

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

**AUDIT OF DISTRICT
AGENCIES' IMPLEMENTATION OF
AUDIT RECOMMENDATIONS**



**CHARLES J. WILLOUGHBY
INSPECTOR GENERAL**

OIG No. 08-1-03MA

March 12, 2009

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



March 12, 2009

Kelly Valentine
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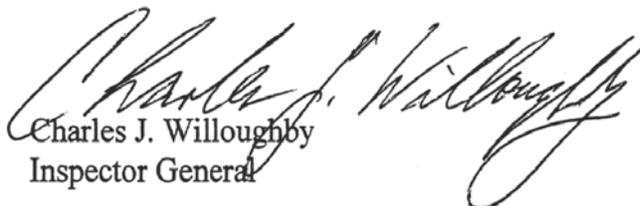
Dear Ms. Valentine:

Enclosed is the final report summarizing the results of the Office of the Inspector General's (OIG) *Audit of District Agencies' Implementation of Audit Recommendations* (OIG No. 08-1-03MA).

As a result of our audit, we directed 11 recommendations to the D.C. Office of Risk Management (DCORM) for necessary actions to correct identified deficiencies. We received a detailed response to the draft audit report from DCORM on January 30, 2009. DCORM's reported actions taken and planned did not address all of the recommendations. We request that DCORM respond to the open and unresolved recommendations and provide additional details and actual and estimated completion dates for those recommendations within 60 days of the date of this report. We will continue to work with DCORM to reach final agreement on the unresolved recommendations. The full text of DCORM's response to the draft report is included at Exhibit G.

We appreciate the cooperation extended to our staff during the audit. If you have questions, please contact me or William J. DiVello, Assistant Inspector General for Audit, at 202-727-2540.

Sincerely,


Charles J. Willoughby
Inspector General

CJW/sw

Enclosure

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AUDIT OF DISTRICT AGENCIES' IMPLEMENTATION OF AUDIT RECOMMENDATIONS

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EXECUTIVE SUMMARY

OVERVIEW

The District of Columbia Office of the Inspector General (OIG) has completed an audit of District Agencies' Implementation of Audit Recommendations. As a part of our Fiscal Year (FY) 2008 Audit Plan, we conducted the audit of selected District agencies to determine whether previously made audit recommendations have been implemented. This report summarizes the results of our assessment of District agencies' compliance with the OIG audit recommendations.

The overall objective of the audit was to verify whether agencies have implemented agreed-to recommendations that were intended to correct reported deficiencies. The audit included review and evaluation of corrective actions taken by management on 363 recommendations made in 46 audit reports, which were issued to 24 separate District agencies during October 1, 2004, through September 30, 2007.

CONCLUSIONS

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

DCORM's Follow-up System

Our audit found that DCORM did not have controls in place to ensure compliance with established criteria governing follow-up activities and lacked adequate administrative controls to track and manage the resolution of findings and recommendations. During our audit, DCORM attempted to track some of the OIG audit recommendations for mayoral agencies only. Its limited recommendation tracking system contained inaccurate and incomplete data. Additionally, DCORM did not maintain sufficient audit trails of follow-up activities completed and planned since FY 2005.

District agency officials reported to the OIG that action had been completed to address 321 of the 363 (88 percent) recommendations reviewed, reflecting an improvement of 11 percent from the previous triennial follow-up audit. The OIG verified documentation for 109 of these 321 recommendations to ascertain whether actions were completed to adequately close the recommendations. Additionally, 14 of the 24 agencies (58 percent) adequately closed all recommendations at their agencies.

EXECUTIVE SUMMARY

We believe that these conditions existed due to DCORM's need to: (1) implement a proactive audit follow-up program; (2) maintain adequate management controls over central follow-up operations; (3) ensure sufficient staffing levels for monitoring follow-up activities; and (4) issue formal objectives and directives to agencies relative to the District's follow-up process.

A deficient audit follow-up process increases the risk that reported control deficiencies will not be timely resolved to prevent fraud, waste, and abuse in District government operations. Further, District stakeholders cannot be assured that recommendations to correct identified deficiencies in audit and management advisory reports were implemented or that the resolutions were in the District's best interest.

District Agency Follow-up Action

We conducted audit testing at 23 of 24 District agencies in our audit universe to determine whether they had implemented agreed-to actions in response to our audit recommendations.¹ District agency officials reported that: (1) action had been completed to address 321 of the 363 (88 percent) recommendations reviewed; (2) 38 (11 percent) recommendations remained open (see Exhibit D for details); and (3) 4 recommendations had been overtaken by events such that action was no longer necessary to correct related deficiencies.

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

We selected 109 of the 321 reported as closed recommendations for verification. We were only able to verify that 65 of the 109 tested (60 percent) were actually closed based on documentation maintained by agency officials (see Exhibit E for details). These conditions indicate that agencies may have: (1) implemented corrective actions, but did not maintain appropriate supporting documentation for recommendations reported as closed; or (2) reported recommendations as closed without implementing the necessary corrective actions.

We issued separate Management Alert Reports to the 23 agencies reviewed, which reported the results of our verification of reported closed recommendations at each respective agency. We asked management to provide target dates for actions to address reported open recommendations and those identified by the OIG as "not implemented."

¹ Audit work was not conducted at the Office of Deputy Mayor for Operations (ODOM) because this office was defunct at the time of our review.

EXECUTIVE SUMMARY

Further, we recommended that agency management continue to work to close recommendations reported as pending or partially implemented. The majority of agencies responded positively to our findings and reported that they would continue to work to completely close all outstanding recommendations.

This report summarizes the results found at the agencies tested and reported in the individual MARs issued. Responses provided by agencies after the issuance of their MAR that affect the status of their recommendations will be compiled and further evaluated by the OIG. At that time, the OIG will update our follow-up system, as necessary, to reflect any change in the status of an agency's recommendation.

At the completion of our review, we identified 38 recommendations that remained open at 10 agencies (see Exhibit B), and 12 recommendations at 4 agencies that were not implemented based on our audit (see Exhibit F).

SUMMARY OF RECOMMENDATIONS

We directed 11 recommendations to DCORM that we believe are necessary to address deficiencies identified during the audit. The recommendations focus on maintaining adequate management controls to enhance the effectiveness of the District's audit follow-up process; ensuring the accuracy and completeness of data contained in the recommendation tracking database; and working collaboratively with District agencies to promptly resolve findings and recommendations.

A summary of potential benefits resulting from this audit is included at Exhibit A.

MANAGEMENT ACTIONS

On January 30, 2009, DCORM provided a response to the recommendations in our draft audit report. DCORM agreed with our recommendations and reported that they have satisfied many of the recommendations or are working toward completion of actions necessary to close the recommendations. We request that DCORM provide completion dates for Recommendations 1 and 5. Further, we request that DCORM clarify specific actions taken or planned to fully address Recommendations 2, 6, 7, 8, and 9. The full text of DCORM's response is included at Exhibit G.

INTRODUCTION

BACKGROUND

The mission of the D.C. Office of Risk Management (DCORM) is to provide risk identification, analyses, control and financing direction, guidance, and support to District agencies so that they can minimize the total cost of risk. The DCORM operates through the following six programs.

Agency Management

The Agency Management Program provides administrative support and required tools to achieve an agency's operational and programmatic results. This program is standard for all agencies using performance-based budgeting. Personnel in this unit are responsible for managing the audit recommendation tracking system and related activities.

Risk Identification, Analysis and Control Division

This division provides guidance to agency risk management of the District's exposure to risk, thereby creating an efficient and effective risk management strategy.

Risk Control Division

The division helps minimize the probability, frequency, and severity of accidental losses on a pre-loss and post-loss basis through a compliance-monitoring program for safety, security, and contingency planning for emergencies by all District agencies.

Risk Financing Division

Headed by the Disability Compensation Manager, the Risk Financing Division anticipates and plans for funding loss payments, and manages the adjudication of claims and recoveries.

Risk Administrative Services Division

This division provides enhanced service delivery through financial, data, technology, and office management support services. The Division also handles external communications, including a monthly newsletter to all District government employees that provides information and direction pertinent to the Disability Compensation program.

Agency Financial Operations

The Agency Financial Operations Program provides comprehensive and efficient financial management services to and on behalf of District agencies so that the financial integrity of the District is maintained.

INTRODUCTION

CRITERIA

There are several established criteria governing follow-up activities that delineate management's responsibility. While the District may not have adopted or otherwise incorporated certain guidance such as Office of Management and Budget (OMB) Circular A-50 into its policies or regulations in order to ensure best practices and sound management controls, the District should adhere to these responsibilities.

These responsibilities include, but are not limited to, ensuring:

- compliance with regulatory requirements governing prompt and proper resolution of findings and recommendations from various sources;
- establishment of adequate management controls to efficiently and effectively manage a centralized follow-up function for the District government;
- implementation of a reliable information management system that would allow responsible officials to capture, track, and monitor the District's follow-up activities; and
- development of adequate processes to address findings and recommendations reported in past audits.

District of Columbia Statutory Guidance

According to Title 1, Chapter 5 of the D.C. Code §2003-35, entitled Reorganization Plan No. 1 of 2003 (the Plan), DCORM is responsible for implementing and maintaining a system for managing the resolution of outstanding recommendations and findings from various sources including the OIG, D.C. Auditor, and external District-wide audits with management letter recommendations, as well as court orders, retained consultants, and others. This responsibility entails establishing and implementing adequate management controls to ensure: (1) accurate and complete recording of recommendations from various sources; (2) timely resolution of recommendations by District agencies; (3) regulatory compliance through ongoing follow-up processes and oversight of related activities; and (4) proper audit trails of all follow-up activities.

General Auditing Standards Guidance

The Comptroller General's Government Auditing Standards emphasize the importance of follow-up on significant findings and recommendations from prior audits to determine whether corrective actions have been implemented. Failure to implement audit recommendations increases the risk of fraud, waste, and abuse in government operations. Thus, tracking audit recommendations to assess the progress of corrective actions is an integral part of sound internal control systems that include proactive risk mitigation and compliance monitoring strategies.

INTRODUCTION

Federal Managers Financial Integrity Act (FMFIA)

The Federal Managers Financial Integrity Act (FMFIA) of 1982 (Pub L. No. 97-255) requires ongoing evaluations and reports of the adequacy of the systems of internal accounting and administrative control of each federal agency, and for other purposes. An effective audit follow-up process is an important component of the District’s administrative control – one that is legislatively delegated to DCORM through the Reorganization Plan 50 DCR 7298.

OMB Guidance

OMB Circular A-50 provides the policies and procedures for use by federal entities when considering reports issued by Inspectors General, Government Accountability Office (GAO), and non-federal auditors where follow-up is necessary. To improve the effectiveness and efficiency of government operations, the OMB Circular A-50 (Circular) requires agencies to establish audit follow-up systems “to assure the prompt and proper resolution and implementation of audit recommendations.”² Resolution should occur within a maximum of 6 months after issuance of a final report, and corrective action should proceed as rapidly as possible. The Circular requires that follow-up systems provide for a complete record of actions taken on both monetary and non-monetary findings and recommendations.

