
MESSAGE FROM CHARLES J. WILLOUGHBY INSPECTOR GENERAL

On behalf of the District of Columbia Office of the Inspector General (OIG), I am pleased to present the Report on the Activities of the Office of the Inspector General for the fiscal year (FY) ending September 30, 2009. The purpose of this report is to provide a comprehensive accounting of matters addressed by the OIG during the past year. Full versions of all audit and inspection reports noted herein, as well as selected other issuances, such as this annual report, can be downloaded from our website, www.oig.dc.gov.

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

The activities of each of our four divisions are highlighted as follows:

Audit Division (AD). For FY 2009, the Audit Division issued 35 reports with total potential monetary benefits of approximately \$50.3 million. Comparing these to Audit Division costs of approximately \$3.9 million, results in a return on investment for audits performed by OIG audit staff that exceeds \$13 for each dollar invested.

As in years past, the OIG has devoted significant resources to audit programs and initiatives that pose serious challenges and risks for District executives, managers, citizens, and stakeholders. Although the District has fared better fiscally when compared to other municipalities in the metro area, the recession has induced budget shortfalls that will extend into the near term, presenting the city's leadership with fiscal challenges. Like other cities across the nation, the District was affected in FY 2009 by higher than normal unemployment, reduced real estate values, a drawdown in consumer spending, and lowered results in nearly all economic indices. Tightening revenue streams, combined with increasingly higher demands on social and support services, placed added stress on the city's limited resources and heightened the importance of mitigating the risks of financial losses. For FY 2009, our goals focused on evaluating risk areas and programs that represent issues of critical concern to the Mayor and D.C. Council. These risk areas included Public Education Programs, Medicaid Programs, Vulnerable Populations, Procurement and Contracting, Citizen Safety and Protection, Workforce Administration, and the Payment Process.

For example, in FY 2009, we issued five performance audit reports that addressed procurement issues such as the Teacher Institute's services provided for the District of Columbia Public Schools, the Department of Motor Vehicles traffic enforcement system, the Office of Unified Communications purchase card transactions, the Office of the Chief Technology Officer contracting actions, and the Department of Fire and Emergency Medical Services billing contracts. We will continue to concentrate our efforts in this area until improvements are recognized, controls are strengthened, risks are mitigated, and reported deficiencies are corrected.

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The Assistant Inspector General for Audit (AIGA) also chairs the Comprehensive Annual Financial Report (CAFR) committee, which provides oversight of the accounting firm that conducts the annual city financial audit. With the issuance of the FY 2008 CAFR on January 30, 2009, the city received its twelfth consecutive unqualified opinion on its financial statements.

Inspections and Evaluations Division (I&E). During FY 2009, the Inspections and Evaluations Division (I&E) published 16 reports: 1 report of special evaluation; 3 Reports of Inspection (ROI); 2 reports of re-inspection; 9 Management Alert Reports (MARs); and 1 Management Implication Report (MIR).

In March 2009, I&E published *Interactions Between an At-Risk Family, District Agencies, and Other Service Providers*, a report of special evaluation that concluded a 14-month assessment by a team comprised of employees from several OIG divisions. Due in part to the issuance of this comprehensive report, the Council of the District of Columbia introduced the “Jacks-Fogle Family Preservation Case Coordination Authorization Act of 2009” (B18-0356) for the purpose of, among other things, “empowering individuals or families to claim the highest quality of life and optimal degree of self-sufficiency.”

I&E’s ROIs included an assessment of the Department of Mental Health’s Student Mental Health Program and Special Education Centers, and an inspection of the Office of Administrative Hearings. One of I&E’s reports of re-inspection documented the status of issues within the Fire and Emergency Medical Services Department (FEMS) that were: (1) identified during a 2002 inspection; and (2) cited in its 2006 *Emergency Response to the Assault on David E. Rosenbaum*.

MARs published by I&E targeted matters of immediate concern. For example, one MAR presented to the Department of Human Resources informed the agency that its employees were not properly safeguarding sensitive information submitted by and/or pertaining to D.C. government employees and retirees. Documents bearing personal information, such as home addresses, social security numbers, and bank account/investment account information (i.e., many of the data elements necessary to commit identity fraud), were stored in unlocked filing cabinets in cubicles and unlocked desks. Another MAR, sent to the Office of Property Management (now known as the Department of Real Estate Services), concluded that security officers stationed at posts within District-owned and leased properties did not have specific instructions on how to execute the routine duties and responsibilities at their job locations or respond to an emergency situation or unforeseen security incident.

Investigations Division (ID). During the past fiscal year, special agents from the ID investigated a wide variety of allegations of criminal and administrative misconduct by District employees, including the following: issuing fraudulent payroll checks; submitting fraudulent documents to qualify for low income housing; accepting a bribe to reduce tax liabilities; misappropriating money intended for blind vendors; and engaging in identity theft.

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Our special agents often conducted these investigations jointly with the United States Attorney's Office for the District of Columbia (USAO) and other investigative entities, including the Federal Bureau of Investigation (FBI), the U.S. Postal Inspection Service, the U.S. Secret Service, other federal OIGs, and local police departments such as the Metropolitan Police Department (MPD). A number of these investigations resulted in criminal charges against corrupt District employees in several agencies, including the D.C. Water and Sewer Authority, the D.C. Department of Human Services, the D.C. Office of the Chief Financial Officer, and the D.C. Public Schools.

During FY 2009, the ID presented 37 cases to the USAO for criminal prosecution under laws within the jurisdiction of that office and 18 were accepted for further investigation. The ID also presented eight cases to the D.C. Office of the Attorney General (OAG). Five cases were accepted for further criminal investigation and two were accepted for civil action. One case is still under consideration by the OAG. In FY 2009, ID investigations resulted in 25 arrests, 17 indictments, 16 convictions, and terms of imprisonment totaling 1,256 months. ID investigations also resulted in restitution orders totaling \$127,225,237.44.

Medicaid Fraud Control Unit (MFCU). The Medicaid Fraud Control Unit (MFCU) was established in 2000. The MFCU has a dual mission: investigating and prosecuting Medicaid providers who engage in fraudulent billing; and the investigation and prosecution of abuse, neglect, and financial exploitation of persons who reside in Medicaid-funded facilities.

In FY 2009, the MFCU initiated 228 investigations and closed 194 matters. Through trial or settlement, the MFCU attained 19 substantive dispositions of outstanding fraud, abuse, neglect, and sexual assault cases. The MFCU obtained 15 criminal convictions through trials and plea agreements. Additionally, the MFCU resolved civil settlements, some local to the District of Columbia alone and some global, which included D.C. and other states. The total recovery from these settlements exceeded \$2.1 million for the Medicaid program, recouping almost \$3.51 for every dollar funding the MFCU.

The MFCU continued to demonstrate a high level of activism and community outreach. MFCU staff are members of task forces, make presentations to the community, and participate in training opportunities all over the country.

In conclusion, I would like to recognize the expertise, intensity, and hard work of the OIG staff throughout the year. Their teamwork, skills, and dedication have led to record level outputs and accomplishments that I believe contribute significantly to the improvement of government operations. I appreciate also the exceptional cooperation received from agencies during our investigations, audits, and inspections. Moreover, acceptance and implementation of our recommendations by District officials are encouraging signs that our efforts are producing needed corrective action.

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Finally, to the citizens and stakeholders of the District: during these straitened financial times, we must all be exceptionally vigilant in recognizing and reporting instances of fraud, waste, and abuse as a means to ensure the efficiency and integrity of the District government. For, as I have stated many times and continue to believe, any entity, whether public or private, is no more effective than those who participate in it and thus our respective roles in ensuring the effectiveness of the District's programs and operations is all the more important, especially in these times.



Charles J. Willoughby
Inspector General

December 1, 2009

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RISK ASSESSMENT



RISK ASSESSMENT

During FY 2009, the OIG focused its resources on programs and initiatives that pose serious challenges and risks for the District. Although the District has fared better fiscally when compared to other municipalities, District unemployment; reduced real estate values; decreased consumer spending; lowered results in nearly all economic indices; and the ensuing tightening of revenue streams, when combined with increasingly higher demands on social and support services, placed added stress on the city's limited resources and heightened the importance of mitigating the risks of financial losses. Our goals in FY 2009 focused on the following risk areas and programs that represent issues of critical concern to the Mayor and D.C. Council: 1) Public Education Programs; 2) Medicaid Programs; 3) Vulnerable Populations; 4) Procurement and Contracting; 5) Citizen Safety and Protection; 6) Workforce Administration, and 7) the Payment Process. With the passage of the American Recovery and Reinvestment Act of 2009 (ARRA), the District received about \$900 million in federal monies to be spent between FYs 2009 and 2012 to stimulate the city's economic recovery. Given the need to use these funds quickly, particularly for education, Medicaid, and road construction programs, coupled with concern for accountability of ARRA expenditures to avoid fraud, waste and abuse, we identified Stimulus Spending as an additional short-term high risk.

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

Public Education Programs

District of Columbia Public Education Programs continue to pose significant financial and performance risks for the District. In FY 2009, some of the District of Columbia Public Schools (DCPS) program changes, initiated in FY 2008, resulted in improvements that mitigated some long-standing risks. Of note, the *Independent Auditors' Report on Internal Control and Compliance Over Financial Reporting, Fiscal Year Ended September 30, 2008*, identified DCPS internal control problems as significant deficiencies, a reduction in assessed risks as these control problems were identified as material weaknesses in the prior year. During FY 2009, the OIG was actively involved in DCPS audits and maintained an onsite audit team in DCPS; worked continuously with the CAFR oversight committee to assess and track progress in mitigating risks posed by reportable conditions and material weaknesses;

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and held interactive meetings with school and legislative officials to discuss audit agenda and priorities. In FY 2009, our onsite team issued a report on the Public Charter School Board and Board of Zoning Adjustment, and a report on the Summer Youth Program (SYP). The SYP was an expansive audit that evaluated nearly all aspects of the FY 2008 SYP, which was plagued with uncontrolled spending, fiscal mismanagement, and cost growth. We also continued our efforts to complete a payroll verification audit for about 13,000 DCPS employees.

With expenditures nearing \$1.2 billion, there is a significant risk of waste and misuse of public education dollars. Accordingly, our DCPS audit plan for FY 2010 contains audits that address fiscal, management, and academic risk areas. A sampling of our proposed audits includes topics that will focus on special education programs, public education facilities modernization, the DCPS athletics program, the non-public tuition program, and management of truancy. Through the auspices of the CAFR Committee, the OIG continues to oversee actions taken by DCPS, the Office of the Chief Financial Officer (OCFO), the Office of the State Superintendent of Education, and other officials to initiate the appropriate corrective measures and program improvements to reduce the risks associated with several educational program areas. We are committed to continue our work with key school and agency officials to identify and address issues that could have an immediate fiscal impact on school operations.

Medicaid Program

The District has devoted considerable local and federal dollars to provide healthcare for the Medicaid-eligible segment of the District population. For FY 2010, the District budgeted more than \$1 billion for Medicaid covered services. Such large planned expenditures, coupled with hundreds of millions of dollars in Medicaid covered expenses that have been written off in recent years, pose a significant risk of potential financial loss for the District. OIG audit plans have consistently addressed the risks posed by the Medicaid program, continually reviewing Medicaid program systemic weaknesses and internal controls to identify and address potential fraud indicators and Medicaid program functions susceptible to abuse. The OIG also maintains a Medicaid Fraud Control Unit (MFCU) to conduct investigations of Medicaid fraud and patient abuse issues.

The MFCU vigorously investigates allegations of fraud, abuse, and neglect regarding the Medicaid program and its recipients. When allegations can be substantiated, MFCU pursues criminal prosecution and civil enforcement efforts directed at individual instances of fraud, abuse, or neglect. Moreover, we believe criminal and civil litigation will deter Medicaid abuse throughout the healthcare community.

Beyond law enforcement, the MFCU engaged in a number of long-term efforts to reduce risks. The unit worked closely with stakeholders and initiated frequent informal contacts to

RISK ASSESSMENT

make programs more resistant to fraud. Outreach was a key aspect of our deterrent efforts. Contact with the healthcare industry, other law enforcement agencies, and the general public was fundamental.

In FY 2009, we continued work on a multi-agency Medicaid Research Project whose focus is rate setting methods for the reimbursement of Medicaid services and related issues associated with eligibility determinations, provider certifications, claim approvals, provider payments, and drawdowns of applicable federal funds. Our Medicaid research effort has helped shape our FY 2010 audit plans. Accordingly, we plan to cover such issues as Medicaid claims payments, recipient eligibility, provider rates, durable medical equipment, contracts, third party liability, and human care agreements. In addition, continuing into FY 2010, we have ongoing audits in the Intermediate Care Facilities for Persons with Developmental Disabilities, the Community Health Administration, and Medicaid claims at the Department of Health Care Finance.

Vulnerable Populations

As a vibrant city and the seat of government for the nation, the District serves a diverse population of about 560,000 residents. Nearly one quarter or 140,000 residents are registered as eligible for Medicaid coverage and an assortment of social services. Included in the District's vulnerable populations are the elderly, abused, disadvantaged, foster care children, individuals with physical or mental disabilities, and residents affected by poverty, homelessness, unemployment, and crime. Mindful of this population in need, the OIG continues to evaluate a number of the District's programs that present District managers with both risks and challenges in meeting individual needs.

In FY 2009, many audits touched on aspects of social need. We published the third in a series of audits covering the HIV/AIDS program, with one of several findings addressing inadequate controls for monitoring subgrantee HIV program deliverables. Audit plans for FY 2010 will continue to focus on vulnerable population issues such as healthcare services, the energy assistance program, vacant and abandoned property, and other social service issues.

In addition, our I&E division published *Interactions Between an At-Risk Family, District Agencies, and Other Service Providers*, concluding a 14-month special evaluation conducted by a team of employees from several OIG divisions. The report chronicled the services provided by several District government entities and community-based service organizations to an at-risk family over a 2-year period, finding that none of the entities involved had the full perspective necessary to intervene when this vulnerable family began to destabilize. Due in part to the issuance of our report, the D.C. Council introduced the "Jacks-Fogle Family Preservation Case Coordination Authorization Act of 2009" (B18-0356), which is currently pending before the Council.

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Procurement and Contracting

District law requires that the OIG review procurements annually. For FY 2009, District agencies spent more than \$3.7 billion in contract actions to procure a variety of goods and services. Our audit procurement division continued to place added emphasis on persistent procurement problems and allegations of procurement abuse.

District procurement remains a high risk area, exacerbated by the structural deficiencies and ineffective methodologies used to award and administer contracts. As reported in previous years, the absence of basic systems for contract records management and data retrieval present formidable challenges for managing procurement functions spread over 80-plus agencies, planning procurements, fostering competition among prospective bidders, and ultimately obtaining best value in terms of price and quality. In FY 2009, a number of ideas were discussed and considered by procurement management officials to modify the procurement system either through adoption of more commercial-like practices and/or decentralization of the procurement function. While it is praiseworthy for management to look for new ways to improve the District's procurement system, any measures that restructure contracting and buying practices must address inherent procurement system deficiencies that present obstacles to obtaining best value and internal control weaknesses that heighten the risks of fraud, waste, and abuse.

In FY 2009, we issued six performance audit reports that addressed an assortment of procurement issues including: the contract award and administration of educational services; the solicitation and award of the automated traffic enforcement system contract; purchase card transactions; administration of ambulance billing contracts; contracting actions at the Office of the Chief Technology Officer (OCTO); and contract awards under the SYP. Audits ongoing at the end of FY 2009 include: selected contracts at the University of the District of Columbia; qualification and background checks for contracting officials; contracting actions at OCTO-Phase II; contracting actions at the OCFO; and billing procedures used for Hawk One security contracts. For FY 2010, a sampling of the planned procurement-related audits include: post-award audits of contracts; the vendor/provider payment process; the District of Columbia Supply Schedule; and expert and consulting contracts.

Citizen Safety and Protection

As the nation's capital, principal location for embassies from 174 nations, with a population in excess of half a million residents, public safety remains a significant concern to District citizens, elected officials, and the community of police, fire, and emergency response personnel. Several of our FY 2009 audits addressed fiscal and internal control issues related to citizen safety and protection programs. One audit, Fire and Emergency Medical Services Ambulance Billing Contracts, contained an important finding on the adequacy of physical controls over the handling and storage of resident patient care records. In FY 2010, a number

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of planned audits will address several citizen safety and protection issues including an audit of District-owned Nursing Homes; Human Care Agreements; Food Safety and Hygiene Inspection; and Inspection of Residential Properties.

Workforce Administration

A continuous challenge for District managers is to acquire and retain qualified professional and support personnel in one of the most competitive employment markets. With a career workforce of more than 30,000 people, District leaders and managers provide a wide range of services to residents, while maintaining accountability to those same residents. In recent years, the issue of workforce accountability has presented the District with a level of financial risk that we believe needs closer management scrutiny and oversight. Workforce management entails not only acquiring reliable individuals to fill vacant positions but also ensuring that job responsibilities are adequately segregated and that internal controls and oversight are operationally active and effective to prevent fraud, waste, and abuse.

During FY 2009, several audits addressed workforce administration issues. Prominent among these audits was the District's summer youth program, which addressed costly mismanagement of the program and multiple failures in providing meaningful employment and enrichment opportunities for District youth. Another audit of parking lot operations at the University of the District of Columbia analyzed the merits of automating parking attendant functions. An ongoing audit includes our review of qualifications and background checks for contracting officials. Our FY 2010 planned audits include a review of the worker's compensation program; contracting officer technical representative qualifications and background checks; correctional officer qualifications and training; and District employee suspensions with pay.

Payment Process

The Payment Process encompasses payments made to vendors/providers for acquired goods and services, payroll payments made to District employees, third party payments made on behalf of the District, tax refunds and refunds for other overpayments, and any other payments authorized by law or regulation. The Payment Process is not restricted to any one audit and is normally part of numerous audits, (e.g., procurement, Medicaid, and public education programs). Ongoing audits include a payroll verification audit at DCPS and billing procedures used for Hawk One security contracts. During FY 2009, we issued a Management Implication Report on the District's payment process that identified internal control deficiencies with the payment process. In FY 2010, we plan to evaluate the vendor/provider payment process, and billings and payments made under numerous contract-related audits.

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Stimulus Spending

With the District receiving nearly \$900 million in ARRA funds to stimulate the local economy, the need for accountability and transparency, as called for in the Act, plays a pivotal role in ensuring that allocated ARRA funds are spent on the programs targeted by law. The expenditure of large sums of money in a narrow time period creates a short-term high risk that will require oversight on several fronts. This Office will continue to coordinate stimulus spending oversight efforts with the Government Accountability Office, and federal inspectors general organizations overseeing targeted programs such as education, Medicaid, and transportation. Commensurate with available funding, our independent auditors will include a separate report accounting for stimulus spending in conjunction with the next CAFR. We also plan, to the extent made possible by available resources, to include aspects of stimulus spending in routine audits of targeted programs. In addition, our FY 2010 Audit and Inspection Plan contains three audits of programs known to receive stimulus spending, including the Individuals With Disabilities Education Act (IDEA Part B and Part C programs), the District's federal medical assistance percentage increase under ARRA (Medicaid program), and construction contracts awarded under ARRA.

GENERAL ACTIVITIES



GENERAL ACTIVITIES

MISSION

The mission of the District of Columbia Office of the Inspector General (OIG) encompasses preventing and detecting corruption, mismanagement, waste, fraud, and abuse in District government programs and operations.

To that end, the OIG provides leadership and coordinates and recommends policies designed to promote economy, efficiency, and effectiveness in regard to programs and operations of the District government.

STATUTORY RESPONSIBILITIES

In accordance with its enabling statute, D.C. Code § 2-302.08, the OIG is created within the executive branch of the District government and reports administratively to the Executive Office of the Mayor (EOM). However, the OIG functions independently in performance of its official duties.

D.C. Code § 2-302.08(a-1) (Supp. 2009) empowers the OIG to independently conduct and supervise audits, inspections, and investigations pertaining to the programs and operations of District government departments and agencies, including independent agencies. In addition, the OIG must keep the Mayor, D.C. Council, and other District government agencies and departments informed of problems and deficiencies in the administration of District government programs and operations as well as the need for corrective actions and the progress of the same.

District law also grants the OIG budget autonomy, thus underscoring the necessity of OIG independence. Pursuant to the OIG's governing statute, D.C. Code § 2-302.08, neither the Mayor nor the D.C. Council may revise the OIG's annual budget estimates. Rather, these executive and legislative entities may only comment on or make recommendations to the OIG's budget estimates when they are submitted for approval each year.

As stated in the provisions cited above, the OIG is required by law to perform audits, inspections, and investigations within its jurisdiction, as requested by the Mayor or that are deemed necessary or desirable by the Inspector General. Any finding or evidence of criminal misconduct must be reported by the Inspector General to the U.S. Department of Justice in cases where the OIG has reasonable grounds to believe a violation of federal or District criminal law has been committed. In these instances, the OIG also forwards to the Mayor, if appropriate, any report regarding the evidence within a reasonable time period. The OIG has jurisdiction over allegations of administrative misconduct and, at the conclusion of any such investigation, the Inspector General refers the evidence to the Mayor or the appropriate agency head. Finally, the OIG forwards any audit, inspection, or investigative report of misconduct or unethical behavior to the appropriate authorities.

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In furtherance of its mission, OIG investigators, auditors, and inspectors must routinely review the records of other government agencies. In support thereof, the OIG relies upon several statutory provisions set forth in D.C. Code § 2-302.08, which provide legal access to the records, accounts, documents, and property of other agencies within the executive branch of the District of Columbia government. The statute also mandates that both D.C. government employees and contractors cooperate with an OIG request for documents or testimony. If there is a failure to comply, the Inspector General may recommend administrative or adverse action against the employee or contractor, including termination of employment or the contractual relationship. Where the source of information is an individual or entity outside of the D.C. government, the OIG has the authority through the Superior Court of the District of Columbia to issue subpoenas compelling witness testimony and documentation in connection with any matter under investigation.

The D.C. Code assigns several other statutorily mandated responsibilities to the OIG. These responsibilities include:

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

CHRONOLOGY OF LEGISLATIVE CHANGES TO THE OIG STATUTE

The OIG's current set of responsibilities resulted from a series of local and federal legislative efforts. Beginning in 1986, the D.C. Procurement Practices Act of 1985 (D.C. Law 6-85, effective Feb. 21, 1986) established the OIG's statutory duties, which were substantially modified by Congress in 1995 through the D.C. Financial Responsibility and Management Assistance Act of 1995, Pub. L. No. 104-8, § 303 (adopted Apr. 17, 1995). The D.C. Council subsequently passed the Office of the Inspector General Law Enforcement Powers Amendment Act of 1998 (D.C. Law 12-190, effective Mar. 26, 1999), which enlarged the OIG's law enforcement authority by empowering OIG criminal investigators to: a) carry firearms in the District of Columbia while engaged in the performance of official duties; b) make arrests without a warrant for felony violations committed in their presence in the District; and c) execute search warrants issued upon probable cause.

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

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

In FY 2005, the D.C. Council added two new sections to the OIG statute via the Inspector General Appointment and Term Clarification Amendment Act of 2004 (D.C. Law 15-212, effective Dec. 7, 2004). This legislation provided that the Inspector General appointed after November 4, 2003, will serve until May 19, 2008, and that the terms of each succeeding Inspectors General will expire every 6 years thereafter. In any non-control year, the Inspector General shall be removed only for cause by the Mayor with the approval of two-thirds of the Council.

FY 2009 LEGISLATIVE ACTIONS REGARDING THE OIG'S JURISDICTION

The D.C. Council amended the District of Columbia Procurement Practices Act of 1985 to authorize the Chief Procurement Officer (CPO) of the D.C. Office of Contracting and

GENERAL ACTIVITIES

Procurement to cancel a solicitation without having to notify the OIG. (Procurement Practices Amendment Act of 2009, D.C. Law 18-0064 (effective Oct. 22, 2009.))

