



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

FISCAL YEAR 2010 AUDIT AND INSPECTION PLAN

**CHARLES J. WILLOUGHBY
INSPECTOR GENERAL**

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

Inspector General



August 31, 2009

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

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

RE: Office of the Inspector General's Fiscal Year 2010 Audit and Inspection Plan

Dear Mayor Fenty and Chairman Gray:

This letter transmits the Office of the Inspector General's (OIG) *Fiscal Year 2010 Audit and Inspection Plan* (Plan). This Plan has been prepared pursuant to D.C. Code § 2-302.08 (a)(3)(I) (2001), which states, in part, that the Inspector General shall "[n]ot later than 30 days before the beginning of each fiscal year . . . and in consultation with the Mayor... [and] the Council. . . establish an annual plan for audits to be conducted under this paragraph. . . ." For your convenience, as we did last year, we have incorporated our strategy for inspections into the Plan.

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

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

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

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

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

The reality of having limited resources and the unknown priorities arising from exigencies throughout the year often determine how many audits or inspections we can ultimately initiate and complete in any fiscal year. Further, many of the audit and inspection areas included transcend a given fiscal year. In order to ensure the most effective and efficient use of our resources, audits and inspections are coordinated to complement one another and to avoid duplication of effort.

It is our hope that District managers will use this Plan to help further identify risk areas within their respective agencies so that they may begin to address issues identified herein, or previously reported, and begin to take actions to improve operational efficiencies before our audit or inspection. Accordingly, this plan should be viewed by management as a risk assessment of District programs and operations.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Charles J. Willoughby". The signature is written in a cursive, flowing style.

Charles J. Willoughby
Inspector General

Enclosure

CJW/cf

cc: See Distribution List

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**FISCAL YEAR 2010
AUDIT AND INSPECTION PLAN**

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Fiscal Year 2010 Audit and Inspection Plan

INTRODUCTION

INTRODUCTION

The Office of the Inspector General (OIG) is pleased to present the Fiscal Year 2010 Audit and Inspection Plan (Plan) for the Government of the District of Columbia. Pursuant to D.C. Code § 2-302.08(a)(3)(I) (2001), the OIG, in consultation with the Mayor and the District of Columbia City Council (Council), is required to establish an audit plan 30 days prior to the commencement of the new fiscal year.

The Plan includes descriptions of mandated and discretionary audits and inspections to be conducted in the upcoming fiscal year based on risk assessments of vulnerable programs and issues; input from the District's executive and legislative leadership, agency officials, and other stakeholders; and the requirements of federal law. We have also included audits and inspections ongoing as of September 1, 2009.

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

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

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

We have undertaken an ambitious Plan, shaped in part by concerns raised by District leadership. Accordingly, our Plan reflects ideas and suggestions from the Mayor's office, Councilmembers, District agency officials, and others. Additionally, recognizing the sizeable investment the federal government has undertaken for national economic recovery, the Fiscal Year 2010 Plan includes a new and seventh strategic initiative, stimulus spending. According to the Office of the Chief Financial Officer (OCFO), approximately \$900 million will be provided to the District under the American Recovery and Reinvestment Act of 2009 (ARRA). Therefore, it is important that we focus efforts on some of the major spending issues/programs receiving ARRA funding such as education, transportation, and Medicaid. To the extent made possible by our limited resources, we plan to work with the Governmental Accountability Office (GAO) and the applicable federal OIG offices, providing oversight of these ARRA-impacted programs as a complement to oversight efforts taken at the federal level.

The listing of a particular audit or inspection in this plan does not necessarily mean that problems exist or guarantee that a review will be undertaken. The reality of having limited resources and the unknown priorities arising from exigencies throughout the year often determine which audits or inspections can ultimately be initiated in any fiscal year. Additionally, this plan is designed to address audit areas that transcend a given fiscal year until identified risks facing the District are mitigated.

The following is a brief explanation of the audit and inspection process and a short summary of each audit and inspection, ongoing as of September 1, 2009, or planned for Fiscal Year 2010. They are categorized first by theme and then by issue area within a theme. Issue areas are not mutually exclusive of other themes; however, an audit or inspection is listed under the issue area where the majority of the reviews are intended to focus their efforts.

THE AUDIT PROCESS

THE AUDIT PROCESS

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

Engagement Letter

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

Entrance Conference

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

Fieldwork

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

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

Keeping Agency Officials Informed

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

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

This early communication serves three purposes:

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

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

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

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

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

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

ADDITIONAL REPORTING MECHANISMS

ADDITIONAL REPORTING MECHANISMS

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

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

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

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

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

AUDIT THEME/AGENCY INDEX

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2. Intermediate Care Facilities for Persons with Developmental Disabilities	HT	O	27
3. Medicaid Eligibility	JA/HT	P	27
4. Rate Setting For Healthcare Providers	HT	P	28
5. Children and Adolescent Supplemental Security Income Program	HT	P	29
6. District-Owned Nursing Homes	BY/HT	P	29
7. Existence of Durable Medical Equipment/ Prosthetics, Orthotics, and Supplies Providers	HT	P	30
8. Medicaid Non-Direct Services Contracts	HT/PO	P	31
9. Third-Party Liability	HT	P	31
10. Human Care Agreements	MA	P	32
11. Alliance Eligibility	JA/HT	P	32
B. Grant Management			
12. Review of Grant Allegations at the Department of Health	HC	O	34
13. Office of the Attorney General’s Grant Agreement with District of Columbia Bar Foundation	CB	O	35
14. Appropriated Funds for Citizen Protection	AE	P	35

¹ Agency’s codes identified correspond to the two-digit codes assigned by Mayor’s Budget Office. “MA” represents audits for which fieldwork will be conducted at multiple agencies.

² “O” indicates the review is ongoing as of September 1, 2009, and “P” indicates the review is planned to start in FY 2010.

Theme/Issue Area/Review Title	A G E N C Y ¹	S T A T U S ²	P A G E
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17. Delinquent Tax Collections/Offers In Compromise	AT	P	37
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19. Building Permits and Certificate of Occupancy Fees	CR	O	38
20. Parking/Traffic Enforcement and Adjudication	KV/KT	P	39
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25. Qualifications and Background Checks for Contracting Officials	MA	O	44
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Theme/Issue Area/Review Title	A G E N C Y ¹	S T A T U S ²	P A G E
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32. Vendor/Provider Payment Process	MA	P	48
33. Forecast and Allocation of Fixed Costs – Phase II	AM	P	49
34. District of Columbia Supply Schedule	PO	P	49
35. Consolidated Forensics Laboratory	MA	P	50
36. Construction and Building Permits at the Department of Consumer and Regulatory Affairs	CR	P	51
37. Expert and Consulting Services	MA	P	51
38. Construction Contracts	MA	P	52
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39. Energy Assistance Program	KG	P	52
40. The Department of Disability Services	MA	P	53
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Theme/Issue Area/Review Title	A G E N C Y ¹	S T A T U S ²	P A G E
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49. DCRA Inspection of Residential Properties	CR	P	60
50. HSEMA's Emergency Plans and Strategies	BN	P	60
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55. Systems Development Life Cycle Reviews	MA	P	65
56. District Agencies' Efforts to Protect Sensitive Information	MA	P	65
57. Application Control Review of the Medicaid Management Information System	MA	P	66
58. Application Control Review of the Integrated Tax System	AT	P	67
59. Application Control Review of the DMV Online Services System	KV	P	67

Theme/Issue Area/Review Title	A G E N C Y ¹	S T A T U S ²	P A G E
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61. Employee Qualifications and Background Checks	MA	P	69
62. Educational Requirements for District Jobs/Positions	MA	P	69
63. Correctional Officer Qualifications and Training	FL	P	70
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72. Follow-Up Audit of Recommendations Made in the Council of the District of Columbia's Office of Tax and Revenue Investigation Special Committee's Report of Investigation	AT	O	76
73. Follow-Up Audit on Recommendations Contained in the District of Columbia's Independent Auditors' Report On Internal Control And Compliance Over Financial Reporting for Fiscal Year Ended September 30, 2008	MA	O	77
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Theme/Issue Area/Review Title	A G E N C Y ¹	S T A T U S ²	P A G E
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83. Student Activity Funds	GA	P	83
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87. The Federal Medical Assistance Percentage Increase Under the American Recovery and Reinvestment Act of 2009	MA	P	87
88. Construction Contracts Awarded Under the American Recovery and Reinvestment Act	MA	P	88

PLANNED AND ONGOING AUDITS

Revenue Enhancement

As the nation's capital, the District's taxable property base is reduced by about 42 percent for expressly exempted real property (i.e., federal buildings, foreign embassies, national monuments, and museums.) This severely limits the District's ability to generate additional revenue, making it increasingly difficult to meet planned spending levels. For FY 2010, we will continue to focus on audits that assess whether the District is effective in levying and collecting tax-based revenue, acting on all grant-based revenue opportunities, executing effective Medicaid reimbursement programs in the agencies, and optimizing other revenue generating activities. These audits address whether the District is maximizing its revenue potential from all known revenue sources. For FY 2010, the gross funds operating budget is about \$8 billion.

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

A. Medicaid

The District's Medicaid Program will spend over \$1 billion on healthcare in FY 2010. The Medicaid Program has been of continuing concern to the District for some time and has been identified in recent Management Reports related to the Comprehensive Annual Financial Report as a material weakness affecting the District's financial management infrastructure. Past Congressional committees, as well as the Mayor and the Council, have recognized that Medicaid is a serious problem for the District that has threatened the solvency of some District agencies. For these reasons, the OIG has designated the Medicaid Program as a major issue area until the risk to the District is more manageable. Additionally, D.C. Law 17-0109 established the Department of Health Care Finance (DHCF) effective February 27, 2008, to finance healthcare services associated with the Medicaid and Alliance Programs. Accordingly, our plan for Medicaid coverage is citywide and comprehensive. Medicaid audit topics include: payment of claims; eligibility of recipients; provider rates; durable medical equipment/prosthetics, orthotics, and supplies; contracts; third party liability; and human care agreements.