The Circular also provides that audit follow-up is an integral part of good management and is a responsibility shared by agency management officials and auditors. The Circular establishes 11 standards that follow-up systems must meet, including assuring that “performance appraisals of appropriate officials reflect effectiveness in resolving and implementing audit recommendations.”³

To improve accountability, integrity, and transparency in government operations, we believe that the District should adopt applicable portions of the Circular as previously recommended in our last audit, *Audit of District Agencies Implementation of Audit Recommendations* (OIG No. 05-1-17MA), by establishing systems to assure the prompt and proper resolution and implementation of audit recommendations. In particular, the systems should provide for complete records of actions taken by management on all findings and recommendations included in the reports issued by GAO, federal inspectors general, non-government auditors (e.g., A-133 reports and the Comprehensive Annual Financial Reports), and the OIG.

DCORM did not have sufficient controls in place to ensure that the above requirements were met. We discuss in more detail the conditions that caused control deficiencies described in the following sections.⁴

² OFFICE OF MANAGEMENT AND BUDGET, Circular No. A-50 1 (REV.) (Sept. 29, 1982), available at <http://www.whitehouse.gov/omb/circulars/a050/a050.html>.

³ *Id.* at 3.

⁴ The results of our review are summarized at Exhibit C.

INTRODUCTION

OBJECTIVES, SCOPE, AND METHODOLOGY

The overall objectives of the audit were to determine whether agencies have: (1) implemented agreed-to recommendations that were intended to correct reported deficiencies; and (2) corrected reported deficiencies. To accomplish our objectives, we reviewed 46 audit reports that contained 363 recommendations, and were issued to 24 District agencies during the period of October 1, 2004, to September 30, 2007. Our audit universe and scope are detailed in Table I below.

<i>Description</i>	<i>Total Audit Reports Issued</i>	<i>Total Recommendations Made</i>	<i>Total Reports Included in Follow-up Audit</i>	<i>Total Recommendations Identified for Follow-up Audit</i>
FY 2005	51	262	18	147
FY 2006	29	203	13	122
FY 2007	35	153	15	94
Totals	115	618	46	363

To address the first audit objective, we provided designated agency officials with a list of their open audit recommendations, and asked them to classify the current status of each recommendation as open, closed, or overtaken by events.⁵

Our second audit objective, the verification phase of the audit, was limited to analyzing the documentation provided by agency officials to determine whether management had implemented controls to address the reported deficiencies. For example, if the recommendation required that a policy be implemented to address a weakness, we verified that the policy had in fact been written, finalized, and promulgated. We did not otherwise verify, beyond analyzing supporting documentation provided and discussing past recommendations with agency personnel, the implementation and effectiveness of corrected actions reported by agency personnel.

Our audit of DCORM's follow-up process included reviewing the audit follow-up system and documentation maintained to support follow-up activities during the period under review. We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that provides a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁵ **Open:** Management and the OIG are in agreement on a corrective action to be taken, but action has not been completed as of the date of this report. **Closed:** Management has completed the action necessary to correct the condition or deficiency noted in the audit report. **Overtaken by Events:** Management and the OIG agree that a recommendation is no longer necessary due to changes in management control structure, laws, rules, regulations, policies, procedures, or other significant or unforeseen events. This requires the submission of a narrative justification for such determination by the agency.

INTRODUCTION

ROLE OF THE INSPECTOR GENERAL

Pursuant to D.C. Code § 2-302.08(f-2), the OIG is required to report annually on the activities of the Office during the previous fiscal year. In order to assess the actions taken by agency management in response to previously reported deficiencies, the OIG conducted a District-wide audit of agencies' implementation of recommendations from previous audit reports.

Additionally, as part of our follow-up efforts to remind agency managers to implement corrective actions to address all recommendations in a timely manner, the OIG established a follow-up system at the start of FY 2007 to ensure the District management timely responds to recommendations contained in audit reports.

RESULTS OF PAST FOLLOW-UP AUDITS

Our last two triennial follow-up audits showed a steady rate at which District agencies implemented agreed-to audit recommendations – 80 percent in FY 2002 and 77 percent in FY 2005. We noted an increase in FY 2008, in which agencies implemented 88 percent of the recommendations. Results of the two previous follow-up audits are summarized below.

Audit of District Agencies' Implementation of Audit Recommendations, OIG No. 01-1-01MA, issued on April 23, 2002. The FY 2002 audit covered 7 District agencies and 194 recommendations. Audit results showed that the rate at which District agencies implemented agreed-to audit recommendations ranged from a high of 90 percent to a low of 63 percent. On average, the 7 District agencies reviewed had complied with 80 percent of the recommendations. Where corrective actions were implemented, we believe that sufficient actions were taken by management to address noted deficiencies.

Additionally, we found that 6 percent of the recommendations were no longer necessary to implement because the recommended actions were overtaken by certain events, i.e., a change in laws, policies, or procedures; operational or system changes; or other factors. However, an average of 14 percent of the recommendations had not been implemented.

This audit also indicated that the District needed to establish a system to track and monitor the status of audit recommendations made to District agencies by the OIG, GAO, various federal inspectors general, and non-government auditors. In response to recommendations made in this audit, the Office of the City Administrator provided a list of actions that had been taken to collect and review past audit reports issued to the District by outside consultants, the D.C. Auditor, the GAO, and the OIG. We were further informed that a data tracking system was under development.

INTRODUCTION

Audit of District Agencies' Implementation of Audit Recommendations, OIG No. 05-1-17MA, issued on August 16, 2005. Our FY 2005 follow-up audit covered 22 District agencies and 337 recommendations. Audit results indicated the following:

- District agency officials reported to the OIG that corrective actions had been completed to address 259 of the 337 (77 percent) recommendations reviewed.
- The OIG verified supporting documentation for 162 of the 259 (63 percent) closed recommendations to ensure that actions were completed to adequately address the recommendations.
- Ten of the 22 (45 percent) agencies adequately closed all recommendations at their agencies.

In addition, the audit disclosed that: (1) DCORM officials were unsure of their role in regard to tracking and monitoring agencies' implementation of audit recommendations; (2) DCORM's follow-up system contained incomplete and inaccurate information; (3) reports were not generated from the system or reviewed by DCORM officials; and (4) there was no evidence of any communication between DCORM and agency staff in regard to audit follow-up, even where agencies had taken action to close recommendations.

The OIG directed three specific recommendations to DCORM to address concerns identified during the audit. The recommendations focused on ensuring the accuracy and completeness of the data contained in the recommendation tracking database, and working collaboratively with District agencies to close the 78 open recommendations identified in the audit report.

In response to recommendations made in this audit, the Chief Risk Officer indicated that DCORM had entered all the OIG reports as of March 2005 and that its recommendation tracking database was up-to-date. We were further informed that DCORM had implemented controls to ensure the accuracy of the data contained in its tracking system, and that DCORM officials would work to ensure District-wide compliance with OIG recommendations during FY 2006. The findings of our current follow-up audit, however, indicate that those assertions were not supported by sufficient and verifiable documentary evidence.

FINDINGS AND RECOMMENDATIONS

FINDING 1: EVALUATION OF DCORM's FOLLOW-UP SYSTEM
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SYNOPSIS

Our audit found that DCORM did not have controls in place to ensure compliance with established criteria governing follow-up activities and lacked adequate administrative controls to track and manage the resolution of findings and recommendations. During our audit, DCORM attempted to track some of the OIG audit recommendations for agencies under the administrative control of the Mayor (mayoral agencies) only, and we found that its limited recommendation tracking system contained inaccurate and incomplete data. Additionally, DCORM did not maintain sufficient audit trails of follow-up activities completed and planned since FY 2005.

We believe that these conditions existed due to DCORM's failure to: (1) implement a proactive regulatory compliance program; (2) maintain adequate management controls over central follow-up operations; (3) ensure sufficient staffing levels for monitoring follow-up activities; and (4) issue formal objectives and directives for the District's follow-up process.

Failure to comply with the regulatory requirements governing the audit follow-up process increases the risk that reported control deficiencies will not be timely resolved to prevent fraud, waste, and abuse in District government operations. Further, District stakeholders cannot be assured that the findings and recommendations contained in various audit and management advisory reports were resolved in a timely manner, and that resolutions were in the District's best interest.

MANAGEMENT CONTROLS

Our review of DCORM's audit follow-up process identified a number of internal control matters involving the effectiveness and efficiency of operations, and regulatory compliance requiring management attention, including the following conditions:

- DCORM did not perform substantial follow-up operations until after the initiation of our FY 2008 triennial follow-up audit engagement. These delayed efforts caused confusion because agencies did not know the proper procedures for closing the OIG recommendations, and DCORM officials asked agency representatives for the same information that the OIG auditors were requesting in conjunction with the follow-up audit. Of the 22 District agencies we queried during the verification phase, 4 (18 percent) indicated that they were contacted by DCORM before January 2008; 9 (41 percent) indicated that they were contacted after January 2008; and 9 (41 percent) indicated that they were not contacted by DCORM to follow-up on that status of audit recommendations.

FINDINGS AND RECOMMENDATIONS

- Goals and objectives for follow-up activities were not established as part of DCORM's annual performance-based planning process – making it difficult for DCORM to organize and direct follow-up efforts as part of its routine operations. The District's Performance-Based Budgeting (PBB) process links spending to programs and activities, allowing results to be measured. This linkage enables public officials and managers to better monitor whether a specific program or function is meeting anticipated goals from a fiscal and performance perspective.
- DCORM had not documented policies and procedures for resolution and disposition of audit findings and recommendations. DCORM provided a general description of its follow-up process on February 20, 2008, which was developed after numerous discussions with OIG auditors. Documenting policies and procedures and making them accessible to employees provides day-to-day guidance to staff, facilitates training of new employees, promotes adherence to accepted practices, and ensures continuity of follow-up operations in the event of prolonged employee absences or turnover.
- A complete and current listing of points of contact for District agencies was not maintained to facilitate an effective and efficient follow-up process. On January 31, 2008, we obtained a list of 12 Agency Risk Manager Representatives (ARMRs) from DCORM. Subsequent to our inquiries, DCORM submitted an updated list of ARMRs for 36 mayoral agencies for our review on February 14, 2008. Neither the original nor updated lists reflect important contact information, such as telephone numbers, fax numbers, and email addresses of the individuals identified as points of contact to facilitate efficient and effective communications on audit follow-up activities.
- DCORM did not track recommendations and findings from sources other than the OIG Audit Division. Management indicated that DCORM lacks the staffing capabilities to conduct extensive follow-up on the timely resolution of recommendations from the GAO, D.C. Auditor, federal inspectors general, external auditors, and other recognized review entities.
- The District's *FY 2008 Budget and Financial Plan* indicates that DCORM conducted 202 follow-up inspections regarding OIG recommendations in FY 2006. In early February 2008, we asked DCORM to identify the source of this figure and the supporting documents that were maintained for the reported figure. DCORM responded on March 31, 2008, stating that the information reflected in the publication was incorrect because the reported numbers were for its Occupational Safety and Health inspections.
- DCORM did not implement three recommendations addressed in our FY 2005 follow-up audit report. Specifically, DCORM did not: (1) ensure that its follow-up process met the applicable provisions of OMB Circular A-50; (2) establish effective controls to ensure the accuracy of data contained in its recommendations tracking database; and (3) demonstrate how its Chief Risk Officer worked with agency officials to aggressively and timely resolve the 78 outstanding audit recommendations identified in the report.

FINDINGS AND RECOMMENDATIONS

These conditions indicate that DCORM lacked adequate management controls to assist the District government in identifying, tracking, monitoring, and managing the risk of noncompliance with findings and recommendations from various sources. As a result, DCORM could not ensure that audit findings and recommendations were resolved in a timely manner and that the resolutions were in the District's best interest.