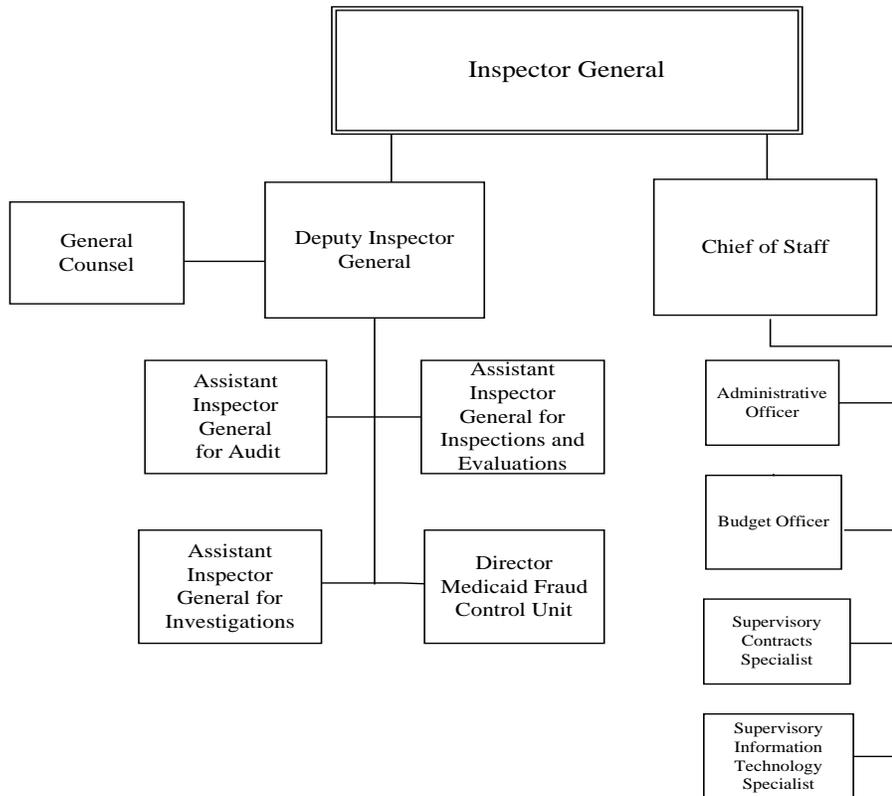
The D.C. Council also introduced the “Whistleblower Protection Amendment Act of 2009,” B18-0233, which would amend the Comprehensive Merit Personnel Act of 1979 to establish authority for the District government to grant a cash award to a District employee whose protected disclosure leads to a recovery by the District government. The legislation provides that such an award would require written approval by the Mayor and be subject to the discretion of the OIG, D.C. Auditor, or a similar law enforcement entity associated with the employee’s disclosure. This legislation was referred to the Committee on Government Operations and the Environment in April 2009, which held a public hearing on June 26, 2009. However, no further action has been taken as of this Annual Report’s publication date.

GENERAL ACTIVITIES

ORGANIZATION

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

OIG Organizational Chart – as of September 30, 2009



BUDGET AND PERSONNEL

The Office of the Inspector General's FY 2009 approved operating budget from all sources was \$17.8 million. Of this amount, \$3.9 million was allocated for the Comprehensive Annual Financial Report. There were 118 full-time positions supported by this budget. The

GENERAL ACTIVITIES

Office received 89 percent of its budget (\$15.8 million) from local funding, which supported 102 full-time positions (including 5 positions funded by a 25 percent local contribution to the federal grant that supports the MFCU). The Office received 11 percent (\$2 million) of its budget from federal funding, which supported 75 percent of the 21 full-time positions for the MFCU.

TRAINING

The OIG recognizes that the quality and effectiveness of its products are dependent upon a professionally trained staff. To this end, the OIG allocates a portion of its resources to ensure continuing professional education for its staff. The following is a summary of the types of training taken by personnel within the OIG divisions for FY 2009:

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

SENIOR STAFF

Senior staff positions were occupied as follows:

7/18/05 – present:	Inspector General Charles J. Willoughby
2/28/00 – present:	Deputy Inspector General Austin A. Andersen
6/1/06 – present:	Chief of Staff Roger W. Burke, Jr.
12/31/00 – present:	General Counsel Karen E. Branson

GENERAL ACTIVITIES

12/31/00 – present: **Deputy General Counsel**
Victoria L. Lucchesi

6/18/00 – present: **Assistant Inspector General for Audit**
William J. DiVello

8/19/96 – present: **Deputy Assistant Inspector General for Audit**
Cheryl L. Ferrara

6/21/99 – present: **Assistant Inspector General for Inspections & Evaluations**
Alvin Wright, Jr.

Deputy Assistant Inspector General for Inspections & Evaluations

8/18/08 – present: **Assistant Inspector General for Investigations**
Stacie Pittell

5/15/98 – present: **Deputy Assistant Inspector General for Investigations**
Alfred Miller

3/6/06 – present: Edward J. Farley

4/18/04 – present: **Director of Medicaid Fraud Control Unit**
Susan B. Kennedy

6/25/07 – present: **Deputy Director of Medicaid Fraud Control Unit**
Jacqueline Schesnol

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

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

9/9/01 – 9/30/09: **Supervisory Contracts Specialist**
Russell Symons

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

GENERAL ACTIVITIES

FISCAL YEAR 2009 TESTIMONY BY THE INSPECTOR GENERAL

As a result of OIG audits, inspections, and investigations, we are often asked to provide information to our stakeholders. Copies of the testimonies delivered in FY 2009 can be accessed on our website. Appendix A contains the topics and dates of OIG testimony presented before the D.C. Council and the U.S. Congress.

FISCAL YEAR 2009 PRESS HIGHLIGHTS

The OIG's work in District agencies is often recognized and reported on by local news organizations. It is our hope that media coverage will increase public awareness about the OIG's mission and our efforts to fulfill this mission, as well as encourage government efforts to correct reported deficiencies. Appendix B contains a selection of media highlights covering the OIG's work during FY 2009.

WEBSITE

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

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



FISCAL YEAR 2010 AUDIT AND INSPECTION PLAN





AUDIT AND INSPECTION PLAN

The annual audit and inspection plan (Plan) includes descriptions of both mandated audits and discretionary audits and inspections to be conducted in the upcoming fiscal year, based on: risk assessments of vulnerable programs and issues; input from the District's executive and legislative leadership, agency officials, and other stakeholders; and requirements of law. The FY 2010 Plan includes audits and inspections ongoing as of September 1, 2009. A copy of our annual plan can be accessed via our website at www.oig.dc.gov.

In an effort to sharpen the focus of our audits and inspections, the OIG continuously assesses programs and activities that pose the greatest risk to the District. Statutory mandates govern many of our activities; however, the majority of our activities are discretionary. Responsible use of our audit and inspection resources has become increasingly important as the District seeks to maintain financial integrity and fiscal stability, despite known limitations for revenue growth. District stakeholders have emphasized their continuing commitment to avoid risks that could trigger the re-emergence of budget deficits and management inefficiencies.

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

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

The 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 strategic themes that will govern our operations, help us achieve our mandated mission, and further the Mayor's strategic initiatives. In FY 2010 we have added a new theme - Stimulus Spending - to assist the District government by helping to promote accountability and transparency for the use of funding under the Recovery Act and to provide oversight of funds and ensure compliance with laws and accounting standards. The Recovery Act is an extraordinary response to a crisis unlike any since the Great Depression. With much at stake, the Act provides for unprecedented levels of transparency and accountability so that the public will be able to know how, when, and where their tax dollars are being spent. The Act contains built-in measures to root out waste, inefficiency, and unnecessary spending. As such, we believe it is necessary to audit this effort.

AUDIT AND INSPECTION PLAN

The seven strategic themes on which our Plan is built 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
- VII. Stimulus Spending

As has been our practice, formulation of the Plan began with the initiation of our annual planning conference held in July 2009. To ensure that FY 2010 audits and inspections focused on issues that pose the greatest challenge to the District, we solicited participation from a group of District agency officials to speak about their concerns or provide discussion on critical topics and emerging issues facing the District. Guest speakers provide valuable insight into their individual programs and challenges facing the city, their evaluation of our audit process, and an unbiased assessment in several important audit areas.

We have undertaken an ambitious Plan, shaped in part by concerns raised by District stakeholders. Accordingly, our Plan reflects ideas and suggestions from the Executive Office of the Mayor, Councilmembers, District agency officials, and others. The listing of a particular audit or inspection in the Plan does not necessarily mean that problems exist or guarantee that a review will be undertaken. The reality of having limited resources and the unknown priorities arising from exigencies throughout the year often determine which audits or inspections can ultimately be initiated in any fiscal year. The Plan is designed to address audit areas that transcend a given fiscal year until identified risks facing the District are mitigated. It is our hope that District managers will use the Plan to help further identify risk areas within their respective agencies so that they may begin to address issues identified in the Plan, or previously reported, and begin to take actions to improve operational efficiencies before our audit or inspection.

ACTIVITIES OF THE AUDIT DIVISION

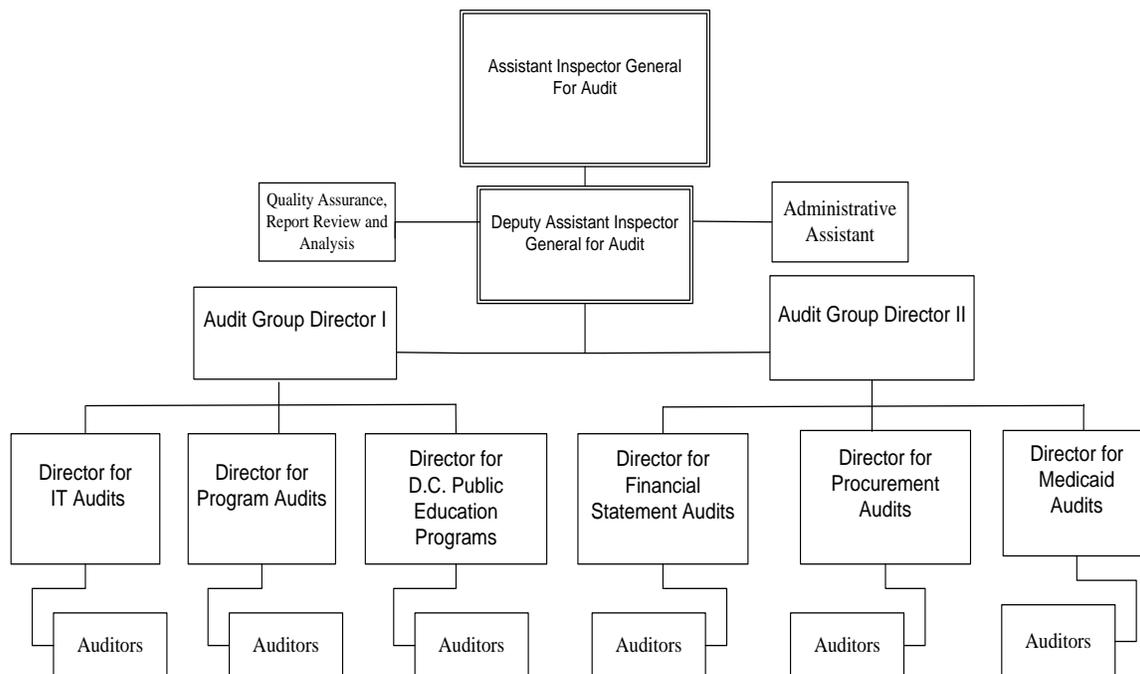


ACTIVITIES OF THE AUDIT DIVISION

ORGANIZATION

The OIG Audit Division, comprised of a staff of professional auditors, is headed by an Assistant Inspector General for Audit (AIGA), a Deputy AIGA, two Audit Group Managers, and six Directors. The AIGA sets policy and, through the Deputy AIGA and Audit Group Directors, provide leadership and direction for the division. The Directors manage the day-to-day projects and activities of the auditors. The audit directorates are: (1) Information Technology Audits; (2) Program Audits; (3) D.C. Public Education Programs; (4) Financial Statement Audits; (5) Procurement Audits; and (6) Medicaid Audits. Our audit directorates are aligned to address the major risks facing the District.

**OIG Audit Division Organizational Chart
September 30, 2009**



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

ACTIVITIES OF THE AUDIT DIVISION

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

CREDENTIALS AND QUALIFICATIONS

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

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

ACQUIRING, DEVELOPING, AND RETAINING TALENT

Human resource management is critical to an organization's future success. The Audit Division's leadership continually works to recruit staff, identify the best ways to address the staff's educational needs, and identify core-training programs. Through training and employee development, we strive to acquire, and retain talent. We also consult with private-sector corporations, academic institutions, and other experts to identify best practices. Additionally, we are proud to have staff members who are qualified to teach audit-related subjects to the staff. In-house courses not only save money, but also take advantage of the knowledge and experience of our staff. In addition, the AIGA and DAIGA teach at institutes conducted by the Association of Inspectors General, a nationally recognized organization that provides training, certifications, and other professional developmental opportunities for audit, investigative, and inspection professionals.

ACTIVITIES OF THE AUDIT DIVISION

PROFESSIONAL ASSOCIATIONS AND ORGANIZATIONS

The OIG has joined a number of educational and professional organizations such as the Association of Local Government Auditors and the Association of Inspectors General to enhance audit performance and broaden the audit staff's perspective. Likewise, members of our staff are active in professional organizations to include the American Institute of Certified Public Accountants, Association of Government Accountants, National Association of Certified Fraud Examiners, Information Systems Audit and Control Association, and the Institute of Internal Auditors.

In addition to being members of and participating in professional organizations, the staff has submitted articles on various audit topics and emerging audit issues. Abstracts of audits conducted in FY 2009 were published in professional newsletters and journals. A list of these publications is contained in Appendix C.

ASSOCIATION OF INSPECTORS GENERAL AUDITOR INSTITUTE

During FY 2009, the Association of Inspectors General held its third Certified Inspector General Auditor (CIGA) Institute in New Orleans, LA. The 5-day curriculum covered 21 specific topics such as: professional standards; forensic auditing techniques; contract auditing; auditing for monetary benefits; auditors and investigators working together; and report writing. The course culminated with a certification exam. Participants representing eight federal, state, and local government agencies attended this institute. We are proud to report that seven members of our staff hold this prestigious certification.

Much hard work went into the development of the CIGA Institute from conception, planning, and vetting of materials and related test questions, to the development, refining, and presentation of the topics. We greatly appreciate the efforts of William J. DiVello, Cheryl Ferrara, and Khaled Abdel Ghany of our audit staff who worked with other dedicated professionals around the country to advance and improve the audit profession.

PEER REVIEW

In March 2009, representatives from the Association of Local Government Auditors (ALGA) completed a peer review of the OIG's Audit Division. The Audit Division received an unqualified opinion from the peer review team. The peer review covered the period January 1, 2006, through December 31, 2008. A companion management letter of the same date noted areas where this Office excelled and also included suggested improvements that will increase the impact of this Office. Specifically, the report showed that the OIG Audit Division has a competent, qualified, and experienced staff, and that its Audit Handbook thoroughly addressed policies and procedures. In addition, it was noted that the audit work

ACTIVITIES OF THE AUDIT DIVISION

was documented in a comprehensive and well-organized manner and that the Audit Division had established an extensive and effective quality assurance function.

CONTINUATION OF LIAISON ACTIVITY

Pursuant to the statutory mandate contained in D.C. Code §§ 2-302.08(a)(3)(B) and (C) (2006), the OIG is required to act as liaison representative to external organizations conducting audits of the District of Columbia government. As a result, federal inspector general organizations and the Government Accountability Office (GAO) have coordinated their work with the OIG. Reciprocally, we continually coordinate audit efforts with the GAO, the District of Columbia Auditor, and federal inspector general offices.

Additionally, the Audit Division has forged strong working relationships with other outside organizations such as federal, state, and local inspector general offices. These working relationships provide for information sharing between our organizations so that we may better identify and address fraud, waste, and abuse. Moreover, the AIGA is often called upon to lecture on IG functions for professional organizations, state and local IG offices, and visiting foreign delegations.

AUDIT PERFORMANCE MEASURES TO EVALUATE PROGRESS

With regard to our audit performance and productivity standards, we used three performance measures in FY 2009: 1) the number of audit reports issued; 2) the potential monetary benefits identified through our audits; and 3) the percentage of District agencies/offices provided with audit coverage. We continue to work toward process improvements in measuring our productivity and performance. In this regard, because of the importance we place on audit follow-up, we also track internally the status of recommendations made and District agency coverage. Additionally, the Comptroller General's Government Auditing Standards emphasize the importance of follow-up on significant findings and recommendations from prior audits to determine if corrective actions have been implemented. The results of our performance measures are shown in Appendix D.

SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDITS

For FY 2009, we issued 35 reports with total potential monetary benefits of approximately \$50.3 million. Comparing these to Audit Division costs of approximately \$3.9 million shows that a return on investment for audits performed by OIG audit staff approximates \$13 for each dollar invested.

To more readily identify potential benefits, the OIG includes a schedule in each audit report that reports potential benefits resulting from the audit. The schedule provides each benefit by recommendation, a description of the identified benefit, and type of benefit. The benefits of

ACTIVITIES OF THE AUDIT DIVISION

each recommendation are described as economy and efficiency, internal control and compliance, or program results. The type of benefit is reported as either monetary or nonmonetary. Monetary benefits are categorized as either "Funds Put to Better Use" or as "Questioned Costs." "Funds Put to Better Use" are funds that could be used more efficiently should management implement the recommendations. This category includes de-obligation of funds from programs or operations and savings that result from implementation of recommended improvements. "Questioned Costs" are incurred costs questioned because of an apparent violation of a law, regulation, contract, or grant governing the expenditure of funds.

AUDIT AGENCY/OFFICE COVERAGE

The 35 reports the Audit Division issued in FY 2009 consisted of 34 final audit reports and 1 Management Implication Report (MIR). Completed audits represented reviews undertaken as part of our FY 2009 Audit and Inspection Plan or emerging issues that required our immediate attention. Our audit reports to agency heads recommend corrective actions necessary to improve operations, addressed noted deficiencies, and ensured that agencies were in compliance with prescribed regulations, policies, procedures, and standards. Upon the issuance of our final reports, agencies described actions they had taken or planned to take to address our recommendations. Appendix E identifies the 24 District government agencies/offices audited during FY 2009.

AUDIT FOLLOW-UP

Audit follow-up is the process that enables the OIG to monitor, assess, and report on the status of agency implementation of agreed upon corrective actions recommended by prior audits. The audit follow-up should provide for systematic analysis of corrective action to determine whether the actions taken have addressed the problems that led to the recommendations. Due professional care includes follow-up on known findings and recommendations from prior audits related to current audit objectives to determine whether agency officials took prompt and appropriate corrective actions. Audit standards require auditors to disclose the status of known but uncorrected significant or material findings and recommendations from prior audits.

Taking action on recommendations is imperative to ensure deficiencies are corrected. Much of the benefit from audit work is not in the findings reported or the recommendations made, but in their effective resolution. District management is responsible for resolving audit findings and recommendations, and having a process to track their status can help fulfill this responsibility. Accordingly, we have emphasized this important function by tracking audit recommendations and assessing the progress of corrective actions. The Audit Division conducts triennial follow-up audits, issues follow-up letters or may meet with agencies to inquire as to the status of agreed to recommendations, issues MIRs when we identify

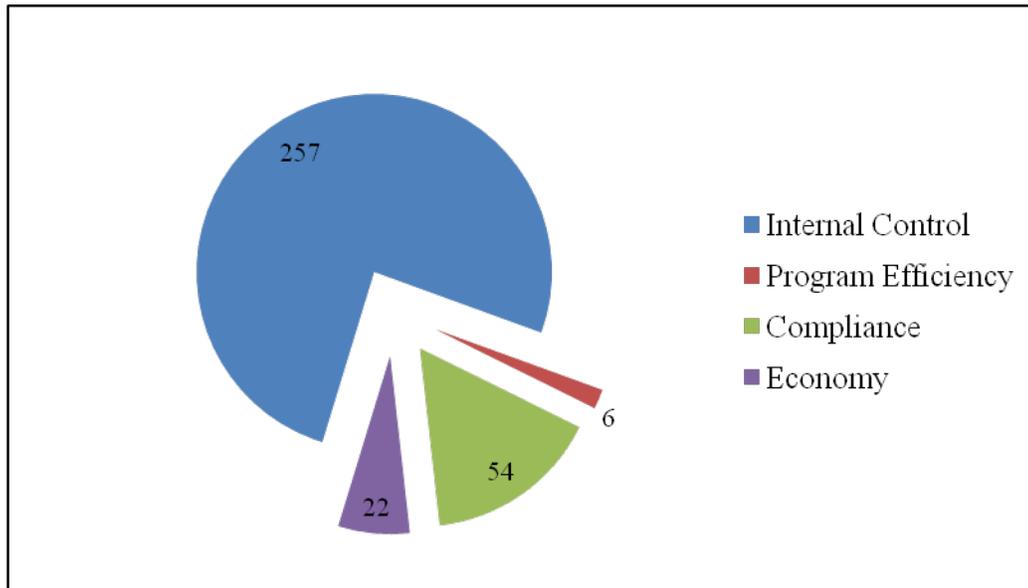
ACTIVITIES OF THE AUDIT DIVISION

potentially widespread problems, and issues Management Alert Reports (MARs) to alert specific agency management of the need to take immediate corrective action.

FISCAL YEAR 2009 AUDIT RECOMMENDATIONS

For FY 2009, the Audit Division made a total of 339 recommendations to District management. As these reports have been recently issued, we plan to conduct follow-up reviews at these agencies in subsequent reporting periods, and will work in conjunction with the Executive Office of the Mayor and D.C. Council to ensure that actions are taken to address recommendations made. Appendix F provides further information regarding audit recommendations for FY 2009. The following chart identifies the number of recommendations by category.

Analysis of Recommendations by Category



THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

CAFR Oversight Committee. To oversee the CAFR, the OIG established the Comprehensive Annual Financial Report Oversight Committee (Committee). A charter identifying the Committee’s purpose, composition, meeting schedule, and responsibilities governs the Committee. The Committee assists the OIG in fulfilling its oversight responsibility by monitoring the progress of the audit and addressing any issues that may arise from the audit or may prevent timely completion. The Committee’s purposes include: (1) monitoring the reliability and integrity of the Office of the Chief Financial Officer’s (OCFO) financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance; (2) monitoring the independence and performance of the

ACTIVITIES OF THE AUDIT DIVISION

District's independent auditors (Auditors); and (3) providing an open avenue of communication among the Auditors, Executive Office of the Mayor (EOM), Council of the District of Columbia (Council), OCFO, and other District management officials.

The Committee, chaired by the AIGA, is comprised of District officials, who are independent of the OCFO, including representatives from the OIG, the D.C. Council, and the EOM. The Committee also invites representatives from the GAO, as well as OCFO, and various District agencies to attend select meetings, as appropriate.

In order to ensure adequate and timely actions are taken by management to recommendations, the Committee continued to meet throughout FY 2009. As part of these meetings we invited agency heads to present the status of work completed at their respective agencies to address deficiencies and open recommendations. Agencies that had representatives brief the Committee in FY 2009 included: DCPS; the Office of the State Superintendent of Education; OCFO; the Office of Contracting and Procurement; and the Department of Health Care Finance.

FY 2008 CAFR. On January 30, 2009, BDO Seidman, LLP issued the District's FY 2008 CAFR. This issuance marks the District's twelfth consecutive unqualified opinion on its financial statements.

In connection with the audit of the District of Columbia's general purpose financial statements for FY 2008, BDO Seidman, LLP submitted its *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters*. This report details identified significant deficiencies. A significant deficiency adversely affects the District's ability to initiate, authorize, record, process, and report financial data. Two of the significant deficiencies identified in the report are considered material weaknesses: (1) Treasury Functions; and (2) Management of the Medicaid Program. While the report did note progress relative to the financial management of the D.C. Public Schools and the Office of Tax and Revenue, it further stated that it is imperative that management address the deficiencies in the report in order to maintain the financial integrity of the city. Corrective actions should be both immediate and sustainable relative to those persistent and recurring deficiencies.

SIGNIFICANT AUDIT FINDINGS

Our audits focus on areas that present the highest risks to maintaining the District's fiscal integrity and continued financial strength. To address these risks, we designed our audits to concentrate on seven themes that take into consideration the legislative triggers that could require the District's return to the operational control of the D.C. Financial Responsibility and Management Assistance Authority. When District leadership and the OIG identify and

ACTIVITIES OF THE AUDIT DIVISION

address such risks early, the likelihood of returning to a control period in the future is minimized. The seven themes are as follows:

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

A summary of FY 2009 reports is included at Appendix G. To show the results of our audits by their respective risk area, we have summarized a selection of significant audits by the themes identified above.

