units. The District may not be identifying and assigning financial responsibility to third-party insurance companies when medical expenses are initially paid by Medicaid entities. GAO has performed reviews, on third-party liability, and determined that about 10 percent of District Medicaid recipients also have third-party insurance coverage.

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**NO. 5**                      **Department of Health**                      **STATUS: Start FY 2009**

**TITLE:**                      **MANAGEMENT OPERATIONS OF THE COMMUNITY  
HEALTH ADMINISTRATION**

**OBJECTIVES:**              The objectives of this audit are to determine whether the Community Health Administration: (1) awarded grants in an efficient, effective and economical manner; (2) complied with requirements of all applicable laws, rules, and regulations, policies and procedures; and (3) established internal controls to safeguard against waste, fraud and abuse.

**JUSTIFICATION:** Community Health Administration (CHA) received \$7.1 million from the Department of Health and Human Services, Health Resources and Services Administration (HRSA) to administer the Title V Maternal Child Health (MCH) Block Grant. CHA's Children with Special Health Care Needs Bureau is primarily responsible for ensuring that these grant funds are allocated and used properly to ensure compliance with HRSA requirements.

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**NO. 6**                      **Department of Health**                      **STATUS: Start FY 2009**

**TITLE:**                      **NURSING HOME REIMBURSEMENTS**

**OBJECTIVES:** Our audit objectives are to evaluate the management of nursing home services provided by District-owned nursing home facilities and by contract providers of nursing home care. The audit will also evaluate the reimbursement rate for nursing home services obtained from contract providers. We will also review the adequacy of internal controls over the nursing home program related to delivery of services and reimbursements to contract providers.

**JUSTIFICATION:** For FY 2009, it is estimated that the District will spend approximately \$168 million for nursing home services. Most of these funds will be used to reimburse private nursing homes under contract/grant arrangements with the District. Discussion with District officials and other health care managers have pointed to the need to examine the management of the care provided to the District's elderly and the reimbursement cost of those services. Concerns have also been expressed about the quality and level of care and the adequacy of cost controls.

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**NO. 7**                      **Healthcare Finance Agency**                      **STATUS: Start FY 2009**

**TITLE:**                      **PRIOR AUTHORIZATION FOR MEDICAID FUNDED  
DURABLE MEDICAL EQUIPMENT, PROSTHETICS,  
ORTHOTICS, AND SUPPLIES (DME/POS)**

**OBJECTIVES:** The audit objectives are to evaluate whether MAA management: properly obtained, reviewed, and approved prior authorization requests for DME/POS, and monitored the fiscal agent to ensure that prior authorization numbers were appropriately recorded in the Medicaid Management Information System (MMIS).

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**JUSTIFICATION:** The MAA Office of Quality Management (OQM) administers the DME/POS program. In general, DME is defined as equipment that can withstand repeated use, is primarily used to serve a medical purpose, and is appropriate for use in the home.

OQM officials review an average of 500 to 600 prior authorization request forms per month to validate procedure codes and determine whether DME/POS is medically necessary. OQM planned to transfer responsibility for the review to a contractor in March 2008. However, the transition has been delayed numerous times with November 2008 being the most recent estimate for the transfer. Additionally, the Medicaid Research Project identified DME/POS prior authorizations as a risk area.

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**NO. 8**                      **Medical Assistant Administration**                      **STATUS: Start FY 2009**

**TITLE:**                      **MEDICAID CLAIM PAYMENTS**

**OBJECTIVE:**                      The audit objective is to determine whether MAA has sufficient controls in place to ensure all Medicaid claims processed for payment are legitimate, accurate, and supported by appropriate documentation.

**JUSTIFICATION:** More than 140,000 D.C. residents are enrolled in the Medicaid Program; roughly 25 percent of the total population. Most claims are processed through the Medicaid Management Information System (MMIS). Improper claim payments affect the budgets of multiple District agencies.

The Office of Program Operations (OPO) is responsible for overseeing and enforcing the contract under which a fiscal agent operates the MMIS, monitoring the contractor's performance, and tracking and documenting request for modifications to MMIS. To effectively manage the Medicaid program, OPO works closely with the fiscal agent to ensure that claims are properly processed, Medicaid services are provided; provider relations are managed; enrollment and manuals are complied with; and that system documentation is maintained.

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**NO. 9**                      **Department of Human Services**                      **STATUS: Start FY 2009**

**TITLE:**                      **INCOME MAINTENANCE ELIGIBILITY DETERMINATION**

**OBJECTIVES:**                      The audit objective is to determine whether the Income Maintenance Administration's (IMA) has sufficient controls in place over the eligibility determination process.

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**JUSTIFICATION:** The Department of Human Services' IMA determines the eligibility of applicants and recertifies the eligibility of recipients for federal and District-funded assistance programs using the Automated Client Eligibility Determination System (ACEDS). The FY 2008 budget for IMA was approximately \$175 million. The agency's activities are grouped into five functions – Income Assistance, Temporary Assistance to Needy Families, Management Services, Eligibility Determination, and Program Quality Assurance.

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**NO. 10**                      **Department of Health**                      **STATUS: Start FY 2009**

**TITLE:**                      **DENIED MEDICAL CLAIMS**

**OBJECTIVES:** Our audit objectives are to determine: (1) whether Medicaid claims are submitted in accordance with Centers for Medicare and Medicaid (CMS) rules; (2) the amount of Medicaid claims denied by CMS; (3) the grounds for denial by CMS; (4) the amount of denied claims that are resubmitted and paid; and (5) whether District policies and procedures exist to minimize denied claims.

**JUSTIFICATION:** Recent OIG audits, Medicaid cost reports, and Comprehensive Annual Financial Reports (CAFRs) have shown that the District has lost millions in Medicaid reimbursements because of claims denied by CMS. Denied claims have historically required significant financial write-offs and have created a financial burden for the District because the District ends up funding 100 percent of Medicaid costs, 70 percent more than necessary had the claims been properly supported.

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**NO. 11**                      **Department of Health**                      **STATUS: Start FY 2009**

**TITLE:**                      **CLASSIFYING AND RECORDING MANAGED CARE ORGANIZATIONS' ADMINISTRATIVE AND MEDICAL COSTS**

**OBJECTIVES:** Our audit objectives are to determine how District Managed Care Organizations (MCOs) are classifying and recording administrative and medical costs of Managed Care enrollees.

**JUSTIFICATION:** Prior to receiving Medicaid based medical services, District residents must establish eligibility and enroll in a Managed Care Organization (MCO). In FY 2008, the District had about 90,000 of 140,000 Medicaid eligible citizens enrolled in an MCO. MCOs are reimbursed

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for their services through a monthly capitation payment based on the age and gender of each individual. The payments are made monthly regardless of whether the enrollee receives medical treatment for that period.

During our audit of the capitation rate setting process for the MCOs, we found that the basis for the capitation payments was the previous years' medical costs and an allowance for administrative costs and profit (estimated as a percentage of medical expenses). The MCOs certify the data as correct, and the District appears to have accepted the value of the medical expenses as true. Previous audit reports and consultant reviews suggest that MCOs may not be fairly and consistently reporting medical and administrative costs to the Department of Health thereby invalidating data used to set future capitation rates. The District does not have a way of determining if the three District MCOs are applying the costs consistently because: (1) there is a lack of District guidance as to what is a medical expense and what is an administrative expense; and (2) the District does not perform or contract with anyone to audit the medical expenses for the accuracy of their presentation.

## **B. Grant Management**

The District depends on federal grant funds to support its ability to provide a wide range of services and programs for its citizens. Federal grants account for a significant portion of District revenue. It is essential that the District properly account for grant funds and obtain timely reimbursement for District funds expended. The Chief Financial Officer of the District has the responsibility to ensure that policies governing the management of grant funds are effectively implemented.

Deficiencies related to federal grants include non-compliance with reporting requirements, poor cash management practices, insufficient monitoring, untimely billings/requests for reimbursements, and inadequate supporting documentation for related expenditures. These deficiencies have cost the District millions of dollars, in addition to the use of funds and lost interest. Poor controls over these areas may result in unused grant funds, termination of fund availability, misuse of grant funds, and potential fines and/or penalties. Grant management has emerged as a persistent problem area as indicated by findings and recommendations of past OIG audits.

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**NO. 12**                      **Department of Health**                      **STATUS: Ongoing**

**TITLE:**                      **REVIEW OF GRANT ALLEGATIONS AT THE DEPARTMENT OF HEALTH**

**OBJECTIVES:**              The audit objectives are to review the allegations of improprieties related to the award of grants to subgrantees. We will also examine DOH's internal controls relative to the management of these grants.

**JUSTIFICATION:**          This review is being conducted in response to allegations which expressed concerns related to grant award and performance of four subgrantees.

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**NO. 13**                      **Multi-Agency**                      **STATUS: Start FY 2009**

**TITLE:**                      **APPROPRIATED FUNDS FOR CITIZEN PROTECTION**

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

**JUSTIFICATION:**          The District's public safety agencies are tasked with developing and leading interagency public safety programs to improve the quality of life within neighborhoods. This program had a gross funds budget of about \$142 million for FY 2008.

With the growing concern for the safety of District resident's, visitors, and workforce, it is imperative that we use all available resources to support the District's public safety and justice strategic goals and ensure that the District government is operationally ready to respond to an emergency of any size.

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**NO. 14**                      **Multi-Agency**                      **STATUS: Start FY 2009**

**TITLE:**                      **LAPSED GRANT FUNDS**

**OBJECTIVES:**              Our audit objectives are to determine whether: (1) the District is maximizing the use of grant funds; (2) funds are being spent in an efficient and economical manner; and (3) funds are spent before the grant period lapses or expires. In addition, the audit will identify the



dollar amount of lapsed grants awarded to District agencies; and (2) determine whether policies and procedures exist and are implemented for optimizing the usage of federal grants.

**JUSTIFICATION:** Each year the District government receives over a billion dollars in grant funds from various federal agencies. Our research indicates that some District agencies receive grant funds but do not expend the total funds before the grant period expires. For FYs 2007 and 2008 budgets, federal grants totaled \$2.04 billion and \$2.03 billion respectively. As a result, the District may be at risk of losing millions of dollars in needed funds.

### C. Tax Collections

Tax collections generate the bulk of revenue to finance District operations paid from the General Fund. For FY 2008, District local source revenue is forecasted to be \$4.7 billion, an increase of 3.6 percent over FY 2006 after tax policy changes. Further, the Government Accountability Office, as well as District officials, have drawn attention to the structural imbalance in the District's revenue system that limits the District's ability to generate additional revenue. Thus, the efficiency of tax collection automated systems and the effectiveness of policies, procedures, and internal controls play a pivotal role in enabling the District to maximize collection of taxes due to the city.

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**NO. 15**                      **Office of Tax and Revenue**                      **STATUS: Ongoing**

**TITLE:**                      **TAX APPEAL PROCESS**

**OBJECTIVES:**              The audit objective is to review processes in the Real Property Tax Administration within OTR and determine whether officials established and implemented internal controls designed to adequately safeguard against fraud, waste, mismanagement, and abuse. We are concentrating on the second-level appeal process for commercial real estate.

**JUSTIFICATION:**              The mission of the Office of Tax Appeals is to enhance voluntary compliance and improve taxpayer confidence in the District of Columbia by providing taxpayers an opportunity to resolve disputes, without litigation, through a process that is fair and impartial to both the government and the taxpayer. The Office of Tax Appeals issues a decision either ordering the Audit or Collection Division to grant the relief sought by the taxpayer or affirming the examination or collection determination.

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**NO. 16**                      **Office of the Chief Financial Officer**                      **STATUS: Start FY 2009**

**TITLE:**                      **COLLECTION OF BUSINESS FRANCHISE TAXES**

**OBJECTIVES:**              The objective is to determine whether OTR has procedures and systems in place to properly identify entities earning D.C. source income for the purpose of assessing franchise taxes, and whether a system has been established to accurately track and account for franchise tax collections.

**JUSTIFICATION:**          The District’s franchise tax is imposed on all corporations and unincorporated businesses having earnings in the District of Columbia; regardless of their resident status. Therefore, franchise taxes are levied on entities and sole proprietors for the privilege of doing business in the District of Columbia. The D.C. Franchise Tax is only applicable to the District’s source income.

Many projects in the District of Columbia are executed partly or entirely by sub-contractors, some of which are unincorporated businesses. Also, during the housing boom, many investors bought real estate in the District for the purpose of collecting rents from tenants. We want to determine whether the Office of Tax and Revenue is investing appropriate resources to identify such businesses for franchise tax purposes.

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**No. 17**                      **Office of Tax and Revenue**                      **Status: Start FY 2009**

**TITLE:**                      **DELINQUENT TAX COLLECTIONS/OFFERS IN COMPROMISE**

**OBJECTIVES:**              The audit objectives are to determine whether the Office of Tax and Revenue (OTR) processes delinquent tax accounts in accordance with District laws and regulations; has effective and efficient policies and procedures in place to collect delinquent taxes; and administers tax abatement policies, such as “offers in compromise,” in accordance with laws and regulations.

**JUSTIFICATION:**          OTR is responsible for collecting taxes due the District of Columbia government. Individual, corporate, and unincorporated income taxes are the largest source of revenue for the District government. Individual income tax is the largest of the three. For FY 2007, income and franchise taxes totaled \$1.7 billion. Property taxes totaled \$1.5 billion.

For example, one OTR January 2008 list of delinquent taxpayers with known addresses indicated that 12 delinquent taxpayers owed about \$10 million combined, with the largest of these taxpayer owing over \$4 million alone to the District. A second taxpayer owed \$1.2 million, a third owed \$.7 million, a fourth owed over \$.6 million, and a fifth owed over \$.5 million. The D.C. Code grants OTR the right to file liens, place levies on taxpayers' properties, and seize and sell taxpayer properties to collect taxes owed to the District government. OTR does not place levies on personal property of individuals who neglect or refuse to pay taxes. The only action OTR takes at this time to collect delinquent taxes from noncompliant taxpayers is to file liens against their property.

The D.C. Code provides that the Chief Financial Officer may waive in whole or in part interest or penalties on unpaid taxes and may compromise taxes levied. OTR allows for delinquent taxpayers to submit "offers in compromise."

#### **D. Other Revenue Issues**

This Issue Area includes those audits within the Revenue Enhancement Theme that do not yet have sufficient common elements to warrant a separate issue area.

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**NO. 18**                      **Metropolitan Police Department**                      **STATUS: Ongoing**

**TITLE:**                      **PHOTO RADAR ENFORCEMENT PROGRAM**

**OBJECTIVES:**              Our audit objectives were to determine whether the contract was awarded in accordance with the District's procurement regulations, and whether modifications to the photo radar enforcement contract were made in accordance with the District's procurement regulations.

**JUSTIFICATION:**          We were informed by a District official of potential irregularities concerning the award of the contract for the Photo Radar Program. The contract, estimated to be about \$5 million, is for operating automated cameras, mounted strategically at selected intersections, to record a picture record of drivers who drive through red lights.

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**NO. 19**                      **Department of Public Works (DPW)**                      **STATUS: Ongoing**

**TITLE:**                      **PARKING ENFORCEMENT SERVICES**

**OBJECTIVES:**              The audit objectives are to determine if the Department of Public Works has adequate controls over the parking enforcement services, and complies with the District's laws and regulations. Specifically, we will assess the issuance of parking infractions and usage of parking enforcement vehicles. We will also assess whether DPW properly recorded, collected, and deposited revenue, and reconciled issued parking infractions to cash deposits. In addition, we will analyze hiring policies, including training of parking enforcement personnel.

**JUSTIFICATION:**        The Department of Public Works, Parking Services Administration provides municipal services such as environmental services/solid waste management and parking enforcement. Currently, the District has about 200 parking officers monitoring at least 16,000 meters and 4,100 blocks of residential zoned parking. The Department of Public Works' proposed budget for FY 2009 is \$166.8 million dollars.

DPW issued 1.383 million parking tickets for varying amounts in FY 2007. They have expectations of issuing 1.8 million parking infractions for FY 2008 and future years. With an estimated ticket price of \$47.50, revenue generated from tickets could amount to \$85.5 million. Immobilized vehicles (vehicles booted for previous parking infractions) in FY 2007 totaled 18,230, which generated \$1.37 million in boot fees. DPW estimated that there will be 19,000 vehicles booted in FY 2008 and beyond which would generate revenue of \$1.4 million dollars.

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**NO. 20**                      **University of the District of Columbia (UDC)**                      **STATUS: Ongoing**

**TITLE:**                      **PARKING LOT REVENUES AT THE UNIVERSITY OF THE DISTRICT OF COLUMBIA**

**OBJECTIVES:**              Our audit objectives are to determine whether: (1) internal controls over revenues and financial reporting are adequate; and (2) efficiencies can be gained by implementing automated systems to collect parking fees.