MAINTENANCE OF FOLLOW-UP FILES

We reviewed DCORM's follow-up files and interviewed personnel about their recordkeeping practices. We noted that DCORM used the list of audit reports and corresponding recommendations submitted by OIG auditors during the entrance conference for this follow-up audit to organize its manual filing system, indicating that the files were not organized prior to January 2008. The filing system did not include audit reports from sources other than the OIG.

Our review of DCORM's follow-up files also revealed numerous inconsistencies. Specifically, the majority of 46 files reviewed did not contain: (1) evidence of supervisory reviews; (2) communications with agencies to resolve outstanding recommendations; (3) copies of formal responses to recommendations from agencies; (4) proof of record (tracking) numbers assigned to recommendations; and (5) information reflecting dates the audit reports were received and entered into the tracking system by authorized personnel. In addition, none of the files included historical records of follow-up activities performed by DCORM officials to timely resolve outstanding recommendations.

These conditions indicated inadequate controls over DCORM's recordkeeping practices, which inhibit the effectiveness of routine supervisory reviews to identify, rectify, and prevent recurrence of errors in follow-up data. As a result, DCORM could not ensure that all audit recommendations were accurately tracked and resolved in a timely manner, and that the resolutions protected the District's interests.

Section 6 (o) of the Plan states that DCORM is responsible for maintaining a system for managing the resolution of outstanding recommendations and findings from various sources including the OIG, D.C. Auditor, and external District-wide audits with management letter recommendations, court orders, retained consultants, and others. OMB Circular A-50 also requires the establishment of audit follow-up systems "to assure the prompt and proper resolution and implementation of audit recommendations."⁶ The Circular further requires that the systems maintain accurate and complete records of actions taken by agencies on findings and recommendations.

⁶ *Id.* at 3.

FINDINGS AND RECOMMENDATIONS

AUDIT FOLLOW-UP SYSTEM

DCORM did not implement an audit follow-up system that included accurate, complete, and current records of actions taken on findings and recommendations. The *Risk Manager* database used to track recommendations during the prior triennial follow-up audit was replaced with error-prone Excel spreadsheets without any formal, defensible justification. DCORM officials indicated that several database applications, with superior functional capabilities than the disjointed spreadsheets, were under consideration for possible implementation.

Review of DCORM's spreadsheets indicated the following conditions:

- Only 15 of 24 District agencies (63 percent) that received OIG audit reports with recommendations were tracked, including the D.C. Water and Sewer Authority, which is not a mayoral agency.
- The OIG's inventory of audit recommendations for the period under review contained 61 entries with a total of 393 audit recommendations, including 29 duplicates. DCORM's records had only 28 entries (46 percent) reflecting only 193 (49 percent) of the OIG recommendations. Additionally, only 18 of 61 entries (30 percent) were correctly listed for District agencies on DCORM's spreadsheets.
- Only 2 of 28 entries (7 percent) in DCORM's data had the correct OIG audit report numbers recorded. All other entries were incorrectly assigned the same report number 03-1-22DY, indicating that the reports were incorrectly prepared for the follow-up audit without supervisory reviews.
- Columns for the compliance status, explanation of agency's position, follow-up notes, and estimated completion dates in DCORM's records were mostly blank and incorrect.
- The spreadsheets merely duplicated data from some of the OIG audit reports issued during the period under review, and did not contain records of audit follow-up activities performed by DCORM personnel. We could not determine when DCORM actually entered and updated the data. The document properties of the electronic copy of the Excel file that DCORM subsequently submitted for our review on February 14, 2008, indicated that the file was created on February 6, 2008, and printed on February 12, 2008.

These conditions are not in compliance with the Circular requirement that the follow-up systems provide for accurate and complete records of the status of audit reports or recommendations through the entire process of resolution and corrective action. Additionally, such conditions indicate that findings identified in our prior triennial follow-up audits were not adequately addressed.

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An unreliable follow-up system inhibits DCORM from: (1) ensuring effective regulatory compliance; (2) generating useful information on the current status of findings and recommendations; (3) promoting prompt resolution and corrective action on outstanding recommendations; and (4) providing guidance and support to District agencies so that they can effectively mitigate the risks of fraud, waste, and abuse in their operations.

AUDIT FINDINGS AND RECOMMENDATIONS TRACKING

OMB Circular A-50 and Section 6 of the Plan require the maintenance of a follow-up system for managing the resolution of outstanding recommendations and findings from various sources including the OIG, D.C. Auditor, GAO, federal inspectors general, and non-federal auditors. This regulatory requirement provides for a comprehensive view of risk management, which is critical to improving the effectiveness and efficiency of government operations.

Our review indicated that DCORM was performing limited follow-up activities by not tracking findings and recommendations from sources other than the OIG, and tracking some of the OIG audit reports for mayoral agencies only. DCORM officials indicated that they did not have the capacity to perform more extensive follow-up operations.

These conditions do not facilitate comprehensive identification and management of risks in District government operations. As a result, DCORM does not have a mechanism to provide for:

- Systemic identification and recovery of all claims arising from audit disallowances similar to the mechanism provided by the Federal Claims Collection Standards (Standards). The Standards, while not directly applicable but are akin to a best practices, require agencies to establish sound accounting and collection controls to ensure effective recovery of amounts due the federal government as a result of resolved audit findings and recommendations.
- Periodic analysis of audit recommendations, resolutions, and corrective actions to determine trends and District-wide problems, and to recommend proactive solutions that will help mitigate the impact of such problems on District government operations.

It is important to note that regardless of laws requiring compliance with audit recommendations, prudent management practices call for management to vigorously pursue implementation of recommendations so that benefits identified from audits can be achieved.

WEB-BASED RECOMMENDATIONS TRACKING SYSTEM

In March 2008, we discussed the feasibility of using the Citywide Accountability Program (CapStat) data warehouse system to track audit recommendations with Office of the City Administrator (OCA) officials. OCA officials indicated that:

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- It is logical to assign DCORM responsibility for tracking the status of audit recommendations for all District agencies, regardless of whether the agencies are independent of the Mayor. Having a single tracking function for the District government assures efficiency and consistency in mitigating the District's risk exposure.
- There is an inexpensive database tool that the CapStat team has begun to use to track the implementation of CapStat requests. The concept is virtually identical, and the system can be used by DCORM for audit recommendation tracking purposes. The system is easy to use and can include a performance dashboard feature – allowing DCORM to more efficiently track, store, and monitor the status of audit recommendations. With a cost of about \$500, and minimal programming and implementation time (approximately 2 weeks), the system is much more economical than building a new system.

We believe that implementing the Web-based recommendation tracking system similar to the one used by the CapStat team offers the following benefits to the District government:

- Assures compliance with the provisions of the Plan and OMB Circular A-50.
- Eliminates the need for DCORM to identify, purchase, implement, and maintain a separate information management system for the audit follow-up process.
- Enables the OIG to remotely load audit recommendations and allow District agencies to update the status of recommendations over the Intranet. This will significantly: (a) reduce paperwork in the District-wide audit follow-up process; (b) minimize duplication of information processing efforts; (c) improve information exchange and coordination between agencies by providing access to real-time data; and (d) enhance accountability, transparency, and efficiency in the follow-up process.
- Enables District residents to track the performance of individual agencies in resolving outstanding audit findings and recommendations pertinent to education, public safety, healthcare, human services, environment, housing, and government operations.
- Enables OCA to more effectively monitor and evaluate DCORM's follow-up activities and those of other agencies. For instance, Circular A-50 requires that the performance appraisals of appropriate officials should reflect effectiveness and efficiency in resolving and implementing audit recommendations.

FOLLOW-UP STATUS REPORTS

OMB Circular A-50 requires agencies to have follow-up systems to provide semi-annual reports on: (1) the status of all unresolved audit reports over 6 months old, the reasons for the untimely resolution, and a timetable for resolution; (2) the number of reports or recommendations resolved during the period; (3) the amount of disallowed costs; and (4) collections, offsets, write-offs,

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demands for payment, and other monetary benefits resulting from audits. The Circular also requires these reports to include an update on the status of previously reported unresolved audits.

Our review indicated that DCORM was not generating and submitting periodic status reports of its follow-up activities to agency heads, District executive management, the City Council, and the OIG due to the lack of accurate and complete follow-up data. As a result, District stakeholders cannot be assured that the conditions identified in various audit reports have been corrected or that remedial actions are ongoing to address the reported deficiencies.

RECOMMENDATIONS

We recommend that the Director, DCORM:

1. Work collaboratively with the City Administrator to issue District-wide guidance requiring agency heads and management officials to establish, assess, correct, and report on internal controls related to their audit follow-up systems. Such systems should: (a) ensure the prompt and proper resolution and implementation of audit recommendations from various sources; and (b) provide for complete records of actions taken on both monetary and non-monetary findings and recommendations. Additionally, the guidance could be patterned after the FMFIA, OMB Circular No. A-50, and the Federal Claims Collection Standards.

DCORM RESPONSE

DCORM reported that they have satisfied this recommendation. DCORM also reported that they will continue to work collaboratively with the City Administrator to issue District-wide guidance as recommended by the OIG. The full text of DCORM's response is included at Exhibit G.

OIG COMMENT

It is noteworthy that DCORM will continue efforts to collaborate with the City Administrator to develop and issue District-wide guidance on audit follow-up systems patterned after the OMB Circular A-50, and also to work with the District's Agency Risk Management Representatives (ARMRs) to provide guidance on creating follow-up systems and ensuring compliance with the OMB Circular A-50 provisions. Because DCORM did not identify a specific date as to when these actions would be completed, we request that DCORM respond to this final report with estimated completion dates for the corrective actions.

2. Implement a comprehensive Web-based database system to accurately and completely track recommendations directed to the District agencies and to facilitate the timely resolution of outstanding recommendations from various sources including the OIG, D.C. Auditor, GAO, federal inspectors general, and external auditors.

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DCORM RESPONSE

DCORM agreed with the recommendation, citing current initiatives for developing a web-based data tracking system for OIG recommendations. The full text of DCORM's response is included at Exhibit G.

OIG COMMENT

While DCORM agrees with the need for a system to fully track and record recommendations, the OIG believes that using the current system employed for the Tort Liability Section may not be adequate. The Excel spreadsheet currently used by DCORM is not a relational database that tracks and shares data on audit follow-up activities with District agencies. The spreadsheet does not accurately and completely track audit recommendations from the OIG and other sources. Additionally, a mechanism is not in place for prompt and proper resolution of all outstanding recommendations. These shortcomings are not consistent with requirements set forth by OMB Circular A-50. We request that DCORM reconsider its response and provide additional comments with estimated completion dates for the corrective actions that fully address and meet the intent of the recommendation.

3. Ensure that the District's central audit follow-up system incorporates requirements similar to those set forth by OMB Circular A-50, including a provision for agencies to promptly and properly resolve all outstanding recommendations within a maximum of 6 months after issuance or receipt of a final report.

DCORM RESPONSE

DCORM agreed with the recommendation and stated that they have implemented items from OMB Circular No. A-50 into its current Excel spreadsheet used for tracking OIG recommendations. The full text of DCORM's response is included at Exhibit G.

OIG COMMENT

DCORM's response meets the intent of the recommendation. While OMB requirements have been included in the current Excel tracking program, we encourage DCORM to ensure that OMB Circular A-50 requirements are incorporated into the web-based data tracking system when it is developed and implemented.

4. Reevaluate staffing levels to determine whether they are sufficient to track and manage timely resolution of recommendations from various sources, and ensure that designated personnel are adequately trained to more effectively discharge their follow-up responsibilities.