AUDIT HIGHLIGHTS BY THEME

REVENUE ENHANCEMENT

Audit of the Management of Commercial Property Income and Expense Reports by the Office of Tax and Revenue's Real Property Tax Administration (RPTA), OIG No. 08-2-01AT, May 15, 2009

The RPTA did not establish basic internal controls that would have identified commercial property owners who did not file Income and Expense (I & E) Reports, filed late reports, or filed I & E Reports with inaccurate or incomplete data. Further, various RPTA officials charged with the responsibility of enforcing I & E reporting provisions of the District of Columbia real property tax laws failed to do so for a period of at least 10 years.

Consequently, RPTA did not collect an estimated \$11.8 million in penalties for noncompliance with legal reporting requirements during 2006 that should have been assessed and billed to noncompliant commercial property owners between March and September 2008. If similar situations existed for 2007 report submissions and, to a lesser extent, during the submission of 2008 reports, a conservative estimate of lost penalty revenues for those two periods could be approximately \$13.2 million. Total lost penalty revenues for all three periods may have exceeded \$25 million.

ACTIVITIES OF THE AUDIT DIVISION

Audit of the Motor Fuel Sales and Tax Process, OIG No. 09-2-02KA, July 23, 2009

We identified that importer motor fuel tax liabilities have gone uncollected for more than 6 years. Unremitted importer motor fuel taxes were the result of: 1) a lack of internal controls in the Office of Tax and Revenue's (OTR's) manual processes for motor fuel tax revenues; 2) insufficient oversight by OTR's Audit Division; and 3) the exclusion of a module in the OTR Tax Integrated System that would assign delinquent motor fuel tax accounts to tax revenue officers to take the necessary enforcement actions. As a result, we identified uncollected motor fuel tax revenues of about \$733,000 for 6 years. We also found that the District assumed an increased risk of loss due to the miscalculation of bond liability owed by motor fuel taxpayers, which would provide monies to cover potential losses from delinquent taxes or damages caused by a fuel spill or other accidents.

In addition, we also found that the District did not implement previously agreed-to recommendations and, therefore, lost interstate bus tax revenues totaling at least \$2.3 million over the last 10 years (\$229,000 annually) by not participating in the International Fuel Tax Agreement managed by the International Fuel Tax Association.

SPENDING AND EFFICIENT USE OF RESOURCES

Audit of Purchase Card Transactions at the Office of Unified Communications, OIG No. 08-1-10AA, February 12, 2009

We found that the Office of Unified Communications (OUC) and the Office of Contracting and Procurement (OCP) need to improve controls over management of the D.C. Purchase Card Program. The program was not adequately managed because OUC either circumvented existing internal controls or failed to establish internal control procedures to properly justify card purchases and adequately document the receipt of purchases by authorized personnel. OUC also did not obtain competition as required by D.C. Municipal Regulations (DCMR) Title 27. Further, OCP did not perform sufficient oversight for purchase card transactions as required by OCP Procurement Policy and Procedure Directive 9000.01 (OCP Directive 9000.01). As a result, OUC spent \$154,000 on unjustified or questionable expenditures. In addition, OUC spent \$144,000 in card purchases with no assurance that prices were fair and reasonable. We also concluded that OUC used its \$100,000 emergency purchase card authority on non-emergency expenditures, such as materials and supplies for the childcare development center, employee uniforms, and chair cleaning and maintenance.

ACTIVITIES OF THE AUDIT DIVISION

DELIVERY OF CITIZEN SERVICES

Audit of District Agencies' Implementation of Audit Recommendations, OIG No. 08-1-03MA, March 12, 2009

The results of our past three triennial follow-up audits show a steady rate at which District agencies implemented agreed-to audit recommendations – 80 percent in FY 2002, 77 percent in FY 2005, and 88 percent in 2008. While the implementation rate has increased, work remains. We identified problems that continue with the District of Columbia Office of Risk Management (DCORM) follow-up system, and the steps agencies should take to close all outstanding recommendations.

In regard to District agency follow-up actions, we conducted audit testing at 23 of 24 District agencies. District agency officials reported that: (1) action had been completed to address 321 of the 363 (88 percent) recommendations reviewed; (2) 38 (11 percent) recommendations remained open; and (3) 4 recommendations had been overtaken by events such that action was no longer necessary to correct related deficiencies.

We noted that 37 of the 38 open recommendations (97 percent) were made in FYs 2005 and 2006. The implications of this finding are two-fold. First, the OIG recommendations were not timely resolved within 6 months as provided for by the Office of Management and Budget (OMB) Circular A-50. Second, the OIG established a new follow-up system at the start of FY 2007 to remind agency managers about the importance of timely resolving recommendations contained in audit reports. These follow-up efforts have significantly helped to close audit recommendations, resulting in one recommendation identified as open in FY 2007. However, agencies need to timely implement corrective actions to address all recommendations without a reminder from the OIG.

We selected 109 of the 321 reported as closed recommendations for verification. We were only able to verify that 65 of the 109 tested (60 percent) were actually closed based on documentation maintained by agency officials.

Audit of the Fire and Emergency Medical Services' Department Administration of Ambulance Billing Contracts, OIG-07-2-31FB, March 23, 2009

We determined that FEMS did not have personnel with sufficient business acumen, training, and experience to adequately oversee critical business-related activities in support of its mission to provide emergency medical care and transportation. Accordingly, corrective measures were warranted in several areas to improve FEMS operations. Noted deficiencies included:

ACTIVITIES OF THE AUDIT DIVISION

- A lack of an effective administrative support services function to manage and monitor routine business operations such as emergency transport billings, accounts receivable, and bad debt accounts.
- A process that allowed a prior contractor, who provided billing for emergency transport services, to continue receiving remittances for services provided on an expired contract.
- Significant flaws in FEMS' manual processing of Patient Care Records and drop-box pickup procedures, resulting in lost or unaccounted for PCRs, which could result in Health Insurance Portability and Accountability Act of 1996 (HIPAA) violations, fines, and lawsuits.
- Unrecorded accounts receivables exceeding \$60 million and subsequently determined to be uncollectable. These accounts receivable date back as far as FY 2001.
- Results of benchmarking that showed that the District's emergency transport rates were well below those charged by other jurisdictions. Our comparison to six cities with similar demographics in the North-Atlantic region of the country showed that the average Basic Life Support (BLS) and Advanced Life Support (ALS) rates for these cities to be \$530 and \$832, respectively. FEMS charged \$268 for BLS and \$471 for ALS. Additionally, FEMS did not charge for mileage, which is a reimbursable cost in nearly all of the jurisdictions in our survey.
- Missing cost analysis that would support increasing the reimbursement for emergency transports by FEMS. The failure to conduct and submit a cost study annually impeded MAA's ability to pursue increases in the reimbursement rates for ambulance transports.

SUPPORT SERVICES

Audit of Grant Awarded by the Department of Health's Community Health Administration (CHA), OIG No. 08-2-04HC, September 23, 2009

The audit disclosed that \$235,000 in Title V, Maternal and Child Health Services Block Grant funds awarded by CHA officials to four subrecipients had not been properly used in accordance with the subgrant agreements. The subrecipients expended almost \$100,000 of the funds for items and/or services that did not directly relate to the general or specific requirements as stated in the subgrant agreements, or could not document or support

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expenditures. For example, one subgrantee purchased quantities of materials well in excess of needs and the associated costs were paid by the District.

The failure of the subrecipients' compliance with the subgrant requirements, coupled with inadequate program oversight on the part of CHA officials, resulted in the expenditure of grant funds for unintended purposes. More importantly, the conditions under which the subgrants were awarded and managed placed the District government at an increased risk of fraud, waste, and abuse. Of the \$235,000 awarded to the four subrecipients, we questioned or disallowed \$99,335 in costs that were reimbursed to the four subrecipients.

AUDITS REQUIRED BY LAW

Various laws require the OIG to perform specific annual audits, some of which must be performed only by contracts with certified public accounting firms. Largest among the required audits is the Comprehensive Annual Financial Report (CAFR). In addition, the District's annual appropriation legislation often includes language that requires the OIG to conduct one-time audits.

DISTRICT OF COLUMBIA PUBLIC EDUCATION PROGRAMS

Audit of the Department of Employment Services' (DOES') Summer Youth Program (SYP), OIG No. 08-2-28CF, June 17, 2009

This report contains 11 findings that detail the conditions found during our audit. The findings were grouped into four sections. In Section I, "Planning for the Summer Youth Program," we discuss deficiencies in the SYP planning process. This section includes three findings. In our first finding, we discuss how the Mayor and DOES implemented several new initiatives for the 2008 SYP, which impacted DOES' ability to effectively budget, plan, and operate the program. In our second finding, we disclose that DOES used SYP funds totaling approximately \$531,000 to pay for expenditures unrelated to the program. Our third finding reveals that DOES did not establish adequate internal controls for the 2008 SYP. As a result of these deficiencies, the SYP budget for FY 2008 escalated from \$14.5 million to \$52.4 million, and the 2008 SYP was susceptible to theft, abuse, and fraud.

In Section II, "Information Technology," we discuss deficiencies in planning and implementing the DOES Standard Application Platform (DSAP), the new system used for registering SYP participants and providing online timekeeping functions. This section

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includes three findings (Findings 4, 5, and 6). In our fourth finding, we demonstrated that DOES' decision to develop and implement DSAP approximately 2 weeks prior to the start of the 2008 SYP was haphazard and not predicated on a structured information technology (IT) solution acquisition methodology or undertaken in consultation with the Office of the Chief Technology Officer. In our fifth finding, we show that DOES further inhibited the successful implementation and development of DSAP by not following a structured systems development life cycle protocol/methodology. Our sixth finding discloses specific DSAP application control deficiencies that we observed during our review. As a result of the IT deficiencies, DSAP did not fully meet the SYP objectives and DSAP data could not be fully relied upon to manage and support the SYP.

In Section III, "Contracting for the Summer Youth Program," we discuss deficiencies with the contracts awarded to support the 2008 SYP. This section includes two findings (Findings 7 and 8). In our seventh finding, we point out that the OCP did not timely award contracts to the organizations that provided enrichment training to SYP participants. As a result, many SYP participants were unaware of their assignments when the program began and contractors had to rush to perform tasks for their training programs. Additionally, OCP awarded enrichment training contracts to essentially all of the offerors who responded to the solicitation, including offerors who submitted late proposals and received low evaluation scores. Further, OCP awarded a \$200,000 contract to a vendor to recruit businesses to participate in the SYP although DOES staff essentially performed the same task. In our eighth finding, we show that the enrichment training contracts included poorly written payment terms and conditions and, consequently, DOES was obligated to pay contractors for services that they did not perform. For example, two contractors did not provide enrichment training to the minimum number of participants stated in their contracts, but were paid approximately \$324,000 for services that they did not provide.

In Section IV, "Summer Youth Program Operations," we discuss the operational deficiencies that we found during our audit. This section includes three findings (Findings 9, 10, and 11). In our ninth finding, we demonstrate that there were deficiencies in the SYP registration process, which severely inhibited DOES' ability to ensure that all participants were eligible to participate in the program. Our tenth finding discloses that DOES employees registered youth for the 2008 SYP who did not meet the eligibility requirements to participate in the program. In our last finding, we reveal that DOES did not establish adequate controls over the management, issuance, distribution, and accountability of debit cards. As a result of these deficiencies, there was an increased opportunity for fraud, waste, and abuse.

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SUMMARY OF MANAGEMENT REPORT

Management Implication Report (MIR 09-A-01), January 6, 2009

This MIR was issued to advise District agency heads of internal control weaknesses that the OIG audits have disclosed concerning the District's payment process. It is imperative that agency heads have the information necessary to detect, correct, and prevent deficiencies should such conditions exist or arise in their own agencies.

The payment process encompasses payments made to vendors/providers for acquired goods and services; payroll payments made to District employees; third-party payments made on behalf of the District; tax refunds; refunds for other overpayments; and any other payments authorized by law or regulation. Collectively, our audits have identified the following causes for the internal control deficiencies associated with the payment process:

- insufficient management oversight;
- ineffective supervision;
- lack of policies and procedures;
- poor file maintenance, including missing documentation;
- inadequate segregation of duties;
- disregard for or unawareness of rules and regulations; and
- unfamiliarity with standards of conduct and workplace ethics.

In assessing the various deficiencies associated with the payment process, the OIG classified the control deficiencies into 10 broad areas: (1) fraudulent payments; (2) approval process; (3) improper payments; (4) excessive profits; (5) anti-deficiency violations; (6) improper payment mechanisms; (7) duplicate payments; (8) false claims; (9) late payments; and (10) payroll/overtime payments.

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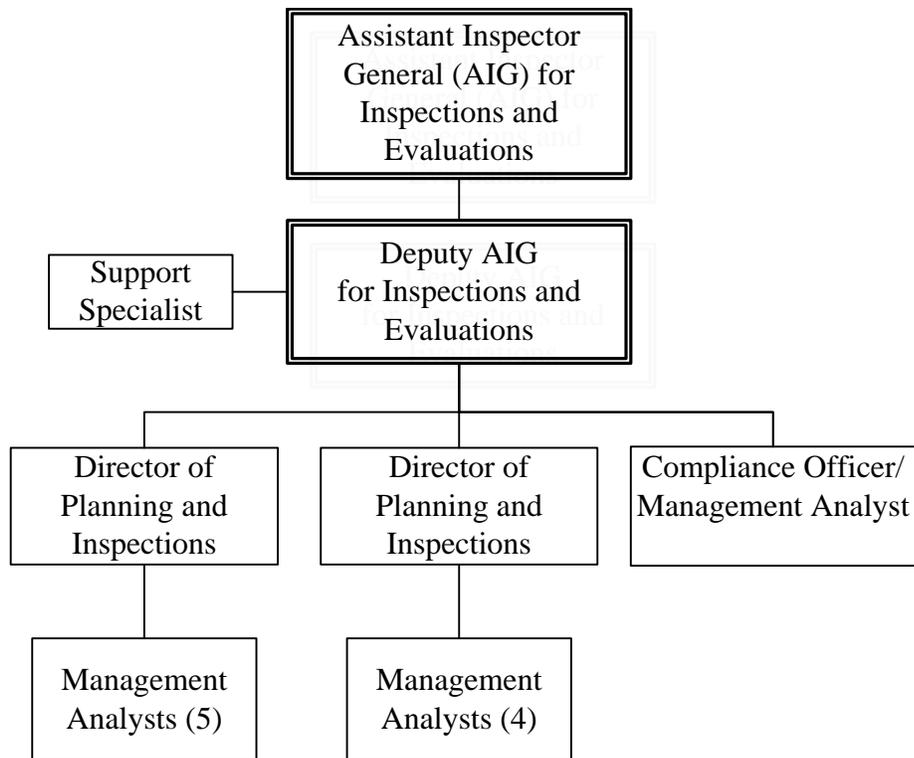
ACTIVITIES OF THE INSPECTIONS AND EVALUATIONS DIVISION

ORGANIZATION AND MISSION

The OIG Inspections and Evaluations Division (I&E) is managed by an Assistant Inspector General (AIG), a Deputy Assistant Inspector General (DAIG), and two Directors of Planning and Inspections (DPIs). The AIG sets policy and, through the DAIG, provides leadership and direction to the division. The DPIs supervise the management analysts' inspection activities both in the field and at the OIG, and oversee the day-to-day administrative activities in the division.

OIG INSPECTIONS AND EVALUATIONS DIVISION

SEPTEMBER 30, 2009



Note: One Management Analyst position that was “frozen” at the beginning of FY 2009 remains unfilled due to budget constraints.

I&E is responsible for conducting inspections of District government agencies and programs. An OIG inspection is a process that evaluates, reviews, and analyzes the management, programs, and activities of a District department or agency in order to provide information and recommendations that will assist managers in improving operations, programs, policies,

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and procedures. Inspections provide senior managers with an independent source of factual and analytical information about vital operations, measuring performance, assessing efficiency and effectiveness, and identifying areas of mismanagement, fraud, waste, and abuse. Inspection results are published in a Report of Inspection (ROI), Management Alert Reports (MARs), and Management Implication Reports (MIRs). The OIG provides a MAR when the Inspector General believes that a matter that surfaced during an inspection requires the immediate attention of the head of an agency or department; similarly, the OIG issues a MIR on a matter of priority concern that affects multiple District agencies. The findings developed during inspections may also lead to recommendations for OIG investigations or audits. I&E additionally conducts re-inspections and has an ongoing compliance program to follow-up on and monitor agency compliance with the Inspector General's previous recommendations.

PEER REVIEW

During FY 2009, a team of individuals appointed by the Association of Inspectors General conducted the triennial peer review of I&E operations that is required by D.C. Code. The reviewers focused on I&E standards, policies, procedures, operations, and quality control mechanisms, and reached a unanimous conclusion that I&E met all relevant professional standards for the period of the review. "Areas of distinction" included employees' exemplary levels of education and dedication to the OIG mission, and the high level of planning and supervision.

CREDENTIALS AND QUALIFICATIONS

I&E has 10 inspector positions and a support specialist. All managers and inspectors have a 4-year degree from an accredited college or university, typically in the fields of business and public administration, and most have graduate degrees. Senior inspectors must have significant experience working in or with state or federal government, or private industry, as inspectors, management analysts, auditors, managers, or program managers. Upon entering on duty, new inspectors receive both formal, job-specific training and on-the-job training in the evaluation and analysis of District government organizations and their management.

INSPECTION STANDARDS

I&E inspectors adhere to the Quality Standards for Inspections promulgated by the Council of Inspectors General for Integrity and Efficiency. Inspectors pay particular attention to the quality of internal control exercised by managers in inspected agencies.

ACTIVITIES OF THE INSPECTIONS AND EVALUATIONS DIVISION

PERFORMANCE MEASURES USED TO EVALUATE PROGRESS

The number of inspections conducted, findings identified, recommendations made and agreed to by inspected agencies, and subsequent improvements in agency operations as determined through re-inspections are indicators of the effectiveness of the overall performance of the OIG inspection program.

Beginning with FY 2009, I&E implemented an output-based performance measure: the number of final reports published. The performance goal for FY 2009 was to issue 10 inspection reports and I&E surpassed that goal by issuing 16 reports.¹

INSPECTION ACTIVITIES AND REPORTS ISSUED

Inspections can take from 6 months to a year, depending on the size of the inspected agency, the complexity of the issues covered, and the inspection resources available. Recommendations made to agency and department heads call for corrective measures to improve operations, address deficiencies, and ensure that District and federal laws, regulations, and policies are followed.

In FY 2009, I&E initiated inspection fieldwork in the following agencies: Department of Human Resources, Department on Disability Services, the Metropolitan Police Department, Department of Employment Services, and the Department of Health's Addiction Prevention and Recovery Administration. I&E also conducted fieldwork as part of its re-inspection of the Department of Youth Rehabilitation Services' secure facility for juveniles located in Laurel, MD; a report of re-inspection will be issued in FY 2010. I&E inspectors completed fieldwork at the Public Service Commission, the Homeland Security and Emergency Management Agency, the Alcoholic Beverage Regulation Administration, and the Department of Real Estate Services' Protective Services Division. Reports documenting the full results of fieldwork at these agencies will be issued in FY 2010.

As noted above, I&E published 16 reports during FY 2009. The following summarizes the 10 reports that pertained to FY 2009 inspection activities. The remaining reports were discussed in the previous year's annual report. The number of findings and recommendations resulting from each report listed below are enumerated in Appendix I. These reports, along with all responses provided by the affected agencies, can be found at the OIG's website (<http://oig.dc.gov>).

¹ Ten of the 16 reports pertained to inspection activities conducted during FY 2009; 6 of the reports documented inspection activities that were completed during the previous fiscal year and were referenced in the preceding annual report.

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**Department of Youth Rehabilitation Services (DYRS)
Management Alert Report 09-I-001
Asbestos Risk Found in Building #10
(Report Issued October 23, 2008)**

During its re-inspection of DYRS' Oak Hill Youth Center (OHYC),² the OIG became aware of the potential exposure of employees and residents to asbestos in Building #10 in areas that were used as offices, storage, and to house the building's mechanical systems. In March 2004, the District's Office of Risk Management (ORM) issued a report to DYRS (then referred to as the Youth Services Administration) that cited a number of serious conditions related to the presence of asbestos and/or asbestos-containing material. In 2008, contract consultants representing the Department of Health (DOH) conducted an inspection at OHYC and also identified areas needing immediate attention. The OIG re-inspection team requested information regarding all corrective action taken by DYRS in response to these findings, but DYRS did not provide information demonstrating that the serious asbestos conditions had been abated.

The OIG recommended, among other things, that DYRS determine whether the risk to OHYC employees and residents was such that they should be relocated immediately to safeguard their health and safety, and provide documentation to the OIG regarding the corrective actions taken and completed to abate the conditions previously cited by ORM and DOH.

**Office of Property Management³ – Protective Services Division
Management Alert Report 09-I-002
Protective Services Officers Lack Critical Equipment
(Report Issued January 6, 2009)**

I&E inspectors conducting a special evaluation of the Office of Property Management's Protective Services Division (OPM/PSD), the entity charged with protecting persons and assets within property owned or leased by the District government, observed that OPM/PSD had not provided some of its officers with the protective equipment (e.g., Oleoresin Capsicum (OC) spray, commonly referred to as "pepper" spray, and batons) and the related training necessary to employ a full range of physical restraint and force. Officers speculated to the OIG team that they had not been issued certain pieces of equipment due to PSD's inability to provide adequate training prior to issuance of the equipment. The team also directly observed some PSD officers who were carrying a firearm but did not have OC spray

² In FY 2009, DYRS closed the Oak Hill Youth Center and opened the New Beginnings Youth Development Center nearby.

³ Effective August 2009, the Office of Property Management was renamed the Department of Real Estate Services.

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or a baton, a condition that significantly reduced the “levels of control” available to an officer, thereby preventing him/her from using the most appropriate and reasonable method when responding to an incident.

The OIG’s primary recommendation was that OPM/PSD implement a corrective action plan for ensuring that all PSD officers have the equipment and related training that would allow them to effectively apply all the “levels of control” defined in PSD’s General Order regarding “Use of Force.”

Department of Public Works
Management Implication Report 09-I-001
Concerns Regarding the Availability and Status of Emergency Fixed and Mobile
Generators
(Report Issued January 16, 2009)

In connection with its inspection of the Homeland Security and Emergency Management Agency, the OIG issued a MIR to the Office of the City Administrator and the Department of Public Works several days before the 2009 Presidential Inauguration. The OIG became concerned when it learned that DPW had not been able to determine the operational availability and status of emergency fixed and mobile generators maintained by most District government agencies and offices designated as “Emergency Support Function” agencies, which need to continue the provision of critical District services in the event of a power outage or other emergency. DPW, which is responsible for re-fueling generators and bringing mobile generators to sustain emergency operations, sent a letter and questionnaire to key agencies and offices regarding their back-up power generation equipment, but received few responses. The OIG believed the lack of knowledge about the sufficiency and operational capability of emergency generators constituted a serious and immediate deficiency.

The OIG recommended that the City Administrator direct all affected agencies to respond to DPW immediately and identify their emergency power needs, and that DPW coordinate with affected agencies on a priority basis and implement procedures and assurance steps to reduce the impact of power outages at critical facilities.

Office of Property Management – Protective Services Division
Management Alert Report 09-I-003
Some Security Posts in District-Owned and -Leased Buildings Lack or
Do Not Have Sufficient Post Orders
(Report Issued February 4, 2009)

Through document reviews and interviews with employees as part of its continuing special evaluation, I&E inspectors concluded that OPM/PSD had not developed post orders (i.e.,

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detailed instructions to officers on how to execute daily tasks at a specific job location that ensure standards of operation are consistent from one day to the next) for all of the security posts located within the District-owned and leased properties that it managed. Security officers employed under a contract with the District as well as PSD's own employees were stationed at security posts and lacked clear procedures for addressing both daily operations and emergency situations. Where post orders did exist, they lacked essential information, such as a building profile, an overview of who occupies each floor, and emergency contacts. The OIG was concerned that without adequate post orders, officers may not only inadvertently fail to carry out daily duties, but also be hesitant or fail to act in response to a security incident.