**JUSTIFICATION:**        UDC is an urban, land-grant institution of higher education with an open admission policy. It is a comprehensive public institution offering affordable post-secondary education to students. UDC is a

component of the District of Columbia Government, and is a legally separate entity, for which elected officials of the District of Columbia are financially accountable. For FY 2007, UDC received a subsidy of \$59.5 million from the Government of the District of Columbia.

Parking lot fees are a revenue producing component for UDC. The revenue that is produced is transferred to the District of Columbia's General Fund.

Past audits revealed deficiencies in internal controls over the operations for the collection of parking lot revenues. Therefore, this audit will address UDC's parking lot revenue collections in view of past internal control problems and the current conditions associated the effectiveness of the collection of parking lot revenues.

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**NO. 21**                                      **Multi-Agency**                                      **STATUS: Ongoing**

**TITLE:**                                      **CONDOMINIUM CONVERSION FEES**

**OBJECTIVES:**                                      The audit objectives are to determine if all developers obtain the proper permits to convert buildings with rental units to condominiums and if the District collects a fee of five percent of the declared sales price of each condominium unit in accordance with D.C. Code § 42-3402.04(a-1) (Supp. 2008). Further, we will evaluate the mechanisms management has implemented to assess and collect fees, and whether authorized reductions of condominium conversion fees are in compliance with the law.

**JUSTIFICATION:**                                      All developers are required by District law to pay the District five percent of the declared sales price of each condominium unit that is converted from a rental unit. The collected monies are transferred to the Housing Trust Fund.

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**NO. 22**                      **Department of Consumer and Regulatory Affairs/  
Office of the Chief Financial Officer**                      **STATUS: Start FY 2009**

**TITLE:**                      **BUILDING PERMITS AND CERTIFICATE OF OCCUPANCY FEES**

**OBJECTIVES:**              Our audit objectives are to: (1) perform an audit of building permits and certificate of occupancy fees collected by Department of Consumer and Regulatory Affairs (DCRA)/Office of the Chief Financial Officer (OCFO); (2) review the design and operation of internal controls over the collection of permit and occupancy fees, surveyor, and zoning violation fees; and (3) review and report on compliance with laws and regulations.

**JUSTIFICATION:**          Included in DCRA’s mission is the responsibility for issuing licenses and permits, conducting inspections, enforcing building, housing, and safety codes, and regulating land use and development. Building permits and certificates of occupancy are an important revenue source for the District and provide a basis for assuring that housing and building safety codes are met and enforced. Permit revenue for FY 2007 was approximately \$21,809,591 million and certificates of occupancy revenue was \$336,144. There is concern that because the DCRA and OCFO do not reconcile revenue collected for housing and construction permits, certificates of occupancy, or surveyor and zoning violations with the actual number of permits and certificates issued, revenue may be less than should be maximized, and health and safety risks may increase.

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**NO. 23**                      **Office of Unified Communications**                      **STATUS: Start FY 2009**

**TITLE:**                      **MONITORING AND ANALYZING TELECOMMUNICATION USER FEES**

**OBJECTIVE:**              The audit objectives are to determine whether the Office of Unified Communications (OUC) is monitoring and analyzing the user fees received from various phone carriers, and whether there are adequate internal controls to ensure the collection of user fee revenue.

**JUSTIFICATION:**          In FY 2007, a newspaper reported that OUC had a decrease in user fee revenue. Additionally, an audit confirmed decreases in user fee revenue.

According to the audit report, OUC was unable to explain the decrease in user fees. The inability to provide an explanation was due to inadequate monitoring and analysis of user fees. The E911 fee subsidizes OUC and is assessed on every land and wireless telephone line in Washington, D.C.

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**NO. 24**                      **D. C. Lottery and Charitable Games Control Board**                      **STATUS: Start 2009**

**TITLE:**                      **D.C. LOTTERY AND CHARITABLE GAMES CONTROL BOARD OPERATIONS**

**OBJECTIVES:**              Our audit objectives are to evaluate the effectiveness of the D. C. Lottery and Charitable Games Control Board's (Lottery Board) internal controls over ticket sales, agent licensing activities, collection of sales revenue from agents, monitoring of the online game contractor, and security operations. We will also assess whether the Lottery Board's operations are in compliance with applicable provisions of law and regulations.

**JUSTIFICATION:**          The D.C. Lottery is a revenue-generating agency of the District of Columbia. Each year the D.C. Lottery transfers millions of dollars to the General Fund. This revenue is produced via the sale of on-line and instant games. Since the Lottery's inception in 1982, the total contribution to the General Fund has been over \$1 billion. The D.C. Lottery's annual transfer to the General Fund remains a vital component in aiding the city's economy, thereby benefiting all residents of the District of Columbia, as well as suburban commuters and tourists.

Previous audits revealed weaknesses and inefficiencies in the design and operation of the internal control structure of Lottery Board operations. Therefore, this audit will address the Lottery Board's operations in view of past internal control problems and the risks associated with lottery sales.

**NO. 25**                      **Office of the Chief Financial Officer**                      **STATUS: Start FY 2009**

**TITLE:**                      **DISPOSITION OF 401(a) DEFINED CONTRIBUTION  
PENSION PLAN FORFEITED FUNDS – FOLLOW-UP AUDIT**

**OBJECTIVES:**              Our audit objectives are to determine if: (1) forfeited District contributions are returned at least annually to the District; (2) interest earnings returned are maximized and are in the best interest of the government; and (3) an independent audit of the 401(a) Defined Contribution Plan has been conducted since its inception in 1999. Additionally, we will review the impact of the current policy of retaining departed non-vested employees account balances in the same investment vehicle for a year pending rehire of employee.

**JUSTIFICATION:**        Our past audit of the Plan (OIG No. 03-2-19AT), issued on October 15, 2003, found \$27.5 million in the Forfeiture Account being held by the Plan's contractor. These funds were subject to both a service fee and market fluctuations. The CFO, in his response, stated that forfeited funds would be moved to a no-risk account and would be subject to return at least on an annual basis. A more frequent return of forfeited funds and a change in the current practice of allowing departed employees' accounts to be subject to the same risks for a year before closing the account may improve the District's cash flow.



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## II. SPENDING AND EFFICIENT USE OF RESOURCES

Spending pressures in the last couple of years have sharpened our resolve to examine programs that present the greatest risk of monetary drain on District funds. As such, we have ongoing audits that address the efficiency of operations at various District agencies. For FY 2009, we plan to review programs related to the fire department and the Office of the Chief Financial Officer, as well as infrastructure issues such as capital improvement. We will also concentrate on procurement of goods and services, focusing on the acquisition of computer hardware; software and services; consultant contracts; and sole source contracting.

### A. Procurement

The District of Columbia government is one of the largest purchasers of goods and services in the metropolitan area. Its procurement policies impact every aspect of District operations. Health and safety standards, education, wages, business growth, and fiscal and monetary soundness are all affected by procurement practices. These expenditures, however, have not always provided taxpayers with the most value for their tax dollars. OIG audits, external audits, and oversight hearings have revealed recurrent and pervasive areas of waste, mismanagement, cost overruns, inferior products, shoddy workmanship, and fraud.

To maintain the confidence and trust of District stakeholders, the procurement process must provide for quality products and services at reasonable prices. Accordingly, the OIG has implemented an initiative to audit procurement and contract administration on a continuous basis consistent with the mandates of the OIG statute.

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**NO. 26**                      **Department of Fire and**                      **STATUS: Ongoing**  
   **Emergency Medical Services**

**TITLE:**                      **AMBULANCE BILLING CONTRACTS**

**OBJECTIVES:**            The audit objectives are to determine whether the medical billing contract was awarded in accordance with the District's procurement regulations, and if FEMS is receiving the maximum allowable collection rate and reimbursement from the billing contractor.

**JUSTIFICATION:**        The audit is being conducted in response to a request from the Chief of Fire and Emergency Medical Services (FEMS). FEMS is in the process of reorganizing to improve operational efficiency and enhance

revenue collections. The Chief of FEMS expressed concerns regarding contractor billings and the procurement practices for awarding the billing contract. The FEMS provides around-the-clock state-of-the-art, pre-hospital emergency care and transportation for residents and visitors to the nation's capital. The FEMS contracts out the billing and collection functions for these services.

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**No. 27**                      **Multi-Agency**                                      **STATUS: Start FY 2009**

**TITLE:**                      **VENDOR/PROVIDER PAYMENT PROCESS**

**OBJECTIVES:**            The audit objectives are to evaluate the processes used to pay contractors, grantees, vendors, and service providers for goods and services rendered to the District. We will examine the payment process from the receipt of the invoice to the payment to determine whether internal controls are adequate to ensure that only valid payments are executed, and that procured goods and services have been received in accordance with the terms of the contract or grant agreement. Particular attention will be focused on documentation to support payments and approval and authorization procedures.

**JUSTIFICATION:**        Numerous audits have described weaknesses in the processes used to process payments. The processes used to make payments to vendors, (contractors, grantee organizations, vendors, non-profit organizations, and other service providers) require the involvement of several agencies and key people, including payment personnel from the Office of the Chief Financial Officer (OCFO), contracting officers from the Office of Contracting and Procurement, Contracting Officer Technical Representatives (COTRs) and program monitors/users from the agencies who required and received the goods or services. Past audits have reported process failures at all levels and in all agencies involved in the payment process. With nearly \$2 billion (conservatively) spent each year, the risks of fraud, waste and abuse are high. The District could benefit significantly from an independent assessment of the payment process.

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**NO. 28**                      **Office of the Chief Financial Officer**                      **STATUS: Start FY 2009**

**TITLE:**                      **CONTRACTING AND PROCUREMENT OPERATIONS AT THE OFFICE OF THE CHIEF FINANCIAL OFFICER (CFO)**

**OBJECTIVES:**              The audit objectives are to determine the efficiency and effectiveness of contracting and procurement operations at the Office of the Chief Financial Officer (CFO) and to assess the effectiveness of internal controls and adherence to Title 27, District of Columbia Municipal Regulations (D.C.M.R.), guidelines in the placement and administration of CFO contracts.

**JUSTIFICATION:**          The CFO has its own independent procurement authority; however, the CFO adheres to D.C.M.R. Title 27 guidelines for placing and administering contracts. For FY 2007, the CFO requested more than \$45 million for contracted services and an estimated additional \$10 million for equipment and other services. CFO contracts have never undergone an OIG audit, and, given the independent procurement authority, size, and volume of CFO contracts, we believe this issue warrants audit oversight.

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**NO. 29**                      **Multi-Agency**    **STATUS: Start FY 2009**

**TITLE:**                      **ADVANCE PAYMENTS TO CONTRACTORS**

**OBJECTIVES:**              The audit objectives are to determine whether: (1) OCP properly justified advance payments in accordance with 27 D.C.M.R. § 3205; (2) contractors are meeting eligibility criteria for advance payments; (3) payments are effectively administered and monitored; and (4) decisions to award advance payments are based on actual needs and regulations. We will also evaluate the adequacy of the process for awarding advance payments to ensure it is in the best interest of the District and that sufficient controls exist to avoid abuse.

**JUSTIFICATION:**          A recent audit disclosed that the District contracted with an entity and paid in advance for services that were not properly accounted for or allowable. This advance payment totaled nearly \$3 million and resulted in the entity receiving more than \$40,000 in interest from the unused funds that remained in its account. The effects of improper advance payments included violations of District regulations, loss of advanced monies, and loss of earned interest. Advance payments should only be awarded when the contractor has demonstrated a valid need for funds in advance of contract performance. Effective

administrative controls over the process of obtaining advance payments and monitoring of these payments must be established to ensure all monies are used for contracted purposes and that the funds are not used for personal gain.

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**NO. 30**                      **Office of Contracting and Procurement**    **STATUS: Start FY 2009**

**TITLE:**                      **CONTRACTING OFFICER TECHNICAL REPRESENTATIVE APPOINTMENTS AND ADMINISTRATION OF DISTRICT CONTRACTS**

**OBJECTIVES:**              To determine: (1) if the Contracting Officer (CO) appointed Contracting Officer Technical Representatives (COTRs) in a timely manner; and (2) whether the COTRs performed their duties effectively and efficiently, managing the administration and performance of contracts issued by the District.

**JUSTIFICATION:**          Prior audits have shown that contract oversight and administration has not always been effective and consistently applied. Turnover in key acquisition management, poor or often nonexistent file maintenance, questionable processes for requesting proposals or evaluating bids, lack of detailed contract modifications or questionable modifications and other procurement and administration deficiencies have resulted in inefficiencies, cost overruns, and less than best value. Effective acquisition management and project planning requires a disciplined decision-making process as the basis for managing and achieving performance goals and objectives with minimal risk, lowest life cycle costs, and the greatest benefits to the agency's business. The enormous dollar value and complexity of District contracts issued during a fiscal year requires strict due diligence and collaboration of the CO and COTR. Appointment of qualified COTRs, trained to properly administer District contracts, would improve the District's ability to consistently secure best value in District procurements and hold contractors accountable to contract terms.

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**NO. 31**                      **Office of Contracting and Procurement**      **STATUS: Start FY 2009**

**TITLE:**                      **DELEGATION OF CONTRACTING AUTHORITY TO DISTRICT AGENCIES**

**OBJECTIVES:**              The audit objectives are to evaluate the administration process of delegating contracting authority to District agencies. Specifically, this audit would ensure that District agencies are in compliance with rules, regulations, and policies and procedures governing the delegation of contracting authority and internal controls are in place to prevent fraud and abuse in the contracting process.

**JUSTIFICATION:**          The mission of the Office of Contracting and Procurement is to provide contracting and procurement services and personal property management to District agencies so they can receive quality goods and services they need to accomplish their mission(s) in a timely and cost-effective manner.

Procurement services impact District operations on a daily basis and involve the collaboration of multiple individuals and entities to successfully fulfill contract performance and administration. The opportunity for waste, fraud and abuse or the receipt of inferior products or services could have a detrimental effect on the District's ability to provide services and maintain or improve quality-of-life issues for District residents and businesses. This audit will also be in keeping with the OIG initiative to audit procurement and contract administration on a continuous basis.

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**NO. 32**                      **Office of Personnel Management**                      **STATUS: Start FY 2009**

**TITLE:**                      **FORECAST AND ALLOCATION OF FIXED COSTS – PHASE II**

**OBJECTIVES:**              The audit objectives are to determine whether: (1) OPM has in place policies, procedures, and controls addressing the acquisition and management of leases; (2) contractual rental rates are supported by market indicators; and (3) operational pass through costs charged by the lessor are adequately supported and valid.

**JUSTIFICATION:**          The Office of Property Management (OPM) is responsible for the management of all District leases. There are about sixty (60) in-leases and thirty-nine (39) out-leases. In-leases represent leases where the District government is the tenant. Out-leases are leases in which the District leases property it owns to others.

A past OIG audit of rental expenditures for fixed costs in FY 2004 and FY 2005 recognized that the District had been overcharged for operational costs incurred by the lessors.

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**NO. 33**                      **Office of Contracting and Procurement**      **STATUS: Start FY 2009**

**TITLE:**                      **DISTRICT OF COLUMBIA SUPPLY SCHEDULE (DCSS)**

**OBJECTIVES:**              The audit objectives are to determine whether the Office of Contracting and Procurement (OCP): (1) negotiated fair and reasonable prices with DCSS contractors; (2) collected the sales discount on a quarterly basis in accordance with D.C. Code § 2-311.03 (2006); (3) submitted the sales discount to the Office of Finance and Treasury (OFT) in a timely manner; (4) placed the sales discounts received under appropriate accounting control upon receipt as required by the Office of the Chief Financial Officer (CFO); and (5) established and implemented adequate internal controls over the DCSS program.

**JUSTIFICATION:**          OCP officials may not have negotiated fair and reasonable rates. The Government Accountability Office (GAO) found that 60 percent of FY 2004 General Services Administration (GSA) schedule contracts (similar to the DCSS) lacked paperwork showing prices were fair.

Further, OCP officials may not have collected 100 percent of the sales discount. The FY 2007 Budget Overview related to Revenue shows only \$400,000 in FY 2006 certified revenues for the DCSS sales discount, which seems low given the not-to-exceed price of \$399.7 million for DCSS contracts awarded October 5, 2006, and May 29, 2007. The District may have lost interest on monies not timely deposited to the treasury. Allowing DCSS contractors to submit checks to OCP increases the amount of time it takes to deposit revenues.