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DCORM RESPONSE

DCORM's comments indicate agreement with the recommendation to reevaluate and realign its staffing levels. The full text of DCORM's response is included at Exhibit G.

OIG COMMENT

We consider DCORM's actions to be responsive to the recommendation. However, we request that DCORM provide estimated completion dates for the corrective actions.

5. Establish controls to ensure the accuracy and completeness of data contained in the audit follow-up system.

DCORM RESPONSE

DCORM reported that they have satisfactorily implemented this recommendation by enhancing the OIG Recommendation Tracking Log and incorporating electronic alerts to signal follow up with each agency within the 6-month response submission deadline. The full text of DCORM's response is included at Exhibit G.

OIG COMMENT

We consider DCORM's actions to be responsive to the recommendation.

6. Develop and disseminate formal goals and objectives of the audit follow-up process as part of the annual performance-based budgeting approach, and emphasize individual accountability for conforming to the related control guidelines. Management should continuously monitor follow-up activities to achieve the established objectives.

DCORM RESPONSE

DCORM reported that they have satisfactorily implemented this recommendation. The expansive remarks on this recommendation addressed holding Risk Management Council (RMC) Meetings with the Agency Risk Management Representatives (ARMRs). The minutes of RMC meetings were included as an attachment to the DCORM response. The full text of DCORM's response is included at Exhibit G.

OIG COMMENT

While DCORM's response indicates satisfactory implementation of this recommendation, DCORM did not provide any indication that it has established formal goals and objectives for the audit follow-up process. While it is indeed beneficial to conduct monthly meetings with ARMRs for mayoral agencies to help ensure implementation of outstanding recommendations, DCORM

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needs to document annual goals and objectives for its audit follow-up process. These goals and objectives will set clear performance targets, identify personnel who are accountable for the fulfillment of specific targets, monitor progress in achieving established targets, and use results to continuously improve management of the District's audit follow-up activities. We request that DCORM reconsider its response and provide additional comments with estimated completion dates for the corrective actions that fully address and meet the intent of the recommendation.

7. Ensure that follow-up policies and procedures are written, communicated, promoted, accessible, and used consistently in work processes and activities. These documents should be periodically updated to reflect current follow-up practices.

DCORM RESPONSE

DCORM reported that they have satisfactorily implemented this recommendation. The full text of DCORM's response is included at Exhibit G.

OIG COMMENT

DCORM's response did not indicate whether internal policies and procedures for the audit follow-up process have been developed and communicated to its employees. DCORM needs to institutionalize its policies and procedures so that DCORM personnel can be held accountable when practices deviate from management directives. Further, established policies provide for consistent application of practices and provide a basis for indoctrinating new personnel unfamiliar with DCORM's mission and practices. We request that DCORM reconsider its response and provide additional comments with estimated completion dates for the corrective actions that fully address and meet the intent of the recommendation.

8. Maintain an accurate, complete, and current listing of all designated contact points for both mayoral and non-mayoral agencies, including telephone numbers and email addresses, to facilitate an efficient and effective audit follow-up process.

DCORM RESPONSE

DCORM stated that they did maintain an accurate, complete, and current listing of all designated contact points for both mayoral and non-mayoral agencies, including telephone numbers and email addresses, to facilitate an efficient and effective audit follow-up process. DCORM provided a copy of its contact list.

OIG COMMENT

The updated contact list that DCORM submitted with its response to our draft report is an improvement from the original list, which included only 12 mayoral agencies, and was submitted

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to the OIG during the entrance conference on January 31, 2008. The updated contact list includes 38 mayoral agencies.

However, DCORM's contact list only contains contacts for mayoral agencies. We believe that it is prudent for DCORM to maintain accurate and complete contact list for both mayoral and non-mayoral agencies. Therefore, we consider this recommendation unresolved, and request that DCORM reconsider its response and provide additional comments with estimated completion dates for the corrective actions that fully address and meet the intent of the recommendation.

9. Implement and monitor management controls to ensure that deficiencies identified in this report are fully addressed prior to the next triennial follow-up audit.

DCORM RESPONSE

DCORM reported that they have satisfactorily implemented this recommendation, referring to its response to Recommendation 1. DCORM's full response is included at Exhibit G.

OIG COMMENT

DCORM's response neither indicated what management controls it has established, nor provided any action plan to ensure all identified deficiencies are fully addressed prior to the next triennial follow-up audit. The lack of written policies and procedures for DCORM's audit follow-up process is one of several control deficiencies cited in this report. We request that DCORM reconsider its response and provide additional comments with estimated completion dates for the corrective actions that fully address and meet the intent of the recommendation.

FINDINGS AND RECOMMENDATIONS

FINDING 2: RESULTS OF DISTRICT AGENCIES' FOLLOW-UP ACTIONS

SYNOPSIS

District agency officials reported to the OIG that action had been completed to address 321 of the 363 recommendations reviewed (88 percent), reflecting an improvement of 11 percent from the previous triennial follow-up audit. The OIG verified documentation for 109 of these 321 recommendations to ascertain whether actions were completed to adequately close the recommendations. Additionally, 14 of the 24 agencies (58 percent) adequately closed all recommendations at their agencies.

DISCUSSION

We provided designated agency officials with a list of open OIG audit recommendations at their agencies, and asked them to classify the status of each recommendation as open, closed, or overtaken by events (OBE). We also asked the officials for supporting documentation of actions taken to address recommendations they reported as closed or OBE. Table II below summarizes the results of our review, which are presented in greater detail at Exhibit D.

Table II – Status of Actions Taken on Recommendations				
Description	Closed	Open	OBE	Total
FY 2005	136	10	1	147
FY 2006	92	27	3	122
FY 2007	93	1	0	94
Total Recommendations	321	38	4	363

Table II shows that 38 outstanding recommendations had not been timely resolved, with 37 of these recommendations (97 percent) noted in FYs 2005 and 2006, prior to the initiation of the next OIG follow-up process in FY 2007. Exhibit D also identifies 10 agencies that have open recommendations for which corrective actions have not been completed to address reported deficiencies.

The verification phase of our audit was limited to analyzing the supporting documentation provided by agency officials to determine whether management had implemented controls to address the reported deficiencies. For example, if the recommendation required that a policy be implemented to address a weakness, we verified that the policy had in fact been written, finalized, and promulgated. We did not otherwise verify, beyond analyzing supporting documentation provided and discussing past recommendations with agency personnel, the implementation and effectiveness of corrective actions reported by agency personnel. Of the 109 closed recommendations verified by direct analysis of the relevant supporting documentation, 65 recommendations (60 percent) were determined to be fully implemented. Results are detailed at Exhibit E and summarized in Table III below.

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Periods Reviewed	Total Recommendations Verified	Fully Implemented	Partially Implemented	In-Process	Not Implemented
FY 2005	44	29	9	4	2
FY 2006	32	14	9	3	6
FY 2007	33	22	3	5	3
Totals	109	65	21	12	11

These results indicate that agencies are: (1) not maintaining sufficient supporting documentation for recommendations reported as closed; or (2) reporting recommendations as closed without taking the necessary corrective actions to address reported deficiencies. We are, therefore, recommending that DCORM also follow-up to ensure that agencies continue to work to close the 44 recommendations that the OIG classified as not fully implemented.

RECOMMENDATIONS

We recommend that the Director, DCORM:

10. Follow-up with agency officials on the 38 recommendations that remain open and the 44 recommendations that the OIG classified as not fully implemented to ensure that agencies continue to work aggressively to timely close these recommendations.

DCORM RESPONSE

DCORM reported that they are working aggressively with agencies to close all recommendations and substantial progress has been made. As for the recommendations targeted to DCPS, DCORM will work with the Office of the Chancellor to identify an ARM to assist in closing the 17 open DCPS recommendations. DCORM also stated that the 38 open recommendations are misleading and that the OIG has not updated the status of several of the recommendations. DCORM's full response is included at Exhibit G.

OIG COMMENT

We consider actions taken or planned by DCORM to be responsive to our recommendation. We disagree with DCORM's claim that the information about 38 open recommendations is misleading. District agencies do not close OIG audit recommendations. The OIG closes recommendations once agencies submit sufficient and appropriate documentation supporting actions taken or planned to fully address the recommendations. All findings about open and closed recommendations have been discussed with the agencies, and formal responses were obtained from agencies with open recommendations. Submission of agency responses without verifiable supporting documentation is not sufficient to close OIG recommendations.

FINDINGS AND RECOMMENDATIONS

11. Ensure that sufficient supporting documentation is maintained for all audit recommendations that District agencies report as closed.

DCORM RESPONSE

DCORM reported that they have satisfactorily implemented this recommendation. DCORM's full response is included at Exhibit G.

OIG COMMENT

We consider actions taken or planned by DCORM to be responsive to our recommendation.

**EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS
RESULTING FROM AUDIT**

No.	Description of Benefit	Amount and Type of Benefit	Estimated Completion Date	Status ⁷
1	Compliance and Internal Control. Establishes District-wide guidelines for audit follow-up.	Non-monetary	TBD	Open
2	Internal Control, Efficiency, and Economy. Ensures that audit recommendations are properly tracked and monitored to control follow-up operations.	Non-monetary	TBD	Unresolved
3	Internal Control, Efficiency, and Economy. Ensures that audit follow-up activities are controlled to minimize the District's risk exposure to fraud, waste, and abuse.	Non-monetary	1/30/2009	Closed
4	Economy and Efficiency. Ensures adequate and competent staffing levels to manage audit follow-up operations.	Non-monetary	TBD	Open
5	Internal Control and Program Results. Ensures the accuracy and completeness of District-wide audit follow-up information.	Non-monetary	1/30/2009	Closed
6	Internal Control and Program Results. Takes action to establish individual accountability for follow-up activities and track program results.	Non-monetary	TBD	Unresolved
7	Compliance and Internal Control. Establishes policies and procedures for compliance with accepted audit follow-up practices.	Non-monetary	TBD	Unresolved
8	Internal Control and Efficiency. Facilitates an efficient and effective audit follow-up process.	Non-monetary	TBD	Unresolved

⁷ This column provides the status of a recommendation as of the report date. For final reports, “Open” means management and the OIG are in agreement on the action to be taken, but action is not complete. “Closed” means management has advised that the action necessary to correct the condition is complete. If a completion date was not provided, the date of management’s response is used. “Unresolved” means that management has neither agreed to take the recommended action nor proposed satisfactory alternative actions to correct the condition.

**EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS
 RESULTING FROM AUDIT**

No.	Description of Benefit	Amount and Type of Benefit	Estimated Completion Date	Status
9	Compliance, Internal Control, and Program Results. Establishes appropriate management controls to ensure compliance with performance standards, audit recommendations, and regulations.	Non-monetary	TBD	Unresolved
10	Program Results. Ensures that DCORM has adequate resources allocated to ensure timely resolution of outstanding audit recommendations directed to District agencies.	Non-monetary	1/30/2009	Closed
11	Internal Control and Program Results. Ensures that the District agencies maintain sufficient documentation to support corrective actions taken in response to audit recommendations.	Non-monetary	1/30/2009	Closed

EXHIBIT B: LIST OF OPEN RECOMMENDATIONS

The list below contains 38 open recommendations identified during our follow-up audit. Where available, agency comments are included. For tracking purposes, the recommendation number in the original report is maintained for this report.

CHILD AND FAMILY SERVICES AGENCY (CFSA)

Audit of Suspected Incidents of Foster Children Maltreatment Reported to the District of Columbia Child and Family Services Agency, OIG No. 03-2-11RL, issued on March 2, 2005.