As a result of the I&E team's findings, the OIG recommended, among other things, that OPM/PSD take immediate steps to identify all security posts that do not have current, written post orders, and provide the OIG with a list of these posts and the anticipated date that each post order would be written and disseminated to employees.

**Alcoholic Beverage Regulation Administration (ABRA) and
Metropolitan Police Department
Management Alert Report 09-I-004
*ABRA Lacks Investigative Policies and Procedures to
Avoid Conflicts with Criminal Investigations*
(Report Issued February 20, 2009)**

During its special evaluation of ABRA, the I&E team determined that ABRA employees who investigate possible violations of District alcoholic beverage law lacked written procedures for coordinating their activities and sharing information with the Metropolitan Police Department (MPD) during related investigations. Following a criminal incident related to or occurring within an establishment that possesses an alcoholic beverage license, ABRA conducts an investigation to determine whether the establishment violated the requirements of its liquor license (e.g., operating hours or procedures to protect patrons' safety). Interviewees from both the MPD and ABRA stated that ABRA's investigative practices and the information it obtains, if not properly coordinated with the MPD, have the potential to conflict with criminal investigations. For example, if a witness's testimonial statement taken by an ABRA investigator were to conflict with one the witness gave to an MPD officer, the conflicting statements could jeopardize a criminal case. An ABRA official stated there had been instances when ABRA and MPD investigators gathered conflicting information from witnesses.

In addition to recommending that ABRA, in consultation with MPD, develop and implement written policies and procedures to guide ABRA investigators' on-scene practices, the OIG recommended that ABRA and MPD formalize a Memorandum of Understanding that details

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the procedures both agencies would follow to ensure that ABRA investigations do not conflict with MPD criminal investigations.

**Executive Office of the Mayor and
Department on Disability Services
Management Alert Report 09-I-005
*Mayor Has Not Appointed All Members of the State Rehabilitation Council
In Line with Federal Regulations
(Report Issued March 6, 2009)***

During its inspection of the Department on Disability Services (DDS), which commenced in November 2008, the I&E team learned the District's State Rehabilitation Council (SRC) lacked the mandated number of members. Federal law requires, among other things, that the SRC advise DDS on the performance of its duties, priorities, and goals; evaluate the effectiveness of the District's vocational rehabilitation program; and conduct a review and analysis of the effectiveness of and consumer satisfaction with DDS functions. For the District, the Mayor is responsible for appointing members to the SRC.

A September 2008 monitoring report published by the U.S. Department of Education (ED) found that the entire membership of the District's SRC had served beyond the term limits allowed by statute and, therefore, was not legally constituted, and required that the Mayor appoint a full slate of members to the SRC. As of February 2009, however, only 8 of the required 15 members had been appointed. Concerned that the District's noncompliance with federal law could risk the loss of federal funds, the OIG recommended that the Mayor expeditiously appoint the statutorily required additional seven members to the SRC.

**Department of Human Resources (DCHR) – Benefits and Retirement Administration
Management Alert Report 09-I-006
*Documents Containing District Employees' and Retirees' Personal Data
Not Safeguarded
(Report Issued May 8, 2009)***

During the course of inspection fieldwork in DCHR's Benefits and Retirement Administration (BRA), whose employees are responsible for implementing policies and managing benefits programs (e.g., healthcare, disability insurance, life insurance, and deferred compensation), the I&E team found that BRA was not properly safeguarding sensitive information submitted by and/or pertaining to D.C. government employees and retirees. Documents bearing personal information, such as home addresses, social security numbers, and bank account/investment account information (i.e., many of the data elements necessary to commit identity fraud) were stored in unlocked filing cabinets in cubicles and in unlocked desks. Other unlocked filing cabinets containing sensitive information, including medical information, were in an unlocked copy room adjacent to a visitors' waiting area.

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The OIG also concluded that an unspecified number of DCHR employees, as well as the building's cleaning staff, were able to access the BRA office suite. Consequently, unsecured information was vulnerable to unauthorized access, which could lead to theft and misuse.

The OIG recommended that DCHR take steps to: (1) immediately safeguard the documents and the information contained in them from unauthorized review, use, disclosure, and theft; and (2) ensure that BRA and all other DCHR components have written policies and procedures that provide clear, detailed requirements for safeguarding all documents that contain sensitive, personal information.

**Alcoholic Beverage Regulation Administration and
Metropolitan Police Department
Management Alert Report 09-I-007
National Criminal Background Checks Not Required for License Applicants
(Report Issued May 15, 2009)**

MAR 09-I-007 represents the third MAR produced as a result of I&E's special evaluation of ABRA. (In addition to MAR 09-I-004, which is discussed above, the OIG also published MAR 08-I-008 in August 2008 to alert ABRA and the Office of Property Management that ABRA was storing documents that contained personal, sensitive information in boxes in its hallways, and ABRA's office configuration did not adequately protect the identities of its undercover investigators.)

The OIG determined that ABRA did not require Alcoholic Beverage Control (ABC) license applicants to undergo national criminal background checks. This deficiency prevented ABRA from determining whether an applicant committed a crime elsewhere in the country that would disqualify him/her from receiving a license. At the time, ABRA was only reviewing information from the MPD and an applicant's state of residence if s/he was not a District resident.

To improve ABRA's ability to ensure that ABC licenses are not granted to applicants whose criminal histories make them ineligible for licensure, the OIG recommended that ABRA place high priority on the following actions: (1) determining what steps were necessary to conduct national criminal background checks and work expeditiously to implement them; and (2) requiring license applicants to submit fingerprints as part of the criminal background check process so that it can definitively identify and link a person to his/her criminal record, if one exists.

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**Executive Office of the Mayor, Department of Health,
and Department on Disability Services
Management Alert Report 09-I-008
DDS Medical Evaluation Unit is Not Licensed or Inspected
(Report Issued September 3, 2009)**

In addition to MAR 09-I-005, which is summarized above, the OIG published a second MAR as a result of its inspection of DDS. The OIG became concerned when it learned that the medical evaluation unit operated by DDS' Rehabilitation Services Administration was neither licensed nor inspected by the Department of Health (DOH). The mission of RSA is to provide comprehensive vocational rehabilitation and independent living services to persons with disabilities to promote their employability and economic self-sufficiency. As part of its mission, RSA is responsible for conducting assessments to determine whether individuals are eligible for services. RSA operated its Medical Evaluation Unit (Medical Unit) to assist its counselors in determining client eligibility by reviewing existing medical information and conducting additional assessments to document the existence of a mental or physical disability. Basic physical examinations conducted at the Medical Unit included an assessment of a client's vital signs, ears, throat, and lungs; the collection of blood and urine specimens; and testing for tuberculosis and diabetes.

The team learned that the Medical Unit had not been inspected by DOH. While District law apparently does not require DOH to license health clinics such as the one operated by DDS, the D.C. Code grants DOH exclusive authority to regulate healthcare facilities. However, rules to implement DOH's authority (i.e., DCMR) had not been published. The OIG contacted DOH in an attempt to identify how many clinics there are in the District and learned that because DOH does not regulate private or public clinics, it did not know.

The OIG was concerned that by not inspecting the RSA facility and others like it, the District was not ensuring that best practices are in place and being followed at all healthcare facilities, and that the lack of health and safety inspections at DDS could increase the District's legal liability risk. More importantly, the health and safety of District residents may be at risk.

The OIG recommended not only actions specific to the operations of DDS's Medical Unit, but also legislation to amend the DCMR so that DOH has the authority to license and inspect all such facilities in the District that provide medical care and medical assessments.

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Metropolitan Police Department – Youth Investigations Division
Management Alert Report 09-I-009
Confidential Information Not Secure; Building Conditions May Pose Health Hazards
(Report Issued September 30, 2009)

In July 2009, I&E initiated a special evaluation of MPD's Youth Investigations Division (YID), which is responsible for conducting child physical and sexual abuse investigations, investigations of missing children, and investigations of Internet crimes against children. YID investigative case records contain confidential information, including photographs of victims, victims' names, dates of birth, records of medical examinations, and information regarding child abuse and juvenile arrest records.

In September 2009, the OIG issued this MAR to inform MPD that YID was not securely maintaining investigative videotapes and case records. During a tour of YID's facility, the team observed more than 75 boxes of physical and sexual abuse case records in an unlocked, unattended room; an unlocked closet that contained boxes of missing persons case records, and boxes and a bag of documents that were confirmed to be sexual abuse case records; and dozens of boxes of videotapes pertaining to abuse investigations that were stored in an unlocked room and hallway in the basement of the facility. The OIG was concerned not only with MPD's failure to restrict access to this information only to authorized personnel, but also the disorganization of the information, which would significantly hinder MPD's ability to find records and videotapes that may be needed as part of a subsequent investigation. The OIG also alerted MPD to conditions in the YID facility that may pose health hazards, such as possible asbestos-containing material that was in poor condition, and evidence of rodent infestation.

The OIG recommended actions to ensure that records and videotapes were stored securely, and that cases categorized by MPD as "closed" be reviewed to ensure they were properly documented and organized. The OIG also recommended that the YID facility be inspected thoroughly to: (1) determine whether asbestos abatement was required; and (2) identify other conditions that may pose health risks to those who work in and visit the facility.

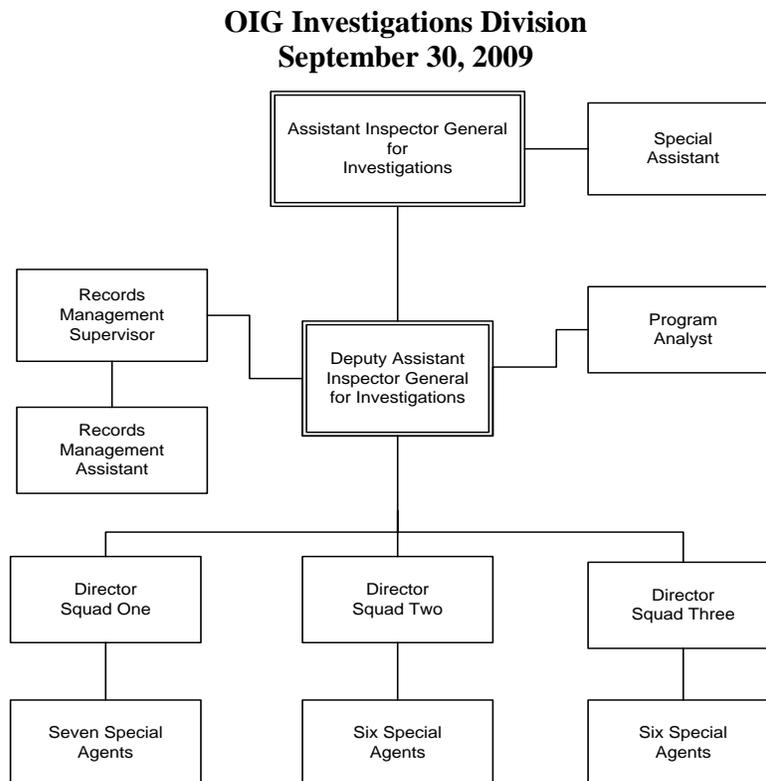
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ORGANIZATION

The day-to-day operation of the Investigations Division (ID) is the responsibility of the Assistant Inspector General for Investigations (AIGI), who supervises a management team that consists of a Deputy AIGI, three squad Directors, and one Records Management Supervisor. Each Director is responsible for a team of special agents who are assigned both administrative and criminal investigations concerning District government operations, District government employees, and those doing business with the District government. The Records Management Supervisor, who reports directly to the Deputy AIGI, provides organization and accountability for the various records systems of the OIG. The ID also has a Program Analyst who is responsible for the effective operation of the Hotline and Referral Programs. The Hotline is staffed by special agents on a rotating basis. In FY 2007, as a customer service enhancement, the ID implemented a policy of issuing letters notifying individuals who were subjects of investigations when allegations against them were not substantiated. The policy remained in place during FY 2009.



Note: Two Special Agent positions that were frozen previously, remain unfilled due to budget constraints

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The ID consists of 28 employees, including 6 managerial/supervisory personnel, 19 special agents, 1 special assistant, and 2 support staff members. OIG special agents are sworn law enforcement officers. Many of our special agents hold advanced degrees and professional certifications. Newly hired special agents are required to meet firearm qualification standards of either a federal/state law enforcement agency or the Metropolitan Police Department (MPD). The ID staff includes former investigators and managers from law enforcement agencies such as the Federal Bureau of Investigation (FBI), federal and local OIGs, and major police departments. Special agents are authorized to carry firearms during the performance of their official duties, make arrests in limited situations, execute search warrants, and administer oaths.

RESPONSIBILITIES

The ID is responsible for conducting criminal and administrative investigations into allegations of waste, fraud, and abuse on the part of District government employees and contractors. In addition, the ID conducts investigations of District government employee conduct alleged to have violated the Standards of Conduct (D.C. Code § 1-618.01 and 6 DCMR Chapter 18). When investigative findings solely indicate non-criminal employee misconduct or management deficiencies, a Report of Investigation (ROI) is prepared and forwarded to the responsible agency head. These administrative investigations typically uncover violations of District law, policy, and/or regulations. They also identify the individuals responsible for the violations and make recommendations for administrative action. Equally important to the investigative process is the identification of program weaknesses, contracting irregularities, and other institutional problems that place a District government agency at risk for waste, fraud, and abuse. Therefore, the ROIs frequently make specific recommendations to correct the identified deficiencies, provide guidance on the applicable laws and regulations, and suggest employee training where appropriate.

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

The Referral Program is important to the investigative work of the ID and allows the OIG to be responsive to citizen complaints of waste, fraud, and abuse. Complaints and allegations received by the OIG that do not warrant formal investigation by the ID are referred to the appropriate District or other government agency for consideration and resolution. In most cases that are referred to a District government agency, the responsible agency head is requested to respond to the ID's questions and concerns. Based on the adequacy of the response, the ID determines whether further investigation is warranted. The Referral

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Program is an invaluable mechanism by which the OIG is able to ensure that District government agency heads are accountable to citizen concerns and responsive to the public interest.

The Hotline Program is an equally important component of the ID whereby the OIG is able, 24 hours a day, to receive telephonic complaints from District government employees and the general public. A special agent is on duty every working day during normal business hours to respond to telephonic complaints. All complaints received during non-business hours are recorded and processed on the next workday. In addition, the ID receives numerous complaints by electronic mail and some complaints by regular mail, facsimile, and walk-ins.

The Records Management Unit (Unit) is responsible for maintaining the investigative files of the ID and for coordinating the development and retention of all OIG files in accordance with District law and policy. The Unit also is responsible for maintaining the chain-of-custody for all evidence and for protecting the identity of matters subject to the grand jury secrecy provisions of Rule 6(e) of the Federal Rules of Evidence. In addition, the Unit works closely with the OIG's Legal Division to identify and produce documents requested pursuant to the District of Columbia Freedom of Information Act (D.C. Code §§ 2-531 – 2-540). Consequently, the Unit also is responsible for maintaining a comprehensive database and case filing system that allows the ID to locate investigative information through the identity of complainants and subjects.

PERFORMANCE MEASURES TO EVALUATE PROGRESS

Performance measures are set by the Inspector General to assess the ID's progress in processing complaints and referrals and conducting preliminary investigations. Appendix J provides a statistical comparison of actual FY 2009 performance of these functions with target goals. In FY 2009, the ID exceeded its target goals in all three performance measures. Appendix K reflects a separate statistical accounting of a variety of ID accomplishments and compares that accounting with the previous 3 fiscal years.

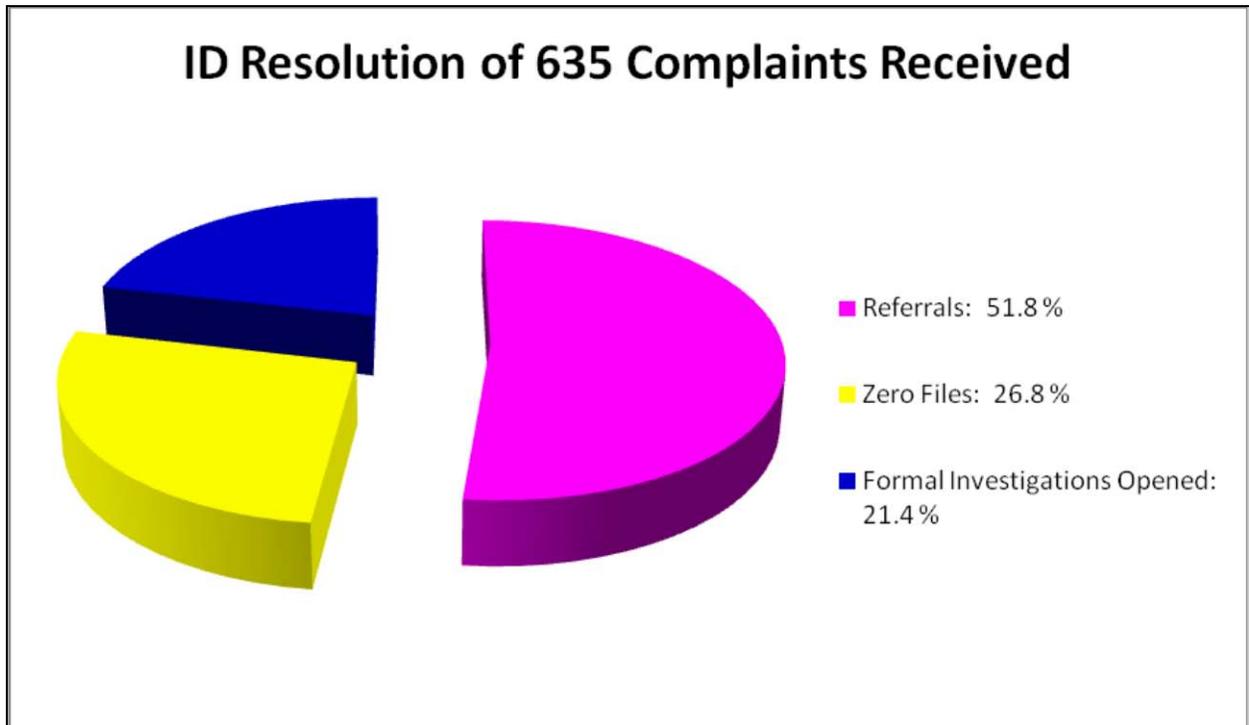
INVESTIGATIVE WORKLOAD AND PRIORITIES

During FY 2009, the ID processed 635 new complaints. Of those 635 new complaints, 136 were opened as formal investigations, including 85 criminal investigations, 40 administrative investigations, and 11 preliminary investigations. In addition, of the 635 new complaints, 329 were referred to agency heads for action, and 170 were closed without further action (or placed in a "Zero file"). During FY 2009, ID special agents conducted 22 searches pursuant to the OIG's administrative authority or a search warrant and served 132 subpoenas. Twenty-five arrests were made as a result of OIG criminal investigations and 17 people were indicted. In addition to the prosecutorial activity resulting from ID investigations (described

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below), ID investigations resulted in administrative sanctions against five District government employees because of their misconduct.

The chart below reflects the proportionate resolution of 635 new complaints received in FY 2009.



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

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

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INVESTIGATIONS CLOSED

In FY 2009, the ID closed 79 formal investigations including 10 criminal investigations, 68 administrative investigations, and 1 miscellaneous investigation. Appendix L details the number of cases closed by agency. These statistics are reflective of the size of the agency, the nature of its mission, and the proportionate frequency with which the ID receives allegations of waste, fraud, and abuse relating to that agency.

HOTLINE USAGE

Detailed OIG Hotline statistics are included in Appendix M. D.C. Code § 47-2881 (2005) requires the OIG to submit quarterly reports to Congress on the number and nature of calls placed to the OIG Hotline. The OIG Hotline numbers are (202) 724-TIPS (8477) and (800) 521-1639. Approximately 2,000 Hotline calls are received every year. The OIG Hotline is used to report a wide range of matters. Not all calls, however, result in the OIG opening an investigation. In some cases, the callers (many of whom elect to remain anonymous) do not report sufficient information to enable the OIG to initiate an investigation, and other calls concern matters that are not within the OIG's jurisdiction.

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

During FY 2009, the OIG received a total of 162 calls on the OIG Hotline that required further action by the ID. While OIG Hotline calls represent just one of the ways in which government employees and concerned citizens provide information to the OIG, it is important to note that some of the most significant cases the OIG has investigated have resulted from calls placed to the OIG Hotline. The OIG also receives reports of government corruption, waste, fraud, and abuse via mail, e-mail, facsimile, in person, and by referral from other departments and agencies, the EOM, and the D.C. Council.

SUMMARY OF PROSECUTORIAL ACTIVITY

The OIG refers credible allegations of criminal conduct on the part of District government employees and contractors to the USAO for prosecutorial consideration. *See* D.C. Code § 2-302.08(a)(3)(F)(ii) (2006). In FY 2009, the OIG presented 37 cases to the USAO for possible prosecution. Of these, 18 cases were accepted for further investigation, 15 cases were declined, and 4 still are under consideration. In addition, the OIG presented eight cases to the OAG for possible prosecution under criminal statutes within the jurisdiction of that office. Of these, five cases were accepted for further criminal investigation, two were accepted for civil action, and one is still pending. These figures include investigations initiated in previous fiscal years. The investigations conducted by the OIG (in some cases

ACTIVITIES OF THE INVESTIGATIONS DIVISION

jointly with other law enforcement agencies) resulted in 16 convictions in FY 2009. In addition, 44 people were sentenced in FY 2009, some of whom had been convicted prior to the start of FY 2009. The individuals who were convicted received sentences that included imprisonment, home detention, probation, fines, community service, and restitution. Sentences of imprisonment imposed in FY 2009 stemming from OIG investigations totaled 1,256 months.

RESTITUTION AND RECOVERIES

During FY 2009, individuals convicted as a result of ID investigations were ordered to pay a total of \$127,225,237.44 in restitution and an additional \$4,765.00 in fines and special assessments. There was an additional \$11,807.14 in civil recoveries.

INVESTIGATIVE REPORTS

Formal ROIs are issued at the conclusion of significant administrative investigations of misconduct, waste, fraud, and abuse. In cases where the allegations are substantiated, the ROIs recommend administrative and/or remedial action where appropriate. These ROIs are then distributed to the responsible District government agency head, with executive summaries distributed to the Mayor, D.C. Council members, and, in some instances, to Congressional oversight committees. The OIG issued 4 ROIs in FY 2009 containing a total of 15 recommendations.

In addition, the ID prepares a variety of other investigative reports to respond to more immediate problems. Management Alert Reports (MARs) are issued to particular District government agency heads to alert them to an issue uncovered during the course of an ID investigation that requires immediate attention. In FY 2009, the ID issued two MARs. Significant Activity Reports (SARs) are issued to notify the Mayor of convictions and sentences of District government employees and contractors. In FY 2009, the ID issued 11 SARs. Management Implication Reports (MIRs) are issued at the completion of an investigation and distributed to all agencies to alert the agency heads of systemic problems, which may be occurring in their particular agencies. During FY 2009, the ID issued one MIR. The OIG also completed 68 Administrative Closures, which are reports prepared when an investigation is closed without a substantiated finding.

PEER REVIEW

The ID underwent a Peer Review, which concluded that the ID met all relevant Council of Inspectors General on Integrity and Efficiency standards. The Peer Review team also pointed out areas of distinction, which included the employees' dedication to the OIG mission, professionalism, planning and supervision, and independence.

ACTIVITIES OF THE INVESTIGATIONS DIVISION

PERSONNEL ACHIEVEMENTS

During FY 2009, ID Special Agent Teddy Clark received a U.S. Department of Justice award in recognition of his work on an investigation of the former D.C. Department of Motor Vehicles employee who, for a fee, fraudulently issued approximately 200 driver's licenses to foreign nationals, who were either ineligible to obtain licenses or failed to meet the testing requirements. The award was presented at the USAO Twenty-Ninth Annual Law Enforcement Awards Ceremony.

In addition, ID Special Agents Bernadette Todd-Atwater and Bryan Chase graduated from the District of Columbia Certified Public Manager (CPM) Program. The CPM Program is nationally accredited and designed to enhance the skills of District employees and provide them with the tools to be more effective leaders. The CPM Program, which is administered by the District of Columbia Department of Human Resources in partnership with The George Washington University, consists of 300 hours of graduate-level instruction and includes exercises on team building, basic leadership, and real world management of municipal government.