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**NO. 34**                      **Multi-Agency**    **STATUS: Start FY 2009**

**TITLE:**                      **CONSOLIDATED FORENSICS LABORATORY**

**OBJECTIVES:**              The overall audit objective is to determine whether the District properly planned and managed the design and construction of a consolidated forensics laboratory. The audit will be performed in the

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following three phases, including: (1) a project definition phase, which will cover project requirements and affordability and supportability analyses; (2) a project structure phase, which will address establishing project goals, project evaluation, and life cycle estimating; and (3) a project design that will evaluate planning to critical milestones, milestone approvals, and operational transitioning.

**JUSTIFICATION:** Construction of a 240,000 square-foot, \$218 million consolidated forensics laboratory has been delayed from 2007 to 2009. The consolidated forensics lab, which is estimated to be operational in 2011, will house the Metropolitan Police Department forensic lab, Department of Health Public Health Laboratory, and the Office of the Chief Medical Examiner. According to Office of Property Management testimony before the Committee on Public Safety and the Judiciary on May 29, 2007, the Architect and Engineering (A&E) firm had been selected and the design phase was underway. However, the District had not secured all of the funding as of the hearing date, and there is no guarantee that the funding considered secured through capital budget requests in FY 2009-FY 2010 will exist in future years. Historically, the District has not properly identified requirements, planned and managed construction projects, monitored contracts, or used grant funds appropriately and in a timely manner.

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**NO. 35**                      **Department of Consumer and Regulatory Affairs**                      **STATUS: Start FY 2009**

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

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

**JUSTIFICATION:**              The Department of Consumer and Regulatory Affairs protects the health, safety, economic interests, and quality of life for residents, businesses, and visitors in the District of Columbia by issuing licenses and permits; conducting inspections; enforcing building, housing, and safety codes; regulating land use and development; and providing

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consumer education and advocacy services. Whenever there is new construction in the District, DCRA inspectors have the responsibility to issue permits and conduct inspections.

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**NO. 36**                      **Multi-Agency**                      **STATUS: Start FY 2009**

**TITLE:**                      **EXPERT AND CONSULTING SERVICES**

**OBJECTIVES:**              The audit objectives are to determine whether: (1) District agencies attempt to obtain open competition among available suppliers when awarding expert and consulting contracts and that the District obtains fair and reasonable prices for contracted expert and consultant services; (2) District agencies benefit from these expert and consultant contracts through acceptance of useful deliverables; and (3) OCP ensures that its contracting officers and District agencies comply with procurement laws and regulations when contracting for expert and consulting services.

**JUSTIFICATION:**          OCP contracts for expert and consulting services on behalf of District agencies to provide specialized services. However, recent audits have shown that little, if any, effective competition was obtained in awarding these high-dollar value contracts; that unusually high labor rates were paid for the services; and that it did not appear that the District obtained “best value” when it awarded these contracts. A broader review of the process for obtaining competitive awards for expert and consulting contracts could improve procurement policies and procedures and tighten internal controls over the process for awarding such contracts.

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**NO. 37**                      **Multi-Agency**                      **STATUS: Start FY 2009**

**TITLE:**                      **CONSTRUCTION CONTRACTS**

**OBJECTIVES:**              The audit objectives are to determine whether: (1) District agencies used the competitive bidding process when soliciting construction contracts; and (2) each District agency monitored its construction contracts to ensure satisfactory deliverables.

**JUSTIFICATION:**          The Capital Construction Services Administration, which operates under the Office of Property Management (OPM), ensures timely and cost-effective delivery of quality engineering design, construction, and other technical services for capital development projects. The total

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proposed appropriation request for the FY 2006 – 2012 Capital Improvement Program is \$2.0 billion from all sources (excluding the Highway Trust Fund).

The District has experienced problems regarding the administration of construction contracts. It is paramount that internal controls are in place to ensure that construction contractors properly price property and/or services and submit accurate invoices and appraisals.

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**NO. 38**                      **Office of Contracting and Procurement**    **STATUS: Start FY 2009**

**TITLE:**                      **CONTRACT FILE MANAGEMENT**

**OBJECTIVES:**            Our audit objectives are to determine the adequacy of Office of Contracting and Procurement (OCP) policies and procedures for maintaining contract file documentation to support District procurements, including the documentation maintained by agency contract administrators to support actions for monitoring contractor performance, acceptance of deliverables, and contract payments. We will also examine the internal controls associated with the retention and use of contract file documentation and the procedures for the safeguarding and disposition of contract files.

**JUSTIFICATION:**        Numerous OIG audits have shown inefficiencies in contracting officers' records and contract file documentation, to include documentation that is inadequate, unavailable, misfiled, unprepared, mishandled, or otherwise insufficient to support the contract actions taken. Further, records maintained by contract administrators are often not available, not prepared, inadequate, or missing. Contract file records and contract administration records are essential documents needed to reflect the official actions taken on District procurements. With more than \$1 billion spent annually, these records become the only means to establish accountability for the agencies and individuals entrusted with contracting and spending authority. This audit will examine the reason(s) the policies and procedures in effect and practiced by OCP contracting officials and contract administrators have not been effective in creating, storing, and safeguarding records necessary to document contract actions and administration.

**NO. 39**                      **Office of Contracting and Procurement**                      **STATUS: FY 2009**

**TITLE:**                      **CONTRACTOR DEBARMENTS AND SUSPENSIONS**

**OBJECTIVES:**                      The audit objectives are to: (1) evaluate the District's process for initiating debarment and suspension actions on contractors and grantees in order to protect the District from potential financial harm; (2) determine how the District procurement agency (Office of Contracting and Procurement) uses the federal government's List of Debarred and Suspended Contractors in the contract award decision process; and (3) evaluate the awareness within District agencies of the prohibition of awarding contracts to debarred individuals, contractors, grantees, or surrogates of debarred individuals.

**JUSTIFICATION:**                      With District procurements totaling billions annually, it is essential that the Office of Contracting and Procurement, and agencies engaging contractors and grantees, be aware of those contractors and grantees who have been debarred or suspended or whose actions would justify the District seeking the protection of such measures. Debarment and suspension of contractors and grantees who have abused their responsibilities and caused financial harm through administrative blunder or criminal activity is a protective mechanism widely employed by the federal government, and to a lesser extent by the states and local municipalities. Indications are that the District has made little use of this protective mechanism and there is little evidence that the District has denied awards based on a contractor being listed on the debarred and suspended list. Use of these protective devices could prevent the District from incurring losses in dealings with unscrupulous individuals, contractors, or grantees.

**B. Social Service Spending**

Because social service programs are designed to meet some of District residents' most basic and vital needs, we plan to review the extent to which expenditures were made to maximize program efficiency and effectiveness for citizens.

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**NO. 40**                      **Department of the Environment (DOE)    STATUS: Start FY 2009**

**TITLE:**                      **ENERGY ASSISTANCE PROGRAM**

**OBJECTIVES:**              Our audit objectives will determine whether DOE: (1) managed and used resources of the Energy Assistance Program in an effective and economical manner; (2) income and resident qualifications are met when placing District resident into the program; (3) complied with requirements of applicable laws, regulations, and policies and procedures; and (4) implemented internal controls to prevent fraud, waste, and abuse.

**JUSTIFICATION:**          The District Department of the Environment actively assists the District's low-income residents with their energy and utility bills. The Energy Assistance Program falls under the Natural Resources Administration that has a current budget of \$42.9 million dollars. The available energy assistance includes financial assistance, emergency utility cut-off assistance, utility discounts, and conditional forgiveness for utility bill arrearage. The Low Income Home Energy Assistance Programs (LIHEAP) is funded by the federal Department of Health and Human Services.

Under the District Department of the Environment's Energy office, 16 programs are offered to help District residents, businesses, organization, and institutions cope with rising energy costs. These programs are referred to as the Reliable Energy Trust Fund Program and are funded by monies from the Public Service Commission.

An audit of the monies used to fund the Reliable Energy Trust Fund Program would ensure monies are being used for purposes intended by Public Service Commission.

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**NO. 41**                      **Multi-Agency**                      **STATUS: Start FY 2009**

**TITLE:**                      **THE DEPARTMENT OF DISABILITY SERVICES**

**OBJECTIVES:**            The audit objectives will evaluate the adequacy of contract planning, management, and administrative practices relative to services provided to the Department of Disability Services (DDS). These objectives will be applied to the areas of contracts, core competencies of health-care workers, processing of payments to group home providers, delivery of services to DDS clients, and client bank accounts.

**JUSTIFICATION:**        The Department of Human Services (DHS), the Department of Disability Services, and the Department of Health are primarily responsible for administering the program. Past audits have identified allegations of abuse, neglect, and mistreatment of DDS clients placed in community residential facilities.

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**NO. 42**                      **Department of Parks and Recreation**                      **STATUS: Start FY 2009**

**TITLE:**                      **DEPARTMENT OF PARKS AND RECREATION BEFORE AND AFTER SCHOOL CARE PROGRAM**

**OBJECTIVES:**            Our audit objectives are to determine if the Department of Parks and Recreation's (DPR) Before and After School Care Program (BASCP) have the necessary internal controls in place to ensure that monies for BASCP programs are used for intended purposes. We will also determine whether the DPR-BASCP program is operating cost effectively and efficiently to maximize recreation and social activities for children, and that the fee schedule for after school programs are equitably distributed.

**JUSTIFICATION:**        DPR coordinates a wide variety of recreational and educational programs. One such program is the Before and After School Care Program. This year-round program provides tutorial, cultural, recreational, and creative arts programming and nutritional support services to children ages 4 to 12, special needs children ages 5 to 18, and their working parents. The goal is to enlarge the quality of life and nurture opportunities for children and parents. The FY 2008 budget for DPR's Recreational Programs was about \$31.9 million.

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**NO. 43**                      **Department of Health**                      **STATUS: Start FY 2009**

**TITLE:**                      **ADDICTION PREVENTION AND RECOVERY  
ADMINISTRATION**

**OBJECTIVES:**            The audit objectives are to determine whether the Addiction Prevention and Recovery Administration (APRA): (1) properly awarded sub-grants; (2) adequately monitored grants to ensure federal funds were used for intended purposes; and (3) complied with grant agreements and other rules and regulations.

**JUSTIFICATION:**        The Department of Health APRA provides regulatory standards for the delivery of prevention and treatment services to District residents who are addicted or at risk of becoming addicted to alcohol, tobacco, and other drugs. APRA is responsible for the certification of District substance abuse treatment facilities and programs in accordance with Title 29 D.C.M.R., Chapter 23. The APRA budget approximates \$44 million.

**C. Other Spending Programs**

This Issue Area includes those audits within the Spending and Efficient Use of Resources Theme that do not yet have sufficient common elements to warrant a separate issue area.

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**NO. 44**                      **Department of Transportation**                      **STATUS: Start FY 2009**

**TITLE:**                      **MANAGEMENT OF DISTRICT INFRASTRUCTURE ASSETS**

**OBJECTIVES:**            The objective of this audit is to determine whether the District Department of Transportation maintains an accurate inventory of the District bridges and their expected useful lives; whether an adequate inspection schedule exists in accordance with safety standards; whether inspections are carried out as prescribed; what measures have been taken to ensure continued safety to the public using the oldest bridges or those whose useful lives have expired.

Although this audit would cover all bridge infrastructures within the District of Columbia, the focus of the audit will be on the Department of Transportation, which oversees the construction of highways and the Department of Public works, which takes charge of the maintenance.

**JUSTIFICATION:** Recently, there have been several incidents of bridges collapsing all over the country. The most recent incident that made front page news and received extensive media coverage across the country occurred in Minneapolis, Minnesota, when the Interstate 35 West Bridge collapsed into the Mississippi river, plunging several vehicles into the river and resulting in the lost of several lives.

The collapse of the Interstate 35 West Bridge is one of the several issues that have cast doubt on the structural fitness of our old bridges. This incident caused state and local governments to be more vigilant regarding the viability of their bridges, especially those that are near or have exhausted their estimated useful lives.

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**NO. 45**                      **Office of Budget and Planning (OBP)**      **STATUS: Start FY 2009**

**TITLE:**                      **CAPITAL FUND BUDGET AUTHORITY**

**OBJECTIVES:**              The audit objectives are to determine whether: (1) OBP has adequate procedures and internal controls in place to accurately input budget authorities into SOAR; (2) SOAR budget authority for capital projects for various agencies is in agreement with actual Council and congressionally approved budgets; (3) reprogrammed budget and authorities in the Capital Fund received necessary Council approvals; and (4) allotments and expenditures in the Capital Fund are proper and are accurately stated.

**JUSTIFICATION:**              Concerns have been expressed by D.C. Council regarding the accuracy of balances and expenditures in the Capital Budget, especially in regard to the Department of Parks and Recreation. These concerns were in part based on a “report” by the consultants from Bearing Point. The Bearing Point report discussed inaccuracies and the need for adjustments and reprogramming in the Capital Budget.

In response to OIG inquiries, OBP informed the OIG that there was no Bearing Point “report.” Bearing Point had been hired by OBP to determine corrections needed to bring SOAR in line with actual approved Capital Budget authorities. The possibility exists that capital budget reprogramming, which required Council approval, was not obtained. As a result, specific capital projects could have been over-funded or under-funded, or even deleted without proper approval.

Capital Budgets (sources and uses) are projected to be in excess of \$500 million from FY 2008 through FY 2013.

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**NO. 46**                      **Multi-Agency**    **STATUS: Start FY 2009**

**TITLE:**                      **“O”-TYPE REVENUE FUNDS**

**OBJECTIVES:**              Our audit objectives are to determine whether funds are being used for the intended purpose and whether internal controls are in place to provide proper accountability and control of funds.

**JUSTIFICATION:**          O-Type revenues, also referred to as “Other Revenues,” are special purpose non-tax revenues, which are funds generated from fees, fines, assessments, or reimbursements that are dedicated to the District agency that collects the revenues to cover the cost of performing the function.

There are two types of O-Type revenue funds: 1) restricted; and 2) unrestricted. The unused balance at fiscal year-end for the unrestricted funds, are transferred to the General Fund. The year-end balance for the restricted funds can not be transferred to general fund and, cannot be used for any purposes other than what the fund was created for. At year-end, the unused balances are forwarded to the next fiscal year. For some of the restricted funds, identified as “designated,” the year-end balances can be redirected to the General Fund only by the D.C. Council. Usually these redirections can be seen in the legislations for budget acts.

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**NO. 47**                      **Alcoholic Beverage Regulation Administration**                      **STATUS: Start FY 2009**

**TITLE:**                      **ALCOHOLIC BEVERAGE REGULATION ADMINISTRATION**

**OBJECTIVES:**              Our audit objectives are to evaluate the effectiveness of Alcoholic Beverage Regulation Administration (ABRA) internal controls over the issuing of licenses and permits, suspensions and revocations, collection of revenues, and records management. We will also assess whether the ABRA operates in compliance with applicable laws and regulations.

**JUSTIFICATION:**          ABRA regulates alcoholic beverage wholesalers, retailers, and manufactures in the District of Columbia. ABRA issues licenses to liquor stores, grocery stores, brew pubs, restaurants, hotels, nightclubs, taverns, and other establishments that manufacture, sell, or serve alcoholic beverages. ABRA also inspects license holders for compliance with regulations.

The ABRA is an independent District of Columbia regulatory agency and operates under the authority of a seven-member Alcoholic Beverage Control Board that sets policy parameters for the agency. The board members are appointed by the Mayor and confirmed by the D.C. Council.

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**NO. 48**                      **Office of the Attorney General**                      **STATUS: Start FY 2009**

**TITLE:**                      **DISTRICT OF COLUMBIA CHILD SUPPORT CUSTOMER SERVICE UNIT**

**OBJECTIVES:**              Our audit objectives are to: (1) determine whether the District of Columbia Child Support Customer Service Unit is efficiently and effectively assisting residents with child support concerns; and (2) evaluate internal controls over the customer service process.

**JUSTIFICATION:**          The Child Support Services Division (CSSD) of the Office of the Attorney General (OAG) performs all legal and programmatic functions associated with the District government's child support program. The Child Support Customer Service Unit is a division within the CSSD. This Division provides services to assist District families by establishing paternity, locating absent parents, establishing child and medical support orders, reviewing and modifying child support orders, and enforcing delinquent child support orders. In



addition, the CSSD recoups Temporary Assistance for Needy Family, Title IV-D foster care, or Medicaid payments made to families when a non-custodial parent is not paying child support. Past audits have reported problems in customer services. As a result of poor customer service, District custodial parents and children can suffer economic and emotional hardships. In addition, poor customer service could lead to public criticism and loss of confidence in the District child support program. Further, frustrated parents may not identify the non-custodial parent or apply for assistance programs such as TANF, Medicaid, and Food Stamps resulting in the District supporting families that have options to other resources.