Recommendation 1: We recommended that the Director, Child and Family Services Agency require the collection and control of Critical Event Summary/Update forms be in a central location for all reported suspected incidents of child maltreatment.

CFSA Response: The Critical Event Form is a mechanism for rapidly communicating serious incidents of child maltreatment to high level CFSA staff members, including the Hotline Supervisor, Program Manager and Administrator; Deputy Director for Program Operations; Deputy Director for Clinical Practice; and the Agency Director. The form is not CFSA's means to formally document the critical event; rather, its purpose is to quickly disseminate a summary of the event, so that high-level staff are aware and do not individually have to log into the agency's client information system (known as FACES.net) to gather the significant information about the event. All information regarding critical events is documented in FACES.net.

Because FACES.net is the central repository of all information regarding critical events, as well as the follow-up resulting from those events, it is not necessary to collect the Critical Event forms in a centralized location. CFSA feels that implementation of this recommendation will not lead to improvement of case practice on the part of CFSA social workers and staff, nor outcomes for the children and families they serve. Rather, it will result in unnecessary duplication of efforts of multiple agency staff and resources.

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

Recommendation 9: We recommended that the Director, Child and Family Services Agency and Superintendent, D.C. Public Schools coordinate to ensure enrollment agreements/tuition contracts with other public school jurisdictions include basic terms of an agreement and/or contract requirements that include: a) stated price to be paid; b) the specific level of services to be provided, consistent with the student's IEPs; c) signatures of all individuals authorized to contractually bind the parties to the agreement; and d) any other terms deemed essential to protect the District's interest.

CFSA Response: CFSA is currently working with DCPS and the newly established Office of the State Superintendent of Education (OSSE) to address this issue. However, DCPS and OSSE have yet to determine which entity (between the two) will have primary responsibility for

EXHIBIT B: LIST OF OPEN RECOMMENDATIONS

developing tuition contracts and for managing out-of-state enrollments. Until that determination is made, CFSA is not in position to set a target date for implementation of this recommendation.

DEPARTMENT OF MOTOR VEHICLES (DMV)

Audit of the Department of Motor Vehicles' Internal Operations, OIG No. 04-2-07KV(b), issued on February 7, 2005.

Recommendation 4: We recommended that the Director, DMV modify DESTINY to enable systematic processing of customer refunds.

DMV Response: Although attempts have been made to program the system to automatically process vehicle registration refunds, we need to integrate the system with SOAR to ensure total automation. However, the OCFO indicated they needed to delay the process until they upgrade the SOAR system. Therefore, the expected completion date (ECD) will be impacted by this upgrade being finalized. **ECD: December 2009.**

Recommendation 5: We recommended that the Director, DMV create a memorandum of understanding between DMV and DPW/OCFO to govern the relationship and responsibilities of DPW/OCFO for processing customer refunds.

DMV Response: In July 2008, DMV's internal Agency Fiscal Officer (AFO) and her staff took over the refund process from the DPW/OCFO to expedite the process and provide seamless tracking for DMV. Based on this change, a MOU is no longer needed between DMV and DPW/OCFO. Therefore, DMV considers this recommendation closed.

DEPARTMENT OF PUBLIC WORKS (DPW)

Audit of the District of Columbia's One Fund, OIG No. 05-2-02MA, issued on July 8, 2005.

Recommendation 1: We recommended that the Annual One Fund Chairperson, in conjunction with the Director of United Way National Capital Area and the Office of the Chief Financial Officer, submit the total amount of any donations made by cash or check to designated organizations at the time they are received from the contributor.

DPW Response: The DPW Director was the Annual One Fund Chairperson during the audit, and received the recommendations after his tenure over the fund had ended. While each year there is a new chairperson, the results of the audit were shared with the new chairperson and the OCFO to implement. There is no official documentation in DPW's records that indicates that this message was formally translated to all parties. As the DPW Director is very busy with other priorities, DPW recommends that the new One Fund Chairperson work with the OCFO before a new One Fund Drive is launched on October 1, 2008, to institute these controls and implement within the next year.

EXHIBIT B: LIST OF OPEN RECOMMENDATIONS

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

Recommendation 6: We recommended that the Director, Department of Public Works coordinate with the Metropolitan Police Department and other District agencies to establish standard and consistent procedures for recording vehicles loaned between agencies to limit duplicate reporting.

DPW Response: Director of DPW issued a memo on March 26, 2008, to all District agency directors reinforcing procedures for the handling of vehicles under their control in accordance with the Mayor's Order 2000-75 issued on May 11, 2000. Specifically, agencies are not to re-deploy vehicles to other agencies or to various departments within their agencies without first obtaining approval from DPW's Fleet Management Administration.

Recommendation 22: We recommended that the Director, Department of Public Works reconcile the list of vehicles located at the auction site to vehicles sold at future public auctions, and make the appropriate adjustments to FASTER.

DPW Response: DPW has reconciled the list of five vehicles sold at the public auctions and disposed at the scrap yard, and updated FASTER to reflect the adjustments. Appropriate supporting documents were submitted to the OIG.

DISTRICT OF COLUMBIA PUBLIC SCHOOLS (DCPS)

Audit of Background and Training of Security Personnel at District of Columbia Public Schools, OIG No. 03-2-14GA(c), issued on July 15, 2005.

Recommendation 9: We recommended that Superintendent, D.C. Public Schools, in coordination with the Chief of Police, Metropolitan Police Department establish a plan of action that addresses the diversity of the workforce to better reflect the diversity of the student body in the DCPS.

Recommendation 10: We recommended that the Superintendent, D.C. Public Schools, and Chief of Police, Metropolitan Police Department establish controls to ensure that security contractors report all disciplinary actions to DCPS and MPD.

OIG Comment: DCPS did respond to our Management Alert Report OIG No. 08-A-09 issued on August 1, 2008, on September 24, 2008. However, DCPS's response did not address either of these open recommendations. We contacted DCPS officials again on September 29, 2008, and ask that they respond with target dates and proposed corrective actions for open recommendations, as previously requested.

EXHIBIT B: LIST OF OPEN RECOMMENDATIONS

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

We recommended that the Superintendent, District of Columbia Public Schools:

Recommendation 1: Develop and implement an updated policies and procedures manual, to include documenting the complete payroll process.

Recommendation 3: Develop and implement controls to prevent DCPS employees from being paid overtime instead of basic pay while on official leave or working on a holiday by requiring that payroll technicians only process overtime in the week overtime was worked and when they possess all payroll documents, such as leave slips, comp-time records, and overtime records.

Recommendation 4: Validate the overtime pay received by DCPS employees who were paid overtime while on official leave or working on a holiday, when basic pay should have been paid, and recover funds estimated to be \$700.60 from these employees who earned overtime in these circumstances.

Recommendation 5: Develop internal controls to require that overtime is officially ordered and approved in advance of working, in accordance with DPM regulations.

Recommendation 6a: Improve internal controls over the maintenance of payroll records to ensure official payroll documents are properly maintained and available for review by creating policies and procedures for maintaining payroll records in the updated policies and procedures manual.

Recommendation 6d: Improve internal controls over the maintenance of payroll records to ensure official payroll documents are properly maintained and available for review by storing and labeling payroll records in secure containers.

Recommendation 6e: Improve internal controls over the maintenance of payroll records to ensure official payroll documents are properly maintained and available for review by developing a procedure, such as a check-list sheet to validate that complete payroll records have been submitted to payroll technicians prior to processing payroll.

Recommendation 7: Provide training to payroll technicians, timekeepers, and authorizing officials to ensure adequate processing of time and overtime worked.

Recommendation 8: Identify and implement controls to properly charge correct funding codes for overtime worked, and identify and make journal entries to correct charges for overtime previously charged incorrectly to schools and departments.

EXHIBIT B: LIST OF OPEN RECOMMENDATIONS

We recommended that the Superintendent, District of Columbia Public Schools coordinate with the Transportation Administrator for DDOT to make the following operational improvements:

Recommendation 9: Improve written policies and procedures to provide detailed guidelines that will provide the necessary steps and processes for documenting employee time worked.

Recommendation 10: Develop and implement training policies and procedures, such as a manual that would document the entire payroll process, to ensure that all timekeepers' job responsibilities and functional requirements are consistent.

Recommendation 11: Develop and implement a policy to periodically provide overtime request forms to DCPS payroll technicians documenting the use of DDOT overtime for employees that have overtime established in their daily duties.

Recommendation 12: Develop and implement a policy to ensure that all computer passwords are safeguarded, unique for all employees, and maintained and updated on a continual basis.

Recommendation 14: Determine whether additional services are needed before entering into contracts with vendors to perform services when services could be provided by in-house staff.

Recommendation 15: Develop and implement a policy to periodically review CDLs for motor vehicle operators on a continual basis, such as randomly checking the status of a specific number of CDLs every 6 months.

OIG Comment: DCPS did respond to our Management Alert Report OIG No. 08-A-09 issued on August 1, 2008, on September 24, 2008. However, DCPS's response did not address these open recommendations. We contacted DCPS officials again on September 29, 2008, and ask that they respond with target dates and proposed corrective actions for open recommendations, as previously requested.

METROPOLITAN POLICE DEPARTMENT (MPD)

Audit of Background and Training of Security Personnel at District of Columbia Public Schools, OIG No. 03-2-14GA(c), issued on July 15, 2005.

Recommendation 9: We recommended that the Superintendent, D.C. Public Schools, in coordination with the Chief of Police, Metropolitan Police Department establish a plan of action that addresses the diversity of the workforce to better reflect the diversity of the student body in the DCPS.

EXHIBIT B: LIST OF OPEN RECOMMENDATIONS

MPD Response: In any future school security services contract, the Division of School Security will require that the contractor work with the DCPS Office of Human Resources to expand the recruitment efforts to match the diversity of the DCPS student body.

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

Recommendation 9: We recommended that the Chief, MPD establish a task force to identify and coordinate the electronic sharing of data and reports among all coordinating agencies.

MPD Response: Currently, there is a mechanism in place to address data sharing amongst agencies. The Criminal Justice Coordinating Council (CJCC) performs this feat; therefore, MPD considers this recommendation closed.

OFFICE OF CONTRACTING AND PROCUREMENT (OCP)

Audit of Contracting Actions for the District's Administrative Services Modernization Program (ASMP), OIG 04-1-12MA, issued on May 3, 2005.

Recommendation 6: We recommended that the Interim Chief Procurement Officer, Office of Contracting and Procurement establish a review process (standard operating procedures) that would require labor-hour contracts to be reviewed by the contracting officer to ensure that all DCMR requirements have been satisfied.

OCP Response: OCP has established the Office of Procurement Integrity and Compliance (OPIC) to review, among other things, contract files for compliance with statutes and regulations. This includes the review of labor-hour contracts, as well as other contract types. OPIC will ensure that contracting officers are in compliance with all DCMR requirements. OCP has addressed this issue and considers it closed.

OFFICE OF PROPERTY MANAGEMENT (OPM)

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

Recommendation 11: We recommended the Director, OPM develop written policies and operating procedures governing oversight and monitoring of operational costs, to include the verification of invoices and other billing documentation for operational expenses charged by the lessor.