Finally, Special Agent Todd-Atwater received an award at the annual President's Council on Integrity & Efficiency (PCIE) and Executive Council on Integrity & Efficiency (ECIE) award ceremony. This award was in recognition of her work on an investigation of the former Executive Director of the District of Columbia Office of Charter School Oversight.

SIGNIFICANT INVESTIGATIONS

Water and Sewer Authority (WASA) Payroll Specialist Who Stole \$236,256.17 Pled Guilty and Was Sentenced

A joint investigation with the FBI revealed that a former WASA Payroll Specialist stole \$236,256.17 in payroll funds. From May 2006 through January 2008, the former WASA employee used her access to WASA's payroll processing system to create additional checks for approximately 40 WASA employees who had been terminated or were on sick leave, on leave without pay status, or absent without leave. She then altered the employees' direct deposit information so that money from the additional checks would be deposited into accounts she controlled or to which she had access. On May 4, 2009, the former WASA employee pled guilty to Interstate Transportation of Stolen Monies (18 U.S.C. § 2314) and was sentenced on September 16, 2009, to 24 months in prison, 36 months of supervised release, and ordered to pay \$230,315.00 in restitution.

ACTIVITIES OF THE INVESTIGATIONS DIVISION

Former Office of the Chief Financial Officer (OCFO), Office of Tax and Revenue (OTR) Manager Pled Guilty and Was Sentenced to 17 Years and 6 Months of Imprisonment

Working jointly with other investigative agencies, the OIG conducted an investigation which revealed that a former OTR manager, along with co-conspirators, participated in a scheme to issue fraudulent tax refund checks. Beginning in 1989, the former OTR manager issued fraudulent tax refund checks to friends and relatives who either deposited the refund checks into their bank accounts or cashed them. These individuals subsequently withdrew the funds and delivered the proceeds to the former OTR manager, who gave them a portion of the money for their services. To accomplish this, the former OTR manager used both her position at OTR and her knowledge of the OTR tax refund system. On September 16, 2008, the former OTR manager pled guilty to Wire Fraud (18 U.S.C. § 1343), Conspiracy to Commit Money Laundering (18 U.S.C. § 1956(h)), and Tax Evasion (26 U.S.C. § 7201). On June 30, 2009, she was sentenced to 17 years and 6 months of imprisonment, and ordered to pay restitution in the amount of \$64,276,609.07. Ten relatives and friends of the former OTR manager also pled guilty and were sentenced to various terms of imprisonment and restitution. In addition, after discovery of the former OTR manager's criminal conduct, OTR initiated corrective controls and procedures regarding the issuance of tax refund checks. These corrective controls include strictly enforced tiered approvals, limiting access to the computer system that processes tax refund checks only to the specific functions required for each department, and re-educating employees regarding tax refund review and approval procedures.

Former Department of Human Services (DHS), Income Maintenance Administration (IMA) Employee Pled Guilty and Was Sentenced for Her Participation in a Welfare Fraud Scheme

The OIG's investigation revealed that a former IMA employee conspired with her mother, also a former IMA employee, to qualify for low-income housing using fraudulent IMA documents. In April 2007 and April 2008, the former IMA employee and her mother created and submitted fraudulent IMA income verification documents in support of the former IMA employee's U.S. Department of Housing and Urban Development Section 8 Housing Application, for an apartment in Washington, D.C. The fraudulent income verification documents helped the former IMA employee qualify for low-income housing by establishing that she already was receiving public assistance. On June 10, 2009, the former IMA employee pled guilty to Fraud in Obtaining Public Assistance (D.C. Code § 4-218.01(a)) and Conspiracy to Commit Fraud (D.C. Code § 22-1805(a)) and was sentenced to 2 years of imprisonment (suspended) and 2 years of unsupervised probation. She had worked for DHS since 2001 and was terminated in December 2006. Her mother, who had worked for DHS since July 2007, was terminated in August 2008.

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Former OCFO, OTR Tax Officer Pled Guilty and was Sentenced for Soliciting and Accepting a Bribe

The OIG conducted a joint investigation with the FBI, which revealed that a former OTR Tax Auditor solicited and accepted a bribe from a business owner in exchange for reducing the business's sales and use tax liability. Between April 2007 and November 2007, during the performance of his official duties, the former OTR Tax Auditor solicited and accepted a \$6,000 bribe from the business owner, to reduce the business's tax liability. On November 19, 2008, the former OTR Tax Auditor pled guilty to Receipt of a Bribe by a Public Official (18 U.S.C. § 201). On March 11, 2009, he was sentenced to 4 months of imprisonment, 24 months of supervised release (including 4 months of home confinement), 100 hours of community service, and ordered to pay \$6,000 in restitution.

Two Former DHS Contractors Pled Guilty to Theft

The OIG, the U.S. Postal Inspection Service, and the U.S. Department of Education OIG jointly conducted an investigation, which revealed that two former DHS contractors misappropriated \$214,026 in vending commissions intended for blind vendors. Between November 2003 and December 2005, the former contractors transferred vending commissions to their own personal accounts. They then wrote personal checks and made numerous purchases for their own personal benefit. On September 16, 2009, each former contractor entered a plea of guilty to Theft Concerning Programs Receiving Federal Funds (18 U.S.C. § 666). The former contractors are scheduled to be sentenced on November 30, 2009.

Two Former District of Columbia Public Schools (DCPS) Special Police Officers Pled Guilty and Were Sentenced for Soliciting and Accepting Bribes

The OIG's joint investigation with FBI revealed that two former DCPS Special Police Officers solicited and accepted bribes from a parking business operator who was operating an unauthorized, for-profit parking lot at a DCPS school. Between July 2, 2007, and August 27, 2008, and while on duty, the two former DCPS Special Police Officers solicited and accepted bribes from a parking business operator on three separate occasions, totaling more than \$1,000, to allow the operator to charge vehicles to park on school grounds for special events. On September 30, 2008, each former DCPS Special Police Officer entered a plea of guilty to Receipt of a Bribe by a Public Official (18 U.S.C. § 201). On January 5, 2009, one of the former DCPS Special Police Officers was sentenced to 12 months and 1 day of incarceration, followed by 24 months of supervised release and 120 hours of community service. On January 22, 2009, the other former DCPS Special Police Officer was sentenced to 12 months and 1 day of incarceration, followed by 24 months of supervised release and 100 hours of community service.

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Former DCPS Program Support Specialist Pled Guilty and Was Sentenced for Stealing the Identities of Co-Workers and Job Applicants

The OIG, working jointly with the U.S. Secret Service, conducted an investigation, which revealed that a former DCPS Program Support Specialist and a private citizen conspired to commit identity theft. While working in the DCPS Office of Professional Development, the former DCPS Program Support Specialist stole the identities of 65 co-workers and job applicants as part of a scheme to open fictitious credit card accounts. The former DCPS Program Support Specialist and the private citizen used the stolen names and other personal data to open approximately 30 lines of credit. The former DCPS Program Support Specialist and the private citizen charged \$48,508.46 worth of merchandise including cots, musical equipment, furniture, and car service rides. On June 19, 2008, the former DCPS Program Support Specialist and the private citizen each pled guilty to Conspiracy to Commit Identity Theft (18 U.S.C. § 1028). On December 10, 2008, both of them were sentenced to 6 months of imprisonment and 6 months in a residential re-entry center, followed by 3 years of supervised release, 250 hours of community service, and payment of \$48,508.45 in restitution, to be paid jointly.

Participant in Counterfeit Identification Documents Scheme Pled Guilty and Was Sentenced

The OIG's joint investigation with the U.S. Department of Transportation (DOT) OIG revealed that a private citizen was part of a conspiracy to produce and sell thousands of counterfeit identification documents including D.C. government employee identification cards; Washington Metropolitan Area Transit Authority (WMATA) employee identification cards; and District, Maryland, and Virginia Commercial Drivers' Licenses. Several of the Commercial Drivers' Licenses were sold to DCPS School Bus Drivers, who since have been terminated. On August 7, 2009, the private citizen pled guilty to Conspiracy to Commit Mail Fraud (18 U.S.C. § 1349) and Aggravated Identity Theft (18 U.S.C. § 1028A). On October 23, 2009, the private citizen was sentenced to 48 months of imprisonment, 3 years of supervised release, and payment of \$104,446.00 in restitution. During the investigation, investigators discovered another conspiracy that led to the conviction of numerous individuals involved in stealing U.S. Treasury checks from the U.S. Postal Service and creating counterfeit identification documents to match the name and identifying information contained on the U.S. Treasury checks. These checks were then cashed by the scheme's participants, resulting in a loss of approximately \$150,000. This larger conspiracy was investigated jointly with the U.S. Secret Service, the U.S. Treasury OIG, the U.S. Postal Inspection Service, the U.S. Postal OIG, and the U.S. DOT OIG.

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DCPS Employee Conducted Football Pool at Elementary School

Working jointly with the MPD and the FBI, the OIG's investigation revealed that a DCPS elementary school employee conducted a football pool and participated in a basketball pool on school property, on school time, and using a DCPS computer and e-mail account. The football pool consisted of squares on sheets of paper, which were used to select the amount to be wagered (up to \$20 per wager), resulting in maximum payouts of \$900 per sheet. The basketball pool consisted of wagers of \$10 per sheet of entries. The supervisor of the DCPS employee, a DCPS Principal, was aware that the DCPS employee had organized a football pool at the elementary school during the football playoffs, but failed to take action to stop this activity. The investigation also revealed that a District of Columbia Department of Transportation (DDOT) employee participated in both the football and basketball pools on government time and with government equipment. Although the OIG determined that the activities of the DCPS elementary school employee and the DDOT employee violated D.C. Code § 22-1708, the USAO declined prosecution of these employees. The OIG also determined that the DCPS elementary school employee, DCPS Principal, and the DDOT employee violated provisions of the District Personnel Manual (DPM). In June 2009, the OIG recommended to both DCPS and DDOT that appropriate administrative action be taken against these employees.

Two Office of State Superintendent of Education (OSSE) Employees Violated District Conflict of Interest Rules

The OIG completed an investigation, which revealed that two employees assigned to the OSSE Child and Residential Care Facilities Division (CRCFD) engaged in conduct that created the appearance they gave preferential treatment to the owner of a day care center who had submitted a license application. The first employee reviewed the day care owner's license application in connection with her position at CRCFD, even though she is a personal friend of the owner and had considered entering into a private financial transaction with him. The second employee reviewed the day care owner's license application in connection with her position at CRCFD even though she was attempting to procure his services as a private contractor. The conduct of both CRCFD employees violated the DPM because they created the appearance that they gave the owner preferential treatment and were less than completely independent in conducting a review of his day care center license application. Consequently, their actions adversely affected the confidence of the public in the integrity of government. In March 2009, the OIG recommended that OSSE take appropriate administrative action against these employees.

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Department of Public Works (DPW) Employee Violated District Rules by Taking a District Vehicle Home During Work Hours

The OIG's investigation revealed that a DPW Abandoned Vehicle Investigator drove her District government vehicle home periodically, during work hours, in violation of several sections of the DPM, the D.C. Code, and the DPW Code of Conduct. During the investigation, the DPW Abandoned Vehicle Investigator admitted that she did so and erroneously stated that this was acceptable because she lives in the ward to which she was assigned to work. DPW rules, however, clearly prohibit DPW employees from leaving their work area during the day, using government equipment for other than officially approved purposes, using a DPW vehicle without authorization, and diverting a motor vehicle from its assigned area without permission, all of which the DPW Abandoned Vehicle Investigator did. In June 2009, the OIG recommended that DPW take appropriate administrative action against this employee.

REFERRALS

The OIG frequently refers administrative matters to other departments and agencies due to jurisdictional issues or because the matters can best be addressed by those agencies. For example, issues involving the electoral process are referred to the Office of Campaign Finance and Hatch Act allegations are referred to the U.S. Office of Special Counsel. In addition, the OIG has a Memorandum of Understanding with the MPD, which provides that allegations of traditional personal and property crimes, as well as all complaints involving controlled substances, are referred to the MPD. Most allegations of misconduct by MPD employees are referred to the MPD Chief or the MPD Internal Affairs Bureau.

In the majority of cases, the OIG requires and monitors the responses to these referrals to ensure that the matters are handled appropriately. The focus of the Referral Program is to hold agency heads accountable for thoroughly addressing issues of mismanagement and inefficiency within their respective agencies. During FY 2009, the OIG referred a total of 329 matters to the District agencies set forth in Appendix N. Appendix O details FY 2009 referral resolutions.

SIGNIFICANT RESULTS FROM THE OIG REFERRAL PROGRAM

The following are examples of significant outcomes for referrals sent to agency heads during FY 2009 or outstanding from FY 2008.

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Office of Property Management (OPM) Employee Drove Agency Vehicle to Residence During the Workday

This referral to the OPM concerned an allegation that an employee routinely drove an agency vehicle to her residence during the workday, where she remained for significant periods of time. The agency's investigation substantiated the allegation and the employee was placed on administrative leave with a recommendation for termination. The matter also was referred to the OAG for an assessment of the District's right to recoup any losses because of the employee's conduct.

Referral Regarding Failure to Withhold Retirement Funds Appropriately

This referral to the DCPS concerned an allegation that retirement funds had not been withheld from a teacher's paychecks from 1998 to 2006, imperiling her retirement. The agency's investigation revealed that a coding error had failed to account for the teacher's transition from part-time to full-time employment and that the appropriate retirement funds had not been withheld. The agency is acting to resolve the problem on the complainant's behalf by negotiating a corrective action plan with the Internal Revenue Service.

Referral to MPD Regarding Unauthorized Outside Employment

This referral to the MPD concerned an allegation that a Sergeant engaged in outside employment, arranging part-time security work for other MPD Police Officers, without authorization and in violation of both MPD's General Orders and the D.C. Code. The agency's investigation sustained an allegation that the Sergeant and one other MPD Police Officer had engaged in misconduct related to outside employment.

Referral to the Department of Employment Services (DOES) Regarding a Private Company's Wage and Contribution Report

This referral to DOES concerned an allegation that a company doing business in the District of Columbia failed to report its employees to avoid making unemployment compensation program payments for them. The agency's investigation revealed that the company had submitted only one wage and contribution report since the first quarter of FY 2008 and that it owed approximately \$218.05 to DOES. DOES has been in contact with the company to resolve the matter.

DHS Changed Its Policy for Processing Terminations of Interim Disability Assistance Payments

This referral to DHS concerned an allegation that a non-District of Columbia resident was improperly collecting Interim Disability Assistance (IDA) payments from the agency.

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DHS's investigation determined that there had been an administrative error in that the claimant's IDA payments continued after he lost eligibility. DHS changed its policy so that IDA terminations are now processed within 3 days of loss of eligibility. In addition, a program analyst has been appointed to monitor and track the timeliness of processing, and DHS is obtaining software upgrades that will make similar administrative errors less likely in the future.

Referral Regarding Department of Consumer and Regulatory Affairs (DCRA) Inspector Who Consumed Alcohol While on Duty

This referral to the DCRA concerned an allegation that an on-duty Inspector consumed alcohol and became abusive and threatening while at one of the Presidential Inaugural Balls. The subject's probationary employment was terminated shortly thereafter.

Referral of Allegation That Foster Parents Were Receiving Cardio-Pulmonary Resuscitation Training from Uncertified Instructors

This referral to the Child and Family Services Agency (CFSA) concerned an allegation that foster parents were receiving cardio-pulmonary resuscitation training from uncertified instructors and were not being reimbursed for the cost of the training. The CFSA reviewed the matter and developed no evidence to support the allegations. The CFSA reported to the OIG, however, that beginning in April 2009, the contractor will be required to maintain records of instructors' certifications.

Referral to the DMV Regarding an Improperly Issued Automated Traffic Ticket

This referral to the DMV concerned an allegation that a Pennsylvania citizen, whose vehicle had never been in the District of Columbia, received in the mail a collection notice for a District of Columbia traffic ticket that was based on a traffic photograph of a partial license plate purportedly matching that of her vehicle's license plate. The complainant had protested to both the DMV and to the collection agency, but had received no response. The DMV's review of this complaint showed that the ticket had been issued based on an error with the MPD's automated traffic ticket program. The DMV assigned the matter to a hearing examiner who reviewed it and dismissed the ticket. The DMV notified the complainant of the dismissal by letter.

Referral to the DHS Regarding Defective Furniture and Infested Apartments

This referral to the DHS concerned allegations that clients of a DHS contractor had received defective furniture and were not receiving their monthly allowances. It also was alleged that some of the clients' apartments were infested with cockroaches. DHS's investigation showed that one of the program's two furniture vendors supplied substandard furniture; as a

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result, the company's contract was canceled. DHS also determined that the monthly allowance is a client misconception that has since been explained to the clients. In addition, DHS found that several of the clients had failed to maintain their apartments properly, resulting in unsanitary conditions. These circumstances were addressed individually and resolved.

Referral Regarding an OCFO Employee Who Made Vulgar, Obscene, and Threatening Remarks to a Police Officer

This referral to the OCFO concerned an allegation that an OCFO employee had made vulgar, obscene, and threatening remarks to a Police Officer during a safety compliance checkpoint stop. The OCFO's review of the matter indicated that there had been no previous incidents or indications of an ongoing problem. The employee, however, was reassigned to duties not involving MPD and enrolled in an anger management class.

Referral to the OCFO Resulted in Issuance of a Tax Refund Check

This referral to the OCFO concerned an allegation that a citizen had not received the \$285 tax refund to which she was entitled for tax year 2007. The OCFO's review determined that the refund amount of \$285 had been reduced to \$201.34 because of a late-filing penalty, but that the citizen should have been sent a refund check. Accordingly, a refund check was issued on August 1, 2009.

Referral to the Office of the Chief Technology Officer (OCTO) Regarding a Contract Employee Who Had Falsified His Employment History

This referral to the OCTO concerned, in part, an allegation that a contract employee had falsified his employment history. The agency's investigation substantiated the allegation, determining that the contractor had fewer years' experience than claimed on his resume, and that some of his claimed work history had been fabricated. The contractor's employment was terminated as a result of these findings.



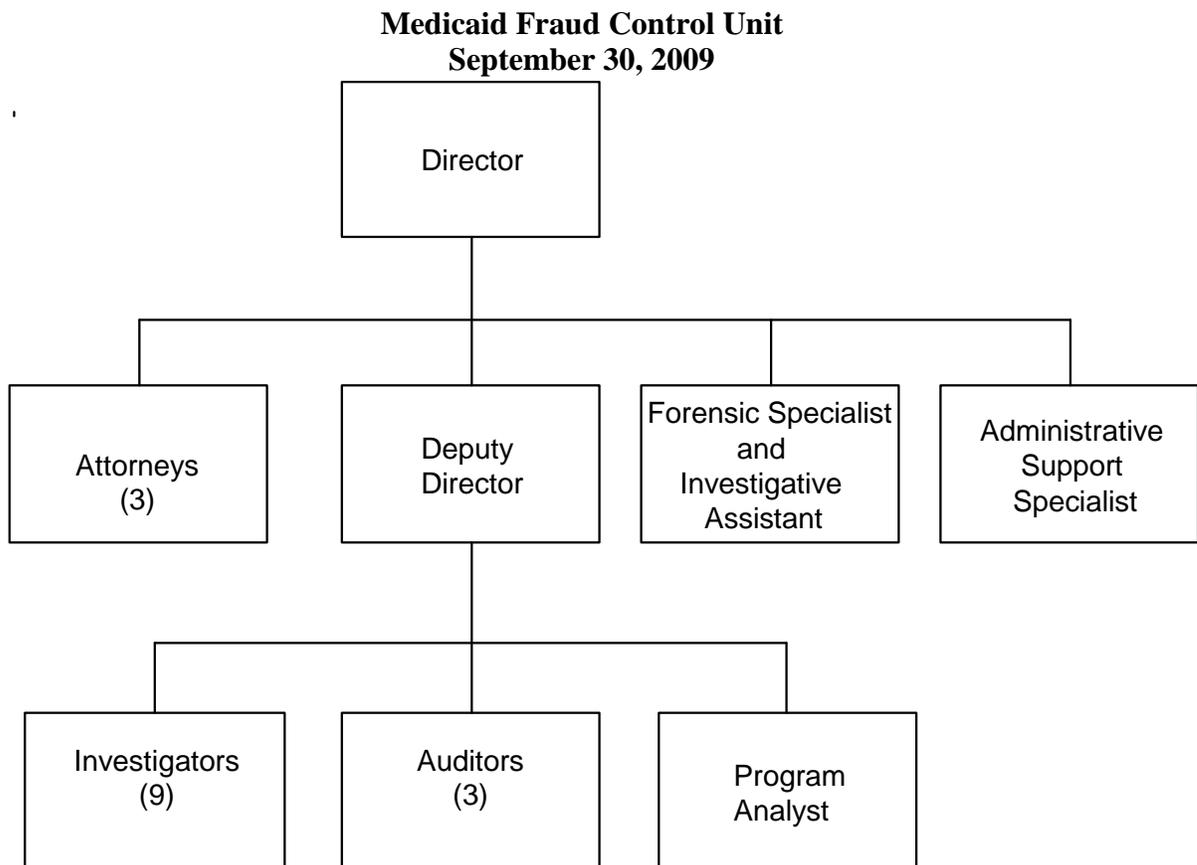
**ACTIVITIES OF
THE MEDICAID FRAUD CONTROL UNIT**



ACTIVITIES OF THE MEDICAID FRAUD CONTROL UNIT

ORGANIZATION

The United States Department of Health and Human Services (HHS) certified the Medicaid Fraud Control Unit (MFCU) on March 1, 2000, and FY 2009 was the ninth year in which the MFCU was completely operational. The MFCU's mission is to investigate and prosecute cases of fraud and abuse within the Medicaid program for the District of Columbia. Managed by a Director, the members of the MFCU bring a variety of skills and experience to the task. Of particular value is the healthcare industry background that members possess, including hospital billing, healthcare accounting, and healthcare investigations. The current Director, appointed in FY 2004, formerly worked as a Registered Nurse in long-term care and community health agencies and was a state prosecutor before joining the MFCU as Deputy Director in FY 2003. The Deputy Director, who joined the staff in June 2007, worked as an attorney for the previous 12 years, prosecuting violent and white collar crimes.



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MFCU cases are investigated from inception by prosecutor-led teams, comprised of an attorney, investigator, and for financial fraud cases, an auditor. This method of organization presents significant advantages in that attorneys are able to provide legal analysis from the very beginning of each case and are familiar with the case long before litigation ensues. The team approach also has proven to be productive in that all members of the MFCU have a forum to share their expertise and creativity in the investigation and prosecution of cases. Team members view cases from different perspectives and use new approaches when investigating other cases. The team approach is especially helpful in building unity and cooperation among the MFCU staff members. MFCU staff members are frequently called to assist on cases that are not their primary responsibility. The team approach brings many matters to successful resolution.

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

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

The MFCU is 1 of 50 certified MFCUs nationwide. The MFCU receives 75 percent of its funding in the form of a grant from the HHS OIG. In order to remain eligible for these yearly grants, the MFCU must conform to a number of federal requirements described in the Code of Federal Regulations. The MFCU's policies, staffing, case management, and operations are reviewed annually by the Medicaid Fraud Oversight Division at HHS to earn recertification and continued funding. In addition to complying with all mandatory federal standards, the MFCU must provide quarterly and annual statistical reports demonstrating its continued productivity and a significant return on the investment of federal and District tax dollars.

In November 2008, the HHS OIG, Office of Evaluation and Inspections, Medicaid Fraud Unit Oversight Division notified the Director that the MFCU would undergo an onsite review in the coming months. The HHS OIG team conducted its inspection in January 2009 and reviewed and evaluated the MFCU's compliance with federal regulations, the administrative rules for federal grants, and the 12 MFCU performance standards used to assess the effectiveness and efficiency of the MFCU's operations. The inspection consisted of review of 30 closed and open case files, interviews of the MFCU staff, scrutiny of time and vehicle

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reports, and review of policies and procedures. HHS issued its report in July 2009, stating that the MFCU was in general compliance with all federal rules and regulations that govern the grant. In addition, the HHS OIG provided guidance to assist the MFCU in improving its official case files.