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**NO. 49**                      **Office of Finance and Treasury**                      **STATUS: Start FY 2009**

**TITLE:**                      **ASSET MANAGEMENT PROGRAM**

**OBJECTIVES:**              The audit objectives are to determine whether the Office of Finance and Treasury (OFT) Asset Management Program: (1) managed and used resources in a efficient, effective, and economical manner; (2) complied with requirements of applicable laws, regulations, policies, and procedures regarding unclaimed property; (3) maintained adequate documentation of and protection of unclaimed property in its possession; and (4) established adequate internal controls to safeguard against, waste, and mismanagement of unclaimed property.

**JUSTIFICATION:**          The Office of Finance and Treasury, under the purview of the Office of the Chief Financial Officer, is responsible for managing the financial assets and liabilities of the District government. The OFT budget is about \$19 million.

OFT's Unclaimed Property Unit (UPU) manages the District's unclaimed property. Unclaimed property consists of money and other personal assets that are considered lost or abandoned when an owner cannot be located after a specified time period. These assets can include checking accounts, certificates of deposit, customer deposits, and over-payments, gift certificates, paid-up life insurance policies, unpaid wages, commissions, uncashed checks, death benefits, dividends, insurance payments, money orders, refunds, savings accounts, stocks, and proceeds of safe deposit box auctions. The UPU has millions of dollars in unclaimed property under its control that it is safeguarding until the rightful owners of the property can be located. There have not been any recent audits of this office's business

processes, practices, and oversight responsibilities for unclaimed property.

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**NO. 50**                      **Office of Property Management**                      **STATUS: Start FY 2009**

**TITLE:**                      **DEFERRED MAINTENANCE**

**OBJECTIVES:**              Our audit objective is to review the efficiency and effectiveness of District programs for maintaining and repairing the District's real property assets. We will also assess the management of deferred maintenance projects (backlog of maintenance and repair), taking into account the planning, prioritization, and funding needs for executing an effective real property maintenance and repair program. In addition, we will determine if internal controls are adequate to safeguard resources used in accomplishing program objectives.

**JUSTIFICATION:**          Given the large capital outlays and public works expenditures for maintaining the District's real property, there is concern over whether these expenditures are properly classified and resources are adequately managed to accomplish efficient and effective replacement, maintenance, and repair of the District's real property assets. The cost of maintaining a healthy and vibrant city continues to escalate, with repair costs for aging infrastructures estimated to be several billion dollars. The ability to meet this challenge depends on how well a city directs scarce resources for maintaining and repairing its real property.

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**NO. 51**                      **Office of Planning and Economic Development**                      **STATUS: Start FY 2009**

**TITLE:**                      **VACANT AND ABANDONED PROPERTY**

**OBJECTIVES:**              Our audit objective is to determine if the Office of Planning and Economic Development provided proper oversight to ensure that developers complied with requirements of applicable laws, regulations, and contract requirements concerning the rehabilitation of vacant and abandoned property.

**JUSTIFICATION:**          In January 2002, the Mayor introduced the Home Again Initiative to transform vacant and abandoned residential properties into single-family homeownership opportunities for residents. The goals of the Home Again Initiative are to encourage property owners to rehabilitate and/or occupy their vacant and abandoned residential property and

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acquire, dispose of, and rehabilitate properties when owners fail to maintain them. Qualified developers submit bids for the purchase and development of a bundle of properties controlled by the District. The bids are evaluated based on several factors and once the bundle is awarded, the developer selected must complete the proposed rehabilitation within 1 year of purchase.

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**NO. 52**                      **WATER AND SEWER AUTHORITY**      **STATUS: Start FY 2009**

**TITLE:**                      **WATER AND SEWER AUTHORITY CONTRACTING AND  
PROCUREMENT PRACTICES**

**OBJECTIVES:**              The audit objectives are to determine whether: (1) contracting and procurement practices are in compliance with applicable regulations; (2) formal policies and procedures governing procurement activities have been adopted; and (3) existing regulations authorize OIG to have free and unrestricted access to the records, systems and personnel of independent District agencies like the District of Columbia Water and Sewer Authority (WASA).

**JUSTIFICATION:**              WASA spends millions of dollars to procure a variety of goods and services to support its mission objectives. How WASA spends its money could have a direct affect on water and sewage rates, which in turn affects all District residents.

**III. DELIVERY OF CITIZEN SERVICES**

In the last few years, we have increased our audit and inspection coverage of agencies responsible for delivery of essential citizen services. In FY 2009, we plan to provide audit and inspection coverage for many of the large District service organizations. The common goal of these reviews will be to improve the efficiency and effectiveness of municipal services to District residents.

**A. Core Services**

District leaders frequently have expressed concern about whether taxpayer dollars are used optimally to serve citizens’ best interests in a number of areas. We share these concerns and have completed audits on housing (HOPE VI programs at D.C. Housing Authority), child support services (payment systems), community development (Department of Housing and Community Development), and mental health (St. Elizabeths Hospital). For FY 2009, we have planned audits of several service-based organizations, including the Department of Consumer and Regulatory Affairs, Department of Health, District of Columbia Public Libraries, Metropolitan Police Department, Department of Corrections, and the Office of Property Management.

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<b>NO. 53</b>	<b>Multi-Agency</b>	<b>STATUS: Ongoing</b>
<b>TITLE:</b>	<b>TRIENNIAL FOLLOW-UP OF AGENCY RECOMMENDATIONS</b>	
<b>OBJECTIVES:</b>	The overall objectives are to determine whether agencies have: (1) implemented agreed-to recommendations that were intended to correct reported deficiencies; and (2) actually corrected reported deficiencies.	
<b>JUSTIFICATION:</b>	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. Based on this standard, coupled with the importance that we place on implementation of audit recommendations, we have included a performance measure to track 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 results of this audit will be used to establish our performance measure target baseline. This audit will be conducted on a triennial basis.	

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Our 2005 audit identified that District agency officials reported to the OIG that action had been completed to address 259 of the 337 (77 percent) recommendations reviewed.

While the OIG will continue to evaluate the progress of District agencies in implementing corrective actions, it is the responsibility of District government management to ensure that agencies correct the deficiencies noted in audit reports.

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**NO. 54**                      **Office of Unified Communications**                      **STATUS: Ongoing**

**TITLE:**                      **UNIFIED COMMUNICATIONS PURCHASE CARDS**

**OBJECTIVES:**              The audit objectives are to determine whether the Office of Unified Communications (OUC): (1) managed purchase card transactions in an efficient, effective, and economical manner; (2) complied with requirements of applicable laws, regulations, policies, and procedures; and (3) implemented adequate internal controls to safeguard against fraud, waste, and abuse.

**JUSTIFICATION:**              To improve public safety and provide first-class customer service, the District constructed a state-of-the-art Unified Communications Center (UCC) that provides economic development and community revitalization benefits; takes advantage of the consolidation of like functions, personnel, equipment and systems; provides cost benefits from consolidation; and improves service delivery and public safety for District residents. The UCC facility, located on the East Campus of the St. Elizabeths Hospital site, consolidates the "command and control" functions of the OUC. The center receives and processes calls to 911 and the District's customer service line, 311. During major emergencies, the center becomes the District's Emergency Operations Center (Mayor's Command Center) and provides a central location for multiple agencies to address any variety of situations.

The audit is being conducted in response to a request from the Director, OUC, based on a request from the D.C. Council to review the FY 2007 purchase card transactions.

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**NO. 55**                      **Office of Cable Television**                      **STATUS: Ongoing**

**TITLE:**                      **MANAGEMENT OPERATIONS OF THE OFFICE OF CABLE TELEVISION**

**OBJECTIVES:**              The objectives of the audit are to determine whether the Office of Cable Television: (1) managed and used resources in an efficient, effective, and economical manner; (2) implemented internal controls to prevent and detect material errors or irregularities; and (3) administered funds in compliance with applicable laws, regulations, policies, and procedures.

**JUSTIFICATION:**          The Cable Television Franchise Agreement between the District and its two cable providers (Comcast and RCN) requires the providers to pay to the District, on a quarterly basis, a franchise fee in the amount of five percent of the company's gross revenue.

The providers are also required to pay to the District, on a quarterly basis, a fee in the amount of two percent of the company's gross revenue, for the purpose of supporting the District's public educational and governmental (PEG) entities (such as DCTV and the cable channel of the University of the District of Columbia).

Office of Cable Television (OCT) responsibilities include collecting franchise fees from both of the District's cable providers. In FY 2007, OCT received approximately \$4.9 million in franchise fees and \$976,999 in PEG funds from Comcast. OCT also received about \$1.1 million from RCN. This audit is being conducted in response to a request from the Executive Office of the Mayor.

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**NO. 56**                      **Office of the Chief Technology Officer**                      **STATUS: Ongoing**

**TITLE:**                      **CONTRACTING ACTIONS AT THE OFFICE OF THE CHIEF TECHNOLOGY OFFICER (OCTO)**

**OBJECTIVES:**              Our audit objectives are to determine whether contracting actions were: (1) in compliance with requirements of applicable laws, rules and regulations, and policies and procedures; (2) awarded and administered in an efficient, effective, and economical manner; and (3) conducted in a manner where internal controls were in place to safeguard against fraud, waste, and abuse.

**JUSTIFICATION:**          The Office of Contracting and Procurement provides acquisition services for the Office of the Chief Technology Officer, which is one of

the largest District agencies procuring expert and consulting services. This audit will review procurement actions to ensure that fair and open competition is employed for entities seeking opportunities to conduct business with the District. This audit is being conducted in response to a request from the Chief Technology Officer and the Chief Procurement Officer.

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**NO. 57**                      **Department of Consumer and Regulatory Affairs (DCRA)**                      **STATUS: Start FY 2009**

**TITLE:**                      **DCRA INSPECTION OF RESIDENTIAL PROPERTIES**

**OBJECTIVES:**              Our audit objectives are to determine whether: (1) electrical, plumbing and engineering inspectors properly inspect residential properties in accordance with the District Construction Codes and Zoning Regulations; (2) adequate monitoring and supervision of inspectors exists in order to prevent incidents of impropriety; (3) DCRA inspectors and third-party inspectors are properly certified and qualified; and (4) DCRA appropriately responded to consumer complaints surrounding the activities of their inspectors.

**JUSTIFICATION:**            The mission of the Department of Consumer and Regulatory Affairs (DCRA) is to protect the health, safety, economic interests, and quality of life of residents, businesses, and visitors in the District of Columbia by insuring code compliance. The inspection and enforcement Division conduct inspections of residential properties under construction to ensure code and regulatory compliance.

DCRA third-party inspector program allows construction, plumbing, and electrical companies to obtain services from inspectors not employed by DCRA to conduct inspections of residential and commercial properties. We are concerned that: inspectors may not be licensed and qualified, thus endangering the lives of citizens of the District; DCRA may not monitor the work of third-party inspectors sufficiently to determine if the work was adequately performed; and inspectors may authorize electrical, construction or plumbing inspection to be in compliance with D.C. Code provisions, even though the work is not up to electrical, construction, or plumbing codes and standards.

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**NO. 58**                      **HOMELAND SECURITY AND**                      **STATUS: Start FY 2009**  
**EMERGENCY MANAGEMENT**  
**AGENCY (HSEMA)**

**TITLE:**                      **HSEMA’S EMERGENCY PLANS AND STRATEGIES**

**OBJECTIVES:**              The objective is to evaluate the effectiveness of the agency’s operations in providing 24-hour emergency assistance to the public in order to save lives and protect property in the District of Columbia by: (1) mobilizing and deploying emergency services personnel and resources; (2) updating emergency operation plans and strategies; (3) training emergency personnel; (4) informing the public of impending emergencies and disasters; and (5) testing its own recovery plans.

**JUSTIFICATION:**          HSEMA’s operating budget increased significantly from \$95.5 million in FY 2008 to \$250.5 million in FY 2009 – an increase of 162%. This audit will determine whether the agency is effectively accomplishing its mission by managing the District’s emergency operations to prevent, respond to, and recover from both natural and man-made disasters. We will test procedures in place to document and test disaster recovery plans to ensure that: (1) District-wide emergency efforts would not be hindered if the agency is rendered inoperable by disasters; and (2) risk exposures to the confidentiality, integrity, and availability of the District’s mission-critical and sensitive information are significantly minimized.

For instance, recent reports in the print media indicated that a recent audit found the state agency tasked with coordinating disaster recovery in Virginia lacks plans to get up and running should a catastrophe strike its own offices. The state auditors indicated that the VA’s Department of Emergency Management’s lack of documented and tested recovery plans “places the confidentiality, integrity and availability of the commonwealth’s [sic] sensitive and mission critical information at risk.”

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**NO. 59**                      **District Department of Transportation**                      **STATUS: Start FY 2009**

**TITLE:**                      **THE DISTRICT DEPARTMENT OF TRANSPORTATION**

**OBJECTIVES:**              The audit objectives are to determine: (1) effectiveness and efficiency of operations; (2) compliance with applicable laws and regulations; (3) relevance and reliability of information; and (4) accomplishment of established mission objectives.



**JUSTIFICATION:** With a proposed operating budget of \$144 million, the mission of DDOT is to enhance the quality of life for District residents and visitors by ensuring that the mobility needs of people and goods are met safely, with minimal adverse impact on residents and the environment. This audit will determine whether the agency is carrying out its mission by establishing and implementing priorities that are consistent with the legitimate needs of District residents. This is particularly important because the DDOT was recently criticized for developing its list of top priorities based on the volume of complaints received by the Mayor's community relations team, rather than the real needs of residents.

This kind of performance audit can help uncover existing or potential internal control deficiencies that do not allow DDOT management or employees, in the normal course of performing their assigned functions, to prevent, detect, or correct: (1) impairments of effectiveness or efficiency in operations; (2) misstatements in financial and operational information; (3) violations of laws and regulations; or (4) establishment of improper performance measures on a timely basis. Results of the audit may help enhance the effectiveness, efficiency, and economy of DDOT's programs, including infrastructure development, planning and research, transportation, management, and financial operations.

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**NO. 60**                      **Department of Health**                      **STATUS: Start FY 2009**

**TITLE:**                      **HEATH CARE ALLIANCE**

**OBJECTIVES:**              The audit objectives are to determine whether the Department of Health (DOH) has satisfactorily implemented the recommendations addressed in the D.C. OIG report, *Audit of the Health Care Safety Net Contract*, issued October 4, 2002. We will also examine the current status of the health care safety net program as it relates to the report's recommendations.

**JUSTIFICATION:**              Since the publication of our audit report, the Health Care Safety Net Program has faced turbulent times. The parent company of the provider (Greater Southeast Community Hospital Corporation) filed for bankruptcy and the fiscal problems facing the District health care program for indigent and needy individuals and families are growing. Further, a District City Council member has expressed concerns about the financial and operational impacts these problems will have on the effectiveness of health care. Our audit report recommendations continue to have merit and value regardless of what entity manages the Health Care Safety Net Program because the recommendations address the

following systemic issues: (1) DOH and Health Care Safety Net Administration (HCSNA) oversight responsibilities; (2) fiscal oversight of providers and subcontractors; (3) estimating health care service levels; (4) monitoring contract funding and expenditures; (5) enforcing compliance with contract requirements that trained enrollment specialists be employed by the provider; (6) having effective procedures for determining patient Medicaid status and eligibility; (7) requiring the provider to establish proof of District residency; and (8) ensuring periodic validation of membership rolls. These remain valid recommendations, which if satisfactorily implemented, will achieve cost-effective improvements and improved health care service delivery.

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**NO. 61**                      **University of the District of Columbia**                      **STATUS: Start FY 2009**

**TITLE:**                      **COMMUNITY OUTREACH AND EXTENSION SERVICES**

**OBJECTIVES:**              The audit objectives are to determine whether the University of the District of Columbia (UDC): (1) managed and used resources in an efficient, effective, and economical manner; (2) complied with requirements of applicable laws, regulations, policies, and procedures; and (3) implemented internal controls to prevent or detect material errors and irregularities.

**JUSTIFICATION:**          UDC is an urban, land-grant institution of higher education with an open admissions policy. It is a comprehensive public institution offering affordable post-secondary education to students at the certificate, associate, baccalaureate, and graduate levels. The goals of these programs are to prepare students for immediate entry into the workforce, the next level of education, specialized employment opportunities, and to promote life-long learning.

UDC annual operating expenditures approximate \$100 million. UDC enrolls a cross-section of more than 20,000 students per year. Over 5,000 students are enrolled in credit courses and more than 15,000 students are enrolled in noncredit courses through UDC's Division of Community Outreach and Extension Services.