NO. 1 **Department of Health Care Finance** **STATUS: Ongoing**

TITLE: **MEDICAID CLAIMS AT DEPARTMENT OF HEALTH CARE FINANCE**

OBJECTIVES: The objective of the audit is to determine whether Medicaid claims processed for payment were accurate, legitimate, and supported by appropriate documentation.

JUSTIFICATION: The single state agency responsible for the District Medicaid Program is the Department of Health Care Finance (DHCF), a cabinet-level agency created in FY 2008 to replace the Department of Health, Medical Assistance Administration. Enrollment in the District Medicaid Program was about 150,000 in FY 2008. Affiliated Computer Services, Inc. (ACS) owns and operates the Medicaid Management Information System (MMIS), which processed 5.7 million claims representing payments of \$889 million in FY 2007. Federal authorities conservatively estimate that 3 percent of Medicaid dollars are paid to providers who are defrauding the government. This percentage does not account for claims that are paid erroneously. The first segment of this audit will focus on Medicaid claims submitted by healthcare providers under the purview of the DHCF.

Other potential audit segments will focus on Medicaid claims either denied for payment by Public Provider Agencies such as DCPS, CFSA, and DMH or approved for payment and then denied when submitted to the District's fiscal agent via the MMIS. When claims are denied, the District general fund is used because providers must be paid for furnished services. Of 822,498 Public Provider Agency claims processed in FY 2007, 804,476 (or 98 percent) were denied by MMIS. Most often, claims are denied because duplicate claims exist or supporting documentation is not adequate or non-existent. The disallowances at DCPS and CFSA that resulted in millions of dollars being returned to the federal government, which were reported by the FY 2008 Comprehensive Annual Financial Report (CAFR), are expected to continue for claims submitted during FY 2009. According to a June 29, 2009, article in The Examiner, the District temporarily discontinued Medicaid billing within CFSA because the agency lost \$82 million from 2003-2008 (average of \$13.7 million per year) and budget documents indicate that the agency will lose another \$95 million in 2009-2010 (average of \$47.5 million per year).

Our audit would be conducted as part of our oversight role relative to the American Recovery and Reinvestment Act of 2009 because DHCF plans to use a portion of the stimulus funds to handle the expected increase in Medicaid recipients due to the economic downturn.

NO. 4 **Department of Health Care Finance** **STATUS: Start FY 2010**

TITLE: **RATE SETTING FOR HEALTHCARE PROVIDERS**

OBJECTIVES: Our audit objectives are to evaluate the DHCF methodology for setting rates for healthcare providers, and determine if the methodology resulted in allowable, reasonable, and adequately supported rates.

JUSTIFICATION: The District uses different methodologies to set rates of healthcare providers based on the type of service provided. Accordingly, we plan to conduct a series of rate setting audits that will cover, in part, nursing homes, hospitals, home and community based services wavier providers, and Alliance Managed Care Organizations.

The D.C. Healthcare Alliance (Alliance Program) is a District-funded program designed to provide medical assistance to needy District residents who are not eligible for federally-funded Medicaid benefits. The DHCF FY 2010 proposed budget for the Alliance Program is about \$107 million. The District began using Managed Care Organizations (MCOs) that coordinate medical services for Medicaid recipients through a network of physicians and other healthcare providers to coordinate medical services for Alliance recipients. In 2007, we performed an audit of the District's MCOs and found that the District paid about \$90 million in excess profits because of a flawed rate setting methodology.

This audit would be conducted as part of our oversight role relative to the American Recovery and Reinvestment Act of 2009 because DHCF plans to use a portion of the stimulus funds to offset budget deficits that could impact rate increases that were approved before the economic downturn.

NO. 8 **Department of Health Care Finance/** **STATUS: Start FY 2010**
Office of Contracting and Procurement

TITLE: **MEDICAID NON-DIRECT SERVICES CONTRACTS**

OBJECTIVES: Our objectives are to determine whether Medicaid non-direct services contracts were properly awarded and monitored.

JUSTIFICATION: The OIG Medicaid Research Project team identified that Medicaid non-direct services contracts valued at about \$300.1 million were in place during FY 2008. These contracts cover such diverse areas as quality assurance, managed care, information technology, actuarial services, non-emergency transportation broker services, and consulting services. The legislation making DHCF an independent cabinet-level agency effective October 1, 2008, gave the agency temporary independent procurement authority. The agency hired a contracting officer but continues to work with Office of Contracting and Procurement to award Medicaid non-direct services contracts. DHCF program officials would be responsible for monitoring Medicaid non-direct services contracts. The first audit segment would focus on the contract with the District's contractor responsible for evaluating the quality of care and services provided by Medicaid providers.

NO. 9 **Department of Health Care Finance** **STATUS: Start FY 2010**

TITLE: **THIRD-PARTY LIABILITY**

OBJECTIVES: The audit objectives are to determine whether Medicaid funding is used as the payer of last resort for District Medicaid enrollees' health-care costs. Specifically, we would determine whether the District identifies, bills, and collects all funds from third-party insurers for medical expenses of Medicaid enrollees.

JUSTIFICATION: The District is responsible for having a plan in place to identify Medicaid enrollees' other sources of healthcare coverage and determine the extent of liability of such third-party claims to avoid payment of claims that should be covered by another entity. Third parties include, in part: private health insurance (e.g. union, retired, and /or military); divorce judgments citing parties responsible for health care support; child support orders; and automobile insurance for injuries sustained in motor vehicle accidents. The DHCF has a third-party liability recovery unit. Prior GAO audits have determined that

complied with the Alliance Performance Improvement Plan and approved only applicants who met Alliance eligibility requirements. Specifically, we will evaluate whether IMA officials identified high risk applicants, reviewed potential duplicate applicants, conducted database checks with other States, and timely transferred Medicare- and Medicaid-eligible recipients out of the Alliance program.

JUSTIFICATION: The D.C. Healthcare Alliance (Alliance) is a District-funded program designed to provide medical assistance to needy District residents who are not eligible for federally-funded Medicaid benefits. To be eligible for the Alliance the applicant must live in the District, have no health insurance (including Medicare and Medicaid), and make less money (before taxes) than 200 percent of the federal poverty level. IMA officials use the Automated Client Eligibility Determination System (ACEDS) to determine Alliance eligibility. More than 49,000 people were enrolled in the Alliance program in FY 2008.

District officials issued the Alliance Performance Improvement Plan on February 27, 2008, in response to an external audit, which cited concerns regarding Alliance eligibility. For example, the report indicates that IMA did not consistently transfer Alliance participants between the ages of 50 and 64 to the Medicaid Waiver Program in a timely manner. The audit report also cites concerns regarding duplicate records, in which multiple cases were attributed to one person.

This audit would be conducted as part of our oversight role relative to the American Recovery and Reinvestment Act of 2009 because DHCF plans to use a portion of the stimulus funds to cover budget deficits including spending pressures in the Alliance Program.

B. Grant Management

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

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

NO. 12	Department of Health	STATUS: Ongoing
TITLE:	REVIEW OF GRANT ALLEGATIONS AT THE DEPARTMENT OF HEALTH	
OBJECTIVES:	The audit objectives are to review the allegations of improprieties related to the award of grants to sub recipients. We will also examine Department of Health's (DOH's) internal controls relative to the management of these grants.	
JUSTIFICATION:	This review is being conducted in response to allegations of waste and mismanagement in the administration of four grants awarded by the DOH's Community Health Administration. The allegations centered on the ability of the four sub-recipients to perform the requirements of the grants within the specified time periods, apparent waste of District funds for unallowable costs charged to the grants, and lack of effective oversight of these grant awards.	

NO. 13 **Office of the Attorney General** **STATUS: Ongoing**

TITLE: **OFFICE OF THE ATTORNEY GENERAL’S (OAG) GRANT AGREEMENT WITH THE DISTRICT OF COLUMBIA BAR FOUNDATION (DCBF)**

OBJECTIVES: The objectives of the audits are to determine whether: (1) the DCBF complied with applicable laws, regulations, and terms and conditions set forth in the grant agreement; (2) established internal controls adequately safeguard grant funds from fraud, waste, and abuse; and (3) the OAG adequately monitored DCBF activities relative to these programs.

JUSTIFICATION: The audit was undertaken in response to a request from the OAG, which wanted feedback on whether two programs, the Poverty Lawyers Loan Assistance Repayment Program and the Civil Legal Services Grant Program, currently operated and managed by the DCBF, were operating in accordance with established criteria, and whether there were controls in place to adequately safeguard funds expended under each program.

NO. 14 **Multi-Agency** **STATUS: Start FY 2010**

TITLE: **APPROPRIATED FUNDS FOR CITIZEN PROTECTION**

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

JUSTIFICATION: The District’s public safety agencies are tasked with developing and leading interagency public safety programs to improve the quality of life within neighborhoods. With the growing concern for the safety of District resident’s, visitors, and workforce, it is imperative that we use all available resources to support the District's public safety and justice strategic goals and ensure that the District government is operationally ready to respond to an emergency of any size.

C. Tax Collections

Tax collections generate the bulk of revenue to finance District operations paid from the General Fund. For FY 2010, District local source revenue is forecasted to be \$4.9 billion. Further, the Government Accountability Office, as well as District officials, has drawn attention to the structural imbalance in the District's revenue system that limits the District's ability to generate additional revenue. Thus, the efficiency of tax collection automated systems and the effectiveness of policies, procedures, and internal controls play a pivotal role in enabling the District to maximize collection of taxes due to the city.

NO. 15 **Office of the Chief Financial Officer** **STATUS: Start FY 2010**

TITLE: **TAX COLLECTION EFFORTS AT THE OFFICE OF TAX AND REVENUE**

OBJECTIVES: The objectives of the audit are to: (1) evaluate the effectiveness of the Office of Tax and Revenue's (OTR's) internal control policies and procedures for collecting delinquent taxes, interests and penalties; (2) ensure compliance with the D.C. Code regarding enforcement actions taken against delinquent taxpayers; and (3) assess the effectiveness of the collection agencies under contract to collect delinquent taxes, interests and penalties.