COMMUNITY AND GOVERNMENT LIAISONS

The MFCU is engaged in anti-fraud educational and outreach presentations in the private sector. The Director frequently receives requests for information and training on healthcare fraud and reporting, as well as investigating crimes against vulnerable citizens. The Director made formal presentations in FY 2009 on Medicaid Fraud, Abuse and Neglect. A MFCU staff member was on a panel discussion on the subject of corporate integrity and licensure issues for nursing homes. Some of the audiences included: The Specialty Hospital of Washington; Georgetown University Center for Child and Human Development; and the National Association of Medicaid Fraud Control Units (NAMFCU).

During FY 2009, the MFCU continued its initiative to encourage staff members to research and write articles with the goal of publishing articles on topics believed to be of interest to other MFCUs and the law enforcement community. These articles are based on issues that we have become aware of during the performance of our work. In the January 2009 Health Care Fraud Report published by the Bureau of National Affairs (BNA), a MFCU attorney was quoted in an article on healthcare fraud and the impact of the federal budget deficit on waste and abuse in the Medicaid program.

The MFCU works closely with industry groups on problems of common concern. Collaborating with other District and federal law enforcement agencies in the investigation and prosecution of fraud cases is mutually beneficial. In particular, the MFCU is working on a number of ongoing investigations with the Federal Bureau of Investigation (FBI), the HHS OIG, the Drug Enforcement Administration (DEA), and the Metropolitan Police Department (MPD). The Director participates in a Health Care Fraud Managers working group, and attends bimonthly to discuss issues affecting law enforcement and strategies to combat healthcare fraud committed by service providers in D.C. Additionally, the MFCU is an active participant in several healthcare fraud task force groups with other local and federal law enforcement entities. This participation generated investigations during FY 2009, and we expect that it will continue to generate referrals.

In September 2009, the U.S. Department of Justice National Institute of Justice (NIJ) invited the MFCU to send a representative to the Elder Abuse Prosecution Training Forum to participate alongside nationally recognized experts in the area of elder abuse and neglect. Participants were asked to share their insight, experience, and knowledge concerning elder abuse for the purpose of exposing current shortfalls related to investigations and prosecutions of elder abuse. Additionally, the forum served as a springboard for developing a national

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infrastructure to address the rise in elder abuse and neglect cases and assist in NIJ's development of a national website providing resources in the field. The MFCU attorney who attended the first meeting of the forum will continue to represent the MFCU.

Other MFCU activities included the Director's participation as a member of the Mental Retardation and Developmental Disabilities Fatality Review Committee, and an investigator's participation as a member of the District of Columbia Adult Abuse Prevention Committee and the NAMFCU Resident Abuse Committee. A MFCU staff attorney serves a member of the Steering Committee for the Health Law Section of the D.C. Bar, a member of the Advisory Board for the BNA Health Care Fraud Reporter, and the Chair of the Business Law and Governance Practice Group of the American Health Lawyers Association. Other MFCU staff members belong to organizations such as: the Association of Inspectors General; the National Health Care Anti-Fraud Association (NHCAA); the Association of Certified Fraud Examiners (ACFE); the Association of Government Accountants; and the National District Attorneys Association.

These memberships permit staff to interact with colleagues who are performing similar anti-fraud activities and learn about schemes that may be perpetrated in other communities. Memberships in professional organizations also enhance the MFCU's visibility in investigative and law enforcement communities which, in turn, increase the number of cases referred to the MFCU for investigation.

A key aspect of the MFCU's continuing efforts against waste, fraud, and abuse in the District's Medicaid program is its partnership with the D.C. Department of Health Care Finance (DHCF). Pursuant to federal law (42 CFR § 455.15(a)(1)), the DHCF is required to refer cases of suspected fraud to the MFCU. In FY 2009, the Memorandum of Understanding between the MFCU and the DHCF was updated and finalized, and the two entities initiated quarterly meetings to discuss referrals and case updates. Open communication has improved, and the number of referrals from DHCF to the MFCU increased dramatically in FY 2009.

Another aspect of the partnership between the MFCU and the DHCF is the MFCU's ability to identify overpayments made to Medicaid providers. During the course of investigations, the MFCU sometimes discovers overpayments made to providers by the Medicaid program. Although the MFCU typically does not collect overpayments by the Medicaid program on behalf of the District, it is aggressive in assisting DHCF in identifying overpayments and referring them to DHCF for administrative action and collection. The MFCU reported more than \$80,000 of overpayments in FY 2008, all of which was collected by DHCF in FY 2009.

The MFCU has limited direct online access to DHCF's computerized database, the Medicaid Management Information System (MMIS), an automated claims payment and information retrieval system that tracks Medicaid providers, recipients, and provider claims to Medicaid

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for services rendered. MFCU staff members can readily retrieve Medicaid data without requesting such information from DHCF. This access to DHCF's computerized database ensures that investigations can proceed more effectively, with fewer burdens on both DHCF and MFCU personnel.

During FY 2009, the MFCU continued to build relationships with other law enforcement agencies by participating in educational programs as well as organizing training and giving presentations at conferences. In June 2009, the MFCU organized two training presentations related to the Medicaid billing process, and invited staff members from D.C. and federal agencies. More than 60 attendees were able to learn from the expertise shared by the presenter. In addition, every member of the MFCU staff attended training conferences related to their particular profession or the mission of the MFCU, averaging six trainings per staff member. Conferences attended included the NAMFCU Annual Conference; HHS Administrative Conference; Business Writing and Grammar Skills; Identity Theft; Use and Misuse of Expert Testimony in Jury Trials; Medicaid Fraud Practical Skills; Discovering, Preserving & Admitting E-Evidence; Resident Abuse Training; Eyewitness Identification Procedures; Medicaid Fraud and Recognizing Signs of Abuse; and Elder Abuse.

ANTI-FRAUD EFFORTS

The MFCU's anti-fraud efforts consist of investigations of two types of fraud: fraud solely impacting the District of Columbia and fraud affecting many jurisdictions, resulting in a global impact. The MFCU conducts intensive investigative activity in the area of fraudulent practices by individuals and corporations that provide Medicaid-covered services to citizens of the District of Columbia. Ongoing investigations involve allegations of fraud committed by a broad range of healthcare providers, from nationally known institutions to solo practitioners. Medical professionals and organizations involved in our cases include physicians, podiatrists, pharmacies, medical equipment suppliers, mental health clinics, nursing homes, and transportation providers. Investigations can lead to the filing of criminal, civil, and/or administrative charges. In fact, whenever appropriate, consideration is given to the possibility of simultaneously working a case on parallel criminal, civil, and/or administrative tracks. In this way, we can obtain the powerful deterrent effect that comes with criminal convictions and also maximize our potential for recovering funds improperly taken from the Medicaid program. Although fraud cases can take up to 3 or 4 years to progress from receipt of an allegation to the filing of charges, the MFCU currently has a significant number of matters that have been presented to our colleagues at the USAO or the OAG for prosecution or other resolution, and many of those matters will be resolved in FY 2010.

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Local Anti-Fraud Efforts

In FY 2009, MFCU resolved several local criminal fraud cases. The MFCU recovered more than \$180,000 as a result of the criminal settlements.

In *U.S. v. Peaks*, a home health aide was sentenced to 3 years of probation and ordered to pay \$17,980.64 in restitution for her role in selling fake home health aide certificates. The defendant sold fraudulent home health aide certificates to at least five individuals who had not completed classroom work and training necessary to earn a legitimate certificate. The buyers contacted the defendant requesting a certificate, and she would obtain the buyer's name, Social Security number, and date of birth. In exchange for money, the defendant delivered the false home health aide certificate to the buyer, with the buyer's name and Social Security number, as well as other documents necessary to obtain a job as a home health aide. The defendant sold the false and forged certificates in the District of Columbia knowing that they would be used by the buyers to apply for jobs as home health aides.

In *U.S. v. SAB Transportation*, the company owner pled guilty to Theft, Second Degree for billing for transportation services that were not rendered. The owner was sentenced to 5 years of supervised probation, and ordered to pay \$163,576.17 restitution to the D.C. Medicaid program.

In 2008, we reported on a criminal case, *U.S. v. Henry*, in which the defendant pled guilty to Making a False Statement to Medicaid. The defendant owned a mental health clinic and submitted claims to Medicaid asserting it provided mental health services and received payments exceeding \$500,000 for services that were not actually rendered. The defendant was sentenced to 20 months of incarceration and 2 years of supervised probation upon release. The defendant also forfeited cash, bonds, and a car. In 2009, the defendant appealed his sentence in the U.S. Court of Appeals for the District of Columbia Circuit, and the court remanded the case for the district court to clarify the factual basis for a sentencing enhancement. The appeal involved the question whether harassing telephone calls the defendant made to the family of a MFCU investigator constituted obstruction of justice within the meaning of the U.S. Sentencing Guidelines. At the remand hearing, the judge reimposed the original sentence.

National Anti-Fraud Efforts

The MFCU is a member of the NAMFCU and regularly coordinates with its counterparts in 49 states, sharing information and strategies, and cooperating in multi-jurisdictional matters. An important aspect of the MFCU's involvement in national healthcare fraud activities is its participation in global settlements. On occasion, healthcare providers, typically pharmaceutical manufacturers, engage in fraudulent activities and schemes in multiple states. The MFCU has joined with other MFCUs, under the auspices of NAMFCU, to more

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efficiently and effectively resolve cases of this nature. The use of multi-state teams representing the interests of all aggrieved states allows each state to recoup monies without duplicating the efforts of the others.

In FY 2005, the MFCU became a member of NAMFCU's *qui tam* subcommittee, consisting of representatives from the MFCUs of all states that have enacted false claims act statutes containing *qui tam* or whistleblower provisions. Currently, the District and 21 states have such statutes. During FY 2009, the MFCU continued to participate in monthly conference calls during which state MFCU representatives discuss issues in pending lawsuits as well as how to investigate and prosecute these cases in the most efficient manner. The MFCU has found the committee to be a valuable resource. During FY 2006, the committee instituted a process for drafting intake memoranda for all newly-filed *qui tam* lawsuits. All representatives share responsibilities by volunteering to draft intake memoranda that contain analyses of the allegations of improper conduct, theories of liability, anticipated defenses, and recommendations regarding how to proceed with the matters. The recommendations are shared with the President of NAMFCU who, if a lawsuit has merit, appoints an investigative or global settlement team. The *qui tam* subcommittee is committed to the team approach so that no single MFCU becomes overburdened with time-consuming and costly investigations. The MFCU is currently involved in approximately 211 false claims act lawsuits that are in various stages of investigation and prosecution. The MFCU continues to participate in multiple global settlement negotiations and anticipates receiving significant monetary settlements in FY 2010.

In FY 2008, an attorney in the D.C. MFCU was appointed to a *qui tam* case team. This was the first time a member of the D.C. MFCU has been appointed on a national case. In FY 2009, the MFCU attorney worked on two *qui tam* teams, and performed intake and other assessment work on two new matters.

Global Settlements

In FY 2009, the District was involved in several global settlements and as a result of these cases, the total recovery to the Medicaid program exceeded \$2.1 million.

D.C. participated in a federal and state settlement with Quest Diagnostics Incorporated and its former subsidiary Nichols Institute Diagnostics (NID), to resolve claims concerning the accuracy of various NID diagnostic tests manufactured, marketed, and sold to laboratories during 2000-2006, which in turn were used to perform testing that was billed to and paid for by state Medicaid programs. D.C. recouped more than \$88,000 for the Medicaid program in this matter.

D.C. participated in a federal and state settlement agreement with pharmaceutical manufacturer, Cephalon, Inc. to settle allegations of improper off-label marketing of three

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pharmaceutical drugs. The federal and state settlement totaling \$425 million resolved allegations that Cephalon promoted the drugs Provigil, Gabitril, and Actiq for uses other than what the Food and Drug Administration approved. Cephalon also funded continuing medical education programs, through millions of dollars in grants, to promote off-label uses for these drugs. As a result of the settlement, Cephalon reimbursed the D.C. Medicaid program \$189,279.

D.C. joined with the states and federal government and reached an agreement with Eli Lilly and Company to settle allegations it engaged in an off-label marketing campaign that improperly promoted the anti-psychotic drug, Zyprexa. Eli Lilly agreed to pay the states and the federal government a total of \$800 million in damages and penalties to compensate Medicaid and various federal healthcare programs for harm suffered as a result of its conduct. The D.C. share of the settlement was \$1,881,094.

ABUSE AND NEGLECT

A vital aspect of the MFCU's work is in the area of abuse and neglect. The MFCU has jurisdiction to investigate and prosecute cases of abuse and neglect in hospitals, nursing homes, group homes for citizens with mental retardation and mental illness, and board and care facilities.

The District of Columbia has one of the most progressive laws in the nation regarding the abuse of vulnerable adults. The Criminal Abuse and Neglect of Vulnerable Adults Act of 2000 criminalizes both the abuse and the neglect of vulnerable adults. The law includes prohibitions of intentional abuse by assault or threats of assault, verbal harassment, or involuntary confinement. Neglect includes the failure to provide the appropriate care necessary to maintain the physical and mental health of a vulnerable adult, and substandard medical care, poor nutrition or sanitation, or a failure to properly supervise living conditions. This law expands the options available to prosecutors in abuse cases and allows for filing charges specifically targeted at this type of behavior. The MFCU utilizes this law whenever appropriate.

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

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Prosecution of abuse and neglect cases, subsequent press and media attention, and discussions industry-wide with caregivers, family members, providers, and other professionals provide a deterrent effect. We believe publicizing these cases sends a strong message to the professionals throughout the industry that due care must be taken to protect the safety and welfare of their vulnerable charges and that abuse will not be tolerated. In addition, all persons convicted of crimes against the Medicaid program can be excluded from working in programs, institutions, and entities nationwide that receive federal healthcare funds, including Medicare and Medicaid. The MFCU always seeks to have these individuals excluded.

In FY 2009, the MFCU conducted seven trials, resulting in five convictions, and six matters were resolved with guilty pleas in the areas of abuse, neglect, or financial exploitation of vulnerable adults.

Abuse

The MFCU obtained four convictions in FY 2009 in cases of abuse. Of these convictions, three were obtained after trial, and one defendant entered a guilty plea. In addition, a defendant who was convicted in 2007 moved the court for relief, which was denied.

In FY 2007, we reported on *U.S. v. Campbell*, in which the defendant, a licensed practical nurse, was found guilty of criminal negligence. She struggled with the victim, a total care patient at a nursing facility, who had a fresh bruise after the struggle. The defendant was sentenced to 180 days in prison with all but 80 days suspended. Her sentence included 5 years of probation, an order to stay away from the victim, and not to be in contact with any vulnerable persons. The MFCU submitted necessary documents to HHS to exclude the defendant from working in all federally funded healthcare programs. In addition, the MFCU notified the Boards of Nursing in the District, Maryland, and Virginia of the conviction. In 2009, the defendant moved the court to vacate, set aside, and correct the sentence. The court determined that the defendant did not present a meritorious claim and denied her motion.

In *U.S. v. Malumi*, a former employee of a District of Columbia care facility for persons with developmental disabilities was witnessed hitting the person in her care. In addition, the non-verbal victim communicated through motions, gestures, and vocalizations that the defendant twisted both her arm and mouth. Another witness observed injuries consistent with the allegation. At trial, the defendant was found guilty of criminal abuse of a vulnerable adult and sentenced to 60 days in prison, with all days suspended, 2 years of supervised probation, and anger management counseling. The defendant was also ordered to stay away from the victim and the facility, to refrain from working with any vulnerable population, and to pay \$250 toward the Victims of Violent Crime Compensation Act fund.

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In *U.S. v. Ajumobi*, a former employee of a District of Columbia residential provider for persons with mental retardation and developmental disabilities was charged with criminal abuse of a vulnerable adult after he was seen hitting one of the residents. He was found guilty at trial and sentenced to 30 days in prison with all days suspended, and 1 year of supervised probation. The terms of probation included a fine of \$500 and 40 hours of community service. Additionally, the Court ordered the defendant not to work with vulnerable populations, and to pay \$50 to the Victims of Violent Crime Compensation Act fund.

In *U.S. v. Thomas (aka Holland)*, a former counselor at a provider of residential services for individuals with developmental disabilities pled guilty to criminal abuse of a vulnerable adult. The defendant was observed slapping the person in her care as she quietly ate her lunch. She was sentenced to 90 days in jail, all suspended and 3 years of supervised probation. In addition, she was ordered to stay away from the provider and the victim, not to work with vulnerable adults, and to pay \$100 to the Victims of Violent Crime Compensation Act fund.

In *U.S. v. Marshall*, a former employee of a residential service provider was found guilty after trial of criminal abuse of a vulnerable adult and simple assault for hitting a person in her care on the chest with a hot spoon. The victim testified about the abuse, indicating it hurt and made him sad. The defendant was sentenced to 180 days in prison, with all days suspended, and 6 months of supervised probation on each count, to run concurrently, and ordered to pay \$100 to the Victims of Violent Crime Compensation Act fund.

Two trials resulted in dismissal of charges against the accused. In one case, a caregiver was accused of biting a resident of a supervised apartment for persons with developmental disabilities. The resident provided evidence prior to trial detailing the events that led to the caregiver storming into her apartment and biting her on the arm, leaving a visible scar. However, at trial, the resident told the court a different story, claiming she had attacked the caregiver, who bit her in self defense. The accused was found not guilty. In another matter, two Certified Nursing Assistants were charged with criminal abuse of a vulnerable adult after they held a 95 year-old nursing home resident down against her will in order to provide care the resident did not want. Both nursing assistants acknowledged they had been trained on facility policy granting residents the right to refuse care, and admitted they had held the resident down, in violation of the policy and against the resident's expressed wishes. The resident testified at trial and clearly stated that she repeatedly told the defendants to leave, tried to fight them off her, they held her down, and it was painful. The judge granted the defendants' motions for judgment of acquittal and dismissed the case.

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Neglect

The MFCU obtained six convictions for neglect, two after trial and four upon pleas to the charges.

In *U.S. v. Haythe*, a former counselor at supervised apartments for individuals with developmental disabilities pled guilty to one count of criminal negligence and was sentenced to 180 days in jail, all suspended, and 18 months of supervised probation. The defendant left two vulnerable adults unattended in the transportation van with the keys in the ignition and windows down. When the defendant returned to where she had left the van, she discovered that the van had been stolen with the two residents still inside. She notified the MPD and MPD officers eventually located both residents alone on a sidewalk approximately half a mile away from where the van had been stolen. The defendant was ordered to stay away from the provider, the two victims, and not to work with vulnerable adults or vulnerable children. In addition, she was ordered to pay \$50 to the Victims of Violent Crime Compensation Act fund.

In *U.S. v. Pearson*, a former Certified Nursing Assistant at a District of Columbia nursing home pled guilty and was sentenced on two counts of criminal negligence after she failed to provide proper care to residents in the facility in 2007 and 2008. She was sentenced to consecutive sentences of 180 days in prison, with all but 10 days suspended, two \$1,000 fines, suspended, and a total of 4 years of supervised probation. The defendant was also ordered to stay away from the nursing home and one of the victims, not to work with vulnerable persons, and to pay a total of \$100 to the Victims of Violent Crime Compensation Act fund. The first case resulted from an incident in which the defendant placed a heating pad beneath a person with paralysis, and then left the patient unattended for approximately 5 hours. When the defendant returned, the patient had sustained second degree burns to her lower back from the heating pad. While this case was pending, the defendant was again charged with negligence. In the second matter, the defendant was assigned to bathe a 91 year-old resident and she used a hydraulic chair with a broken seat belt, labeled with a warning sign telling staff not to use it. Despite knowing the chair was broken, she used it, and the patient fell out of the chair while being lifted off the floor. The resident sustained an injury to her forehead and a black eye.

In *U.S. v. Harris*, a former counselor at a residential provider for persons with developmental disabilities allowed two individuals in her care to drive the provider-owned car. One of the drivers hit a parked car, and a passenger in the car was injured. The defendant filed both a false incident report with her employer and a false police report regarding the accident. The defendant was convicted of two counts of criminal negligence and sentenced to 21 days in prison for each count, all suspended, and one year of supervised probation for each count, to run concurrently. Harris was also ordered to pay \$250 to the Victims of Violent Crime Compensation Act fund.

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In *U.S. v. Smith*, a former employee of a care facility for persons with developmental disabilities pled guilty to criminal negligence and was sentenced to 180 days in prison, with all days suspended, and 18 months of supervised probation. The defendant dropped the person he was caring for, and did not report the incident to the residence operator. His failure to discharge his duty delayed proper assessment and care to the vulnerable person for whom he was responsible. The defendant was ordered to stay away from the victim, the facility, to refrain from working with any vulnerable population, and to pay \$50 towards the Victims of Violent Crime Compensation Act fund.

In *U.S. v. Baxter*, a caregiver in a provider of services for developmentally disabled adults was assigned to care for two adults in a residential facility. While the defendant was outside the residence, not performing his duties, one of the men stabbed the other. The defendant was found guilty of 1 count of criminal negligence and was sentenced to 180 days in prison, with all days suspended. The defendant was also placed on 1 year of supervised probation, ordered to pay a fine of \$500 and \$50 to the Victims of Violent Crimes Compensation Act fund.

Sexual Assault

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

In FY 2009, the MFCU initiated several investigations into allegations of sexual assault or sexual abuse.

Financial Exploitation

The MFCU prosecutes cases involving the financial exploitation of individuals living in Medicaid-funded facilities, including the theft of patient funds. Currently, the MFCU is investigating four financial exploitation matters. In FY 2009, one case of financial exploitation was resolved.

In *U.S. v. Akers*, an employee from a temporary agency assigned to work at a provider of residential services for persons with developmental disabilities and mental retardation stole checks from one resident and used the ATM card of another. In total, the defendant stole more than \$1550 from their bank accounts. He pled guilty to two counts of Theft in the Second Degree in 2007, then failed to appear for sentencing and was charged with a violation

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of the Bail Reform Act (BRA) as a result. He received a sentence of 180 days in jail for each count of second degree theft, to run consecutively, with 180 days suspended. The judge also sentenced the defendant to 90 days on the BRA violation to be served consecutively, and placed him on supervised probation for 1 year. Finally, he was ordered to pay restitution to the two victims, to cooperate with drug treatment orders, and to pay \$150 to the Victims of Violent Crime Compensation Act fund.

MANAGEMENT ALERT REPORTS

The MFCU periodically issues Management Alert Reports (MARs) to District agencies that are involved with the Medicaid program. These are based on potential problems or weaknesses in the Medicaid program as viewed from the perspective of the MFCU. The MFCU has drafted several MARs for distribution in FY 2010.

STATISTICAL SUMMARY

Throughout the year, hospitals, nursing homes, community residence facilities, day treatment programs, and group homes for persons with mental retardation and mental illness provide the MFCU with a steady stream of unusual incident reports. Although many of these reports describe medical conditions or accidents that have no connection to abuse or neglect, some reports contain serious allegations of abuse and neglect requiring a rapid response.

In FY 2009, 4,234 unusual incident reports were received, ranging from reports of change in the condition of residents in nursing homes and other supported living environments, to reports of alleged assaults of residents of those facilities. This figure represents an increase of 6.25% over the number of reports received in FY 2008. The number of unusual incident reports received by the MFCU has substantially increased every year. These reports must be evaluated and investigated in a timely fashion.

The MFCU FY 2009 performance-based budget goal was to resolve 12 cases. The MFCU greatly exceeded that goal by resolving 19 cases in FY 2009. The MFCU is currently investigating over 210 matters, 45% of which involve allegations of fraud, 50% relate to allegations of abuse or neglect, and 5% involve allegations of theft of funds or property. Of the investigations the MFCU initiated in FY 2009, 28% involved allegations of provider fraud, 68% were the result of reports of abuse or neglect, and 4% related to theft of funds or property. In FY 2009, the MFCU recouped \$2,348,350 million in settlements of civil and criminal fraud cases, thereby recouping nearly \$3.51 for every District dollar funding the MFCU.

The MFCU continues to reach out to providers to inform them of the unusual incident reporting process and its importance to the well-being of residents. In FY 2005, the MFCU created a database, with the assistance of the OIG's Management Information Systems Unit,

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which captures data regarding abuse and neglect of residents in healthcare facilities in the District. The MFCU began using this database in FY 2006. Since that time, the database has and will continue to assist the MFCU in investigating its cases as well as identifying problem areas and trends that need to be addressed in the future.