EXHIBIT B: LIST OF OPEN RECOMMENDATIONS

OPM Response: OPM has historically reviewed lease invoices, pursuant to the following procedures:

1. Adequacy of the invoice
Perform a determination as to whether the invoice contains sufficient and correct information about such factors as the time period; address; lease or billing number; date/period; contact name; telephone number; and billing purpose as related to the lease.
2. Accuracy of the invoice
Perform a determination as to whether the amounts billed can be attributed to such factors as the time period corresponding to the billing period; the exclusion of late fees; and performing a computation of the billing amount.

OPM is in the process of hiring a new Asset Specialist, who will be primarily dedicated to performing lease audits. Upon joining the agency, this person will be tasked with interviewing the team, and reviewing and documenting their current operating procedures.

Recommendation 12: We recommended that the Director, OPM establish a process to periodically monitor lessors' books and records in order to identify whether operating expenses are reasonable and directly related to the operation, maintenance, and management of the property under lease.

OPM Response: OPM's fixed cost team reviews annual tax and operational reconciliations as follows:

1. Tax Reviews
 - a. Compare the tax payment charged via the invoice with the Office of Tax and Revenue Payment database to verify the prior payment has been made.
 - b. Compare the time period of the invoice with the tax year period and the reconciliation lease year period to determine if there is an overlap of charges.
 - c. Review the copy of the canceled tax payment check as proof of payment.
 - d. Determine whether a tax appeal has been made and ensure that the District receives its share of the reduction.
2. Accuracy of the invoice
 - a. Review annual expenditure statement and compare to list of acceptable and unacceptable charges in the lease.
 - b. Compare the management fee charged with the rate outlined in the lease.
 - c. Carefully review invoices for each sub-group category to make sure there are no misplaced invoices.

EXHIBIT B: LIST OF OPEN RECOMMENDATIONS

- d. Summarize invoice information and perform a computation review of the charges to identify variances such as late fees.
- e. Prepare a report of findings annotating if operating expenses are more than 25% higher than the year before, incorrect property addresses, incorrect invoice math, invalid invoices, dates inconsistent with terms of the lease, and other variables.

OFFICE OF THE CHIEF FINANCIAL OFFICER (OCFO)

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

Recommendation 1: We recommended that the Chief Financial Officer, OCFO and Deputy Chief Financial Officer, OTR develop and implement controls to prevent property owners from obtaining the homestead deduction and/or senior citizen tax relief on multiple properties.

Recommendation 2: We recommended that the Chief Financial Officer, OCFO and Deputy Chief Financial Officer, OTR coordinate periodically with DCRA and DCHA to detect property owners who simultaneously leased their properties and received the homestead deduction and/or senior citizen tax relief.

Recommendation 8: We recommended that the Chief Financial Officer, OCFO and Deputy Chief Financial Officer, OTR ensure a sufficient number of confirmations are mailed each year, and develop a mechanism to ensure each property owner is audited at least once every 3-5 years.

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

Recommendation 1a: We recommended that the Chief Financial Officer, Office of the Chief Financial Officer formalize and strengthen written policies and procedures for detecting and reporting the death of annuitants and terminating those annuitants from the District's pay and retirement database.

Recommendation 1b: We recommended that the Chief Financial Officer, Office of the Chief Financial Officer formalize and strengthen written policies and procedures for recovering erroneous payments made to deceased or ineligible annuitants.

Recommendation 1c: We recommended that the Chief Financial Officer, Office of the Chief Financial Officer formalize and strengthen written policies and procedures for notifying deceased annuitant's next-of-kin when erroneous payments are made in order to properly recoup the payments.

EXHIBIT B: LIST OF OPEN RECOMMENDATIONS

Audit of the District of Columbia's One Fund, OIG No. 05-2-02MA, issued on July 8, 2005.

Recommendation 3: We recommended that the Annual One Fund Chairperson, in conjunction with the Chief Financial Officer, strengthen internal procedures regarding operational controls over the One Fund.

OCFO Response: The OCFO will continue its work to close the reported 7 open recommendations, 3 partially implemented recommendations, and 1 recommendation in the process of implementation. The OCFO plans to complete actions on these items by the close of the second quarter in FY 2009.

OFFICE OF THE CITY ADMINISTRATOR (OCA)

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

Recommendation 1: We recommended that the City Administrator take steps to ensure that agency management establishes adequate controls to provide accurate and reliable data with regard to agency performance measures. Such controls should ensure, at a minimum that measures are properly defined, related outputs and demands are identifiable, and documentation is maintained to support reported accomplishments.

OCA Response: The Office of the City Administrator (OCA) has taken a number of steps to address this recommendation. Most notably, the OCA recently completed the development of a web-based performance reporting tool that will capture a significant amount of information about each performance measure. This system will require agencies to submit the following information about each measure:

- Clear definition of the equation
- Type of measure (e.g., whether it is an output, outcome, efficiency, etc.)
- Clear definition of outputs and demands feeding the measure
- Method of collection
- Internal validation and auditing protocols
- Manager assigned
- Rationale for tracking the measure
- Annual write-up to support accomplishments

This system has been developed over the past 5 months, and is currently in the testing phase. The OCA will roll it out to all agencies at the beginning of FY 2009 and require all agencies to report this information for their FY 2009 measures. The OCA will also make all of this information available to the public via the Web.

OCA considers this recommendation closed, as a number of steps have been taken to implement the recommendation.

EXHIBIT B: LIST OF OPEN RECOMMENDATIONS

WATER AND SEWER AUTHORITY (WASA)

Audit of Elevated Levels of Lead in the District's Drinking Water, OIG No. 04-2-17LA, issued on January 5, 2005.

Recommendation 12: Implement a Memorandum of Understanding between WASA and the DOH, which would identify controls that would ensure that channels of communication remain open with DOH officials and that data related to water test results and ppb levels are timely provided to DOH. Conversely, WASA needs to obtain data related to lead test results from DOH and any other pertinent information for use in line replacement prioritizations.

WASA Response: WASA supports the view that a positive and continuing exchange of information among the many professionals at WASA and Department of Health (DOH) must be routine, consistent and effective; however, we do not believe that a MOU is necessary to ensure effective cooperation. WASA and DOH have a good working relationship. Both agencies routinely share data back and forth and we provided supporting documentation of email communications between the two agencies demonstrating that this process works during the OIG's current review. The range of substantive issues which WASA and DOH must communicate is wide, diverse and complex requiring much more discussion between the agencies at the senior management and staff level transcending the need for a MOU that is typically more narrowly focused.

EXHIBIT C: REGULATORY COMPLIANCE

The table below indicates the District’s compliance with applicable regulatory requirements.

Criteria	Status
<p>DCORM Responsibility: Implement and maintain a system for managing the resolution of outstanding recommendations/findings from various sources including the Inspector General, the D.C. Auditor, external District-wide audits with management letter recommendations, court orders, retained consultants, and others. (Section 6(0) of the Plan)</p>	<p>Not Implemented: DCORM does not maintain an up-to-date system for managing the resolution of outstanding recommendations from various sources. DCORM’s Excel spreadsheets contain the same information found in the OIG audit reports and do not track follow-up activities conducted to resolve outstanding items.</p>
<p>Policy: Audit follow-up is an integral part of good management, and is a shared responsibility of agency management officials and auditors. Corrective action taken by management on resolved findings and recommendations is essential to improving the effectiveness and efficiency of government operations. Each agency shall establish systems to ensure prompt and proper resolution and implementation of audit recommendations. These systems shall provide for a complete record of action taken on both monetary and non-monetary findings and recommendations. (Section 6, OMB Circular No. A-50.)</p>	<p>Not Implemented: Implementing this specific provision was supposed to be one of DCORM’s functions per the Plan. However, as noted previously, a District-wide system has not been established to ensure prompt, proper resolution and implementation of audit recommendations from various sources. Management indicated that DCORM does not have staff capability to perform extensive follow-up on the status and implementation of OIG audit recommendations. Additionally, DCORM indicated that it does not have the capacity to record and track recommendations made by GAO, D.C. Auditor, federal agencies, external auditors, and other recognized review entities.</p>
<p>Responsibilities of Agency Heads: Agency heads are responsible for: (1) designating a top management official to oversee audit follow-up, including resolution and corrective action; and (2) ensuring that management officials throughout the agency understand the value of the audit process and are responsive to audit recommendations. (Section 7a, OMB Circular No. A-50.)</p>	<p>Not Implemented: The District of Columbia government has not established audit follow-up regulations patterned after OMB Circular No. A-50 to address this specification. This explains why some District agencies regularly neglect to implement agreed-upon audit recommendations even after their written responses indicated that corrective actions were taken or planned.</p>
<p>Responsibilities of Management Officials: Agency management officials are responsible for receiving and analyzing audit reports, providing timely responses to the audit organization, and taking corrective action where appropriate. Where management officials disagree with an audit recommendation, the matter shall be resolved by the follow-up official. (Section 7b, OMB Circular No. A-50.)</p>	<p>Not Implemented: The District of Columbia government has not established audit follow-up regulations patterned after OMB Circular No. A-50 to address this specification. Consequently, an effective mechanism is not in place to aid in the prompt and proper resolution of all outstanding audit issues.</p>
<p>Responsibilities of Audit Follow-up Official: The audit follow-up official has personal responsibility for ensuring that: (1) systems of audit follow-up, resolution, and corrective action are documented and in place; (2) timely responses are made to all audit reports; (3) disagreements are resolved; (4) corrective actions are actually taken; and (5) semi-annual reports are sent to the head of the agency. (Section 7c, OMB Circular No. A-50.)</p>	<p>Not Implemented: The District of Columbia government has not established audit follow-up regulations patterned after OMB Circular No. A-50 to address this provision.</p>

EXHIBIT C: REGULATORY COMPLIANCE

Criteria	Status
<p>Action Requirements for Follow-up Systems: Agencies shall assign a high priority to the resolution of audit recommendations and to corrective action. Systems for resolution and corrective action must meet the following standards:</p> <p>(1) Provide for appointment of a <i>top level audit follow-up official</i>.</p> <p>(2) Require prompt resolution and corrective actions on audit recommendations. Resolution shall be made within a maximum of 6 months after issuance of a final report or, in the case of audits performed by non-federal auditors, 6 months after receipt of the report by the federal government. Corrective action should proceed as rapidly as possible.</p> <p>(3) Specify criteria for proper resolution and corrective action on audit recommendations, whether resolution is in favor of the auditor or an auditee. These criteria should provide for written plans for corrective action with specified action dates, where appropriate.</p> <p>(4) Maintain accurate records of the status of audit reports or recommendations through the entire process of resolution and corrective action. Such records shall include appropriate accounting and collection controls over amounts determined to be due to the government.</p> <p>(5) Provide a means to assure timely responses to audit reports and to resolve major disagreements between the audit organization and agency management or contracting officials. The process should provide sufficient time to permit resolution to take place within the 6-month limit.</p> <p>(6) Assure that resolution actions are consistent with law, regulation, and administration policy; and include written justification containing, when applicable, the legal basis for decisions not agreeing with the audit recommendation.</p> <p>(7) Provide for coordinating resolution and corrective action on recommendations involving more than one program, agency, or level of government.</p>	<p>Not Implemented: The District of Columbia government has not established audit follow-up regulations patterned after OMB Circular No. A-50 to meet these standards. Some of the control deficiencies noted are as follows:</p> <ul style="list-style-type: none"> ▪ District agencies have not appointed top-level audit follow-up officials. ARMRs are currently playing some of the roles of such follow-up officials. ▪ Audit recommendations, including those issued to DCORM, were not being resolved within a maximum of 6 months after issuance of final audit reports. ▪ Accurate records of the status of audit reports or recommendations through the entire process of resolution and corrective action, including appropriate accounting and collection controls over amounts determined to be due to the District government, were not maintained. ▪ Procedures for coordinating resolution and corrective actions on recommendations involving more than one program or agency have not been established. ▪ The City Administrator and agency heads are not provided with periodic or semi-annual reports on the status of all unresolved audit reports over 6 months old, the reasons items remain unresolved after the 6-month limit and a timetable for their resolution; the number of reports or recommendations resolved during the period; the amount of disallowed costs; and collections, offsets, write-offs, demands for payment, and other monetary benefits resulting from audits.