JUSTIFICATION: OTR's Integrated Tax System (ITS) assigns delinquent tax cases randomly to tax revenue officers. ITS assigns annually 2,000 – 3,000 cases to each tax revenue officer. Based on discussion with officials at OTR's Collection Division, the average number of cases that a tax revenue officer can manage is 200 - 400 a year and the rest of the cases are given by OTR to collection agencies. In addition, ITS does not include: 1) a case management module to classify the delinquent tax cases based on dollar amount, tax type, or tax year; and 2) a tax period delinquency investigation module to generate a letter or a note if a taxpayer does not file the required tax return on time.

NO. 16 **Office of the Chief Financial Officer** **STATUS: Start FY 2010**

TITLE: **COLLECTION OF BUSINESS FRANCHISE TAXES**

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

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

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

NO. 17 **Office of the Chief Financial Officer** **Status: Start FY 2010**

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

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

JUSTIFICATION: OTR is responsible for collecting taxes due the District of Columbia government. Individual, corporate, and unincorporated income taxes are the largest source of revenue for the District government. Individual income tax is the largest of the three. For FY 2010, anticipated income from franchise and property taxes are estimated at nearly \$4 billion.

The D.C. Code grants OTR the right to file liens, place levies on taxpayers' properties, and seize and sell taxpayer properties to collect taxes owed to the District government.

D. Other Revenue Issues

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

NO. 18 **Multi-Agency** **STATUS: Ongoing**

TITLE: **CONDOMINIUM CONVERSION FEES**

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

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

NO. 19 **Department of Consumer and Regulatory Affairs/
Office of the Chief Financial Officer** **STATUS: Ongoing**

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

OBJECTIVES: Our audit objectives are to: (1) evaluate the adequacy of procedures for collecting building permit and certificate of occupancy fees collected by Department of Consumer and Regulatory Affairs (DCRA) and the Office of the Chief Financial Officer (OCFO); (2) review the design and operation of internal controls over the collection of permit

and occupancy fees, and surveyor, and zoning violation fees; and (3) review and report on compliance with laws and regulations.

JUSTIFICATION: Included in DCRA’s mission is the responsibility for issuing licenses and permits, conducting inspections, enforcing building, housing, and safety codes, and regulating land use and development. Building permits and certificates of occupancy are an important revenue source for the District and provide a basis for assuring that housing and building safety codes are met and enforced. Permit and occupancy revenues account for millions of dollars in revenues for the District government. There is concern that because the DCRA and OCFO do not reconcile revenue (collected for housing and construction permits, certificates of occupancy, or surveyor and zoning violations) with the actual number of permits and certificates issued, revenue may be less than should be maximized, and health and safety risks may exist.

NO. 20 **Department of Motor Vehicles (DMV) STATUS: Start FY 2010**
Department of Public Works (DPW)

TITLE: **PARKING/TRAFFIC ENFORCEMENT AND ADJUDICATION**

OBJECTIVES: The audit objectives are to determine: (1) the effectiveness of policies and procedures for dismissing tickets; (2) whether the District’s parking dismissal statistics are comparable to other similar jurisdictions; and (3) if parking enforcement is issuing tickets to drivers who should not have received a citation.

JUSTIFICATION: *The Washington Times* printed an article titled “Ticketed in D.C. It’s Fine Only Half the Time; City Tosses Many Citations,” dated May 28, 2009, at page A01. The article reported that “[t]icket adjudicators in the District are dismissing about half the parking and traffic citations issued to those who contest them....” A D.C. Councilmember as well as the Mayor have expressed concerns over this data.

The DPW Parking Services Administration enforces on-street parking laws by issuing tickets. Currently, the District has about 200 parking officers monitoring at least 17,000 meters and 3,500 blocks of residential zoned parking. The DMV develops, administers, provides adjudication services for, and enforces the vehicular laws of the District with an emphasis on driver education and customer service.

The Metropolitan Police Department (MPD) also regulates parking and vehicular traffic by issuing parking and moving violation citations.

NO. 21 **Metropolitan Police Department** **STATUS: Start FY 2010**

TITLE: **THE CRIME VICTIMS COMPENSATION FUND**

OBJECTIVES: The audit objectives are to evaluate the adequacy of the Metropolitan Police Department's (MPD) internal controls for collecting, handling, and safeguarding revenue generated from fines. We will also determine if MPD properly managed revenue in accordance with applicable District and federal laws and regulations, particularly as it relates to submission of funds collected to the Crime Victim's Compensation Fund.

JUSTIFICATION: A June 22, 2009, *Washington Examiner* article titled "Thousands in Fines Go Missing in D.C.," reported that D.C. police officials cannot account for thousands of dollars in cash or receipts from nearly 200 misdemeanor cases. According to the D.C. Superior Court the city's victims compensation fund has been shorted 181 times since July 2008, records show.

People who are arrested for minor crimes, such as drinking in public or having expired license plates, can pay small fines and be released. The money in this fund also consists of a grant from the U.S. Department of Justice Office for Victims of Crime and a portion of the general revenue of the court. The fines paid are supposed to be handed over to the D.C. Superior Court, which then gives it to victims of serious crimes in the District. These funds assist with crime-related expenses such as funeral and burial costs, medical and mental health cost, lost wages, and the cost of temporary shelter. The most recent statistic published by the court noted that \$8.4 million was paid to victims in 2007.

NO. 22 **Multi-Agency** **STATUS: Start FY 2010**

TITLE: **DISPOSAL OF SURPLUS IT EQUIPMENT**

OBJECTIVES: The audit objectives are to determine whether the District's management and oversight of the disposal of information technology (IT) equipment adequately addresses potential security, environmental, and financial risks such as ensuring that:

- (1) information residing on surplus and salvage computer equipment is effectively removed or destroyed to prevent unauthorized disclosure of sensitive information;

- (2) surplus and salvage computer equipment is disposed of in an environmentally responsible manner;
- (3) adequate controls are in place to prevent unauthorized removal or theft of surplus and salvage computer equipment;
- (4) the District receives its fair share of the funds from the disposal of surplus IT assets; and
- (5) the disposal of all IT assets is adequately documented and handled in compliance with the applicable regulations and contracts.

JUSTIFICATION: Inadequate controls over surplus property increase the likelihood that equipment can be converted for personal gain without detection. The review will identify opportunities for savings from fiscally and environmentally sound disposal practices and will ensure that the District disposes of surplus IT equipment in compliance with guidance to protect and secure sensitive information.

NO. 23 **D. C. Lottery and Charitable Games Control Board** **STATUS: Start 2010**

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

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

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

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

II. SPENDING AND EFFICIENT USE OF RESOURCES

Spending pressures in the last couple of years have sharpened our resolve to examine programs that present the greatest risk of monetary drain on District funds. As such, we have ongoing audits that address the efficiency of operations at various District agencies. For FY 2010, we plan to review various programs related to the Office of the Chief Financial Officer, as well as infrastructure issues such as capital improvement. We will also concentrate on procurement of goods and services, focusing on the acquisition of computer hardware; software and services; consultant contracts; and sole source contracting.

A. Procurement

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

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

NO. 24	University of the District of Columbia	STATUS: Ongoing
TITLE:	SELECTED CONTRACTS AT THE UNIVERSITY OF THE DISTRICT OF COLUMBIA (UDC)	
OBJECTIVES:	The overall objectives of the audit are to determine whether contracting actions at UDC were: (1) in compliance with requirements of applicable laws, rules and regulations, and policies and procedures; (2) awarded and administered in an efficient, effective, and economical manner; and (3) conducted in a manner where internal controls were in place to safeguard against fraud, waste, and abuse.	

JUSTIFICATION: We received a request from the former president of UDC to perform an audit of a contract award made to a specific vendor. He expressed concerns involving the acquisition of sporting goods acquired under contract and whether all contract requirements were adhered to, particularly delivery of all goods.

NO. 25 **Office of Contracting and Procurement** **STATUS: Ongoing**

TITLE: **QUALIFICATIONS AND BACKGROUND CHECKS FOR CONTRACTING OFFICIALS**

OBJECTIVES: Our audit objectives are to determine whether controls are in place to ensure that contracting officials are: (1) qualified to hold such positions; (2) properly trained to perform in such positions; and (3) subjected to adequate background checks to provide a measure of assurance that selected individuals do not abuse any position of trust.

JUSTIFICATION: Over the past several years, the OIG has repeatedly issued reports about contracting and procurement irregularities often traced to poor contracting officer decisions, a lack of training, or questionable business acumen. We are performing this audit as part of our continuing audit coverage of procurement and contract administration in the District, and as part of our oversight role relative to the American Recovery and Reinvestment Act of 2009.

NO. 26 **Office of the Chief Technology Officer** **STATUS: Ongoing**
Office of Contracting and Procurement

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

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

JUSTIFICATION: This audit was requested by the Chief Technology Officer and Chief Procurement Officer and is also part of our continuing audit coverage of procurement and contract administration in the District of Columbia.

procedures used for the security services contract awarded to Hawk One Security, Inc.

NO. 29 **Office of Contracting and Procurement** **STATUS: Start FY 2010**

TITLE: **POST-AWARD AUDITS OF CONTRACTS**

OBJECTIVES: The audit objective is to determine whether the contracting officers obtained fair and reasonable prices by performing post-award audits of contractor cost or pricing data submitted with contractor proposals.

JUSTIFICATION: Title 27 of the District of Columbia Municipal Regulations (DCMR) Section 1624.1, requires the contracting officer to require contractors “to submit and certify cost or pricing data for any contract awarded through competitive sealed proposals, sole source [proposals] or any change order or contract modification.” Further, 27 DCMR §1626.1(a) and (b) require the contracting officer to perform a cost analysis for the award of any contract or modification in excess of \$500,000.