In FY 2010, MFCU will continue to excel. The MFCU's performance measure for 2009 is shown in Appendix P. A comparison of the MFCU's FY 2008 and 2009 performance statistics is detailed in Appendix Q.

CONCLUSION

In FY 2009, the MFCU processed more than 4,200 incoming incident reports, initiated 228 investigations, and closed 194 matters. Through trial or settlement, the MFCU attained 19 substantive dispositions of outstanding fraud, abuse, neglect, and sexual assault cases, significantly surpassing its goal. The MFCU resolved 15 criminal matters and recovered substantial monies in restitution to the Medicaid program in 4 civil settlements. In addition, the MFCU continued to demonstrate a high level of activism through membership in task forces, presentations, and participation in other writing and training opportunities. Moreover, a number of pending cases in which the MFCU has invested significant resources are expected to reach resolution in FY 2010.

APPENDICES



**FISCAL YEAR 2009 TESTIMONY
BY THE INSPECTOR GENERAL**

Listed below are the topics and dates of OIG testimony presented before the D.C. Council, U.S. Congress, and other official statements and remarks made during FY 2009.

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|------------------|--|
| April 23, 2009 | Testimony Before the Committee on Government Operations and the Environment – Fiscal Year 2010 Budget Review |
| March 31, 2009 | Testimony Before the Senate Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia – Stability Through Scandal: A Review of the Office of the Chief Financial Officer |
| March 13, 2009 | Testimony Before the Committee on Government Operations and the Environment – Fiscal Year 2008 Performance Oversight Hearing |
| February 6, 2009 | Testimony Before the Committee of the Whole – Issuance of the Comprehensive Annual Financial Report for Fiscal Year 2008 |
| October 8, 2008 | Testimony Before the Committee on Workforce Development and Government Operations – Public Oversight Hearing on Whistleblower Protections for District Employees |



FISCAL YEAR 2009 PRESS HIGHLIGHTS

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

“Teachers Institute Contract Work Might Be Illegal, Audit Finds”
October 2, 2008 (WP)

“Audit: D.C. Agency Stored Sensitive Data in Hallways”
October 7, 2008 (WTOP)

“City to Appeal Order to Reinstate Fired EMT”
November 25, 2008 (WP)

“The United States and the District of Columbia Reach \$2 Million Settlement with Grant Park Care Center to Settle Allegations Regarding Fraudulent Billings to Medicare & Medicaid”
November 26, 2008 (DOJ Press Release)

“Traffic-camera Contract Audit Reveals ‘Errors’, Flaws Could Have Put City at Risk for Lawsuits”
November 27, 2008 (WT)

“Couple Sentenced to Prison for Aiding Tax Scam”
December 9, 2008 (Examiner)

“District Participates in Settlement with Pharmaceutical Company – Cephalon to Pay \$425 Million for Off-label Drug Marketing”
January 6, 2009 (OIG Press Release)

“Home Health Aide Sentenced on Health Care Fraud Conviction”
January 7, 2009 (DOJ Press Release)

References: *The Washington Post* – **WP** · *The Washington Times* – **WT** · *The Washington Examiner* – **Examiner** · WTOP and Bonneville International Corporation - **WTOP** · Fox 5 DC/Fox Television Stations – **FOX 5** · News Channel 8/Allbritton Communications Company – **NC8** · RedOrbit/RedOrbit, Inc. - **RedOrbit** · Gazette Net/Prince Georges County Gazette - **GazetteNet** · United States Department of Justice – **DOJ**

FISCAL YEAR 2009 PRESS HIGHLIGHTS

“Inspector General Blasts D.C.’s Internal Controls On Money”
January 20, 2009 (WTOP)

“Audit: At One D.C. Agency, It Pays to Clean the Chairs”
February 19, 2009 (Examiner)

“WASA Employee Charged With Embezzling”
February 29, 2009 (Fox 5)

“Officers in City Facilities Lack Weapons, Training, Report Says”
March 2, 2009 (Examiner)

“Fenty Pledges an End to Summer Jobs Program Problems”
March 18, 2009 (NC8)

“Red Flags Repeatedly Ignored at District’s Technology Office”
March 23, 2009 (Examiner)

“Audit Faults D.C. Agency on Ambulance Fee Collection”
March 25, 2009 (Examiner)

“D.C. CFO Vows More Oversight of City Finances”
April 1, 2009 (Examiner)

“Former Temporary Employee is Convicted and Sentenced for Theft of Funds from
Vulnerable Adults”
April 2, 2009 (DOJ Press Release)

“Banita Jacks Case: Breakdowns, Lies, and Laziness”
April 2, 2009 (WCP)

References: *The Washington Post* – **WP** · *The Washington Times* – **WT** · *The Washington Examiner* – **Examiner** · WTOP and Bonneville International Corporation - **WTOP** · Fox 5 DC/Fox Television Stations – **FOX 5** · News Channel 8/Allbritton Communications Company – **NC8** · RedOrbit/RedOrbit, Inc. - **RedOrbit** · Gazette Net/Prince Georges County Gazette - **GazetteNet** · United States Department of Justice – **DOJ**

FISCAL YEAR 2009 PRESS HIGHLIGHTS

“D.C. Inspector General Releases Review of Jacks Case”
April 2, 2009 (NC8)

“Plenty of Blame to Go Around in Girls’ Deaths, Report Finds”
April 3, 2009 (WP)

“Report Spreads Blame in D.C. Slayings”
April 3, 2009 (WT)

“Inspector General Probing D.C.’s Property Agency”
April 6, 2009 (Examiner)

“Quest Diagnostics to Pay U.S. \$302 Million to Resolve Allegation Subsidiary Sold
Misbranded Test Kits”
April 16, 2009 (RedOrbit)

“Fort Washington Woman Pleads Guilty To Stealing From Utility Company”
May 14, 2009 (Gazette Net)

“Tax Office Error Costs Taxpayers 25M in Fine Revenue”
May 20, 2009 (WTOP)

“Eli Lilly to Pay More Than \$1.4 Billion for Off-Label Drug Marketing”
June 2, 2009 (OIG Press Release)

“D.C. Exposes Personal Info of Thousands of Employees”
June 8, 2009 (Examiner)

“Fake Psychiatrist Pleads Guilty to Identity Theft”
August 14, 2009 (DOJ Press Release)

References: *The Washington Post* – **WP** · *The Washington Times* – **WT** · *The Washington Examiner* – **Examiner** · WTOP and Bonneville International Corporation - **WTOP** · Fox 5 DC/Fox Television Stations – **FOX 5** · News Channel 8/Allbritton Communications Company – **NC8** · RedOrbit/RedOrbit, Inc. - **RedOrbit** · Gazette Net/Prince Georges County Gazette - **GazetteNet** · United States Department of Justice – **DOJ**

FISCAL YEAR 2009 PRESS HIGHLIGHTS

“Former Employee of Residential Provider is Convicted and Sentenced for Criminal Negligence”

August 25, 2009 (DOJ Press Release)

“Former Employee of Residential Program is Convicted and Sentenced for Criminal Abuse of a Vulnerable Adult”

September 2, 2009 (DOJ Press Release)

“Pfizer, Inc. To Pay \$2.3 Billion in Historic Settlement”

September 3, 2009 (OIG Press Release)

“IG Eyes Medicaid, Tax Office, Schools for 2010 D.C. Audits”

September 14, 2009 (Examiner)

References: *The Washington Post* – **WP** · *The Washington Times* – **WT** · *The Washington Examiner* – **Examiner** · WTOP and Bonneville International Corporation - **WTOP** · Fox 5 DC/Fox Television Stations – **FOX 5** · News Channel 8/Allbritton Communications Company – **NC8** · RedOrbit/RedOrbit, Inc. - **RedOrbit** · Gazette Net/Prince Georges County Gazette - **GazetteNet** · United States Department of Justice – **DOJ**

AUDIT ARTICLES AND ABSTRACTS PUBLISHED IN FISCAL YEAR 2008

Khaled Abdel Ghany, *Audit Committee Independence Criteria for State and Local Governments*, NEW ACCOUNTANT, Issue # 730, Jan. /Feb. 2009, at 20 -22.

Khaled Abdel Ghany, *The Effect of IFRS on Governmental Accounting*, LOCAL GOVERNMENT AUDITING QUARTERLY, Spring 2009, at 20-23.

Abstract, “*Audit of the D.C. Department of Health’s Administration of HIV Policy and Programs and Grant Management*”, ASSOCIATION OF INSPECTORS GENERAL NEWSLETTER, Vol. 6, Issue 1, Fall 2008/Winter 2009, at 4.



**FISCAL YEAR 2009 AUDIT DIVISION
PERFORMANCE MEASURE STATISTICS**

Activity	FY 2009 Target	FY 2009 Actual
Final Audit Reports Issued ¹	24	34
District Agencies provided with audit coverage/presence	15%	18%
Potential monetary benefits identified by OIG audits	\$25 Million	\$50.3 Million

¹ Total number reported does not reflect one MIR issued.



FISCAL YEAR 2009 AUDIT COVERAGE

		Agency/Office
1	AA	Executive Office of the Mayor
2	AS	Office of Finance and Resource Management
3	AT	Office of the Chief Financial Officer
4	BH	Unemployment Compensation Fund
5	CB	Office of the Attorney General for the District of Columbia
6	CF	Department of Employment Services
7	CR	Department of Consumer and Regulatory Affairs
8	DB	Department of Housing and Community Development
9	DC	D.C. Lottery and Charitable Games Control Board
10	ES	Washington Convention Center Authority
11	FA	Metropolitan Police Department
12	FB	Fire and Medical Emergency Services Department
13	GA	District of Columbia Public Schools
14	GD	Office of the State Superintendant of Education
15	GF	University of The District of Columbia
16	HC	Department of Health
17	KA	Department of Transportation
18	KT	Department of Public Works
19	PO	Office of Contracting and Procurement
20	RH	District Retiree Health Contribution
21	SC	D.C. Sports and Entertainment Commission
22	TO	Office of the Chief Technology Officer
23	TT	Tobacco Settlement Corporation
24	UC	Office of Unified Communications



FISCAL YEAR 2009 AUDIT COST AND RECOMMENDATION STATISTICS

	Audit Title, Number, Date Issued	Recommendations		
		Cost ¹	Made	Status ²
1	Audit of the Services Provided by Teachers Institute for the District of Columbia Public Schools, 07-2-32GA, 10/1/2008	\$101,234	15	15 - Closed
2	Audit of the Department of Health's Administration of HIV Policy and Programs and Grant Management, 07-2-06HC, 10/15/2008	\$133,084	21	20 - Closed 1 - Open
3	Audit of the Solicitation and Award of the District of Columbia Automated Traffic Enforcement System Contract, Contract No. POFA-2006-C-0066, 07-2-16FA, 11/20/2008	\$44,002	7	7 - Closed
4	Professional Engineers' Fund Financial Statement Audit for the Year Ended September 30, 2007, 08-1-07CR, 11/24/2008	\$67,816	0	
5	Audit of the Notification Procedures of the D.C. Public Charter School Board and the D.C. Board of Zoning Adjustment, 07-2-28GA, 12/4/2008	\$52,087	7	7 - Closed
6	Highway Trust Fund Financial Statement Audit for the Fiscal Year Ended September 30, 2008, 08-1-23KA, 1/30/2009	\$36,358	0	
7	Comprehensive Annual Financial Report of the Government of the District of Columbia for the Fiscal Year Ended September 30, 2008, OIG No. 08-1-23KA, 1/30/2009	\$3.35 mil	119	119 - Open
8	Independent Auditors' Report on Internal Control and Compliance Over Financial Reporting Fiscal Year Ended September 30, 2008, 09-1-10MA, 2/4/2009			
9	Audit of Purchase Card Transactions at the Office of Unified Communications, 08-2-10AA, 2/12/2009	\$29,890	8	7 - Closed 1 - Open

FISCAL YEAR 2009 AUDIT COST AND RECOMMENDATION STATISTICS

	Audit Title, Number, Date Issued	Recommendations		
		Cost ¹	Made	Status ²
10	Audit of District Agencies' Implementation of Audit Recommendations, 08-1-03MA, 3/12/2009	\$62,083	11	11 - Closed
11	Sports and Entertainment Commission Financial Statements and Management Discussion and Analysis, and Independent Auditors' Report Years Ended September 30, 2008 and September 30, 2007, 09-1-12SC, 3/16/2009	\$65,866	0	
12	Washington Convention Center Authority Financial Statements and Management's Discussion and Analysis, and Independent Auditors' Report Years Ended September 30, 2008, and September 30, 2007, 09-1-13ES, 3/16/2009	\$81,791	0	
13	Tobacco Settlement Financial Statements and Management's Discussion and Analysis, and Independent Auditors' Report Year Ended September 30, 2008, 09-1-14TT, 3/16/2009	\$39,567	0	
14	E911/E311 Special Revenue Fund Schedule of Revenues and Expenditures and Independent Auditors' Report Year Ended September 30, 2008, 09-1-15UC, 3/16/2009	\$41,870	0	
15	Lottery and Charitable Games Control Board Financial Statements and Management's Discussion and Analysis (With Independent Auditors' Report Thereon) Fiscal Year Ended September 30, 2008, and 2007, 09-1-16DC, 3/18/2009	\$55,000	0	
16	Audit of the Department of Fire and Emergency Medical Services' Administration of Ambulance Billing Contracts, 07-2-31FB, 3/23/2009	76,146	14	14 - Closed

FISCAL YEAR 2009 AUDIT COST AND RECOMMENDATION STATISTICS

	Audit Title, Number, Date Issued	Recommendations		
		Cost ¹	Made	Status ²
17	Memorandum of Recommendations Fiscal Year 2008, 09-1-22MA, 4/9/2009	Inc. in cost of CAFR	56	56 - Open
18	Home Purchase Assistance Program Financial Statement Audit for the Fiscal Year Ended September 30, 2007 (With Independent Auditors' Report Thereon), 09-1-18-DB, 4/10/2009	\$39,567	0	
19	University of the District of Columbia Financial Statements and Management's Discussion and Analysis Fiscal Years Ended September 30, 2008, and 2007, 09-1-19GF, 4/10/2009	\$171,427	0	
20	Audit of Selected Contracting Actions at the Office of the Chief Technology Officer, 08-2-06TO, 5/7/2009	81,879	5	5 - Closed
21	University of the District of Columbia Independent Auditors' Report on Internal Control over Financial Reporting and Management Letter Comments Year Ended September 30, 2008, 09-1-19GF(a), 5/11/2009	Included in UDC FS Audit	7	7 - Open
22	Audit of the Management of Commercial Property Income and Expense Reports by the Office of Tax and Revenue's Real Property Tax Administration, 08-2-01AT, 5/15/2009	\$152,488	4	4 - Closed
23	Office of the Attorney General Antifraud Fund Financial Statement Audit for the Fiscal Year Ended September 30, 2007, 08-1-22CB, 5/18/2009	\$15,778	0	
24	Report on the Examination of the District of Columbia's Highway Trust Fund Forecast Statements for Fiscal Years 2009-2013 with Actual Audited Figures for FY 2008, 08-1-23KA(a), 5/29/2009	\$9,065	0	

FISCAL YEAR 2009 AUDIT COST AND RECOMMENDATION STATISTICS

	Audit Title, Number, Date Issued	Recommendations		
		Cost ¹	Made	Status ²
25	District of Columbia Public Schools Budgetary Comparison Schedule for Fiscal Year 2008, 09-1-21GA, 6/4/2009	\$197,726	0	
26	District of Columbia Public Schools Report on Internal Control over Financial Reporting and Advisory Comments for the Year Ended September 30, 2008, 09-1-21GA(a), 6/8/2009		10	10 - Open
27	District of Columbia Unemployment Compensation Fund Financial Statements and Management's Discussion and Analysis (with Independent Auditors' Report Thereon) Years Ended September 30, 2008, and 2007, OIG No. 09-1-24BH, 6/11/2009	\$52,622	0	
28	Audit of the Department of Employment Services' Summer Youth Program, 08-2-28CF, 6/17/2009	\$257,397	24	24 - Open
29	Audit of Parking Lot Revenue at the University of the District of Columbia, 08-2-03GG, 6/19/2009	\$64,484	9	7 - Closed 2 - Open
30	Audit of the Motor Fuel Sales and Tax Process, 09-2-02KA, 7/23/2009	\$29,400	6	4 - Closed 2 - Open
31	Annuitants' Health and Life Insurance Employer Contribution Trust Fund, 09-1-35RH, 8/7/2009	\$106,310	6	6 - Open
32	Professional Engineers' Fund Financial Statement Audit for the Year Ended September 30, 2008, 09-1-08CR, 9/9/2009	\$47,040	0	
33	Status of the Office of the Chief Financial Officer's Reconciliation of Bank and Investment Accounts as of March 31, 2009, 09-1-10MA(a), 9/16/2009	\$73,567	0	

FISCAL YEAR 2009 AUDIT COST AND RECOMMENDATION STATISTICS

	Audit Title, Number, Date Issued	Recommendations		
		Cost ¹	Made	Status ²
34	Audit of Grants Awarded by the Department of Health's Community Health Administration, 08-2-04HC, 9/23/2009	\$74,039	10	7 – Closed 3 – Open
	Totals	\$5.53 mil	339	Closed - 108 Open - 231

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

² This column provides the status of a recommendation as of September 30, 2009. For final reports, "**Open**" means management and the OIG are in agreement on the action to be taken, but action is not complete. "**Closed**" means management has advised that the action necessary to correct the condition is complete. If a completion date was not provided, the date of management's response is used. "**Unresolved**" means that management has neither agreed to take the recommended action nor proposed satisfactory alternative actions to correct the condition.



FISCAL YEAR 2009 AUDIT REPORT SUMMARIES

Audit of the Services Provided by Teacher's Institute for the District of Columbia Public Schools, OIG No. 07-2-32GA, October 1, 2008

Three former DCPS employees violated District personnel regulations by soliciting a business relationship with the District government while employed with DCPS and by entering into an arrangement with DCPS before the required post-employment waiting period of at least 1 year had elapsed. In addition, DCPS program managers improperly used a training form (as a funding document) instead of a contract to obtain and implement the Reading and Writing Project at 15 District schools. Further, OCFO officials improperly advanced and expended \$2.9 million of federal funds based on the improper use of a training form.

In addition, DCPS awarded a \$1.4 million sole source, cost reimbursement contract to the Teacher's Institute. Our review showed that DCPS contracting officials did not adequately perform a cost analysis or adequately justify the sole source procurement. The officials also did not obtain a legal sufficiency review or submit the contract to the Mayor and D.C. Council for review and approval, as required for contracts exceeding \$1 million. In addition, DCPS officials did not adequately monitor the contract or properly identify and dispense District government assets remaining from the first year of the contractual arrangement, which included \$1.2 million in cash.

Audit of the Department of Health's Administration of HIV Policy and Programs and Grant Management, OIG No. 07-2-06HC, October 15, 2008

The audit indicated that HIV/AIDS Administration's (HAA's) maintenance over contract files and records was inadequate. We found numerous contract files where documents required to be maintained in the file folders were missing. The contract administration function in HAA lacked effective management oversight that resulted in noncompliance with certain District laws and regulations.

In addition, we found inefficient controls over HAA's administrative functions. There were HAA employees who had not received performance evaluations, and several employee personnel files were missing position descriptions. Our audit further indicated that HAA needed to improve controls over the grant award process. We found that reviews of awarded subgrants to HIV/AIDS care providers were not conducted consistently among the divisions within HAA. Further, HAA had inadequate controls over the program monitoring of subgrantee deliverables. HAA's fiscal accountability over grant budgets and expenditures also needed improvement. As a result, HAA was unable to provide accurate budget and expenditure reporting data. Lastly, HAA had not fully implemented some prior audit report

FISCAL YEAR 2009 AUDIT REPORT SUMMARIES

recommendations. As a result, there were still three open recommendations that HAA needs to take immediate corrective action to resolve.

Audit of the Solicitation and Award of the District of Columbia Automated Traffic Enforcement System Contract, Contract No. POFA-2006-C-0066, OIG No. 07-2-16FA, November 20, 2008

OCP did not adequately monitor the technical panel's initial proposal evaluations for the Automated Traffic Enforcement Safety Enforcement program solicitation. OCP also did not formally document its competitive range determination prior to formally requesting and excluding offerors from attending further discussion meetings, in violation of Title 27 of the DCMR. Lastly, contract administration and maintenance were inadequate.

Professional Engineers' Fund Financial Statement Audit for the Fiscal Year Ended September 30, 2007, OIG No. 08-1-07CR, November 24, 2008

In our opinion, the financial statements presented fairly, in all material respects, the financial position of the Department of Consumer and Regulatory Affairs-Professional Engineers' Fund as of September 30, 2007, and the results of its operations for the year then ended, in conformity with Generally Accepted Accounting Principles.

Our audit did not identify any major issues of internal control weaknesses or noncompliance with regulations that we consider material or reportable conditions during our FY 2006 audit. However, we issued a management letter covering areas (such as client waivers and cash receipts) where improvements can be made in the administration of the fund.

Audit of the Notification Procedures of the D.C. Public Charter School Board and the D.C. Board of Zoning Adjustment, OIG No. 07-2-28GA, December 4, 2008

We determined that the Public Charter School Board (PCSB) did not consistently notify the Advisory Neighborhood Commissions (ANCs) when it held public hearings on petitions to establish charter schools and amend charters, as required by the School Reform Act. As a result, the ANC Commissioners did not get the opportunity to voice their concerns at the hearings. Additionally, we determined that the PCSB did not notify the ANCs of events affecting their neighborhoods, as required by the ANC Act. Further, the ANC Commissioners did not know when events occurred affecting their neighborhoods, such as when schools moved into their areas, and the Commissioners did not get the opportunity to voice their concerns before these events occurred.

FISCAL YEAR 2009 AUDIT REPORT SUMMARIES

District Department of Transportation Highway Trust Fund Financial Statement Audit for the Fiscal Year Ended September 30, 2008, OIG No. 08-1-23KA, January 30, 2009

In our opinion, the financial statements presented fairly, in all material respects, in conformity with Generally Accepted Accounting Principles, the Fund's assets and liabilities as of September 30, 2007, and its revenues, expenditures, and changes in fund balance for the year then ended.

Our audit did not identify any major issues of internal control weaknesses or noncompliance with regulations that we considered material or reportable conditions during our audit.

Comprehensive Annual Financial Report of the Government of the District of Columbia for the Fiscal Year Ended September 30, 2008, OIG No. 09-1-09MA, February 4, 2009

See narrative provided under The Comprehensive Annual Financial Report (CAFR), in the Audit Activities Section of this report.

District of Columbia Independent Auditors' Report on Internal Control and Compliance over Financial Reporting Fiscal Year Ended September 30, 2008, OIG No. 09-1-10MA, February 4, 2009

See narrative provided under The Comprehensive Annual Financial Report (CAFR), in the Audit Activities Section of this report.

Audit of Purchase Card Transactions at the Office of Unified Communications, OIG No. 08-1-10AA, February 12, 2009

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

Audit of District Agencies' Implementation of Audit Recommendations, OIG No. 08-1-03MA, March 12, 2009

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

FISCAL YEAR 2009 AUDIT REPORT SUMMARIES

District of Columbia Tobacco Settlement Financing Corporation Financial Statements and Management's Discussion and Analysis, and Independent Auditors' Report Year Ended September 30, 2008, OIG No. 09-1-14TT, March 16, 2009

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2008, Thompson, Cobb, Bazilio & Associates, PC (TCBA) prepared the final report on the Tobacco Settlement Financing Corporation (TSFC).

TCBA opined that the financial statements presented fairly, in all material respects, the financial position of TSFC for the year ended September 30, 2008, in conformity with accounting principles generally accepted in the United States of America.

District of Columbia Washington Convention Center Authority Financial Statements and Management's Discussion and Analysis, and Independent Auditors' Report Years Ended September 30, 2008, and September 30, 2007, OIG No. 09-1-13ES, March 16, 2009

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2008, Bert Smith and Company (Bert Smith) submitted the final report on the District of Columbia Washington Convention Center Authority (Authority).