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**NO. 62**                      **District of Columbia Public Libraries**                      **STATUS: Start FY 2009**

**TITLE:**                      **CLOSURE AND CONSTRUCTION OF D.C. PUBLIC LIBRARIES**

**OBJECTIVES:**                      The audit objectives are to determine whether the District of Columbia Public Libraries (DCPL) adequately planned and managed the closure and construction of libraries, and established and implemented internal controls designed to guard against fraud, waste, and abuse.

**JUSTIFICATION:**                      The DCPL serves District residents operating 27 facilities and 3 mobile service units, commonly known as bookmobiles. The 27 libraries differ in size, architecture, collections, and level of service. The older libraries were built as far back as 1911 and the newest was built in 1988. Like the Martin Luther King, Jr. Memorial Library (MLK), many of these branch libraries suffer from basic design flaws and years of deferred maintenance that take a toll on users, collections, staff and services. Examples of deferred maintenance problems include inadequate space and infrastructure to support modern technology needs, leaking roofs, heating and cooling problems, and facilities difficult to secure because of design problems.

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**NO. 63**                      **Department of Health**                      **STATUS: Start FY 2009**

**TITLE:**                      **FAMILY AND MATERNAL HEALTH ADMINISTRATION**

**OBJECTIVES:**                      Our audit objectives are to determine whether the Family and Maternal Health Administration Office: (1) managed and used resources in an efficient, effective, and economical manner; and (2) complied with requirements of applicable laws, rules, regulations, policies, and procedures.

**JUSTIFICATION:**                      The Maternal and Family Health Administration (MFHA) program provides a variety of services to include: health assessments; wellness promotion, nutrition and fitness education; health screenings; outreach; interventions; referrals; and support services to District of Columbia residents and visitors so that they can minimize their chances of illness and live healthier lives.

During FY 2005, Maternal and Family Health was a service area under the Health Promotion program. Beginning in FY 2006, the Health Promotion program was renamed MFHA and now includes the following six program activities: Prenatal and Infant Care Services; Child Health Services; Nutrition and Physical Fitness Services; MFHA

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Support Services; School and Adolescent Health Services; and Adult and Family Health Services.

The FY 2008 proposed gross funds budget for the MFHA program is \$38,935,240, which is an increase of 6.5 percent over the FY 2006 approved budget. There are 191.5 proposed FTEs for this program.

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**NO. 64**                      **D.C. Taxicab Commission**                      **STATUS: Start FY 2009**

**TITLE:**                      **D.C. TAXICAB COMMISSION**

**OBJECTIVES:**              Our audit objectives are to determine whether: (1) internal controls at the D.C. Taxicab Commission were adequate to ensure that licenses were issued in accordance with applicable District laws, rules, and regulations governing the operation of taxicabs; (2) correct fees were collected, deposited, and recorded; (3) complaints and civil infractions involving public vehicles for hire were properly adjudicated; and (4) background checks for drivers and operating personnel were performed.

**JUSTIFICATION:**          The D.C. Taxicab Commission's mission is to ensure that the public receives safe and reliable transportation by taxicab and other means of transportation, to include limousines, sightseeing vehicles, and private ambulances.

The Taxicab Commission provides a wide assortment of information about taxicab and limousine services in the District of Columbia and surrounding areas. The Commission fulfills its mission through the regulation, oversight, and enforcement of the public vehicle-for-hire industry. The Commission conducts its operations through two advisory panels, a nine-member commission, and the Office of Taxicabs. The proposed FY 2008 budget for the D.C. Taxicab Commission is \$1.5 million. There are 16 FTE's employed.

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**NO. 65**                      **Department of Corrections**                      **STATUS: Start FY 2009**

**TITLE:**                      **DISTRICT OF COLUMBIA JAIL**

**OBJECTIVES:**              The audit objectives are to determine: (1) the status of electronic and fiscal inmate records at the D.C. Jail (Jail), focusing on efficiency and accuracy of inmate discharge; (2) the number and effect of lawsuits against the D.C. Jail for wrongful release or delayed release of inmates;

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and (3) the cost allocation and expenses per inmate from state and federal funding.

**JUSTIFICATION:** The D.C. Jail opened in 1976 and is a maximum-security facility for males and females. The Jail is managed and operated by the District's Department of Corrections (DOC). In FY 2003, the average daily inmate population was 2,328. The DOC's policies state that the Jail should be environmentally safe and that equipment should be maintained in good working order and meet all applicable codes, standards, and sound detention practices.

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**NO. 66**                      **Metropolitan Police Department**                      **STATUS: Start FY 2009**

**TITLE:**                      **COMMUNITY POLICING**

**OBJECTIVES:**              Our audit objectives are to determine whether: (1) MPD interacts with members of the community while patrolling neighborhoods; (2) MPD's presence has reduced crime in Police Service Areas (PSAs); and (3) MPD's presence in the community has reduced response times.

**JUSTIFICATION:**              Community policing was one of several issues District officials addressed as interest items in our annual planning conference. The MPD implemented a major restructuring of its PSAs, a basic building block for community policing in the District of Columbia. The goal of the restructuring is to ensure better police services for D.C. neighborhoods by providing greater flexibility in neighborhood patrols.

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**NO. 67**                      **Homeland Security and**                      **STATUS: Start FY 2009**  
**Emergency Management Agency**

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

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

**JUSTIFICATION:**              As emergency incidents occur (e.g., Hurricane Isabel, airspace violations, bomb threats) and after emergency exercises, the D.C. Emergency Management Agency and other emergency response organizations prepare "after-action reports" to review the response to the emergency and make recommendations for improvements. Given the

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District's status as one of the "high-threat" cities in the nation and the need to maintain a heightened state of vigilance, actions to improve emergency preparedness and public safety must be priority issues. This project was recommended by a District Council member who expressed similar concerns.

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**NO. 68**                      **Office of Property Management**                      **STATUS: Start FY 2009**

**TITLE:**                      **BUILDING SECURITY – PROTECTIVE SERVICES DIVISION**

**OBJECTIVE:**              The audit objectives are to determine: (1) how effective and efficient current Protective Services Division (PSD) procedures are in providing security for District buildings; (2) whether PSD employees are adequately trained to perform their jobs; (3) whether PSD has sufficient equipment to perform its duty; and (4) whether Homeland Security grants, if any, are being used, or can be used to improve security.

**JUSTIFICATION:**      The PSD is a part of the District Office of Property Management. PSD provides around-the-clock security to District facilities and ensures continued government operations by protecting employees, resources, facilities, and visitors.

PSD provides services for District owned facilities and leased properties that house some of the city's most important functions and personnel. Security is provided through patrol operations, contract security guard services, and electronic access control/security systems. The FY 2008 approved budget for the Protective Services Division was \$35.5 million and for FY 2009 the proposed budget is \$34.3 million.

The Protective Services Division may not have adequate procedures, policies, and equipment in place to protect District employees, resources, and facilities. The effectiveness of PSD's policies and procedures in providing security to District government facilities may be questionable. For example, the PSD uses metal detectors to prevent people from entering buildings with dangerous weapons or explosive devices. A recent investigative report in the media found security lapses at several District buildings. According to the report, dangerous weapons could possibly be brought into the buildings because hardly any of the metal detectors were found to be working. Further, on several occasions, media personnel carrying metal-filled pouches similar to weapons simply walked into the buildings without going through the detectors.

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## IV. SUPPORT SERVICES

### A. Information Systems

An information technology (IT) audit or information systems (IS) audit is an examination of the controls within an entity's information technology infrastructure. IT audits are also known as automated data processing (ADP) audits and computer audits.

During an IT audit, evidence of an organization's information systems, practices, and operations is collected and evaluated. This evaluation can determine whether the organization's information systems safeguard assets, maintain data integrity, and are operating effectively and efficiently to achieve the organization's goals or objectives. An IT audit tends to focus on determining risks that are relevant to information assets, and in assessing controls in order to reduce or mitigate these risks. An IT audit may take the form of a "general control review" or an "application control review."

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<b>NO. 69</b>	<b>Multi-Agency</b>	<b>STATUS: Ongoing</b>
<b>TITLE:</b>	<b>MEDICAID MANAGEMENT INFORMATION SYSTEM</b>	
<b>OBJECTIVES:</b>	The audit objectives are to determine whether the contractor provides accurate and complete data to support the services and claims made available to eligible Medicaid recipients and to determine whether adequate controls have been implemented in the operation and maintenance of the system.	
<b>JUSTIFICATION:</b>	The District of Columbia's state Medicaid agency is the Medical Assistance Administration (MAA), which is housed within the D.C. Department of Health. MAA provides medical services to eligible recipients under the Medicaid Program. This \$1 billion program provides services through a fee-for-service arrangement with a wide variety of providers. Providers submit claims for reimbursement to the fiscal agent, who prepares and processes the claims as necessary. The Medicaid Management Information System (MMIS) is an automated management system that assists in processing Medicaid services and claims for all eligible recipients. MAA has overall responsibility for the day-to-day operation of the system, which includes the adjudication of claims, the production of reports, and development of ad-hoc reports. The system has been operational since February of 2001. It is essential that data entered into the MMIS are accurate, and	

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that effective and functional controls are in place to ensure that the District can obtain maximum reimbursement for Medicaid-covered services.

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**NO. 70**                      **Multi-Agency**                      **STATUS: Start FY 2009**

**TITLE:**                      **DISTRICT'S SURVEILLANCE NETWORK SYSTEM**

**OBJECTIVES:**                      The objectives are to determine whether: (1) the project is supported by a sound, cost-effective implementation strategy; (2) appropriate safeguards are implemented to address legitimate concerns related to privacy and civil liberties; (3) funds are properly expended in accordance with the terms and conditions of grants and contracts; and (4) formal guidelines governing the retention, protection, and use of the images are adopted.

**JUSTIFICATION:**                      The D.C. government officially launched a new surveillance network system on May 1, 2008, connecting thousands of city-owned video cameras. The new system features 24-hour monitoring of the closed-circuit video systems operated by nine District agencies. The first phase connects 4,500 cameras trained on schools, public housing, traffic, and government buildings to a central office at the D.C. Homeland Security and Emergency Management Agency (HSEMA). District officials hope the system will increase efficiency and improve public safety. However, concerns about privacy and civil liberties plague the project. The Chairman of the D.C. Council's Committee on Public Safety and the Judiciary (Phil Mendelson) indicated that the project lacked sound planning.

The D.C. attorney general's office has been working on a policy to protect the privacy rights of District residents and visitors, but the policy is incomplete. Thus, the agencies involved will continue to follow their own rules, which vary depending on how long images are kept and protected from unauthorized use. There appears to be no consistent policy on privacy rules to guide system implementation. The system is projected to yield significant cost savings from the \$1.7 million the District sets aside annually to monitor non-police cameras, which are expected to grow to 5,500 by this fall. The city received \$500,000 of the \$9.6 million in homeland security grants awarded for this initiative.



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**NO. 71**                      **Multi-Agency**                      **STATUS: Start FY 2009**

**TITLE:**                      **SURVEY OF THE DISTRICT’S EXISTING AND PLANNED INFORMATION TECHNOLOGY (IT) RESOURCES**

**OBJECTIVES:**              We will conduct a survey of the District’s IT resources and develop a comprehensive listing or database of the District’s IT resources in order to more effectively select, plan, and execute IT and IT related audits. Specifically, we will survey the District’s: (1) existing IT resources and infrastructures; (2) planned future IT systems and infrastructures; and (3) management controls over the various IT resources and IT related issues.

**JUSTIFICATION:**          The OIG is committed to conducting IT and IT related audits; however, the Office has not developed or assessed the breath of the District’s existing or planned IT resources and infrastructure. Currently, in the absence of a comprehensive IT resource listing, the OIG Audit Division utilizes an adhoc methodology of selecting IT and IT related audits, which limits the division’s ability to perform risk assessments and priority matrixes. A comprehensive listing or database of the District’s existing and planned IT resources would provide the Audit Division with an effective, efficient, and rational methodology and basis for planning, selecting, and conducting IT audits.

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**NO. 72**                      **Office of the Chief Financial Officer**                      **STATUS: Start FY 2009**

**TITLE:**                      **APPLICATION CONTROLS FOR THE INTEGRATED TAX SYSTEM**

**OBJECTIVES:**              The overall objectives are to review (1) application controls over the Integrated Tax System (ITS); and (2) adequacy of internal controls over supporting work processes.

**JUSTIFICATION:**          Tax collections generate the bulk of revenue to finance District operations paid from the General Fund. The efficiency of the tax collection automated systems and the effectiveness of policies, procedures, and internal controls determine whether the District is maximizing collection of taxes due the city.

In addition to charges filed against several employees in the Office of Tax and Revenue’s (OTR’s) highly publicized property tax refund scandal, two other officials in the same office were recently charged in

a separate phony refund scheme. These employees exploited weaknesses in the automated tax system to log in the bogus tax returns and obtain refunds illegally. In response to these fraudulent activities, OCFO officials claim that they have implemented a new system of checks and balances.

All integrated information technology systems should be designed to preclude unauthorized access to the systems and should have a number of application controls embedded in the systems to ensure the availability, integrity, confidentiality, and security of information. The importance of application controls is manifest in the fact that the ITS processes billions of dollars in taxes each year. This audit will examine adequacy of controls in ITS and supporting processes.

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**NO. 73**                      **Office of the Chief Technology Officer    STATUS: Start FY 2009**

**TITLE:**                      **DISTRICT OF COLUMBIA'S ENTITY-WIDE SECURITY PROGRAMS**

**OBJECTIVES:**              Our audit objectives are to determine whether: (1) security controls are adequate to meet potential threats and are consistently applied; (2) sensitive and critical resources are adequately protected; and (3) information security responsibilities are clearly assigned and security policies are understood.

**JUSTIFICATION:**            The Office of the Chief Technology Officer (OCTO) is the central IT and telecommunications agency in the District of Columbia government. OCTO develops, implements, and maintains the District's IT and telecommunications infrastructure; develops and implements major citywide applications; establishes and oversees IT enterprise architecture and website standards for the District; and advises District agencies on technology solutions to improve services to a wide array of stakeholders.

As the overseer of the District's IT assets, it is imperative that OCTO continually conduct high-level risk assessments to identify all threats and vulnerabilities. Threats to the District's IT assets include malicious acts, attempts to access private information, pranks, natural disaster, sabotage, and user error. Our audit would verify that OCTO continually assesses the District's risks to these threats and other vulnerabilities.

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**NO. 74**                      **Multi-Agency**                      **STATUS: Start FY 2009**

**TITLE:**                      **DISTRICT AGENCIES' EFFORTS TO PROTECT SENSITIVE INFORMATION**

**OBJECTIVES:**              The objective is to determine whether the District government and selected District agencies have developed and implemented adequate controls to ensure personally identifiable information and other sensitive data (such as social security numbers, credit card numbers, bank account numbers, and healthcare information) are safeguarded in accordance with applicable privacy regulations.

**JUSTIFICATION:**          Identity theft has been one of the fastest growing crimes in the United States. It involves stealing an individual's personal identifying information, and then using the information to fraudulently establish credit, gain access to financial accounts, and obtain benefits and services. Identity theft can cause tremendous harm to individuals. Identity theft victims often spend a significant amount of time and money restoring their good name and credit record.

District agencies maintain personally identifiable information for over 30,000 District employees, and they are required to safeguard such sensitive information. This audit will help agencies to: (1) proactively assess sensitive information in order to determine whether it is necessary to obtain it; (2) conduct an inventory of where sensitive data is stored; (3) adopt or refine organizational policies that are actionable and enforceable; (4) and effectively train responsible employees in handling sensitive data. These outcomes minimize both legal and reputational risks associated with breaches of District employees' privacy rights.

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**NO. 75**                      **Department of Motor Vehicles (DMV)**              **STATUS: Start FY 2009**

**TITLE:**                      **DMV ONLINE SERVICES**

**OBJECTIVES:**              Our audit objectives are to evaluate the efficiency of DMV's online services by testing one of the four DMV online services. We will determine whether citizens' personal information and data are secure while using DMV's online services.

**JUSTIFICATION:**          DMV on-line services allow motorists to perform several driver and vehicle transactions online. Using these on-line services, D.C. residents can avoid a trip to DMV offices and conduct their DMV

business wherever and whenever necessary. DMV provides four online services including driver licenses, learner permits and driver records; non-driver identification cards; senior driver information; information on driver medical requirements; and automobile dealer and agency information. These services are designed to give District residents an easier avenue to handle all of their vehicle and driver needs without standing in line at DMV offices.

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**NO. 76**                      **Multi-Agency**    **STATUS: Start FY 2009**

**TITLE:**                      **PROTECTION OF INFORMATION SYSTEMS SUPPORTING  
CRITICAL GOVERNMENT INFRASTRUCTURES**

**OBJECTIVES:**              The audit objectives are to ensure that D.C.'s information systems and applications that support critical infrastructures are securely maintained and adequately protected from terrorist attack, intentional and unintentional modification, and improper public disclosure.