One of the primary tools available to the District for ensuring contracts have been executed at reasonable prices is the post-award audit. The post-award audit will analyze all elements of the contractor’s proposed costs estimated to be incurred in the performance of the contract; evaluate the contractor’s estimating system; and identify and recommend changes to the contractor’s systems or procedures to ensure compliance with applicable District laws and regulations. One of the areas where we may realize significant benefits from post-award audits is capital spending. For FY09, the District’s budget for capital spending was almost \$1.2 billion, and the forecasted requirement for FY 2010 is more than \$1.1 billion.

NO. 30 **Office of Contracting and Procurement STATUS: Start FY 2010**
Office of the Chief Technology Officer

TITLE: **THE INFORMATION TECHNOLOGY STAFF**
AUGMENTATION (ITSA) CONTRACT

OBJECTIVES: The audit objectives are to determine whether the: (1) ITSA solicitation was properly competed, proposals were fairly evaluated, and the ITSA contract properly awarded; (2) contract has yielded the projected publicized cost savings of \$5-10 million and annual resource savings of 12,000 – 18,000 hours; (3) contract has resulted in broader participation by the District’s Certified Business Enterprise (CBE) contractors; (4) contract set-aside target of 95 percent of total contract dollars to be awarded to CBE vendors was met; (5) prime contractor or any of its subsidiaries or affiliated enterprises participated fairly in the “open market” or non set-aside portion of the contract; (6) prime contractor was awarded more than 5 percent of the total value of the contract, excluding the hourly service fee; and, (7) Office of the Chief Technology Officer (OCTO) program managers, contracting officer, and contracting officer’s technical representative are effectively performing their responsibilities under the contract. These expansive audit objectives will likely be addressed in a series of audits.

JUSTIFICATION: On August 19, 2008, the D.C. government signed a contract valued at \$75 million with Optimal Services Solutions, Inc. to be the prime contractor for the provision of IT Staff Augmentation (ITSA) services to the District. The intent of the contract is to replace the DC Supply Schedule contracts for IT Services and in doing so, the District would realize significant cost savings from supply schedule prices and reduced manpower requirements on the District’s Office of Contracting and Procurement (OCP).

For an hourly service fee, the prime contractor’s responsibilities include receiving all staff augmentation requisitions for IT services from OCTO, soliciting quotes/proposals from the Certified Business Enterprise participating vendors, screening proposals for compliance with requirements and developing CBE vendor participation in the contract.

NO. 31 **Office of Contracting and Procurement** **STATUS: Start FY 2010**

TITLE: **SECURITY OF D.C GOVERNMENT ASSETS**

OBJECTIVES: The audit objective is to determine whether the Office of Contracting and Procurement (OCP) has policies and procedures in place to ensure that contractors who perform the District government's projects are adequately insured to be able to fully compensate the District for collateral damages caused by contractors performing their contracts.

JUSTIFICATION: On April 30, 2007, a fire broke out at the Georgetown Library where contractors were undertaking a major renovation. Although the contract had an indemnification clause that protected the District from any loss, the contractor had general liability insurance coverage of only \$2 million. The estimated cost to rebuild the historic structure is \$40 to \$50 million. This left District tax payers with the burden of providing the additional funds needed to restore the structure.

NO. 32 **Multi-Agency** **STATUS: Start FY 2010**

TITLE: **VENDOR/PROVIDER PAYMENT PROCESS**

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

JUSTIFICATION: Numerous audits have described weaknesses in the processes used to process payments. The processes used to make payments to vendors, (contractors, grantee organizations, vendors, non-profit organizations, and other service providers) require the involvement of several agencies and key people, including payment personnel from the Office of the Chief Financial Officer (OCFO), contracting officers from the Office of Contracting and Procurement, Contracting Officer Technical Representatives (COTRs) and program monitors/users from the agencies who required and received the goods or services. Past audits have reported process failures at all levels and within all agencies

involved in the payment process. With nearly \$2 billion spent each year on goods and services, the risks of fraud, waste, and abuse are high. The District could benefit significantly from an independent assessment of the payment process.

NO. 33 **Department of Real Estate Services** **STATUS: Start FY 2010**

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

OBJECTIVES: The audit objectives are to determine whether: (1) the Department of Real Estate Services (DRES), formerly the Office of Property Management, has policies, procedures, and controls in place to address the acquisition and management of leases; (2) contractual rental rates are supported by market indicators; and (3) operational pass-through costs charged by lessors are adequately supported and valid.

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

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

NO. 34 **Office of Contracting and Procurement** **STATUS: Start FY 2010**

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

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

NO. 36 **Department of Consumer and Regulatory Affairs** **STATUS: Start FY 2010**

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

OBJECTIVES: Our audit objectives are to determine whether: (1) written policies and procedures on inspections exist and are followed as prescribed; (2) adequate supervision of inspectors on staff exists in order to prevent incidents of impropriety; and (3) DCRA appropriately responded to consumer complaints surrounding the activities of their inspectors.

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

NO. 37 **Multi-Agency** **STATUS: Start FY 2010**

TITLE: **EXPERT AND CONSULTING SERVICES**

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

JUSTIFICATION: OCP contracts for expert and consulting services on behalf of District agencies to provide specialized services. However, recent audits have shown that little, if any, effective competition was obtained in awarding these high-dollar value contracts; that unusually high labor rates were paid for the services; and that it did not appear that the District obtained “best value” when it awarded these contracts. A

residents into the program; (3) complied with requirements of applicable laws, regulations, and policies and procedures; and (4) implemented internal controls to prevent fraud, waste, and abuse.

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

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

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

NO. 40 **Multi-Agency** **STATUS: Start FY 2010**

TITLE: **THE DEPARTMENT OF DISABILITY SERVICES**

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

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

NO. 41 **Department of Health** **STATUS: Start FY 2010**

TITLE: **ADDICTION PREVENTION AND RECOVERY
ADMINISTRATION**

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

JUSTIFICATION: The Department of Health APRA provides regulatory standards for the delivery of prevention and treatment services to District residents who are addicted or at risk of becoming addicted to alcohol, tobacco, and other drugs. APRA is responsible for the certification of District facilities and programs in accordance with 29 DCMR §2300.1. The APRA budget approximates \$44 million.

C. Other Spending Programs

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

NO. 42 **Alcoholic Beverage Regulation
Administration** **STATUS: Start FY 2010**

TITLE: **ALCOHOLIC BEVERAGE REGULATION ADMINISTRATION**

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

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

The ABRA is an independent District of Columbia regulatory agency and operates under the authority of a seven-member Alcoholic Beverage Control (ABC) Board that sets policy parameters for the agency.

NO. 43 **Multi-Agency** **STATUS: Start FY 2010**

TITLE: **“O”-TYPE REVENUE FUNDS**

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

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

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

NO. 44 **Office of Finance and Resource Management** **STATUS: Start FY 2010**

TITLE: **ASSET MANAGEMENT PROGRAM**

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

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

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

NO. 45 **Multi-Agency** **STATUS: Start FY 2010**

TITLE: **VACANT AND ABANDONED PROPERTY**

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

JUSTIFICATION: In January 2002, former Mayor Anthony Williams introduced the Home Again Initiative to transform vacant and abandoned residential properties into single-family homeownership opportunities for residents. These initiatives continue with Mayor Fenty's Housing Initiative to convert vacant and underutilized buildings into new housing opportunities. The goals of the program are to encourage property owners to rehabilitate and/or occupy their vacant and abandoned residential property and acquire, dispose of, and rehabilitate properties when owners fail to maintain them. Qualified developers submit bids for the purchase and development of a bundle of properties controlled by the District. The bids are evaluated based on several factors and once the bundle is awarded, the developer selected must complete the proposed rehabilitation within 1 year of purchase.

NO. 46 **Water and Sewer Authority** **STATUS: Start FY 2010**

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

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

JUSTIFICATION: For FY 2010, WASA will spend about \$77 million to procure a variety of goods and services to support its mission objectives. How WASA spends its money could have a direct affect on water and sewage rates, which in turn affects all District residents.

III. DELIVERY OF CITIZEN SERVICES

In the last few years, we have increased our audit and inspection coverage of agencies responsible for delivery of essential citizen services. In FY 2010, we plan to provide audit and inspection coverage for many of the large District service organizations. The common goal of these reviews will be to improve the efficiency and effectiveness of municipal services to District residents.

A. Core Services

District leaders frequently have expressed concern about whether taxpayer dollars are used optimally to serve citizens' best interests in a number of areas. We share these concerns and have completed audits on housing issues, child support services (accounting for foster children), community development (Department of Housing and Community Development), and mental health (St. Elizabeths Hospital). For FY 2010, we have planned audits of several service-based organizations, including the Department of Consumer and Regulatory Affairs; the Office of the Chief Technology Officer; the Department of Health; the Department of Employment Services; the District Department of Transportation; and the D.C. Taxicab Commission.

NO. 47 **Department of Employment Services** **STATUS: Start FY 2010**

TITLE: **THE WORKERS' COMPENSATION PROGRAM**

OBJECTIVES: The audit objects are to (1) determine the adequacy of the process for granting and disbursing claims; (2) evaluate compliance with laws, regulations, and established policies and procedures; and (3) evaluate the capability of identifying suspect or fraudulent claims.

JUSTIFICATION: The Department of Employment Services (DOES) plans, develops, and administers employment-related services for all District employees. The DOES can also issue fines for non-compliance with the law, and monitors vocational rehabilitation. DOES processes claims and monitors payment of benefits to injured private-sector employees in the District of Columbia. The office mediates disputes between claimants, employers, or employers' insurance carriers, and monitors employers to ensure compliance with insurance coverage requirement.

The program also administers the special/second injury fund, which provides benefits in cases of uninsured employers or in instances where

an injury combined with a pre-existing disability to cause a substantially greater disability. The Workers Compensation Office also approves lump-sum settlements, and assesses penalties. Administrators of the program estimate that fraud accounts for up to ten percent of the cost of workers' compensation premiums. In the past, there have been allegations that over 2,000 District employees received both bi-weekly paychecks and workers' compensation checks. Therefore, conducting this audit will ensure that District employees receiving workers' compensation benefits are eligible and that DOES has proper internal controls to prevent processing fraudulent claims.