EXHIBIT C: REGULATORY COMPLIANCE

Criteria	Status
<p>(8) Provide semi-annual reports to the agency head on the status of all unresolved audit reports over 6 months old, the reasons therefore, and a timetable for their resolution; the number of reports or recommendations resolved during the period; the amount of disallowed costs; and collections, offsets, write-offs, demands for payment and other monetary benefits resulting from audits. These reports should include an update on the status of previously reported unresolved audits.</p> <p>(9) Provide for periodic analysis of audit recommendations, resolution, and corrective action, to determine trends and system-wide problems, and to recommend solutions.</p> <p>(10) Assure that performance appraisals of appropriate officials reflect effectiveness in resolving and implementing audit recommendations.</p> <p>(11) Provide for an evaluation of whether the audit follow-up system results in efficient, prompt, and proper resolution and corrective action on audit recommendations. The first evaluation will be made within 1 year of the date of this Circular, and evaluations will be made periodically thereafter (Section 8a, OMB Circular No. A-50.)</p>	<ul style="list-style-type: none"> ▪ Controls have not been implemented to: <ul style="list-style-type: none"> ○ Provide for periodic analysis of audit recommendations, resolution, and corrective action, to determine trends and system-wide problems, and to recommend solutions; ○ Assure that performance appraisals of appropriate officials reflect effectiveness in resolving and implementing audit recommendations; and ○ Provide for periodic evaluations of whether the audit follow-up system results in efficient, prompt, and proper resolution and corrective action on audit recommendations.

EXHIBIT D: STATUS OF OIG AUDIT RECOMMENDATIONS

Agency	Total ¹	Closed ²	Open ³	OBE ⁴	Percent Remaining Open
1. Child and Family Services Agency (CFSA)	16	14	2	0	13%
2. Department of Consumer and Regulatory Affairs (DCRA)	6	6	0	0	0%
3. Department of Health (DOH)	64	64	0	0	0%
4. Department of Housing and Community Development (DCHD)	18	18	0	0	0%
5. Department of Human Resources (DHR)	13	13	0	0	0%
6. Department of Mental Health (DMH)	4	4	0	0	0%
7. Department of Motor Vehicles (DMV)	16	14	2	0	13%
8. Department of Public Works (DPW)	30	27	3	0	10%
9. Department of Transportation (DDOT)	10	10	0	0	0%
10. Department on Disability Services (DDS)	9	9	0	0	0%
11. District of Columbia Public Schools (DCPS)	51	24	17	10	33%
12. District of Columbia Retirement Board (DCRB)	6	6	0	0	0%
13. Homeland Security & Emergency Management Agency(HSEMA)	3	3	0	0	0%
14. Metropolitan Police Department (MPD)	20	18	2	0	10%
15. Office of Contracting and Procurement (OCP)	18	17	1	0	6%
16. Office of Deputy Mayor for Operations (ODMO)	1	1	0	0	0%
17. Office of Property Management (OPM)	5	3	2	0	40%
18. Office of Risk Management (ORM)	14	14	0	0	0%
19. Office of the Chief Financial Officer (OCFO)	42	35	7	0	17%
20. Office of the Chief Technology Officer (OCTO)	12	11	0	1	0%
21. Office of the City Administrator (OCA)	4	3	1	0	25%
22. Office of the Secretary (OS)	13	13	0	0	0%
23. Office of the State Superintendent of Education (OSSE)	5	4	0	1	0%
24. Water and Sewer Authority (WASA)	12	11	1	0	8%
Total Recommendations	392	342	38	12	
Less: Duplicate Recommendations	(29)	(21)		(8)	
Adjusted Total Recommendations	363	321	38	4	10%

¹ Total recommendations made in FYs 2005-2007

² Reported by agencies as closed

³ Reported by agencies as open

⁴ Reported by agencies as overtaken by events (OBE) and the OIG concurred

EXHIBIT E: RESULTS OF FOLLOW-UP AUDIT VERIFICATIONS

Description	District Agencies																								Total
	CFSA	DCHR	DCPS	DCRA	DCRB	DDOT	DDS	DHCD	DMH	DMV	DOH	DPW	HSEMA	MPD	OCA	OCFO	OCP	ODMO	OCTO	OPM	ORM	OS	OSSE	WASA	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
Open	2	0	17	0	0	0	0	0	0	2	0	3	0	2	1	7	1	0	0	2	0	0	0	1	38
Closed	14	13	24	6	6	10	9	18	4	14	64	27	3	18	3	35	17	1	11	3	14	13	4	11	342 ¹
OBE	0	0	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	12 ²
Recommendations	16	13	51	6	6	10	9	18	4	16	64	30	3	20	4	42	18	1	12	5	14	13	5	12	392
Fully Implemented	6	2	0	0	1	4	2	4	0	2	14	6	0	3	0	10	4	0	0	1	3	1	2	5	70 ³
Partially Implemented	1	1	0	1	0	0	1	0	2	0	2	0	2	1	0	3	0	0	2	1	0	2	0	2	21
In the Process of Implementation	2	0	0	1	0	0	1	0	0	0	2	1	0	1	0	1	1	0	1	0	2	1	0	0	14 ⁴
Not Implemented	0	0	9	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0	0	1	0	0	0	12 ⁵
Total Verified	9	3	9	2	1	4	4	4	2	2	18	8	2	5	1	14	5	0	3	2	6	4	2	7	117⁶

¹ Includes 21 duplicate recommendations

² Includes eight duplicate recommendations

³ Includes five duplicate recommendations

⁴ Includes two duplicate recommendations

⁵ Includes one duplicate recommendation; these “not implemented” recommendations are listed at Exhibit F

⁶ The OIG verified a total of 109 closed recommendations (sample items) after subtracting 8 duplicates

EXHIBIT F: RECOMMENDATIONS IDENTIFIED BY OIG AS NOT IMPLEMENTED

The OIG verified supporting documentation for 109 recommendations that 23 agencies reported as closed. Our review identified 4 agencies that did not maintain supporting documents for 12 recommendations they classified as closed. Due to the lack of sufficient documentation to support corrective actions taken by the agencies, we have classified the 12 recommendations as not implemented and listed them below for management's attention.

DEPARTMENT OF PUBLIC WORKS (DPW)

Audit of the District of Columbia's One Fund, OIG No. 05-2-02MA, issued on July 8, 2005.

Recommendation 3: We recommended that the Annual One Fund Chairperson, in conjunction with the Chief Financial Officer, strengthen internal procedures regarding operational controls over the One Fund.

DPW Response: The DPW Director, at the time was the Annual One Fund Chairperson, received the recommendations after his tenure over the fund had ended. While each year there is a new chairperson, the results of the Audit were shared with the new chairperson and the OCFO to implement. There is no official documentation in our records that indicates that this message was formally translated to all parties. As the DPW Director is very busy with other priorities, we recommend that the new One Fund Chairperson work with the OCFO before a new One Fund Drive is launched on October 1, 2008, to institute these controls and implement within the next year.

DISTRICT OF COLUMBIA OFFICE OF RISK MANAGEMENT (DCORM)

Audit of District Agencies' Implementation of Audit Recommendations, OIG No. 05-1-17MA, issued on August 16, 2005.

Recommendation 3: We recommended that the Interim Chief Risk Officer, DCORM follow-up with agency officials on the 78 recommendations that remain open to ensure that agencies continue to work aggressively to timely close these recommendations

DCORM Response: DCORM did not submit a response to this recommendation during the verification phase.

**EXHIBIT F: RECOMMENDATIONS IDENTIFIED BY OIG
AS NOT IMPLEMENTED**

DISTRICT OF COLUMBIA PUBLIC SCHOOLS (DCPS)

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

Recommendation 4: We recommended that the Director, Child and Family Services Agency and the Superintendent, D.C. Public Schools perform periodic reconciliations of DCPS to CFSA records to clear up any discrepancies, and simultaneously validate that students received services in accordance with their IEPs.

DCPS Response: DCPS did not submit a response to this recommendation during the verification phase.

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

Recommendation 1: We recommended that the Superintendent, District of Columbia Public Schools take immediate action to pursue recovery from MVM, Inc. for duplicate billings totaling \$13,276.97 and over billings totaling \$15,121.82.

DCPS Response: It appears DCPS' prior administration did not take the appropriate action to recover overpaid funds to MVM, Inc. as recommended. DCPS' Office of Compliance will consult with DCPS' Office of the General Counsel (OGC) and OCFO to determine appropriate action.

Recommendation 2: We recommended that the Superintendent, District of Columbia Public Schools initiate action to recover fees totaling \$9,620.46 from MVM, Inc. for the failure to replace absent school officers in May 2003, as provided in the contract.

DCPS Response: It appears DCPS' prior administration did not take the appropriate action to recover overpaid funds to MVM, Inc. as recommended. DCPS' Office of Compliance will consult with OCFO and OGC to determine appropriate action.

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

Recommendation 2: We recommended that the Superintendent, District of Columbia Public Schools finalize the draft OFM interoffice procedural guide to ensure that definitive requirements are established prior to awarding construction contracts.

DCPS Response: DCPS' Office of Facilities Management (OFM) has transitioned to the Office of Public Education Facilities Modernization since this report was issued.

EXHIBIT F: RECOMMENDATIONS IDENTIFIED BY OIG AS NOT IMPLEMENTED

Recommendation 3: We recommended that the Superintendent, District of Columbia Public Schools coordinate with USACE, as appropriate, to resolve any outstanding issues concerning possible deficiencies in the construction of Barnard Elementary School.

DCPS Response: DCPS' Office of Facilities Management (OFM) has transitioned to the Office of Public Education Facilities Modernization since this report was issued.

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

Recommendation 13: We recommended that the Superintendent, District of Columbia Public Schools coordinate with the Transportation Administrator for DCPS to make recommended operational improvements by establishing internal controls to ensure that overtime usage is necessary and to avoid overtime usage that results in a duplication of work and wasted funds.

DCPS Response: The Transportation Administrator was appointed by court order in June 2003 and was granted the authority to oversee, supervise and direct all financial, administrative and personnel functions of DCPS Transportation including payroll, labor relations, employee benefits, training, procurement and facilities management. This court order was upheld in April 2006 giving the Transportation Administrator sole authority. DCPS believes the Transportation Administrator has sole authority to implement this recommendation.

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

Recommendation 3: We recommended that the Superintendent, D.C. Public Schools perform a series of internal reviews of other District high schools to evaluate whether June 2006 graduates satisfied course and other requirements prior to graduation.

DCPS Response: DCPS' Office of Teaching and Learning, in conjunction with the Office of Compliance, will evaluate the high school graduation process to determine if graduates have satisfied course and other requirements for graduation.

Recommendation 5: We recommended that the Superintendent, D.C. Public Schools develop a community service directive requiring school officials to maintain supporting documentation for tracking completed community service in students' cumulative files, and require school officials to perform periodic reviews of the files.