**JUSTIFICATION:**        Steady increases in computer interconnectivity, especially in the use of the Internet, are changing the way governments conduct business. This interconnectivity poses significant risks to our computer systems and, more importantly, to the critical operations and infrastructures they support. For example, telecommunications, power distribution, public health, law enforcement, and emergency services all depend on the security of their computer operations. Likewise, the speed and accessibility that create the enormous benefits of the computer age, if not properly controlled, allow individuals and organizations to inexpensively eavesdrop on or interfere with these operations from remote locations for mischievous or malicious purposes, including fraud or sabotage. The number of computer security incidents has risen significantly in the last few years.

Information system experts estimate that as much as 80 percent of security incidents go unreported, in most cases because the organization was unable to recognize that its system had been penetrated or because there were no indications of penetration or attack.

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**NO. 77**                      **Office of the Chief Technology Officer**      **STATUS: Start FY 2009**

**TITLE:**                      **PROTECTION OF NETWORK AND INTERNET SERVICES**

**OBJECTIVE:**              The audit objectives are to select a District agency governed by OCTO's IT network and services; and review OCTO's general and preventive controls which protect network, business processes, and internet usage in the District.

**JUSTIFICATION:**      OCTO develops and enforces policies and standards for information technology in the District government. OCTO identifies where and how technology can systematically support the business processes of the District's 68 agencies. Agencies can draw on OCTO's expertise to get the most out of their technological investments.

OCTO also assesses new and emerging technologies to determine their potential application to District programs and services. Finally, OCTO promotes the compatibility of computer and communications systems throughout the District government.

Information technology is the most powerful tool for achieving the District's business goals. Simply acquiring equipment and launching websites, however, will not solve the problems facing the city. OCTO's task is to determine the strategies that will make Washington, DC, the technological pacesetter for cities in the 21st century.

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**NO. 78**                      **Multi-Agency**                                      **STATUS: Start FY 2009**

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

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

**JUSTIFICATION:** The District's core financial systems process tax information, account for the city's financial activities, maintain data for citizen services, and interface with other major District systems and applications. As the nation's capital and a major city, the District must be prepared to protect and ensure the continuity of its business operations in the event of a major catastrophe or terrorist attack affecting the city's infrastructure, including its financial systems. A business continuity plan focuses on minimizing the risks associated with potential business failures and maintaining public services. A sound business continuity plan safeguards each District agency's ability to produce a minimum acceptable level of outputs and services in the event of failures to process internal or external mission-critical information and operational systems and processes. This audit will evaluate how well the District is prepared to maintain continuity of business operations and citizen services should a significant event occur.

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**NO. 79**                      **D.C. Public Schools (DCPS)**                      **STATUS: Start FY 2009**

**TITLE:**                      **DCPS PERSONNEL AND PAYROLL SYSTEM**

**OBJECTIVES:** Our audit objectives are to determine whether DCPS, in the acquisition and implementation of a new personnel and payroll system called PeopleSoft, is using a System Development Life Cycle/Project Management Framework that includes:

- adequate pre-acquisition planning;
- formulation of a master project plan,
- aggressive tracking and approval of project deliverables;
- testing;
- project closeout and approval;
- post implementation quality assurance; and
- training.

**JUSTIFICATION:** When the conversion to the CAPPS personnel and payroll system failed, many agencies reverted to the old UPPS system. DCPS chose not to revert to UPPS, and sought to acquire a new system called PeopleSoft. As of August 2002, none of the six modules in the PeopleSoft system were operational, and full operational capability was not envisioned until April 2003. Two issues warrant audit attention. The first addresses the effectiveness of the PeopleSoft system to provide DCPS with a working personnel and payroll system. The second issue involves the PeopleSoft procurement, and whether

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the acquisition was reasonably priced to provide the most efficient use of scarce DCPS resources.

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**NO. 80**                      **Multi-Agency**                      **STATUS: Start FY 2009**

**TITLE:**                      **SYSTEMS REVIEW OF THE CHILD WELFARE SYSTEM**

**OBJECTIVES:**              Our audit objectives are to assess the application controls within the D.C. child welfare computerized management system, known as FACES, to determine whether these controls provide for (1) accuracy; (2) authorization; (3) maintenance; (4) completeness; and (5) storage of data.

**JUSTIFICATION:**          The communication of and access to information among all pertinent parties involved with the child welfare system affect not only the children in the system, but also the families of these children and the social workers who must provide efficient and necessary services. The lack of reliable and accurate information used by child welfare workers puts the safety and security of District foster care children at risk.

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**NO. 81**                      **Office of Unified Communication**                      **STATUS: Start FY 2009**

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

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

**JUSTIFICATION:**          Emergency and non-emergency call activities from the Metropolitan Police Department, Fire and Emergency Medical Services Department, and Customer Service Operations are consolidated within the Unified Communications Center. UCC is the designated 24-hour call center for all 911 (emergency), 311 (non-emergency public safety), and (202) 727-1000 (citywide call center) calls. Cross-trained call operators and dispatchers respond to all citywide emergency and non-emergency calls using state-of-the-art programming and communications systems specifically designed for these functions. The UCC facility is designed to improve the overall quality of life for residents,

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businesses, and visitors by increasing responsiveness to calls for emergency assistance and non-emergency inquiries.

In addition to routine public safety initiatives, the UCC is also responsible for ensuring the security of large-scale events that often take place in the District of Columbia metropolitan area. There are 382 proposed full-time equivalents for the center.

## B. Human Capital

People are the District's most important assets. This issue area encompasses personnel matters, benefits, hiring practices, and personnel and payroll systems.

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**NO. 82**

**Multi-Agency**

**STATUS: Start FY 2009**

**TITLE:**

**EMPLOYEE QUALIFICATIONS AND BACKGROUND CHECKS**

**OBJECTIVES:**

Our audit objectives are to determine whether controls are in place to ensure that applicants selected for executive and managerial positions: (1) are qualified for the position; and (2) are subjected to adequate background investigations with appropriate adjudication that provides a measure of assurance that selected individuals do not abuse any position of trust.

**JUSTIFICATION:**

Independent District agencies and the District of Columbia Department of Human Resources (DCHR) (in conjunction with subordinate agencies) hire executive and managerial employees based on the submission of resumes, employment applications, and other information. Collectively, this information is synthesized with interviews of prospective candidates, and a decision is then made to hire an individual. Some positions - such as those for police, fire, and emergency services personnel, as well as some critical information technology positions - require that the agency conduct background verifications of the prospective employee's education, experience, and credentials, as well as other relevant information.



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**NO. 83**                      **Multi-Agency**    **STATUS: Start FY 2009**

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

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

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

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**NO. 84**                      **Department of Corrections**    **STATUS: Start FY 2009**

**TITLE:**                      **CORRECTIONAL OFFICER QUALIFICATIONS AND TRAINING**

**OBJECTIVES:**              The overall audit objectives are to review the qualifications of correctional officers employed by the Department of Corrections (DOC) and to determine if they have been properly trained to perform their duties as correctional officers.

**JUSTIFICATION:**          The DOC ensures public safety by providing sufficient security and safe confinement of pretrial detainees and for convicted offenders. The DOC program has a proposed budget of \$155 million for fiscal year 2009. The DOC operates the Central Detention Facility (DC Jail) with an inmate capacity of 2,164.

The DC Jail has a history of abuse of inmates and unethical behavior by correctional officers resulting in the escape of prisoners. This audit would ensure that DOC is securing qualified correctional officers and providing adequate security.

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**NO: 85**                      **Department of Human Resources**                      **STATUS: Start FY 2009**

**TITLE:**                      **PROCESSES FOR COMPETITIVE HIRINGS  
AND PROMOTIONS**

**OBJECTIVES:**              The audit objectives are to evaluate the Department of Human Resources (DCHR) processes for hiring prospective employees and promoting District employees on a competitive basis. The audit will determine whether personnel rules and regulations are consistently and accurately applied. We will also determine whether the District is using effective and efficient practices that result in hiring or promoting and retaining the best candidates for each position filled and whether evaluation scores are accurately calculated and include eligible points for District residency and Veteran's preferences.

**JUSTIFICATION:**        The District of Columbia government employs more than 30,000 individuals working in more than 70 agencies that require a distinct mix of skills and abilities covering a multitude of disciplines. It is imperative that the District government obtain and hire the most promising candidates into these positions. Similarly, when competitively promoting District employees, only the highly qualified candidates should be in competition for selection. Accordingly, the processes used for both hiring the best candidates and promoting the most highly qualified individuals must be consistently and accurately applied by DCHR and other agencies involved in the hiring and promotion processes. Many OIG audits have noted problems with lack of employee performance, lack of adequate supervisory skills, individuals occupying positions for which they may not be qualified, and other problems that may be due to poor hiring and promotion practices. Placing individuals in positions for which they are not qualified, either through hire or promotion, adds to the risks of lost productivity, inefficient use of resources, and diminished ability to deliver essential citizen services.

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**NO. 86**                      **Multi-Agency**                      **STATUS: Start FY 2009**

**TITLE:**                      **DISTRICT EMPLOYEE SUSPENSIONS WITH PAY**

**OBJECTIVES:**              Our audit objectives are to determine the effectiveness of the payroll internal control system by evaluating the processes and procedures under which suspended employees get paid during the suspension time. In addition, we will evaluate effectiveness of the internal controls over the administrative leave process.

**JUSTIFICATION:** In the recent past, media reports indicated that some teachers and employees in the District of Columbia Public Schools were suspended from their duties and placed on administrative leave with pay pending an administrative hearing, which may be pending for months or years. Employees on administrative leave get full pay but perform no work. Some employees on extended administrative leave may be working elsewhere. The audit will explore the administrative leave process to ensure it is efficient and effective and that the process for administrative leave is not being abused or mismanaged.

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**NO. 87**                      **Multi-Agency**                                      **STATUS: Start FY 2009**

**TITLE:**                      **DISTRICT EMPLOYEES' USE OF SICK LEAVE**

**OBJECTIVE:**              The audit objectives are to determine: (1) whether there is a pattern of abuse of sick leave by District government employees; and (2) whether policies and procedures exist and are implemented to ensure and encourage proper use of sick leave by employees.

**JUSTIFICATION:** Because of the high dollar value (\$72 million) of sick leave expenses, the abuse of sick leave by employees could cost the District in monetary compensation and productivity losses.

Peoplesoft, used by DCHR and other District agencies, should be able to generate reports showing the patterns of leave taken by employees. We will review District agencies with the highest number of employees to ensure that sick leave policies are properly managed to avoid potential abusive practices.

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**NO. 88**                      **Multi-Agency**                                      **STATUS: Start FY 2009**

**TITLE:**                      **DISTRICT EMPLOYEES' USE OF ADMINISTRATIVE LEAVE**

**OBJECTIVE:**              The audit objectives are to determine whether: (1) administrative leave was granted according to D.C. Department of Human Resources guidelines; (2) there was any preferential treatment to certain employees when granting administrative leave; and (3) policies and procedures exist and are implemented to ensure and encourage proper use of administrative leave.

**JUSTIFICATION:** According to the D.C. Personnel Manual (DPM), a District agency head may grant administrative leave for up to 10 consecutive

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within the District may disclose a need to tighten controls/rules governing employee activities and demonstrate the need to heighten ethics awareness and training.

## V. AUDITS REQUIRED BY LAW

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

### A. Financial Integrity

The fiscal health of the city is directly linked to the integrity of its financial books and records. This issue area has come under greater scrutiny because of recent reporting lapses of various business institutions. In addition to providing oversight of the CAFR, we plan to conduct audits regarding several funds, which are required by District and federal laws.

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<b>NO. 90</b>	<b>Multi-Agency</b>	<b>STATUS: Ongoing/ Start FY 2009</b>
<b>TITLE:</b>	<b>COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR FY 2008</b>	
<b>OBJECTIVES:</b>	The objective of this engagement is to secure services of an independent CPA firm to perform the annual audit of the District government's financial statements. Once a contractor is selected, the OIG provides oversight of the progress of the audit and addresses any issues that may arise from the audit or that may prevent the audit from timely completion. The OIG chairs the audit oversight committee, conducting regular meetings with committee members and interacting with the CFO and CPA firm throughout the audit engagement.	
	In fulfilling our oversight role, the OIG is responsible for: (1) monitoring the reliability and integrity of the CFO's financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance; (2) monitoring the independence	

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and performance of the CPA firm; and (3) providing an open avenue of communication among the auditors, the Executive Office of the Mayor, the D.C. Council, the CFO, and other District management officials.

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

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

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\* These agencies and entities will arrange to secure separate audit firms to perform the required services.

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<b>NO. 91</b>	<b>Department of Housing and Community Development</b>	<b>STATUS: Ongoing/ Start FY 2009</b>
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<b>TITLE:</b>	<b>HOME PURCHASE ASSISTANCE FUND</b>
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<b>OBJECTIVES:</b>	The objectives of this financial statement audit are to determine whether monies in the Home Purchase Assistance Fund have been accounted for properly and whether persons obtaining loans under this program meet the qualifications under existing policies and procedures.
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**JUSTIFICATION:** D.C. Code § 42-2605 (2001) requires the OIG to conduct an annual audit of this fund. The Mayor is required to report on the financial condition of this fund to Congress and the Council within 6 months after the end of the preceding fiscal year.

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**NO. 92**                      **Department of Consumer and Regulatory Affairs**                      **STATUS: Ongoing/  
Start FY 2009**

**TITLE:**                      **PROFESSIONAL ENGINEERS' FUND**

**OBJECTIVES:**              The overall audit objectives are to determine whether: (1) the Professional Engineers' Fund was maintained in accordance with the D.C. Code; and (2) engineer fees were properly accounted for and expended during the fiscal year.

**JUSTIFICATION:**              This audit is required pursuant to D.C. Code §§ 47-2886.02(6) and 47-2886.13(d) (2005). Section 47-2886.13(d) states, in pertinent part: "[i]t shall be the duty of the Office of the Inspector General of the District of Columbia to audit annually the accounts of the Board and make a report thereof to the Mayor." Section 47-2886.02(6) defines "Board" as "the District of Columbia Board of Registration for Professional Engineers."

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**NO. 93**                      **Office of the Attorney General**                      **STATUS: Ongoing/  
Start FY 2009**

**TITLE:**                      **DISTRICT OF COLUMBIA ANTIFRAUD FUND**

**OBJECTIVES:**              The objectives of the audit are to: (1) express an opinion on the FY 2007 financial statements of the Fund; (2) determine whether fines, penalties, and monetary damages collected pursuant to antifraud cases are properly deposited and accounted for in the Fund; (3) determine whether expenditures/costs charged to the Fund were proper; (4) whether internal controls over fund transactions and financial reporting were adequate; and (5) determine whether the Fund is administered in accordance with laws and regulations.

**JUSTIFICATION:**              The audit is conducted pursuant to D.C. Code § 2-308.20(c) (2006), which requires the OIG to conduct an annual audit of the Fund. The Fund is comprised of deposits resulting from criminal fines, civil penalties, and damages collected from false claim recoveries.

**NO. 94**

**Department of Public Works**

**STATUS: Ongoing/  
Start FY 2009**

**TITLE:**

**DISTRICT OF COLUMBIA HIGHWAY TRUST FUND AND  
5-YEAR FORECAST**

**OBJECTIVES:**

The objectives of this audit are to express an opinion on the financial statements of the District of Columbia Highway Trust Fund (Fund) for the fiscal year, and to perform an examination of the forecasted statements of the Fund's expected conditions and operations for the next 5 years.

**JUSTIFICATION:**

D.C. Code § 9-109.02(e) (2001) requires the OIG to submit a report on the results of its audit of the financial statements of the Fund. The report is due to Congress on February 1st of each year for the preceding fiscal year. The Highway Trust Fund Pro Forma (Forecast) has a statutory due date of May 31<sup>st</sup>. The Forecast includes the actual revenues and expenditures for the preceding fiscal year and the forecast for the current fiscal year and the next 4 fiscal years.