NO. 48 **Department of Health** **STATUS: Start FY 2010**

TITLE: **FOOD SAFETY AND HYGIENE INSPECTION**

OBJECTIVE: The audit objectives are to determine whether food establishments in the District of Columbia are receiving proper safety and hygiene inspections, and to determine the qualifications and adequacy (in terms of personnel to support mission goals) of food inspectors.

JUSTIFICATION: According to the agency's mission, the Food Safety and Hygiene Inspection Services Division (FSHISD) make certain that residents and visitors to the District of Columbia consume healthy and safe food. The Division ensures the safety of the food supply and sanitation of non-food health facilities through inspections, enforcement, education and training. The Division administers an inspection program to address risk factors known to contribute to food-borne illness. Staff enforces regulations that reduce the risk of food borne illness, ensures food products are honestly and accurately represented, and promotes public and industry awareness and understanding of legal requirements and responsibilities of the food establishments and other non-food health facilities.

With about 4,700 food establishments throughout the District of Columbia, it is uncertain if these establishments are receiving proper inspection. The FSHISD staff consists of 17 sanitarians, two supervisors, a program manager, and a food technologist - a total of 21 staff members - to provide inspection coverage for 4,700 food establishments. Civil fines, penalties, or related costs may be imposed against any food establishment, owner, or person in charge for violation of the *Food and Food Operations* regulations found in Title 25 DCMR, Chapter 47. See 25 DCMR §4700.1. The District of Columbia should ensure that all food establishments are inspected and health and safety rules are not violated.

NO. 49 **Department of Consumer and Regulatory Affairs (DCRA)** **STATUS: Start FY 2010**

TITLE: **DCRA INSPECTION OF RESIDENTIAL PROPERTIES**

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

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

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

NO. 50 **HOMELAND SECURITY AND EMERGENCY MANAGEMENT AGENCY (HSEMA)** **STATUS: Start FY 2010**

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

OBJECTIVES: The objective is to evaluate the effectiveness of the agency's operations in providing 24-hour emergency assistance to the public in order to save lives and protect property in the District of Columbia by: (1) mobilizing

and deploying emergency services personnel and resources; (2) updating emergency operation plans and strategies; (3) training emergency personnel; (4) informing the public of impending emergencies and disasters; and (5) testing its own recovery plans.

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

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

NO. 51 **Department of Transportation** **STATUS: Start FY 2010**

TITLE: **THE DISTRICT DEPARTMENT OF TRANSPORTATION**

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

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

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

NO. 52 **D.C. Taxicab Commission** **STATUS: Start FY 2010**

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

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

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

The Taxicab Commission provides a wide assortment of information about taxicab and limousine services in the District of Columbia and surrounding areas. The Commission fulfills its mission through the regulation, oversight, and enforcement of the public vehicle-for-hire industry. The Commission conducts its operations through two advisory panels, a nine-member commission, and the Office of Taxicabs. The proposed FY 2010 budget for the D.C. Taxicab Commission is \$2.1 million. There are 18 FTE's.

IV. SUPPORT SERVICES

A. Information Systems

An information technology (IT) audit is an examination of the controls within an entity's IT infrastructure. The IT audit focuses on determining risks that are relevant to IT assets or IT area, and assessing controls in order to reduce or mitigate these risks. The OIG has the following five classifications for its IT reviews:

- (1) IT Enterprise Management and Governance Review - Includes a review of the leadership and staff, plans, policies, procedures, and standards employed to manage the IT environment.
- (2) Data Facility/General Control Review - A review of the controls over the processing environment of an IT facility. Generally, the review includes a review of the following: (1) management; (2) operational policies, procedures and standards; (3) environmental controls; (4) physical/logical security administration; (5) change management; (6) contingency planning, and (7) SDLC management.
- (3) Application Control Review - A review of relevant operational controls and inherent application controls that support the functions surrounding the collection, input, processing, and output of data supporting a business process.
- (4) System Development Life Cycle Review - A review conducted to determine whether management has followed a rational and structured project management structure, replete with effective incremental control mechanisms, for system development projects.
- (5) Support Infrastructure Review - Includes, but is not limited to, a review of periphery and support IT and IT-related infrastructures, for example: (1) Wide Area Networks; (2) Local Area Networks; (3) databases; (4) e-mail systems; and (5) telecommunication systems and networks.
- (6) Service Level Agreements and Contracts, - Reviews undertaken to determine the feasibility or ongoing feasibility of contracting for IT and IT-related services.

NO. 53 **Office of the Chief Technology Officer** **STATUS: Ongoing**

TITLE: **GOVERNANCE AND CONTROL OVER THE DISTRICT'S INFORMATION TECHNOLOGY RESOURCES**

OBJECTIVES: The overall objective of the audit is to determine the adequacy of OCTO's governance and control structures over existing and planned IT resources and infrastructures. Specifically, we will survey the District's: (1) existing IT resources and infrastructures; (2) planned future IT systems and infrastructures; and (3) management controls over the various IT resources and IT-related issues.

JUSTIFICATION: The OIG is committed to conducting IT and IT-related audits; however, the Office has not developed or assessed the breadth of the District's existing or planned IT resources and infrastructure. Currently, in the absence of a comprehensive IT resource listing, the OIG Audit Division utilizes an ad hoc methodology of selecting IT and IT-related audits, which limits the division's ability to perform risk assessments and priority matrixes. This review will detail deficiencies and gaps in the District's governance and control over its IT and IT-related resources. Additionally, this review will provide us with a comprehensive listing or database of the District's IT resources in order to more efficiently and effectively select, plan, and execute IT and IT-related audits.

NO. 54 **Multi-Agency** **STATUS: Start FY 2010**

TITLE: **DISTRICT DATA FACILITY REVIEWS**

OBJECTIVES: The audit objective is to determine the adequacy of the general controls at selected data centers. We would review the management structures and general controls, such as: (1) organizational and administrative organization and structure; (2) operational policies, procedures and standards; (3) human capital management; (4) environmental controls; (5) physical/ logical security administration; (6) change management; (7) configuration management; (8) cost management; (9) disaster recovery planning; (10) SDLC management; and (11) business resumption planning.

JUSTIFICATION: Data centers are the hub of many of the District's IT services and houses many of the District's critical business and program applications. These reviews would provide the District with some

NO. 58 **Office of the Chief Financial Officer** **STATUS: Start FY 2010**

TITLE: **APPLICATION CONTROL REVIEW OF THE INTEGRATED TAX SYSTEM**

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

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

In addition to charges filed against several employees in the Office of Tax and Revenue's (OTR's) highly publicized property tax refund scandal, two other officials in the same office were recently charged in a separate phony refund scheme. These employees exploited weaknesses in the automated tax system and manual processes to obtain refunds illegally. In response to these fraudulent activities, OCFO officials claim that they have implemented a new system of checks and balances. The importance of application controls is manifest in the fact that the ITS processes billions of dollars in taxes each year. This audit will examine adequacy of controls in ITS and supporting processes.

NO. 59 **Department of Motor Vehicles (DMV)** **STATUS: Start FY 2010**

TITLE: **APPLICATION CONTROL REVIEW OF THE DMV ONLINE SERVICES SYSTEM**

OBJECTIVES: Determine whether adequate operational and application controls exist over the DMV system and whether the system is performing as intended.

JUSTIFICATION: DMV online services allow motorists to perform several driver and vehicle transactions online. Using these online services, D.C. residents can avoid a trip to DMV offices and conduct their DMV business wherever and whenever necessary. DMV provides four online services including driver licenses, learner permits, and driver records; non-driver identification cards; senior driver information; information on driver medical requirements; and automobile dealer and agency

provide insight into whether DCHR is acquiring the best qualified people in terms of experience and education.

NO. 63 **Department of Corrections** **STATUS: Start FY 2010**

TITLE: **CORRECTIONAL OFFICER QUALIFICATIONS AND TRAINING**

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

JUSTIFICATION: The DOC ensures public safety by providing sufficient security and safe confinement of pretrial detainees and for convicted offenders. The DOC program has a proposed budget of about \$135 million for fiscal year 2010. The DOC operates the Central Detention Facility (DC Jail) with an inmate capacity of more than 2,000.

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

NO. 64 **Multi-Agency** **STATUS: Start FY 2010**

TITLE: **DISTRICT EMPLOYEE SUSPENSIONS WITH PAY**

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

JUSTIFICATION: In the recent past, media reports indicated that some teachers and employees in the District of Columbia Public Schools were suspended from their duties and placed on administrative leave with pay pending an administrative hearing, which may be pending for months or years. Employees on administrative leave get full pay but perform no work. Some employees on extended administrative leave may be working elsewhere. The audit will explore the administrative leave process to

records payable time, leave, holiday time, etc. into the PeopleSoft system and a supervisor approves the employee's time entered into the system. Agencies have employed various parallel timekeeping requirements such as sign in and sign out sheets, time logs, and other forms of daily timekeeping. In addition, annual and sick leave forms are still required for all requested leave. We believe that without established and consistent procedures being employed within the District agencies, an opportunity exists to abuse the timekeeping process.

V. AUDITS REQUIRED BY LAW

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

A. Financial Integrity

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

NO. 67	Multi-Agency	STATUS: Ongoing/ Start FY 2010
TITLE:	COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR FY 2009	
OBJECTIVES:	<p>The objective of this engagement is to secure services of an independent CPA firm to perform the annual audit of the District government's financial statements. Once a contractor is selected, the OIG provides oversight of the progress of the audit and addresses any issues that may arise from the audit or that may prevent the audit from timely completion. The OIG chairs the audit oversight committee, conducting regular meetings with committee members and interacting with the CFO and CPA firm throughout the audit engagement.</p> <p>In fulfilling our oversight role, the OIG is responsible for: (1) monitoring the reliability and integrity of the CFO's financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance; (2) monitoring the independence and performance of the CPA firm; and (3) providing an open avenue of communication among the auditors, the Executive Office of the Mayor, the D.C. Council, the CFO, and other District management officials.</p>	

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

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

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

NO. 68 **Department of Housing and Community Development** **STATUS: Ongoing/ Start FY 2010**

TITLE: **HOME PURCHASE ASSISTANCE FUND**

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

JUSTIFICATION: D.C. Code § 42-2605 (2001) requires the OIG to conduct an annual audit of this fund. The Mayor is required to report on the financial condition of this fund to Congress and the Council within 6 months after the end of the preceding fiscal year.