Bert Smith opined that the financial statements presented fairly, in all material respects, the financial position of the Authority for the years ended September 30, 2008, and 2007, in conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Accounting Standards*, Bert Smith also has issued its report on consideration of the Authority's internal control over financial reporting and on its tests of the Authority's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

District of Columbia E911/E311 Special Revenue Fund Schedule of Revenues and Expenditures and Independent Auditors' Report Year Ended September 30, 2008, OIG No. 09-1-15UC, March 16, 2009

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2008, the independent auditor issued a final report on the District's E911/E311 Special Revenue Fund (Fund).

The independent auditor opined that the financial statements presented fairly, in all material respects, the financial position of the Fund for the fiscal year ended September 30, 2008, in conformity with accounting principles generally accepted in the United States of America. In

FISCAL YEAR 2009 AUDIT REPORT SUMMARIES

accordance with *Government Accounting Standards*, the independent auditor also has issued its report on consideration of the Fund's internal control over financial reporting and on its tests of the Fund's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

District of Columbia Sports and Entertainment Commission Financial Statements and Management's Discussion and Analysis, and Independent Auditors' Report Years Ended September 30, 2008, and September 30, 2007, OIG No. 09-1-12SC, March 16, 2009

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2008, the independent auditor issued a final report on the District of Columbia Sports and Entertainment Commission (Commission).

The independent auditor opined that the financial statements presented fairly, in all material respects, the financial position of the Commission for the year ended September 30, 2008, in conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Accounting Standards*, the independent auditor also issued its report on consideration of the Commission's internal control over financial reporting and on its tests of the Commission's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

District of Columbia Lottery and Charitable Games Control Board Financial Statements and Management's Discussion and Analysis (with Independent Auditors' Report Thereon) Fiscal Years Ended September 30, 2008, and 2007, OIG No. 09-1-16DC, March 18, 2009

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2008, Thompson, Cobb, Bazilio & Associates, PC (TCBA) submitted the final report on the District of Columbia Lottery and Charitable Games Control Board (Board).

TCBA opined that the financial statements presented fairly, in all material respects, the financial position of the Board for the years ended September 30, 2008, and 2007, in conformity with accounting principles generally accepted in the United States of America. The independent auditor also has issued its report on consideration of the Commission's internal control over financial reporting and on its tests of the Lottery Board's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

FISCAL YEAR 2009 AUDIT REPORT SUMMARIES

Audit of the Fire and Emergency Medical Services Department's Administration of Ambulance Billing Contracts, OIG-07-2-31FB, March 23, 2009

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

District of Columbia Memorandum of Recommendations Fiscal Year 2008, OIG No. 09-1-22MA, April 9, 2009

In connection with the audit of the District of Columbia's general purpose financial statements for FY 2008, BDO Seidman, LLP (BDO) submitted a Memorandum of Recommendations, in previous years known as the Management Letter. This report details certain control deficiencies that require continued management attention. In this regard, BDO set forth suggestions for improving existing internal controls. However, BDO did not consider these matters to be significant deficiencies or material weaknesses. Further, these matters did not affect the fair presentation of the financial statements.

University of the District of Columbia Financial Statements and Management's Discussion and Analysis Fiscal Years Ended September 30, 2008, and 2007, OIG No. 09-1-19GF, April 10, 2009

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2008, the independent auditor issued a final report on the University of the District of Columbia.

The independent auditor opined that the financial statements presented fairly, in all material respects, the financial position of the University of the District of Columbia for the years ended September 30, 2008, in conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Accounting Standards*, the independent auditor also has issued its report on consideration of the Commission's internal control over financial reporting and on its tests of the University's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

Home Purchase Assistance Program (HPAP) Financial Statement Audit for the Fiscal Year Ended September 30, 2007 (with Independent Auditor's Report Thereon), OIG No. 09-1-18DB, April 10, 2009

The Independent Auditor's report on the HPAP's financial statements for the fiscal years ended September 30, 2007, presented an unqualified opinion. This audit was conducted by contract under the purview of the OIG.

FISCAL YEAR 2009 AUDIT REPORT SUMMARIES

Audit of Selected Contracting Actions at the Office of the Chief Technology Officer (OCTO), OIG No. 08-2-06TO, May 7, 2009

OCTO incurred unnecessary costs and delays in the procurement of a Complete Proof of Concept for Credentialing (i.e., credentials for emergency response personnel). OCP's procurement processes were flawed and misleading. These conditions occurred primarily because OCTO did not coordinate the procurement with the Federal Emergency Management Agency during the planning stage and did not involve the District's Homeland Security and Emergency Management Agency prior to awarding the contract.

University of the District of Columbia Independent Auditors' Report on Internal Control over Financial Reporting and Management Letter Comments Year Ended September 30, 2008, OIG No. 09-1-19GF(a), May 11, 2009

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2008, the independent auditor issued a final report on the University of the District of Columbia.

The independent auditor opined that the financial statements presented fairly, in all material respects, the financial position of the University of the District of Columbia for the year ended September 30, 2007, in conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Accounting Standards*, the independent auditor also has issued its report on consideration of the University's internal control over financial reporting and on its tests of the University's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

Audit of the Management of Commercial Property Income and Expense Reports by the Office of Tax and Revenue's Real Property Tax Administration, OIG No. 08-2-01AT, May 15, 2009

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

Office of the Attorney General Antifraud Fund Financial Statement Audit for the Fiscal Year Ended September 30, 2007, OIG No. 08-1-22CB, May 18, 2009

In our opinion, the financial statements presented fairly, in all material respects, the financial position of the District of Columbia Office of the Attorney General's Antifraud Fund as of September 30, 2007, and the results of its operations for the year then ended, in conformity with Generally Accepted Accounting Principles.

FISCAL YEAR 2009 AUDIT REPORT SUMMARIES

Our audit did not identify any major issues of internal control weaknesses or noncompliance with regulations that we considered material or reportable conditions during our audit.

Department of Transportation Report on the Examination of the District of Columbia's Highway Trust Fund Forecast Statements for Fiscal Years 2009 – 2013 with Actual Audited Figures for FY 2008, OIG No. 08-1-23KA(a), May 29, 2009

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

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

District of Columbia Public Schools Budgetary Comparison Schedule for Fiscal Year 2008, OIG No. 09-1-21GA, June 4, 2009

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2008, BDO Seidman, LLP prepared a final report on the District of Columbia Public Schools (DCPS) Budgetary Comparison Schedule – Governmental Funds.

BDO Seidman, LLP opined that the schedule presented fairly, in all material respects, the original budget, final budget, and actual revenues, expenditures, and other sources/uses of the DCPS - which represents a portion of the District of Columbia's General Fund and Federal and Private Resources Fund - for the year ended September 30, 2008, in conformity with Generally Accepted Accounting Principles.

District of Columbia Public Schools Report on Internal Control over Financial Reporting and Advisory Comments for the Year Ended September 30, 2008, OIG No. 09-1-21GA(a), June 8, 2009

In conjunction with the audit of the District of Columbia Public School's (DCPS) Budgetary Comparison Schedule – Governmental Funds and Supplemental Information (with Independent Auditor's Report Thereon) for the fiscal year ended September 30, 2008, BDO Seidman, LLP prepared a report on material weaknesses and significant deficiencies in

FISCAL YEAR 2009 AUDIT REPORT SUMMARIES

internal control over financial reporting and advisory comments. This report provided recommendations, a summary of management responses, and the status of actions planned/taken to resolve noted deficiencies at DCPS.

District of Columbia Unemployment Compensation Fund Financial Statements and Management's Discussion and Analysis (with Independent Auditors' Report Thereon) Years Ended September 30, 2008, and 2007, OIG No. 09-1-24BH, June 11, 2009

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2008, the independent auditor issued a final report on the District of Columbia Unemployment Compensation Fund (Fund).

The independent auditor opined that the financial statements presented fairly, in all material respects, the financial position of the Fund for the years ended September 30, 2008, and 2007, in conformity with accounting principles generally accepted in the United States of America.

Audit of the Department of Employment Services' Summer Youth Program, OIG No. 08-2-28CF, June 17, 2009

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

Audit of Parking Lot Revenue at the University of the District of Columbia, OIG No. 08-2-03GG, June 19, 2009

The report discusses our review of internal controls over collection of cash receipts for parking operations that included analyses of fluctuations in daily parking revenue, (particularly during evening hours), inadequate control and accountability of parking decals, the need to modify re-entry procedures to require an additional fee, and discrepancies in the reporting of parking revenue. Further, we noted a need to segregate cashier duties for receiving and approving parking decal applications, issuing parking decals, and receiving and reporting parking decal revenue; and parking lot attendant responsibilities for collecting and reconciling daily cash receipts. In addition, there were no supervisory reviews of daily cash reconciliations and UDC had not developed comprehensive written procedures for its parking operations.

We also conducted a benchmarking review at surrounding universities at the request of UDC management to aid in determining alternative ways for operating UDC parking facilities, particularly the feasibility of automating parking lot operations. Our benchmarking results provided UDC with data detailing parking garage/lot practices and technology used by

FISCAL YEAR 2009 AUDIT REPORT SUMMARIES

comparative educational institutions in the surrounding metropolitan area to aid management in making an informed decision as to whether UDC should automate its parking garage operations.

Audit of the Motor Fuel Sales and Tax Process, OIG No. 09-2-02KA, July 23, 2009

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

District of Columbia Annuitants' Health and Life Insurance Employer Contribution Trust Fund Financial Statements and Management's Discussion and Analysis (with Independent Auditors' Report Thereon) Years Ended September 30, 2008, and 2007, OIG No. 09-1-35RH, August 7, 2009

As part of our contract for the audit of the District of Columbia's general purpose financial statements for FY 2008, BDO Seidman, LLP (BDO) submitted a final report on the District of Columbia Annuitants' Health and Life Insurance Employer Contribution Trust Fund (Fund).

BDO opined that the financial statements presented fairly, in all material respects, the financial position of the Fund, for the year ended September 30, 2008, in conformity with accounting principles generally accepted in the United States of America. The financial statements of the Fund as of and for the year ended September 30, 2007, were audited by other auditors whose report, dated March 26, 2008, expressed an unqualified opinion on those financial statements. In accordance with *Government Accounting Standards*, BDO has also issued its report on consideration of the Fund's internal control over financial reporting and on its tests of the Fund's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

Professional Engineers' Fund Financial Statement Audit for the Fiscal Year Ended September 30, 2008, OIG No. 09-1-08CR, September 9, 2009

In our opinion, the financial statements presented fairly, in all material respects, the financial position of the Department of Consumer and Regulatory Affairs-Professional Engineers' Fund as of September 30, 2008, and the results of its operations for the year then ended, in conformity with Generally Accepted Accounting Principles.

Our audit did not identify any major issues of internal control weaknesses or noncompliance with regulations that we considered material or reportable conditions during our audit.

FISCAL YEAR 2009 AUDIT REPORT SUMMARIES

Status of the Office of the Chief Financial Officer’s Reconciliation of Bank and Investment Accounts as of March 31, 2009, OIG No. 09-1-10MA(a), September 16, 2009

As part of our contract for the audit of the District of Columbia’s general purpose financial statements for FY 2008 and in response to a request we received from a D.C. councilmember, BDO Seidman, LLP evaluated the Chief Financial Officer’s (CFO) progress in reconciling bank and investment accounts for the 6 months ended March 31, 2009. As part of the agreed upon procedures, BDO Seidman, LLP selected 39 accounts for review. Exceptions noted included items over \$1,000 that were not recorded timely or accurately.

Audit of Grant Awarded by the Department of Health’s Community Health Administration, OIG No. 08-2-04HC, September 23, 2009

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



**FISCAL YEAR 2009 INSPECTIONS AND EVALUATIONS DIVISION
PERFORMANCE MEASURES STATISTICS**

Activity	FY 2009 Target	FY 2009 Actual¹
Number of Final Inspection/Evaluation Reports Issued	10	16

¹ Ten of the 16 reports pertained to inspection activities conducted during FY 2009; 6 of the reports documented inspection activities that were completed during previous fiscal years and were referenced in preceding annual reports.



**FISCAL YEAR 2009 INSPECTIONS AND EVALUATIONS DIVISION
FINDINGS AND RECOMMENDATIONS STATISTICS**

Report	Findings	Recommendations
MAR 09-I-001: Department of Youth Rehabilitation Services – <i>Asbestos Risk Found in Building #10</i>	1	5
MAR 09-I-002: Office of Property Management/Protective Services Division – <i>Protective Services Officers Lack Critical Equipment</i>	1	2
MIR 09-I-001: Department of Public Works – <i>Concerns Regarding the Availability and Status of Emergency Fixed and Mobile Generators</i>	1	2
MAR 09-I-003: Office of Property Management/Protective Services Division – <i>Some Security Posts in District-Owned and -Leased Buildings Lack or Do Not Have Sufficient Post Orders</i>	2	4
MAR 09-I-004: Alcoholic Beverage Regulation Administration and Metropolitan Police Department – <i>ABRA Lacks Investigative Policies and Procedures to Avoid Conflicts With Criminal Investigations</i>	1	2
MAR 09-I-005: Executive Office of the Mayor and Department on Disability Services – <i>Mayor Has Not Appointed All Members of the State Rehabilitation Council in Line with Federal Regulations</i>	1	1
MAR 09-I-006: Department of Human Resources/Benefits and Retirement Administration – <i>Documents Containing District Employees' and Retirees' Personal Data Not Safeguarded</i>	1	2

**FISCAL YEAR 2009 INSPECTIONS AND EVALUATIONS DIVISION
FINDINGS AND RECOMMENDATIONS STATISTICS**

Report	Findings	Recommendations
MAR 09-I-007: Alcoholic Beverage Regulation Administration and Office of Property Management – <i>National Criminal Background Checks Not Required for License Applicants</i>	1	2
MAR 09-I-008: Executive Office of the Mayor, Department of Health, and Department on Disability Services – <i>DDS Medical Evaluation Unit is Not Licensed or Inspected</i>	1	3
MAR 09-I-009: Metropolitan Police Department/Youth Investigations Division – <i>Confidential Information Not Secure; Building Conditions May Pose Health Hazards</i>	3	4
Total	13	27

**FISCAL YEARS 2008 & 2009 INVESTIGATIONS DIVISION
PERFORMANCE MEASURE STATISTICS**

Activity	FY 2008 Targets	FY 2008 Actuals	FY 2009 Targets	FY 2009 Actuals
Evaluate all complaints within 10 days of receipt in the Investigations Division	80%	94%	82%	99%
Complete or convert every preliminary investigation within 30 business days of assignment to investigator in the Investigations Division	80%	91%	80%	95%
Prepare a referral letter to the appropriate District department or agency within 10 work days of a complaint being assigned to the Investigations Division Referral Program	85%	99%	85%	100%



**INVESTIGATIONS DIVISION PERFORMANCE STATISTICS
FISCAL YEARS 2006 - 2009**

Activity	FY 2006	FY 2007	FY 2008	FY 2009
Complaints Received	433	551	585	635
Formal Investigations Opened	102	118	208	136
Formal Investigations Closed ¹	99	175	130	79
Zero Files	140	88	97	170
Referrals	191	301	280	329
Referrals Closed	193	316	272	296
Cases Presented to USAO	66	92	90	37
Cases Accepted by USAO	20	22	26	18
Cases Presented to OAG	14	17	28	8
Cases Accepted by OAG	3	3	9	7
Restitutions and Fines	\$511,939	\$2,525,460.27	\$5,005,256.79	\$127,230,002.44
Recoveries	\$233,238	\$49,655.41	\$460,184.21	\$11,807.14
Convictions	18	12	30	16
Indictments	14	7	7	17
Searches Conducted	16	7	12	22
Subpoenas Served	61	49	78	132
ROIs	9	6	7	4
MARs	2	0	4	2

¹ These numbers do not include Zero files.

**INVESTIGATIONS DIVISION PERFORMANCE STATISTICS
FISCAL YEARS 2006 - 2009**

Activity	FY 2006	FY 2007	FY 2008	FY 2009
FARs	1	0	1	0
Administrative Reports of Closure	96	153	159	68

**FISCAL YEAR 2009 INVESTIGATIONS DIVISION
CASES CLOSED BY AGENCY**

Agency/Department/Office	Total
Alcoholic Beverage Regulation Administration	3
Cable Television and Telecommunications, Office of	1
Campaign Finance, Office of	2
Chief Financial Officer, Office of the	3
Chief Technology Officer, Office of the	1
Child and Family Services Agency	4
Consumer and Regulatory Affairs, Department of	8
Contracting and Procurement, Office of	1
Corrections, Department of	1
Disability Services, Department on	2
Employment Services, Department of	3
Fire & Emergency Medical Services Department	6
Health, Department of	7
Human Resources, Department of	3
Human Services, Department of	3
Inspector General, Office of the	1
Mental Health, Department of	1
Metropolitan Police Department	2
Motor Vehicles, Department of	4
Parks and Recreation, Department of	1
Property Management, Office of (now Department of Real Estate Services)	5
Public Schools, District of Columbia	5
Public Works, Department of	4
Small, Local, and Disadvantaged Business Development, Office of	1
Sports and Entertainment Commission	1
State Superintendent of Education, Office of the	1
Tax and Revenue, Office of	2
Unified Communications, Office of	2
Water and Sewer Authority	1
Total Closed Investigations	79



FISCAL YEAR 2009 HOTLINE STATISTICS BY QUARTER

Category	Q1	Q2	Q3	Q4	Total
Threats to public health, to public safety, or to the environment; or involving unsafe working conditions	1	1	8	4	14
Physical assaults or threats of violence	0	1	1	0	2
Fraud, theft, or false claims	10	9	7	8	34
Bribery, extortion, kickbacks, or illegal gratuities	1	1	0	2	4
Misuse of government funds or property, or use of official position for private gain	3	7	6	2	18
Governmental waste, inefficiency, or mismanagement	11	9	4	4	28
Contract fraud or procurement violations	2	1	3	2	8
False statements	1	2	3	0	6
Ethics violations and conflicts of interest	0	1	1	1	3
Time and attendance fraud	2	3	5	2	12
Harassment, retaliation, or abuse of authority by a supervisor or by another government official	2	1	5	2	10
Hiring, promotion, or other treatment of employees in violation of personnel regulations	2	3	3	3	11
Incivility or lack of response from an agency	0	0	0	0	0
Miscellaneous	3	4	4	1	12
Totals	38	43	50	31	162



FISCAL YEAR 2009 INVESTIGATIONS DIVISION REFERRAL STATISTICS

Agency	No. of Referrals
Advisory Neighborhood Commission 8B	1
Attorney General for the District of Columbia, Office of	5
Board of Elections and Ethics	1
Board of Real Property Assessments and Appeals	1
Campaign Finance, Office of	2
Chief Financial Officer, Office of the	21
Chief Technology Officer, Office of the	1
Child and Family Services Agency	7
Consumer and Regulatory Affairs, Department of	24
Contracting and Procurement, Office of	6
Corrections, Department of	1
Disability Services, Department on	1
Employment Services, Department of	11
Environment, Department of the	1
Federal Referrals*	27
Fire and Emergency Medical Services Department	3
Health, Department of	5
Housing Authority	2
Housing and Community Development, Department of	1
Human Resources, Department of	18
Human Services, Department of	14
Inspector General, Office of (Audit Division)	5
Inspector General, Office of (Inspections and Evaluations Division)	7
Inspector General, Office of (Medicaid Fraud Control Unit)	8
Insurance, Securities and Banking, Department of	2
Mental Health, Department of	1
Metropolitan Police Department	26
Motor Vehicles, Department of	27
Parks and Recreation, Department of	9
Pay and Retirement Services, Office of	1
Planning, Office of	1
Police and Firefighters' Retirement and Relief Board	1
Private Company	1

FISCAL YEAR 2009 INVESTIGATIONS DIVISION REFERRAL STATISTICS

Agency	No. of Referrals
Property Management, Office of (now Department of Real Estate Services)	4
Public Employee Relations Board	1
Public Library	1
Public Schools	22
Public Schools (Public Education Facilities Management, Office of)	1
Public Schools (Transportation Division)	3
Public Works, Department of	16
Risk Management, Office of	4
Split Referrals**	16
State Superintendent of Education, Office of the	3
Transportation, Department of	5
State Referrals***	5
Unified Communications, Office of	1
United Planning Organization	1
University of the District of Columbia	3
Youth Rehabilitation Services, Department of	1
Total Referrals	329

*Federal Referrals (27)

Defense, Department of	1
Energy, Department of	1
Federal Bureau of Indian Affairs	1
Federal Emergency Management Agency	1
Federal Trade Commission	1
Housing and Urban Development, Department of	3
Justice, Department of	1
Justice, Office of the Inspector General, Department of	4
Justice, Office of Professional Responsibility, Department of	1
Labor, Department of	1
Merit Systems Protection Board	1
Park Police	1

FISCAL YEAR 2009 INVESTIGATIONS DIVISION REFERRAL STATISTICS

Postal Service, Office of the Inspector General	1
Probation Office	1
Secret Service	1
Securities and Exchange Commission	1
Social Security Administration	1
U.S. Attorney, Office of the	2
Veterans' Affairs, Department of	1
Veterans' Affairs, Office of the Inspector General, Department of	2

****Split Referrals (16)**

Department of Human Services and D.C. Housing Authority
 Department of Consumer and Regulatory Affairs and Department of Housing
 and Community Development
 Department of Consumer and Regulatory Affairs and Office of the Chief
 Financial Officer
 Department of Human Resources and Office of the State Superintendent
 of Education
 Department of Human Resources and Department of Health
 Department of Human Services and Department of Employment Services
 Department of Health and Office of the Chief Financial Officer
 Department of Public Works and Office of the State Superintendent of Education
 Metropolitan Police Department and Office of Contracting and Procurement
 Metropolitan Police Department and U.S. Attorney's Office
 Office of the Chief Technology Officer and Office of Risk Management
 D.C. National Guard and OIG Audit Division
 District Department of Transportation and Department of Motor Vehicles
 Metropolitan Police Department, Department of Human Services, and U.S. Department of
 Health and Human Services OIG
 Office of Labor Relations, Office of the State Superintendent of Education, and Public
 Employee Relations Board
 U.S. Marshals Service and Central Intelligence Agency

*****State Referrals (5)**

Florida Division of Forestry
 Maryland District Court

FISCAL YEAR 2009 INVESTIGATIONS DIVISION REFERRAL STATISTICS

Tennessee Bureau of Investigation
Virginia Office of the Attorney General
Washington Medicaid Fraud Control Unit

FISCAL YEAR 2009 INVESTIGATIONS DIVISION REFERRAL RESOLUTIONS

Referral Resolutions	No. of Referrals
Agency Deadline Not Yet Expired	61
Referral Sent With No Response Requested	147
Allegation(s) Unsubstantiated	31
Allegation(s) Disproven	17
Agency Addressed Citizen's Complaints	14
Counseling, Training, or Instruction Provided	1
Agency Reviewed/Revised Its Procedures	8
Agency Explained the Issue/No Action Required	19
Case Closed Administratively	3
Agency Failed Timely to Respond – Delinquent*	8
Case Consolidated Into Another Case	8
Benefits, Contract, or Employment Terminated	4
Employee Reassigned	1
Restitutions/Recoveries/Fines	1
Miscellaneous**	6
Total	329

* DPW: 8

- ** 1. Subject is a private company.
 2. Agency engaged in ongoing enforcement proceedings.
 3. Complainant could not be contacted for further information.
 4. Subject building is an embassy.
 5. The subjects are no longer agency employees, so disciplinary action is not possible.
 6. Potential conflict of interest was recognized and addressed proactively.



FISCAL YEAR 2009 MFCU PERFORMANCE MEASURE STATISTICS

Performance Goal	FY 2009 Target	FY 2009 Actual
Obtain 12 criminal/civil resolutions (plea, settlement, or verdict) in fiscal year	12	19



**MEDICAID FRAUD CONTROL UNIT PERFORMANCE STATISTICS
FISCAL YEARS 2008 & 2009**

Performance Statistics	FY 2008	FY 2009
Number of unusual incident reports received	3985	4234
Number of fraud matters initiated	54	42
Number of abuse, neglect, or sexual assault matters initiated	247	235
Number of theft or funds misappropriation matters initiated	5	8
Provide training/in-service education to relevant entities	5	3
Criminal and Civil Resolutions	17	19
Criminal Convictions	8	15
Plea Agreements	5	8
Guilty Verdicts	3	7
Civil Resolutions	9	4



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