**VI. DISTRICT OF COLUMBIA EDUCATION PROGRAMS**

The cost of operating the District of Columbia Public Schools (DCPS) for FY 2009 will exceed \$1 billion, nearly one-fifth of the District’s budget authority. In order to better address reported problems in the District’s education system. DCPS came under the authority of the Mayor’s Office in FY 2007. Recognizing that an efficient and effective public educational system is of paramount interest and concern to the entire District community (residents, elected officials, and educators), we amended the sixth theme in our Annual Audit and Inspection Plan – renaming the theme, District of Columbia Education Programs. This name change recognizes the reporting structure of DCPS, and that many of its operations are now carried out by other District agencies. The OIG will continue to review these activities through its resident audit site, which conducts audits, interacts with school officials for prompt resolution, and recommends corrective action. Additionally, our resident audit site provides aggressive follow-up on past recommendations and advises school officials of the actions needed to resolve recurrent deficiencies. The audits of District of Columbia Education Programs (DCEP) included in our Plan for FY 2009 represent suggestions made by elected officials, the DCPS Chancellor, and our research based on previous audits of DCEP. However, we recognize that these efforts will extend beyond this fiscal year. In evaluating a variety of school issues, our plan is not to merely arrive at the technical solutions to complex problems, but to provide DCEP officials and educators with the tools to make sufficiently sound decisions and effect positive improvements.

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<b>NO. 95</b>	<b>District of Columbia Public Schools</b>	<b>STATUS: Ongoing</b>
<b>TITLE:</b>	<b>PAYROLL VERIFICATION AUDIT FOR THE DISTRICT OF COLUMBIA PUBLIC SCHOOLS</b>	
<b>OBJECTIVES:</b>	Our audit objective is to determine whether check recipients are current, bonafide employees of the DCPS and affiliated offices whose employees are paid through DCPS payroll. Based on our audit results, the OIG may expand the audit to include other audit objectives.	
<b>JUSTIFICATION:</b>	The OIG is performing the audit due to concerns raised during the city-wide audit of the District’s financial statements for FY 2007. These concerns are addressed in the Independent Auditors’ Report on Internal Control and Compliance Over Financial Reporting for FY 2007 (OIG No. 07-1-05MA). This report addresses the problems for the entire District government. However, a separate report specifically addresses the problems pertaining only to DCPS. This report, entitled “Material Weaknesses and Reportable Conditions in Internal Control Over Financial Reporting and Management Letter	

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Comments for the year ended September 30, 2006” (OIG No. 07-1-22GA(a)), was issued on May 23, 2007.

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**NO. 96**                      **D.C. Public Charter School Board**                      **STATUS: Ongoing**  
**D.C. Board of Zoning Adjustment**

**TITLE:**                      **NOTIFICATION PROCEDURES OF THE D.C. PUBLIC CHARTER SCHOOL BOARD AND THE D.C. BOARD OF ZONING ADJUSTMENT**

**OBJECTIVES:**              Our audit objectives are to: (1) determine if the D.C. Public Charter School Board (PCSB) is providing proper notification to the Advisory Neighborhood Commissions (ANCs) when the Board grants or revises a public school charter, (2) evaluate the PCSB’s process for notifying the ANCs, and (3) determine if the Board of Zoning Adjustment (BZA) provided proper notice to ANC 6A when it scheduled hearings with regard to the AppleTree Institute for Education and Innovation’s plan to construct a charter school.

**JUSTIFICATION:**          We initiated the audit due to concerns raised by the Chairman of ANC 6A. The ANC Act requires District agencies (including independent agencies and boards) to provide notice to the ANCs when certain events occur affecting their neighborhoods. In addition to adhering to the notification requirements in the ANC Act, agencies must adhere to the notification requirements in their authorizing laws.

The Chairman expressed the following concerns: (1) the BZA did not provide proper notice to ANC 6A when it scheduled hearings with regard to the AppleTree Institute for Education and Innovation’s plan to construct a charter school at 138 12th Street, NE; and (2) the PCSB does not adhere to the ANC Act, or the School Reform Act, which requires the PCSB to send written notification to the ANCs at least 10 days prior to holding public hearings on petitions to establish charter schools and amend charters.

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**NO. 97**                      **District of Columbia Public Schools**                      **STATUS: Ongoing**

**TITLE:**                      **SERVICES PROVIDED BY TEACHERS INSTITUTE FOR THE DISTRICT OF COLUMBIA PUBLIC SCHOOLS**

**OBJECTIVES:**              Our audit objectives are to determine whether DCPS: (1) managed and used resources in an efficient, effective, and economical manner; (2) complied with requirements of applicable laws, regulations, policies, and procedures; and (3) implemented internal controls to safeguard against waste, fraud, and abuse.

**JUSTIFICATION:**            This audit was requested by the Chancellor, DCPS due to concerns raised by a complainant about Teachers Institute (TI) operations. The audit focuses on management and oversight of services provided by TI.

TI is a nonprofit, professional development organization that was retained by DCPS in July 2005 to raise the writing fluency and reading comprehension of DCPS students. TI worked in affiliation with the Columbia University Teachers College Reading and Writing Project in providing DCPS a program of ongoing teacher and principal learning that tied professional development to practical classroom application. The Reading and Writing Project covered 3 years at DCPS and included 22 Cohort schools.

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**NO. 98**                      **Department of Employment Services**                      **STATUS: Ongoing**

**TITLE:**                      **THE DEPARTMENT OF EMPLOYMENT SERVICES' SUMMER YOUTH PROGRAM OF THE PASSPORT-TO-WORK PROGRAM**

**OBJECTIVES:**              The overall objectives are to determine whether the Department of Employment Services (DOES): (1) operated the summer youth program (SYP) in an efficient, effective, and economical manner; (2) complied with requirements of applicable laws, rules, regulations, policies, and procedures; and (3) implemented internal controls to safeguard against fraud, waste, and abuse.

**JUSTIFICATION:**            The DOES' Office of Youth Programs (OYP) provides a variety of training opportunities to D.C. youth (ages 14 to 24) through its Passport-to-Work Program. The Passport-to-Work Program focuses on: (1) enhancing the lives of youth; (2) equipping participants with the necessary skills to successfully compete in the labor market; and

(3) encouraging the youth to become productive D.C. residents and U.S. citizens. The SYP, which is one of the initiatives under the Passport-to-Work Program, allows thousands of D.C. youth (ages 14 to 21) an opportunity to gain practical work experience during the summer. The FY 2008 budget for the SYP was \$21 million; however, widespread problems caused the cost to escalate to \$52 million, representing a cost overrun of \$31 million. We initiated the audit due to concerns raised by the Council of the District of Columbia and the City Administrator and Deputy Mayor.

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**NO. 99**                      **Office of Public Education Facilities                      STATUS: Start FY 2009**  
**Management and Construction Authority**

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

**OBJECTIVES:**                      The audit objectives are to determine the: (1) status of maintenance and repairs performed by OPEFM through in-house personnel and contractors; (2) extent of maintenance and repairs being performed; (3) effectiveness of the maintenance and repairs; and (4) impact that maintenance and repairs have on DCPS buildings.

**JUSTIFICATION:**                      DCPS currently operates over 100 schools with an average building age of 63 years. The combination of aging structures and deferred maintenance of the District's public school facilities has created many emergencies such as failing boilers, deteriorating walls, inoperable windows, and leaking roofs during the last several years. Facility condition is important not only from a safety standpoint, but well-designed and maintained facilities can improve employee morale and provide students with an environment conducive for learning.

As part of the District of Columbia Public Education Facilities Management and Consortium Authority Establishment Act of 2007, D.C. Law 17-9, effective June 12, 2007, the Mayor established the OPEFM, which is independent of DCPS. The OPEFM is responsible for overseeing the preventative maintenance schedule for various systems associated with the operation of DCPS schools and facilities, and managing routine maintenance, repairs, and small capital projects on DCPS schools and facilities that are beyond the scope of the janitorial and custodial staff. The DCPS Office of Facilities Management previously performed these tasks. The FY 2008 approved budget for facilities and infrastructure is \$26 million.

**NO. 100**                      **District of Columbia Public Schools**                      **STATUS: Start FY 2009**

**TITLE:**                      **NEGOTIATED SERVICES CONTRACTS**

**OBJECTIVES:**              The audit objectives are to determine whether DCPS is complying with the requirements of Title 27, District of Columbia Municipal Regulations, Chapter 19 “Contracting for Services,” and is receiving the contracted services.

**JUSTIFICATION:**          The Office of Contracts and Acquisitions (OCA) mission is to consistently provide efficient and effective procurement services for the DCPS system. OCA oversees a wide range of acquisitions from school supplies to vehicle maintenance and repair services. Negotiated Services Contracts, also known as Consulting Services Contracts, are included in the range of acquisitions that OCA oversees.

Several concerns have been raised as to whether DCPS is contracting for negotiated services in the most efficient and effective manner. The FY 2008 approved budget for contractual services is \$200 million and the FY 2009 proposed budget for contractual services is \$55.4 million.

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**NO. 101**                      **District of Columbia Public Schools**                      **STATUS: Start FY 2009**

**TITLE:**                      **FREE AND REDUCED PRICED MEALS**

**OBJECTIVES:**              The audit objectives are to evaluate DCPS’ efforts to ensure that only eligible students receive free and reduced priced meals and to determine if DCPS is adequately monitoring the contractors that provide prepared meals and uncooked food.

**JUSTIFICATION:**          Students are eligible for free or reduced priced meals if their household incomes are within eligibility guidelines. The income eligibility guidelines are derived from the federal poverty guidelines, which are updated annually. In order for students to be considered for the benefits, their parents or guardians are required to submit an application each school year. When they submit their applications, parents or guardians are not required to provide documentation (such as pay stubs and W-2 forms) showing their households meet the income eligibility guidelines. However, each year, the Division of Food and Nutrition Services selects a sample of students receiving free and reduced priced meals and requires their parents or guardians to

provide documentation showing their households meet the income eligible guidelines.

Under current contractual arrangements, a contractor provides prepared meals to the elementary schools. Also, several contractors provide uncooked food to the secondary schools and DCPS employees prepare the meals onsite. Personnel in the Division of Food and Nutrition Services serve as the Contracting Officer's Technical Representative for the contracts. The FY 2008 approved budget for food services is \$26.3 million.

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**NO. 102**                      **District of Columbia Public Schools**                      **STATUS: Start FY 2009**

**TITLE:**                      **GRANT REVENUE**

**OBJECTIVES:**              The audit objectives are to determine whether the District has the infrastructure in place to actively identify grant opportunities for DCPS and abide by the requirements of existing grant agreements to avoid the potential loss of funds.

**JUSTIFICATION:**          The Office of Partnerships and Grants Development (OPGD), which is a part of the Executive Office of the Mayor, serves as the clearinghouse for all D.C. government grant opportunities. The DCPS Office of Federal Grants Programs (OFGP) secures and administers grant funding to support local education agencies (LEAs). The funding is utilized to enable the states and the LEAs to design, develop, and implement programs that will eliminate achievement gaps and improve student learning. According to OFGP officials, the OFGP regularly works with the OPGD to review grant opportunities identified by OPGD. For SY 2006-2007, DCPS received \$117.8 million in federal grant funds. The issue of DCPS grants management arose as a significant issue in the FY 2007 CAFR wherein the U. S. Department of Education declared DCPS to be declared a "high risk" entity. This declaration has the potential for DCPS to lose or have severe restrictions imposed on its grant funding.

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**NO. 103**                      **District of Columbia Public Schools**                      **STATUS: Start FY 2009**

**TITLE:**                      **NON-EMERGENCY TRANSPORTATION OF DCPS STUDENTS**

**OBJECTIVES:**              The audit objectives are to determine whether the District of Columbia Public Schools (DCPS): (1) operated the Non-Emergency Transportation Program (the Program) in an efficient, effective, and economical manner; complied with requirements of applicable laws, rules, regulations, policies, and procedures; (2) approved claims for payment when transportation was not provided; and (3) established and implemented internal controls to guard against fraud, waste, and abuse.

**JUSTIFICATION:**          DCPS has overall responsibility for operating and managing the Non-Emergency Transportation program for students. The Department of Health, Medical Assistance Administration, Office of Program Operations (OPO) pays claims for non-emergency transportation of DCPS students. OPO has responsibility for management of the contactor Affiliated Computer Services (ACS), who processes provider claims. The program cost is shared by the District government and Medicaid. The providers transport eligible Medicaid students to and from medical appointments. The DCPS Non-Emergency Transportation Program cost for FY 2005 was \$5.5 million, and for FY 2006 was \$6 million. Beginning in FY 2009, the special education transportation program will be operated by the Office of the State Superintendent of Education (OSSE).

The audit will concentrate on claims paid for DCPS non-emergency transportation of students during FY 2007. The review will include claims filed and paid through the Medicaid Management Information System. To confirm whether transportation was provided, we will visit the locations to which students were allegedly transported and review their records for the days the students received services. In addition, we will review payment for service rendered for the dates that transportation was paid. Further, we will determine whether claims were paid for days that treatment facilities were closed (weekends and holidays).

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**NO. 104**                      **District of Columbia Public Schools**                      **STATUS: Start FY 2009**

**TITLE:**                      **DCPS ATHLETICS PROGRAM**

**OBJECTIVES:**                      The audit objectives are to: (1) determine whether funds appropriated for the athletics program were used for their intended purposes; and (2) evaluate the management controls in place to provide accountability and control over the funds.

**JUSTIFICATION:**                      DCPS encourages students to develop special interests and participate in extracurricular activities, such as sports, to supplement their academic experience. National studies and research indicate that participation in athletics promotes citizenship and positively impacts academic performance and attendance.

The DCPS Department of Athletics is responsible for providing a comprehensive athletic program for students in grades 4 through 12. In addition, the department is responsible for: (1) coordinating the schedule of athletic events with security and game officials; (2) providing athletic health care services; (3) providing safe athletic equipment and supplies; (4) providing sport clinics for student-athletes and coaches to refine their skills and techniques; and (5) providing safe transportation to and from games. The FY 2008 approved budget for the athletics program is \$2.8 million.

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**NO. 105**                      **District of Columbia Public Schools**                      **STATUS: Start FY 2009**

**TITLE:**                      **SPECIAL EDUCATION CAPACITY AND UTILIZATION**

**OBJECTIVES:**                      Our audit will evaluate DCPS' capacity to serve children with special needs (such as disabled children, autistic children, emotionally disturbed children, or children with other impairments) at local schools. The audit will determine DCPS' special education capacity, verify the number of new special education slots created during school year 2006-2007, and determine the utilization of the DCPS special education slots and the reasons for any underutilized capacity.

**JUSTIFICATION:**                      The District currently spends over \$100 million annually for nonpublic special education placements. Reducing the reliance on nonpublic special education programs and improving the quality of such programs may be realizable when additional slots are created and filled at local schools. For FY 2006, the DCPS Office of Special Education reportedly created additional special education slots. Yet, a District



Council member indicated that many parents report that they cannot find appropriate educational placements for their children (with special education needs) within the DCPS system. At the same time, private school placements for children with special education needs have not declined. Because the special education program commands a substantial portion of DCPS' budget, an evaluation of the special education program and its placement and management policies may result in program improvements and efficiencies as well as better service to District residents who depend on this essential education service.

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**NO. 106**                      **District of Columbia Public Schools**                      **STATUS: Start FY 2009**

**TITLE:**                      **BENCHMARKING REVIEWS OF KEY DISTRICT OF COLUMBIA PUBLIC SCHOOL ISSUES**

**OBJECTIVES:**                      This audit will be performed as a series of benchmarking reviews of several key issues affecting DCPS programs. Issues to be addressed by these audits include: (1) outsourcing of administrative functions, particularly procurement; (2) using outside vendors to obtain Medicaid reimbursements; and (3) managing food service operations and use of contractors to support such services. The audit will also examine the process used by other school jurisdictions to develop the student enrollment count used for local and federal funding levels. Each benchmarking review will examine the issue within DCPS, evaluate the program's content, and, for comparative purposes, gather statistics, facts, and descriptive information about these programs in similarly sized municipalities. The goal is to provide DCPS school officials with decision-making tools based on the experiences of other school jurisdictions, with due consideration for the costs, benefits, and the potential advantages and disadvantages of modifying DCPS programs.

**JUSTIFICATION:**                      In the OIG Annual Audit Planning conference for FY 2008, the former DCPS Superintendent attributed the OIG benchmarking report on school security as a major contributing factor for the DCPS decision to pursue a major change in how DCPS will provide for security services in the future. The Superintendent noted that benchmarking reviews provide insight into complex problems and valuable information on how other jurisdictions face and handle serious school issues. Comparative information is a useful tool for school officials entrusted with the responsibility to make decisions affecting educational and administrative school programs. The Superintendent proposed the issues included in the audit objectives listed above, and requested that

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a series of benchmarking reviews be conducted to provide DCPS with information needed to guide future decisions.