NO. 71 **Department of Public Works** **STATUS: Ongoing/
Start FY 2010**

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

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

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

NO. 72 **Office of the Chief Financial Officer** **STATUS: Ongoing**

TITLE: **FOLLOW-UP AUDIT OF RECOMMENDATIONS MADE IN
THE COUNCIL OF THE DISTRICT OF COLUMBIA'S
OFFICE OF TAX AND REVENUE INVESTIGATION SPECIAL
COMMITTEE'S REPORT OF INVESTIGATION**

OBJECTIVES: To determine whether the Office of the Chief Financial Officer (OCFO) has implemented agreed-to recommendations, specifically those recommendations intended to correct reported deficiencies at Office of Tax and Revenue (OTR).

JUSTIFICATION: On February 6, 2009, during the District of Columbia Council's (Council) Committee of the Whole hearing on the fiscal year 2008 District Comprehensive Annual Financial Report, the Council requested that the OIG perform a follow-up audit of recommendations contained in the Report of Investigation prepared by Wilmer Cutler Pickering Hale and Dorr LLP (Wilmer Hale).

VI. DISTRICT OF COLUMBIA EDUCATION PROGRAMS

The cost of operating the District of Columbia Education Programs (DCEP) for FY 2010 will exceed \$1.2 billion, nearly one-fifth of the District’s budget authority. Included in this budget authority is about \$771 million for the District of Columbia Public Schools (DCPS) public education, \$149 million for non-public tuition programs managed by the Office of the State Superintendent of Education (OSSE), \$32 million for facilities maintenance and repair, \$236 million in capital budget funding for the Office of Public Education Facilities Modernization (OPEFM), and \$77 million for special education student transportation. With the recent decentralization of DCPS’s functions, the OIG will continue to review these activities through its resident audit site, which conducts audits, interacts with school officials for prompt resolution, and recommends corrective action. Additionally, our resident audit site provides aggressive follow-up on past recommendations and advises school officials of the actions needed to resolve recurrent deficiencies. The audits of District of Columbia Education Programs (DCEP) included in our Plan for FY 2010 represent suggestions made by elected officials, DCPS officials, and audit research based on previous audits of various education issues. In evaluating a variety of school issues, our plan is not to merely arrive at the technical solutions to complex problems, but to provide DCEP officials and educators with the tools to make sufficiently sound decisions and effect positive improvements.

NO. 75	District of Columbia Public Schools	STATUS: Ongoing
TITLE:	PAYROLL VERIFICATION AUDIT FOR THE DISTRICT OF COLUMBIA PUBLIC SCHOOLS	
OBJECTIVES:	Our audit objective is to determine whether check recipients are current, bona-fide employees of the DCPS and affiliated offices whose employees are paid through DCPS payroll. Based on our audit results, the OIG may expand the audit to include other audit objectives.	
JUSTIFICATION:	The OIG is performing the audit due to concerns raised during the city-wide audit of the District’s financial statements for FY 2007. These concerns are addressed in the Independent Auditors’ Report on Internal Control and Compliance over Financial Reporting for FY 2007 (OIG No. 07-1-05MA). This report addresses the problems for the entire District government. However, a separate report, entitled “Material Weaknesses and Reportable Conditions in Internal Control Over Financial Reporting and Management Letter Comments for the year ended September 30, 2006” (OIG No. 07-1-22GA(a)) was issued on May 23, 2007, addressing payroll problems specific to DCPS.	

NO. 76 **Office of Public Education Facilities Modernization** **STATUS: Ongoing**

TITLE: **PROCUREMENT ACTIVITIES AT THE OFFICE OF PUBLIC EDUCATION FACILITIES MODERNIZATION**

OBJECTIVES: The overall objectives of the audit are to determine whether contracting actions at Office of Public Education Facilities Modernization (OPEFM) were: (1) in compliance with requirements of applicable laws, and procurement rules, regulations, policies and procedures; (2) awarded and administered in an efficient, effective, and economical manner; and (3) conducted in a manner where internal controls were in place to safeguard against fraud, waste, and abuse.

JUSTIFICATION: As part of the District of Columbia Public Education Reform Amendment Act of 2007, D.C. Law 17-9, effective June 12, 2007, the Mayor established the OPEFM, which is independent of DCPS. Pursuant to the § 703 of the Act, OPEFM has independent procurement authority. OPEFM has promulgated rules to implement its procurement authority, as required by the Act.

The proposed FY 2010 operating budget for OPEFM is \$31.6 million and the proposed capital budget is \$236.4 million. OPEFM contracts have never undergone an OIG audit, and given OPEFM's independent procurement authority and large capital budget expenditures, we believe that OPEFM's procurement activities warrant audit oversight.

NO. 77 **District of Columbia Public Schools** **STATUS: Ongoing**

TITLE: **MANAGEMENT OF TRUANCY AT DCPS**

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

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

multiple agency partners to combat truancy and truancy-related problems.

In 2007, DCPS reported that the truancy rate was 15.7 percent. By 2008, the truancy rate increased to 19.7 percent. The truancy rate for 2009 had not been published as of July 2009. The DCPS truancy rate reflects the percentage of students with 15 or more unexcused absences during a given school year. One of DCPS' goals is to reduce truancy. An independent assessment of DCPS' truancy program will provide an objective look at the effectiveness of the truancy initiatives.

The FY 2009 approved budget for truancy services was \$369,000. Beginning FY 2010, DCPS will no longer have a separate budget line item for truancy services. In October 2008, DCPS established the Office of Youth Engagement and truancy services fall under the purview of this newly established office. The proposed FY 2010 budget for the Office of Youth Engagement is \$2.6 million.

NO. 78 **Office of the State Superintendent of Education and DCPS Division of Transportation** **STATUS: Start FY 2010**

TITLE: **SPECIAL EDUCATION TRANSPORTATION**

OBJECTIVES: Our overall audit objectives are to determine whether the District (1) operated the special education transportation program in an efficient, effective, and economical manner; (2) complied with applicable laws, regulations, policies, and procedures for transporting special education students; and (3) implemented internal controls to safeguard against fraud, waste, and abuse.

JUSTIFICATION: The Individuals with Disabilities Education Act (IDEA) requires each state to ensure that a free appropriate public education is available to all eligible children with disabilities residing in that state. IDEA also requires states to provide related services for the children, such as transportation to and from school.

In January 1995, the families of special education students filed a class action lawsuit against the District (*Petties et al. v. D.C. et al.*) because the District failed to provide educational opportunities to students with disabilities, as required under the IDEA. In 2003, the federal court appointed a Transportation Administrator to oversee the operations of DCPS Division of Transportation. The Transportation Administrator,

who is independent of DCPS and OSSE, is responsible for implementing long-term institutional improvements to ensure students are safely and timely transported to and from school. OSSE currently provides auxiliary support to the Transportation Administrator, and when the federal court decides that the Transportation Administrator is no longer necessary, OSSE will assume oversight responsibility for special education transportation. The approved FY 2009 budget for special education transportation was \$75.5 million and the proposed budget for FY 2010 is \$77.4 million.

NO. 79 **District of Columbia Public Schools** **STATUS: Start FY 2010**

TITLE: **CONSULTING SERVICES CONTRACTS**

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

JUSTIFICATION: The Chancellor for DCPS has procurement authority independent of the Office of Contracting and Procurement. The DCPS Office of Contracts and Acquisitions (OCA) is responsible for awarding contracts on behalf of the Chancellor. OCA oversees a wide range of acquisitions from school supplies to computers. Consulting services contracts are included in the range of acquisitions that OCA oversees. Although DCPS has independent procurement authority, DCPS has elected to adhere to Title 27 of the District of Columbia Municipal Regulations (DCMR) in lieu of establishing its own procurement regulations.

Due to a recent audit, several concerns have been raised as to whether DCPS is contracting for consulting services in the most efficient and effective manner. For FY 2010, DCPS plans to spend over \$80 million for contractual services.

NO. 80 **District of Columbia Public Schools** **STATUS: Start FY 2010**

TITLE: **DCPS ATHLETICS PROGRAM**

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

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

The DCPS Department of Athletics is responsible for providing a comprehensive athletic program for students in grades 4 through 12. In addition, the department is responsible for: (1) coordinating the schedule of athletic events with security and game officials; (2) providing athletic health care services; (3) providing safe athletic equipment and supplies; (4) providing sport clinics for student-athletes and coaches to refine their skills and techniques; and (5) providing safe transportation to and from games. The budget for the athletics program has doubled in the last few years. The FY 2009 approved budget for the athletics program was \$5.6 million and the FY 2010 proposed budget is \$5.1 million.

NO. 81 **District of Columbia Public Schools** **STATUS: Start FY 2010**

TITLE: **MANAGEMENT OF ADMINISTRATIVE PAY**

OBJECTIVES: Our audit objectives are to: (1) determine whether DCPS employees are placed in administrative leave with pay status for extended periods of time without action or resolution of their cases; and (2) determine the extent to which untimely resolutions cause unwarranted cost.

JUSTIFICATION: DCPS employees are placed on administrative leave with pay for a variety of reasons. The length of time an employee is in this status varies depending on the circumstances surrounding the incident. When we conducted a series of audits of school security in FYs 2004 and 2005, we observed that DCPS employees were in administrative leave with pay status for prolonged periods. The process for reviewing and resolving incidents may have systemic problems that can be

addressed through an audit. Costs associated with placing employees in an administrative leave with pay status include the cost of downtime to the agency, the cost to employ a temporary employee, and the possibility of incurring overtime expenses of other staff.