DCPS Response: DCPS' Office of Teaching and Learning has drafted a community service directive which is currently under review before being sent to the Chief of Teaching and Learning and then on to the Chancellor for final approval.

**EXHIBIT F: RECOMMENDATIONS IDENTIFIED BY OIG
AS NOT IMPLEMENTED**

Recommendation 9: We recommended that the Superintendent, D.C. Public Schools incorporate standard guidelines for preparing graduation lists, which are to be followed by all District high schools.

DCPS Response: In February 2008, DCPS' Chief of Schools disseminated memorandums to all high school principals and Instructional Superintendents providing standard guidelines for preparing graduation lists.

OFFICE OF THE CITY ADMINISTRATOR

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

Recommendation 5: We recommended that the City Administrator request that a Mayor's Order or directive on fixed costs be issued, which clearly spells out the responsibilities of: (a) agencies that procure commodities (rent, telecommunications, etc.) categorized as fixed costs for use by other agencies; (b) agencies using these commodities; and (c) the administrative or paying agency.

OCA Response: OCA does not have a Mayor's Order and the recommendation should never have been declared closed. For the record, OCA would like to highlight that the recommendation was closed by the prior Administration shortly before leaving office. The current OCA personnel were totally unaware that the recommendation had been closed until they were contacted by the OIG during the follow-up audit.

EXHIBIT G: DCORM'S RESPONSE TO THE DRAFT REPORT



DISTRICT OF COLUMBIA GOVERNMENT DC OFFICE OF RISK MANAGEMENT

441 4th Street NW, Suite 800S, Washington DC 20001

Office: 202-727-8600 ♦ Fax: 202-727-8319

January 30, 2009

Mr. Charles J. Willoughby
Inspector General
Office of the Inspector General
717 14th Street, NW
Washington, DC 20005

Dear Mr. Willoughby:

Per the Office of Inspector General's (OIG) *Audit of District Agencies' Implementation of Audit Recommendations (OIG No. 08-1-03MA)*, the Office of Risk Management (DCORM) has reviewed and will provide our responses to Recommendations 1 through 11. Our response is provided using these recommendations as a framework.

OIG Recommendation 1: Work collaboratively with the City Administrator to issue District-wide guidance requiring agency heads and management officials to establish, assess, correct and report on internal controls related to their audit follow-up systems. Such systems should: (a) ensure the prompt and proper resolution and implementation of audit recommendations from various sources; and, (b) provide for complete records of actions taken on both monetary and non-monetary findings and recommendations. Additionally, the guidance could be patterned after the FMFIA, OMB Circular No. A-50, and the Federal Claims Collection Standards.

DCORM Response 1: DCORM has satisfied this recommendation. DCORM will continue to work with the City Administrator to issue District-wide guidance requiring agency heads and management officials to establish, assess, correct and report on internal controls related to their audit follow-up systems. DCORM will continue to rely on the designated personnel appointed by each agency's Director, known as Agency Risk Management Representatives (ARMR), to conduct follow-up and provide responses for audit findings related to their specific agency. DCORM will also continue to work with ARMRs to provide guidance on creating internal follow up systems, and will ensure that the agency complies with the OMB Circular No. A-50 requirement; to respond within 6 months of receipt of the OIG Audit Report barring no budgetary constraints or agency operational concerns.

OIG Recommendation 2: Implement a comprehensive web-based database system to accurately and completely track recommendations directed to the District agencies and to facilitate the timely resolution of outstanding recommendations from various sources including the OIG, D.C. Auditor, GAO, federal inspectors general, and external auditors.

DCORM Response 2: DCORM agrees with the recommendation and has taken steps towards full implementation. Prior to DCORM converting to Microsoft Excel as the primary tracking system of OIG reports, DCORM utilized Risk Master. In December 2007, DCORM visited OIG to reconcile the audit information, and to learn more about other database systems that can be utilized for tracking purposes. As we advised you in February 2008, DCORM had been

EXHIBIT G: DCORM'S RESPONSE TO THE DRAFT REPORT



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researching database systems with greater capabilities for information tracking and management. The primary purpose was twofold: to manage and track tort liability claims and to provide a greater level of accountability and controls and the for the purpose of tracking recommendations provided by the Office of Inspector General (OIG). We have finalized the system tracking for the Tort Liability Division and we are now in the process of exploring the expansion of the system to accommodate the tracking of the OIG recommendations. If we are unable to utilize the system for that purpose we will continue to explore other options. In the meantime we will continue to use the current tracking system.

OIG Recommendation 3: Ensure that the District's central audit follow-up system incorporates requirements similar to those set forth by OMB Circular A-50, including a provision for agencies to promptly and properly resolve all outstanding recommendations within a maximum of 6 months after issuance or receipt of a final report.

DCORM Response 3:

DCORM has satisfied this recommendation. DCORM has implemented the following items from OMB Circular No. A-50:

- 1) 8 a (4) Action requirements: DCORM maintains a database which includes the status of the audit report and recommendations. The database tracks audit reports from when DCORM receives them through the closing of each recommendation.
- 2) 8 a (5) Since FY 06, DCORM has sent reports to the Agency Risk Management Representatives (ARMR's) on a quarterly basis for review and updating. Whenever possible the reports include timelines.
- 3) 8 a (7) DCORM enters multi-agency reports individually by agency for better coordinating and follow-up of resolutions and recommendations.

OIG Recommendation 4: Reevaluate staffing levels to determine whether they are sufficient to track and manage timely resolution of recommendations from various sources, and ensure that designated personnel are adequately trained to more effectively discharge their follow-up responsibilities.

DCORM Response 4: DCORM agrees with the recommendation, and we are realigning our staffing levels. As a result we will identify individuals that will track and manage timely resolutions. DCORM will continue to rely on the designated personnel appointed by each agency's Director, known as Agency Risk Management Representatives (ARMR), to conduct follow-up and provide responses for audit findings related to their specific agency. DCORM will continue to conduct trainings for the ARMRs in collaboration with the OIG, which will provide insight on how to respond to open OIG Recommendations.

OIG Recommendation 5: Establish controls to ensure the accuracy and completeness of data contained in the audit follow-up system.

DCORM Response 5: DCORM has satisfied this recommendation. DCORM enhanced its OIG Recommendation Tracking Log and incorporated electronic alerts to signal follow-up with each

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agency within the 6 month response submission deadline as referenced in the OMB Circular No. A-50. Further, as stated in Response number 3, DCORM has implemented the following items from OMB Circular No. A-50:

- 4) 8 a (4) Action requirements: DCORM maintains a database which includes the status of the audit report and recommendations. The database tracks audit reports from when DCORM receives them through the closing of each recommendation.
- 5) 8 a (5) Since FY 06, DCORM has sent reports to the Agency Risk Management Representatives (ARMR's) on a quarterly basis for review and updating. Whenever possible the reports include timelines.
- 6) 8 a (7) DCORM enters multi-agency reports individually by agency for better coordinating and follow-up of resolutions and recommendations.

OIG Recommendation 6: Develop and disseminate formal goals and objectives of the audit follow-up process as part of the annual performance-based budgeting approach, and emphasize individual accountability for conforming to the related control guidelines. Management should continuously monitor follow-up activities to achieve the established objectives.

DCORM Response 6: DCORM has satisfied this recommendation. On a monthly basis, DCORM holds a Risk Management Council (RMC) Meeting with the Agency Risk Management Representatives (ARMRs) for all Mayoral Agencies. During RMC meetings, we review the OIG Audit Recommendations that were disseminated to each ARMR and discuss the status of the open items for their agency. During fiscal years '05, '06 and '07, the DCORM Accountability Chart was distributed to ARMRs on a monthly basis, and was used to track deliverables including the number of open OIG recommendations. DCORM emphasizes the value of agency responses and monitors follow-up as listed in the current tracking log.

ARMRs received a presentation offered by [REDACTED] Office of the Inspector General Director of General Audits, and [REDACTED] Deputy Assistant Inspector General for Audits, which outlined the newly implemented goals and objectives (February 2008), created by OIG, relating to audit follow-up. Both the presentation and flowchart relating to recommendation status were provided to ARMRs during the March 12, 2008 RMC meeting.

Attached, please find RMC meeting minutes (Attachment A), dating back to March 2007, in which ARMRs were provided open OIG Recommendations and discussions regarding recommendation tracking, items disseminated by OIG to ARMRs (Attachment B), and a copy of a monthly accountability chart highlighting DCORM's recommendation tracking (Attachment C).

OIG Recommendation 7: Ensure that follow-up policies and procedures are written, communicated, promoted, accessible, and used consistently in work processes and activities. These documents should be periodically updated to reflect current follow-up practices.

DCORM Response 7: DCORM has satisfied this recommendation. Please refer to Response #6 as stated above.

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OIG Recommendation 8: Maintain an accurate, complete, and current listing of all designated contact points for both mayoral and non-mayoral agencies, including telephone numbers and email addresses, to facilitate an efficient and effective audit follow-up process.

DCORM Response 8: DCORM does not concur that we do not have an accurate contact list for Mayoral Agencies. DCORM has jurisdiction over Mayoral agencies “only” as advised from the inception of DCORM taking over the compliance component of the “Recommendation Tracking System.” DCORM maintains a contact list for Mayoral Agency Risk Management Representatives as well as some non-Mayoral ARMRs and agencies. This information is maintained within our Risk Management Representative Accountability Chart. The contact information includes telephone numbers, fax numbers, and email addresses for each contact. Attached, please find a copy of DCORM’s contact list, which in the past has been provided to OIG to assist with follow-up audits (Attachment D).

OIG Recommendation 9: Implement and monitor management controls to ensure that deficiencies identified in this report are fully addressed prior to the next triennial follow-up audit.

DCORM Response 9: DCORM has satisfied this recommendation. Please refer to Response #1 as stated above.

OIG Recommendation 10: Follow-up with agency officials on the 38 recommendations that remain open and the 44 recommendations that the OIG classified as not fully implemented to ensure that agencies continue to work aggressively to timely close these recommendations

DCORM Response 10: Below is a chart that provides a breakdown of agency responses to open recommendations. DCORM believes that the 38 open recommendations are misleading and that the OIG has not updated the status of several of these recommendations.

# of Open Recommendations	Agency Responses to Open OIG Recommendation:
10	Submitted completion timelines
7	Closed by agency, but not closed by OIG
1	Require multi-agency coordination
1	Agency not under purview of DCORM
17	Recommendations targeted to DCPS for fiscal year 2005 & 2006
1	Disagreed with OIG Recommendation due to lack of program improvement at Agency
1	Recommendation is outstanding/non-responsive
38	Total Open OIG Recommendations

Now that DCPS is under the purview of the Office of the Mayor, DCORM will work with the Office of the Chancellor to identify an Agency Risk Management Representative (ARMR) to assist with closing the seventeen (17) open DCPS recommendations. DCORM is requesting that

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the OIG examine the responses by the agencies to update the status of the 38 open recommendations.

OIG Recommendation 11: Ensure that sufficient supporting documentation is maintained for all audit recommendations that District agencies report as closed.

DCORM Response 11: This recommendation has been satisfied. All documentation is stored by agency at DCORM's headquarters located at 441 4th Street, Suite 800 S, Washington, DC 20001.

Thank you for the opportunity to provide a formal response to your recommendations. If you have any questions regarding these responses please contact me at (202) 727-8600.

Sincerely,

Kelly Valentine
Director

cc: Daniel M. Tangherlini, City Administrator and Deputy Mayor
William Singer, Chief of Budget Execution, Office of the City Administrator