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**NO. 107**                      **District of Columbia Public Schools**                      **STATUS: Start FY 2009**

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

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

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

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**NO. 108**                      **District of Columbia Public Schools**                      **STATUS: Start FY 2009**

**TITLE:**                      **MANAGEMENT OF TRUANCY AT DCPS**

**OBJECTIVES:**              Our audit objective is to evaluate the effectiveness of DCPS' program for managing unauthorized student absences (truancies). As part of our evaluation, we will assess the policies and procedures for recording and reporting student absences; policies and procedures for remedial/punitive actions for repetitive or abusive truants; community/policing programs for reducing truancies; and the data collection process for accurate accumulation and reporting of truancy statistics.

**JUSTIFICATION:**          The No Child Left Behind Act, 20 USCS §§ 6301-7941, effective January 8, 2002, requires states, including the District of Columbia, to report truancy rates. The District's approach to truancy is to use multiple agency partners to combat truancy and truancy-related problems.

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In 2006, DCPS reported that the DCPS truancy rate was 16.6 percent and, in 2007, DCPS reported that the DCPS truancy rate decreased to 15.7 percent. The truancy rate for 2008 has not been published as of June 2008. The FY 2007 approved budget for truancy services was \$183,000. However, DCPS did not have an approved budget for truancy services in FY 2008. An independent assessment of DCPS' truancy program will provide an objective look at the effectiveness of the program. In addition, the assessment will determine if the truancy rate increased in 2008 and, if so, whether the increase was due to the lack of funding. The FY 2009 proposed budget for truancy services is \$369,000.

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**NO. 109**                      **District of Columbia Public Schools**                      **STATUS: Start FY 2009**

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

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

**JUSTIFICATION:**          The District spends millions of dollars annually for costs associated with the special education program. The total enrollment of special education students in DCPS is approximately 12,000. Of the total enrollment, 76 percent are in D.C. Public Schools, and 24 percent are in non-public, residential, and interagency programs. Forty-six percent of the students have learning disabilities; 18 percent have emotional disabilities; and 13 percent are students with mental retardation.

**NO. 110**                      **Office of the State Superintendent of Education and District of Columbia Public Schools**                      **STATUS: Start FY 2009**

**TITLE:**                      **THE NON-PUBLIC TUITION PROGRAM**

**OBJECTIVES:**              Our audit objectives are to determine whether: (1) the Office of the State Superintendent of Education (OSSE) and DCPS complies with applicable laws, regulations, policies, and procedures for making non-public tuition payments; and (2) education and related services are provided in accordance with the agreements between DCPS, OSSE, and service providers.

**JUSTIFICATION:** The non-public tuition program serves children with special needs within the school system and children under the care of the Child and Family Services Agency and the Department of Mental Health. Special education, non-public tuition involves several types of services, including: (1) day and residential tuition to private educational organizations; (2) payment for related services at non-public facilities; (3) educational evaluations performed by evaluators independent of DCPS; and (4) parental transportation reimbursement for certain expenses, such as special equipment and tutoring.

According to the Enrollment Census, dated October 5, 2007, there were 2,212 special education students and 13 regular education students enrolled in non-public day schools and residential treatment facilities. The OSSE assumed responsibility for placing regular education students in non-public facilities on October 1, 2007. (The DCPS Office of Special Education (OSE) previously handled this function.) The DCPS OSE currently is responsible for placing special education students in non-public facilities. However, the OSSE may assume responsibility for this function beginning in FY 2009. The FY 2008 budget for special education non-public tuition is \$106.9 million and the FY 2009 proposed budget for non-public tuition is \$141.4 million.

**NO. 111**                      **Office of Public Education Facilities                      STATUS: Start FY 2009**  
**Management and Construction Authority**

**TITLE:**                      **OFFICE OF PUBLIC EDUCATION FACILITIES**  
**MODERNIZATION BUSINESS OPERATIONS**

**OBJECTIVES:**              The overall objectives are to determine whether Office of Public Education Facilities Management and Construction Authority (OPEFM): (1) managed and used resources in an efficient, effective, and economical manner; (2) complied with applicable laws, regulations, policies and procedures; and (3) implemented internal controls to safeguard against waste, fraud, and abuse.

**JUSTIFICATION:**          As part of the District of Columbia Public Education Facilities Management and Consortium Authority Establishment Act of 2007, D.C. Law 17-9, effective June 12, 2007, the Mayor established the OPEFM, which is independent of DCPS. Under the Act, the OPEFM has independent procurement authority and personnel authority. The OPEFM is responsible for directing and managing the modernization or new construction of DCPS schools and facilities as well as overseeing the preventative maintenance schedule for DCPS schools and facilities and managing routine maintenance, repairs, and small capital projects for DCPS schools and facilities that are beyond the scope of the janitorial and custodial staff. The school modernization program is estimated at 3.5 billion over 15 years. The FY 2009 proposed budget for OPEFM is \$38.4 million.

# **THE INSPECTION AND EVALUATION PROCESS**



## **THE INSPECTION AND EVALUATION PROCESS**

Consistent with the Mayor's initiative to review, evaluate, and improve performance standards in all components of the District of Columbia government, the Inspections and Evaluations Division (I&E) is dedicated to providing decision makers with objective, thorough, and timely evaluations of District agencies and programs, and to making recommendations that will assist those agencies in achieving operational efficiency, effectiveness, and economy.

I&E has proven to be an effective mechanism for identifying weaknesses in agency operations; ensuring compliance with applicable laws, regulations, and policies; identifying accountability; recognizing excellence; and promoting improvement in the delivery of services to District residents. The Division plans to complete inspections that focus on delivery of citizen services and the implementation of inspection recommendations to correct reported deficiencies.

### **The Federal Model**

I&E follows the inspection process adhered to by most federal OIGs and endorsed by the President's Council on Integrity and Efficiency. This process includes an official announcement letter to the agency head; an entrance conference where agency officials can alert the inspection team to areas that are of concern to management and where the parameters of the inspection are defined; surveys and focus groups, where appropriate; fieldwork, findings, and recommendations in a draft Report of Inspection (ROI) which is reviewed and commented on by agency management; a final ROI; and an exit conference. During the course of an inspection, management will be advised by means of Management Alert Reports of any significant findings that the inspection team believes require immediate attention.

Inspections result in a ROI with findings and recommendations that focus on correcting noted operational deficiencies, monetary benefits, more efficient and effective program operations, and safer environments for city workers and residents. Inspections have little value, however, if the reported deficiencies remain uncorrected.

### **OIG Inspections and Reports**

While mechanically similar to the audit process, inspections typically have a broader scope, often evaluating *all* of the key operations of an agency in order to help managers improve diverse policies, programs, and procedures. On the other hand, an audit is generally more narrowly focused and directed toward one or more specific operational or financial issues. An inspection combines some of the best features of several disciplines, including management analysis, traditional program evaluation, audits, survey research, program monitoring, and compliance reviews.



### **Follow-up, Compliance, and Re-Inspections**

The Inspections and Evaluations Division tracks agency compliance with recommendations resulting from an inspection. A *Findings and Recommendations Compliance Form* is issued for each finding and recommendation, along with the Report of Inspection, so agencies can record and report to the OIG actions taken on I&E recommendations. Agencies are asked to provide target dates for completion of required actions, document when recommendations have been complied with, describe the action taken, and ensure that the forms are validated by the signature of the responsible agency official. Re-inspections are conducted after an agency has had a significant period of time in which to carry out agreed-upon recommendations. This typically occurs a year or longer after the initial inspection. A re-inspection report is then issued that summarizes agency progress in complying with original recommendations and notes any new areas of concern in agency operations.

# **INSPECTIONS AND EVALUATIONS THEME/AGENCY INDEX**



Theme/Issue Area/Review Title	A G E N C Y	S T A T U S <sup>3</sup>	P A G E
<b>I. Delivery of Citizen Services</b>			
<b>A. Core Services</b>			
1. <b>Inspection of the D.C. Department of Human Resources – Part II: Benefits and Retirement Administration</b>	BE	P	114
2. <b>Inspection of the Child and Family Services Agency</b>	RL	P	114
3. <b>Inspection of the Department on Disability Services – Developmental Disabilities Administration</b>	JM	P	115
4. <b>Special Evaluation of Services and Benefits Provided to the Banita Jacks Family</b>		O	116
5. <b>Special Evaluation of the Alcoholic Beverage Regulation Administration</b>	LQ	O	116
6. <b>Special Evaluation of the Office of Property Management – Protective Services Division</b>	AM	O	117
7. <b>Inspection of the Office of Administrative Hearings</b>	FS	O	117
8. <b>Inspection of the Department of Consumer and Regulatory Affairs – Part III: Building Permits, Plans Review, Zoning, and Commercial Inspections</b>	CR	O	118
9. <b>Inspection of the Department of Mental Health – DCPS-Based Services and Special Education Centers</b>	MA	O	119
10. <b>Inspection of the Public Service Commission</b>	DH	O	119
11. <b>Inspection of the D.C. Homeland Security and Emergency Management Agency</b>	BN	O	120
12. <b>Re-Inspection of the Department of Youth Rehabilitation Services – Oak Hill Youth Center</b>	JZ	O	120
13. <b>Re-Inspection of the Fire and Emergency Medical Services Department</b>	FB	O	121
14. <b>Re-Inspection of the Department of Corrections, Central Detention Facility</b>	FL	O	122

<sup>3</sup> “O” indicates the review is ongoing as of September 1, 2008. “P” indicates the review is planned to start in FY 2009.



**PLANNED AND ONGOING  
INSPECTIONS , RE-INSPECTIONS,  
and SPECIAL EVALUATIONS**



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## I. DELIVERY OF CITIZEN SERVICES

In the last few years, we have increased inspection and evaluation coverage of agencies responsible for delivery of essential citizen services. In FY 2009, we plan to continue inspections and evaluation coverage for key District service organizations. The common goal of these reviews will be to improve the efficiency and effectiveness of municipal services that are vital to District residents and other stakeholders.

### A. Core Services

The FY 2009 Inspection Plan includes OIG initiatives for inspection coverage that are consistent with the Mayor's initiative to review, evaluate, and improve performance standards in all components of the District of Columbia government.

I&E plans to initiate and complete inspections of the management and operations of specific elements of the Department of Human Resources, the Child and Family Services Agency, and the Department on Disability Services.

The Division will complete ongoing inspections of the Office of Administrative Hearings, the Department of Consumer and Regulatory Affairs, the Department of Mental Health, the Public Service Commission, and the D.C. Homeland Security and Emergency Management Agency. The Division will also complete ongoing special evaluations of the services and benefits provided to the Banita Jacks family; the Alcoholic Beverage Regulation Administration; and the Office of Property Management. The Division will complete ongoing re-inspections of the Department of Youth Rehabilitation Services, the Fire and Emergency Medical Services Department, and the Department of Corrections' Central Detention Facility.

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











creation of OAH by the Office of Administrative Hearings Establishment Act of 2001 aimed to “modernize and improve administrative adjudication in the District of Columbia so that citizens and persons doing business in the District of Columbia consistently receive high-quality, fair, impartial, and efficient hearings in agency cases.” OAH hears cases for agencies including the Department of Health, Department of Mental Health, Department of Consumer and Regulatory Affairs, and Department of Public Works.

**OBJECTIVES:**

The inspection objectives are to evaluate the overall sufficiency of OAH’s policies, procedures, and internal controls; assess operational effectiveness; and evaluate the quality of service delivery. The inspection team will review mechanisms designed to ensure the objectivity and impartiality of OAH processes and the timely resolution of cases.

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**NO. 8**

**Department of Consumer and  
Regulatory Affairs**

**STATUS: Ongoing**

**TITLE:**

**INSPECTION OF THE D.C. DEPARTMENT OF  
CONSUMER AND REGULATORY AFFAIRS (DCRA) –  
PART III: BUILDING PERMITS, PLANS REVIEW,  
ZONING, AND COMMERCIAL INSPECTIONS  
DIVISIONS**

**AGENCY MISSION:**

DCRA is the District of Columbia’s regulatory agency. DCRA ensures the health, safety, and economic welfare of District residents through licensing, inspection, compliance, and enforcement programs. DCRA regulates business activities, land and building use, construction safety, and historic preservation; takes legal action against businesses and individuals who violate District laws; and works to prevent the occurrence of illegal, deceptive, and unfair trade practices through education and public awareness programs.

DCRA regulates all building and land use within the District of Columbia to ensure safety and conformity to local and federal laws and regulations. DCRA manages permit processing, building plan reviews, zoning programs, and commercial building inspections covering new construction, alterations, repairs, and use of commercial and residential buildings.

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**OBJECTIVES:** The inspection objectives for the areas to be inspected are to evaluate the overall sufficiency of DCRA's policies and procedures, assess operational effectiveness, evaluate the quality of service delivery to District residents and other stakeholders, and review internal control mechanisms established by management.

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**NO. 9** **Department of Mental Health** **STATUS: Ongoing**

**TITLE:** **INSPECTION OF THE DEPARTMENT OF MENTAL HEALTH'S (DMH) DCPS-BASED SERVICES AND SPECIAL EDUCATION CENTERS**

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

**OBJECTIVES:** The inspection objectives are to evaluate the overall sufficiency of DMH's policies, procedures, and internal controls; assess operational effectiveness; and evaluate the quality of service provided by DMH through its school-based programs.

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**NO. 10** **Public Service Commission** **STATUS: Ongoing**

**TITLE:** **INSPECTION OF THE PUBLIC SERVICE COMMISSION (PSC)**

**AGENCY MISSION:** PSC serves the public interest by ensuring that financially healthy electric, gas, and telecommunications companies provide safe, reliable, and quality utility services at reasonable rates for District of Columbia residential, business, and government customers. PSC also works to resolve disputes between customers and service providers, and educates consumers and other key stakeholders on relevant issues.

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**OBJECTIVES:** The inspection objectives are to evaluate PSC's operational performance and oversight of public utility service providers regarding utility safety, reliability, complaint resolution, and rate regulation; the overall sufficiency of PSC policies and procedures; and the sufficiency of internal controls and management systems.

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**NO. 11** **District of Columbia** **STATUS: Ongoing**  
**Homeland Security and Emergency**  
**Management Agency**

**TITLE:** **INSPECTION OF THE DISTRICT OF COLUMBIA**  
**HOMELAND SECURITY AND EMERGENCY**  
**MANAGEMENT AGENCY (HSEMA)**

**AGENCY MISSION:** HSEMA provides coordination and support of the city's response to emergencies and disasters of all types, both natural and man-made. HSEMA 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 all major special events and street closings.

**OBJECTIVES:** The inspection objectives are to evaluate the overall sufficiency of HSEMA's plans, policies, procedures, and internal controls with respect to its responsibilities in the areas of training and exercises, as well as within its Emergency Center; assess effectiveness of operations; and evaluate the existence and quality of management systems and planning and performance evaluation mechanisms.

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**NO. 12** **Department of Youth Rehabilitation** **STATUS: Ongoing**  
**Services**

**TITLE:** **RE-INSPECTION OF THE DEPARTMENT OF YOUTH**  
**REHABILITATION SERVICES (DYRS) – OAK HILL**  
**YOUTH CENTER**

**OBJECTIVE:** The re-inspection objectives are to evaluate DYRS' efforts to implement recommendations made in our initial inspection report (OIG No. 03-0014YS), issued in March 2004 and additional actions taken by DYRS in response to the report.

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The re-inspection will assess the management and operations of the Oak Hill Youth Center (OHYC).

**JUSTIFICATION:**

The OIG re-inspection process includes follow-up with inspected agencies on findings and recommendations. Recommendations in each Report of Inspection focus on correcting noted deficiencies, monetary benefits, more efficient and effective program operations, and safer environments for city workers and residents.

Our original inspection of DYRS found, among other things, that: long-standing deficiencies in the management of OHYC remained despite significant expenditures on outside consultants; illicit drugs were being smuggled into OHYC; OHYC lacked a substance abuse treatment program; contract security guards were allowing security breaches at the facility's entrances; and numerous health and safety problems existed in both occupied and abandoned buildings on the OHYC campus. Recommendations were made in areas such as agency management, facility security, the services provided to youths housed at the facility, and environmental health and safety.

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**NO. 13**

**Fire and Emergency Medical  
Services Department**

**STATUS: Ongoing**

**TITLE:**

**RE-INSPECTION OF THE FIRE AND EMERGENCY  
MEDICAL SERVICES DEPARTMENT (FEMS)**

**OBJECTIVE:**

The re-inspection objective is to verify implementation of recommendations and actions taken by FEMS in response to our initial inspection report (OIG No. 03-0001FB), issued in October 2002, and the Special Report of the Emergency Response to the Assault on David E. Rosenbaum, issued in June 2006.

**JUSTIFICATION:**

The OIG re-inspection process includes follow-up with inspected agencies on findings and recommendations. Recommendations in each Report of Inspection focus on correcting noted deficiencies, monetary benefits, more efficient and effective program operations, and safer environments for city workers and residents.