NO. 82 **District of Columbia Public Schools** **STATUS: Start FY 2010**

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

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

JUSTIFICATION: The District spends in excess of \$200 million annually for costs associated with the special education program. Special education students include those students who have physical, emotional, mental, learning, or other health disabilities. The total enrollment of special education students in DCPS is approximately 11,000. Of the total enrollment, approximately 80 percent are in D.C. public schools, and the remaining 20 percent are in non-public day schools and residential treatment facilities. DCPS serves one of the highest percentages of special education populations in the country.

NO. 83 **District of Columbia Public Schools** **STATUS: Start FY 2010**
Office of the Chief Financial Officer

TITLE: **STUDENT ACTIVITY FUNDS**

OBJECTIVES: Our overall audit objectives are to determine whether: (1) there are adequate policies and procedures for accounting for the student activity funds (SAFs); and (2) school officials are complying with the established policies and procedures for administering the SAFs.

JUSTIFICATION: The SAFs include monies raised in the name of a school or for school organizations, monies collected from students, and monies collected at school-sponsored activities. The purpose of the fund is to promote the

general welfare, education, and morale of the students, and to finance the recognized extra-curricular activities of the student body.

The Office of the Chief Financial Officer established the policies and procedures for administering the SAFs. The SAF Policy Manual lists the items that school officials are allowed to purchase with the SAFs, along with the recordkeeping and reporting requirements. There are currently 127 SAFs within DCPS. Each school manages its own fund. The school principals are responsible for ensuring that the funds are administered in accordance with the established policies and procedures.

Several years ago, we conducted a series of SAF audits at several schools, including Ballou Senior High School and Margaret Murray Washington Career High School. During our audits, we found that school officials did not adhere to the established policies and procedures and school officials used their SAFs to pay disallowed costs (such as paying salaries to volunteers and catering parties for their staff). Since our review, allegations of improper use and mismanagement of the SAFs have continued.

NO. 84	Office of the State Superintendent of Education	STATUS: Ongoing
TITLE:	THE NON-PUBLIC TUITION PROGRAM	
OBJECTIVES:	Our overall audit objectives are to determine whether the Office of the State Superintendent of Education: (1) operated the non-public tuition program in an efficient, effective, and economical manner; (2) complied with applicable laws, regulations, policies, and procedures for making non-public tuition payments; and (3) implemented internal controls to safeguard against fraud, waste, and abuse.	
JUSTIFICATION:	The non-public tuition program serves children with special needs within the school system and children under the care of the Child and Family Services Agency, the Department of Mental Health, and the Department of Youth Rehabilitation Services. Non-public tuition funds a variety specialized services, including: (1) day and residential tuition to private educational organizations; (2) payment for related services at non-public facilities; (3) educational evaluations performed independently of DCPS; and (4) parental transportation reimbursement for certain expenses, such as special equipment and tutoring.	

There are approximately 2,200 special education students enrolled in non-public day schools and residential treatment facilities. These students receive specialized services pursuant to their Individual Education Plans developed under the Individuals with Disabilities Education Act. The FY 2009 approved budget for non-public tuition was \$141.7 million and the FY 2010 proposed budget is \$149.1 million.

NO. 85 **Office of Public Education Facilities** **STATUS: FY 2010**
Modernization

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

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

JUSTIFICATION: DCPS currently operates over 100 schools with an average building age exceeding 60 years. The combination of aging structures and deferred maintenance of the District's public school facilities has created many emergencies such as failing boilers, deteriorating walls, inoperable windows, and leaking roofs during the last several years. Facility condition is important not only from a safety standpoint, but well designed and maintained facilities can improve employee morale and provide students with an environment conducive for learning.

The OPEFM is responsible for overseeing the preventative maintenance schedule for various systems associated with the operation of DCPS schools and facilities, and managing routine maintenance, repairs, and small capital projects on DCPS schools and facilities that are beyond the scope of the janitorial and custodial staff. The cost for providing routine maintenance and repairs is included in OPEFM's operating budget.

VII. STIMULUS SPENDING

The American Recovery and Reinvestment Act of 2009 (Recovery Act) is estimated to cost about \$787 billion over the next several years, of which about \$280 billion will be administered through states and localities. The Recovery Act is an unprecedented effort to jumpstart our economy, save and create millions of jobs, and put a down payment on addressing long-neglected challenges so our country can thrive in the 21st century. 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 you will be able to know how, when, and where your tax dollars are being spent. The Act contains built-in measures to root out waste, inefficiency, and unnecessary spending.

The Recovery Act requires the Government Accountability Office (GAO) to perform reviews of the use of funds by selected states and localities. GAO's work is focused on 16 states and the District of Columbia—representing about 65 percent of the U.S. population and two-thirds of the intergovernmental federal assistance available through the Recovery Act. *See www.recovery.gov/?q=content/gao-findings* (last visited August 18, 2009).

To assist the District of Columbia (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, we believe it is necessary to audit this effort.

NO. 86 **Office of the State Superintendent of Education and District of Columbia Public Schools** **STATUS: Start FY 2010**

TITLE: **STIMULUS FUNDS APPROPRIATED FOR THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT**

OBJECTIVES: The audit objectives are to determine whether: (1) the Office of the State Superintendent of Education (OSSE) properly managed and distributed stimulus funds to the local education agencies (LEAs); and (2) the District of Columbia Public Schools (DCPS) used stimulus funds for intended purposes. As part of our review, we will also determine whether there is an appropriate level of accountability and transparency of stimulus funds received and expended in the District.

JUSTIFICATION: The American Recovery and Reinvestment Act (ARRA) of 2009 appropriated funding for programs under Parts B and C of the Individuals with Disabilities Education Act (IDEA). The funding will provide an opportunity for states to implement strategies for improving outcomes for infants, toddlers, children, and youth with disabilities. Under the ARRA, the IDEA funds are provided under three establishments: (1) \$11.3 billion is available for Part B - Grants to States; (2) \$400 million is available for Part B - Preschool Grants; and (3) \$500 million is available under Part C - Grants for Infants and Families. Of the IDEA funds provided under the three establishments, it is estimated that the District of Columbia will receive: (1) \$16.4 million for Part B - Grants to States; (2) \$260,486 for Part B - Preschool Grants; and (3) \$2.1 million for Part C - Grants for Infants and Families. See <http://www.ed.gov/policy/gen/leg/recovery/factsheet/idea.html> (last visited August 18, 2009).

As the state education agency for the District, OSSE will receive all stimulus funds made available for IDEA and will be responsible for distributing these funds to the District's LEAs, such as DCPS. Further, OSSE will be responsible for tracking and monitoring the use of these funds and ensuring they are spent for their intended purposes consistent with both the ARRA and other applicable federal laws. Our review will assess OSSE and DCPS' compliance with the applicable guidelines as well as protect the District from incurring disallowed cost and reimbursing the federal government for such cost.

NO. 87 **Department of Health and** **STATUS: Start FY 2010**
 Office of the Chief Financial Officer

TITLE: **THE FEDERAL MEDICAL ASSISTANCE PERCENTAGE**
 INCREASE UNDER THE AMERICAN RECOVERY AND
 REINVESTMENT ACT OF 2009

OBJECTIVES: The audit objectives are to determine if the Department of Health Care Finance (DHCF) and Office of the Chief Financial Officer officials developed the necessary guidelines to direct the use of the funding increase and used the funds for the reported purposes.

JUSTIFICATION: The American Recovery and Reinvestment Act of 2009 is an unprecedented effort to jumpstart our economy, create or save millions of jobs, and put a down payment on addressing long-neglected challenges so our country can thrive in the 21st century. As of June, 2009, more than 90 percent of the \$29 billion in federal outlays has

been provided through the increased Medicaid Federal Medical Assistance Percentage (FMAP) and the State Fiscal Stabilization Fund (SFSF) administered by the Department of Education.

Of the total amount awarded to the District through FMAP, \$74 million has been drawn as of June 3, 2009. While the increased FMAP available under the Recovery Act is for state expenditures for Medicaid services, the receipt of these funds may reduce the state share for their Medicaid programs. DHCF has reported through its website (and the latest GAO report) that the freed up money through increased FMAP is being used to fund anticipated growth in Medicaid enrollment, to prevent increases in beneficiary copayments, increase provider rates, and maintain current Medicaid eligibility levels. DHCF is responsible for tracking and reporting on the use of the increase FMAP. Considering the risks identified through prior OIG reports on the Medicaid program and the single audits, this Office could play a major role in assisting the District in providing proper oversight of these funds.

NO. 88 **District Department of Transportation** **STATUS: Start FY 2010**

TITLE: **CONSTRUCTION CONTRACTS AWARDED UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT**

OBJECTIVES: The audit objectives are to determine whether construction contracts were fairly and properly awarded and whether construction contracts awarded by DDOT for maintenance of highway projects are in compliance with Section 1511 of the American Recovery and Reinvestment Act of 2009.

JUSTIFICATION: The American Recovery and Reinvestment Act (ARRA) makes funds available to state and local governments for infrastructure investments. The U.S. Department of Transportation awarded the District Department of Transportation (DDOT) \$123.5 million for its highway infrastructure needs. DDOT in turn awarded fifteen construction contracts totaling \$65.9 million.

The Mayor of the District of Columbia certified that these “shovel ready” projects met requirements under Section 1511 of the ARRA. We need to determine whether DDOT met the federal requirements under Section 1511 of the Act and the contract awards complied with District procurement regulations.

THE INSPECTION AND EVALUATION PROCESS

THE INSPECTION AND EVALUATION PROCESS

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

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

The Federal Model

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

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

OIG Inspections and Reports

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

Follow-up, Compliance, and Re-Inspections

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

INSPECTIONS AND EVALUATIONS THEME/AGENCY INDEX

Theme/Issue Area/Review Title	A G E N C Y	S T A T U S ³	P A G E
I. Delivery of Citizen Services			
A. Core Services			
1. Inspection of the Child and Family Services Agency – Child Protective Services	RL	P	100
2. Inspection of the Department of Human Services – Adult Protective Services	JA	P	100
3. Special Evaluation of the Office of Unified Communications	UC	P	101
4. Special Evaluation of the Department on Disability Services: Developmental Disabilities Administration	JM	P	101
5. Special Evaluation: Report on Escapes from the Department of Youth Rehabilitation Services’ New Beginnings Youth Development Center – <i>Analysis and Comparison of The District’s “Missouri Model” Facility With Those in Other Jurisdictions</i>	JZ	P	102
6. Special Evaluation of the Department of Health’s Addiction Prevention and Recovery Administration – Detoxification Center	HC	O	103
7. Special Evaluation of the Department of Employment Services – Unemployment Compensation Program	CF	O	103
8. Special Evaluation of the Metropolitan Police Department – Youth Investigations Division	FA	O	104
9. Special Evaluation of the Alcoholic Beverage Regulation Administration	LQ	O	104
10. Special Evaluation of the Department of Real Estate Services ⁴ – Protective Services Division	AM	O	105
11. Inspection of the Department on Disability Services – Rehabilitation Services Administration	JM	O	105
12. Inspection of the D.C. Department of Human Resources – Part II: Benefits and Retirement Administration	BE	O	106
13. Inspection of the Public Service Commission	DH	O	107
14. Inspection of the D.C. Homeland Security and Emergency Management Agency	BN	O	107
15. Re-Inspection of the Department of Youth Rehabilitation Services – Oak Hill Youth Center ⁵	JZ	O	108

³ “O” indicates the review is ongoing as of September 1, 2009. “P” indicates the review is planned to start in FY 2010.

⁴ In FY 2009, the Office of Property Management was renamed the Department of Real Estate Services.

⁵ In FY 2009, DYRS closed the Oak Hill Youth Center and opened the New Beginnings Youth Development Center nearby.

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

I. DELIVERY OF CITIZEN SERVICES

In FY 2010, we plan to continue inspections and evaluation coverage for key District service organizations. The common goal of these reviews will be to improve the efficiency and effectiveness of municipal services that are vital to District residents and other stakeholders, as well as services aimed at supporting the more vulnerable segments of the District's population (e.g., children, seniors.)

A. Core Services

The FY 2010 Inspection Plan includes OIG initiatives for inspection coverage that are consistent with our objective to review, evaluate, and improve performance standards in all components of the District of Columbia government.

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

The Division will complete ongoing special evaluations of the Department of Health's Addiction Prevention and Recovery Administration Detoxification Center, the Department of Employment Services, the Metropolitan Police Department, the Alcoholic Beverage Regulation Administration, and the Department of Real Estate Services. The Division will also complete ongoing inspections of the Department on Disability Services, the Department of Human Resources, the Public Service Commission, and the D.C. Homeland Security and Emergency Management Agency. The Division will complete an ongoing re-inspection of the Department of Youth Rehabilitation Services.

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

OBJECTIVES: The inspection objectives are to evaluate the sufficiency, quality, and timeliness of client intake processes and investigations of abuse and neglect reports received by APS. The inspection will assess APS's policies, procedures, quality assurance mechanisms, and adherence to applicable laws and best practices. The inspection will also address the quality of services delivered to APS clients and other stakeholders.

NO. 3 **Office of Unified Communications** **STATUS: Start FY 2010**

TITLE: **SPECIAL EVALUATION OF THE OFFICE OF UNIFIED COMMUNICATIONS**

MISSION: OUC is responsible for coordinating fast, professional, and cost-effective responses to emergency and non-emergency calls in the District. It was created in fiscal year 2005 and consolidates the emergency 911 and non-emergency call activities of the Metropolitan Police Department (MPD) and the Fire and Emergency Medical Services Department (FEMS), as well as the customer service operations (i.e., calls to 311) for the District of Columbia government.

OBJECTIVES: The inspection objectives are to evaluate the quality and effectiveness of OUC's primary operations; assess the sufficiency of procedures, management controls, and agency performance standards; and review agency initiatives and objectives related to workforce development, human resource management, and customer service.

NO. 4 **Department on Disability Services** **STATUS: Start FY 2010**

TITLE: **SPECIAL EVALUATION OF THE DEPARTMENT ON DISABILITY SERVICES (DDS): DEVELOPMENTAL DISABILITIES ADMINISTRATION**

AGENCY MISSION: DDS provides services to people with disabilities, to help them lead meaningful and productive lives. This mission is accomplished through two administrations: the Developmental Disabilities Administration (DDA) and the Rehabilitation Services Administration (RSA). DDA is responsible for the oversight and coordination of services and supports provided to

all persons with developmental disabilities in the District of Columbia. Currently, DDS is under court monitoring as a result of a long-running class-action lawsuit against the District regarding its care of individuals with developmental disabilities.

OBJECTIVES: The inspection objectives are to evaluate the suitability and quality of assessments and services provided to clients; the efficacy and thoroughness of monitoring of DDS clients who reside in out-of-state facilities/group homes; and key quality assurance mechanisms such as unusual incident reporting and investigations of mistreatment and abuse.

NO. 5 **Department of Youth Rehabilitation Services** **STATUS: Start FY 2010**

TITLE: **SPECIAL EVALUATION: REPORT ON ESCAPES FROM THE DEPARTMENT OF YOUTH REHABILITATION SERVICES' (DYRS) NEW BEGINNINGS YOUTH DEVELOPMENT CENTER – ANALYSIS AND COMPARISON OF THE DISTRICT'S "MISSOURI MODEL" FACILITY WITH THOSE IN OTHER JURISDICTIONS**

AGENCY MISSION: DYRS's mission is to "improve public safety and give court-involved youths the opportunity to become more productive citizens by building on the strengths of youths and their families in the least restrictive, most homelike environment consistent with public safety."

OBJECTIVES: In FY 2009, DYRS closed its Oak Hill Youth Center, located in Laurel, MD, and opened near it a newly constructed facility called the New Beginnings Youth Development Center (NBYDC). Within the first several weeks of the NBYDC being open, multiple youths escaped from the facility, which was intentionally designed based on the "Missouri Model" of juvenile detention practices to be less physically restrictive than the OYHC facility and focus more on rehabilitative services.

The special evaluation will compare the NBYDC's security features and procedures with those in place at other "Missouri Model" facilities that are well-established, and determine

workers who lose their jobs through no fault of their own. It is responsible for reviewing and processing applications and providing temporary unemployment compensation benefits.

OBJECTIVES: The special evaluation objectives are to evaluate (1) DOES' efficiency and timeliness in issuing unemployment compensation benefits, and (2) the sufficiency of DOES' policies and procedures, internal quality assurance controls, and management systems.

NO. 8 **Metropolitan Police Department** **STATUS: Ongoing**

TITLE: **SPECIAL EVALUATION OF THE METROPOLITAN POLICE DEPARTMENT (MPD) - YOUTH INVESTIGATIONS DIVISION (YID)**

AGENCY MISSION: MPD's YID investigates such matters as child abuse and neglect, child sexual abuse and exploitation, juvenile missing persons, kidnapping by non-custodial parents, and internet crimes against children. YID personnel also staff a facility that processes juveniles who have been arrested in the District.

OBJECTIVES: The special evaluation objectives are to evaluate the operational effectiveness of the assignment, administration, and oversight of YID investigations; the quality and timeliness of its investigations; the overall sufficiency of YID policies and procedures; and the sufficiency of internal controls and information management systems.

NO. 9 **Alcoholic Beverage Regulation Administration** **STATUS: Ongoing**

TITLE: **SPECIAL EVALUATION OF THE ALCOHOLIC BEVERAGE REGULATION ADMINISTRATION (ABRA)**

MISSION: ABRA is an independent D.C. government regulatory agency. The agency reviews applications and grants licenses to qualified applicants to serve or sell alcoholic beverages; monitors establishments' compliance with District law; and takes appropriate enforcement action against individuals and establishments found to be in violation of the law. Prior to

Rehabilitation Services Administration (RSA). RSA is responsible for providing comprehensive vocational and independent living services to persons with disabilities to promote their opportunities for employment, economic self-sufficiency, and independence. Currently, DDS is under court monitoring as a result of a long-running class-action lawsuit against the District over care of individuals with developmental disabilities.

OBJECTIVES: The inspection objectives are to evaluate the quality and timeliness of assessments of clients' vocational and training needs, the efficiency and effectiveness in assisting clients in securing employment, the overall sufficiency of RSA policies and procedures, and the efficacy of internal controls and management systems.

NO. 12 Department of Human Resources **STATUS: Ongoing**

TITLE: **INSPECTION OF THE DEPARTMENT OF HUMAN RESOURCES – PART II: BENEFITS AND RETIREMENT ADMINISTRATION (BRA)**

AGENCY MISSION: DCHR provides comprehensive human resource management services to District agencies so that they can strengthen individual and organizational performance and enable the government to attract, develop, and retain a highly qualified, diverse workforce.

BRA is responsible for overseeing benefits policies and programs that apply to approximately 32,000 District government employees and retirees. DCHR's responsibilities include: oversight of benefits and retirement plans; contracting with outside service providers; and communication of information to current program participants and eligible participants.

OBJECTIVES: The inspection objectives are to evaluate the overall sufficiency and quality of BRA's policies, procedures, and internal controls; assess operational effectiveness and accuracy; and evaluate the quality of service delivery to employees and retirees of the Government of the District of Columbia. The inspection team will assess core activities including the enrollment of new employees in benefit programs; the

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

NO. 15 Department of Youth Rehabilitation **STATUS: Ongoing Services**

TITLE: RE-INSPECTION OF THE DEPARTMENT OF YOUTH REHABILITATION SERVICES (DYRS) – OAK HILL YOUTH CENTER (OHYC)⁶

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

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

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

⁶ In FY 2009, DYRS closed the OHYC and opened the New Beginnings Youth Development Center nearby.
