

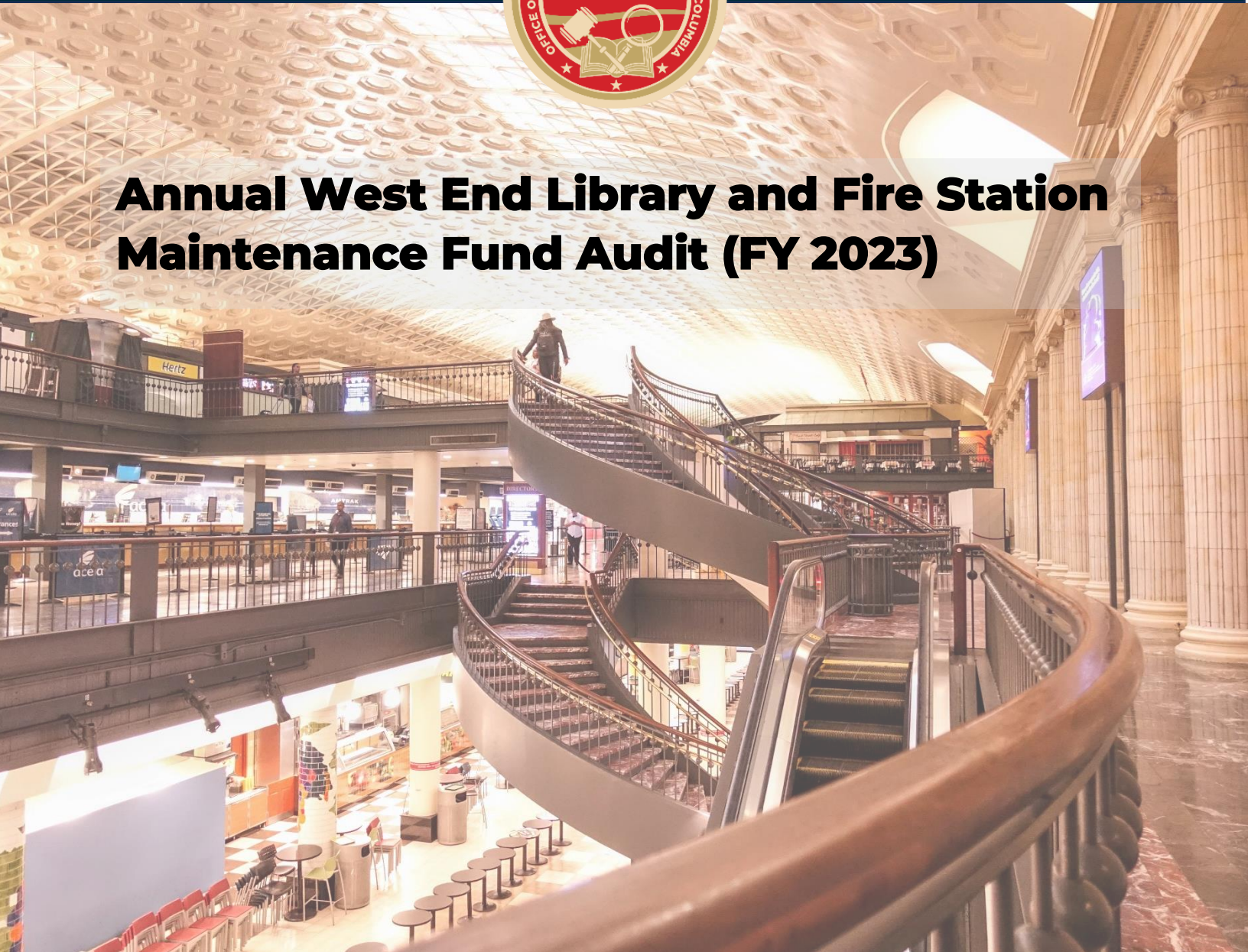
DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

OIG Project No. 24-1-02MA

April 2024



Annual West End Library and Fire Station Maintenance Fund Audit (FY 2023)



GUIDING PRINCIPLES

*ACCOUNTABILITY * INTEGRITY * PROFESSIONALISM*

*TRANSPARENCY * CONTINUOUS IMPROVEMENT * EXCELLENCE*



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We independently audit, inspect, and investigate matters pertaining to the District of Columbia government to

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
- recommend and track the implementation of corrective actions.

OUR VISION

Our vision is to be a world-class Office of the Inspector General that is customer-focused and sets the standard for oversight excellence!

OUR GUIDING PRINCIPLES

- Accountability
- Continuous Improvement
- Excellence
- Integrity
- Professionalism
- Transparency





ANNUAL WEST END LIBRARY AND FIRE STATION MAINTENANCE FUND AUDIT (FY 2023)

WHY WE DID THIS AUDIT

D.C. Code § 1-325.181(e) requires the Office of the Inspector General (OIG) to conduct an annual audit of the West End Library and Fire Station Maintenance Fund (Maintenance Fund or Fund) and transmit the audit report to the Mayor and Council of the District of Columbia.

OBJECTIVES

The objectives of this audit were to: (1) determine whether the assets, liabilities, fund balance, revenue, and expenditures of the Fund were recorded and reported accurately; and (2) identify any Fund expenditures that were not permitted under the law.

WHAT WE FOUND

Department of General Services (DGS) records indicated that as of September 30, 2023, the Maintenance Fund had (1) assets of \$931,229; (2) liabilities of \$7,285; and (3) a Fund balance of \$923,944.

From October 1, 2022, to September 30, 2023, the Office of Tax and Revenue (OTR) within the Office of the Chief Financial Officer (OCFO) deposited deed transfer and recordation tax revenues of \$492,606 into the Maintenance Fund. This resulted in a \$228,655 decrease from FY 2022 due to a decrease in sold properties. DGS also recorded \$125,542 in interest revenue for the Maintenance Fund for FY 2023, a \$103,057 increase from FY 2022 due to the Federal Reserve's interest rate increases. Finally, DGS records indicated \$220,479 in Maintenance Fund expenditures. Our audit procedures did not identify any unlawful Maintenance Fund expenditures.

WHAT WE RECOMMEND

The OIG reported three open recommendations from the [Audit of the West End Library and Fire Station Maintenance Fund](#) report dated November 19, 2020 (FY 2020 report). These three recommendations remained open until FY 2023, when DGS provided supporting documentation demonstrating the successful implementation of the OIG's recommendations. The OIG considers these recommendations closed and resolved.¹

¹ See Appendix A for more information on the previous audit report's recommendations.



MANAGEMENT RESPONSE

DGS concurred with the three recommendations made in the FY 2020 report. During FY 2023, DGS provided supporting documentation on the creation and implementation of standard operating procedures (SOPs) and pertinent policies to support the closure and resolution of the three prior-year findings. The SOPs established management oversight activities to ensure proactive management of the Maintenance Fund in alignment with the enabling legislation and Property Maintenance Agreements (PMAs).



April 26, 2024

Delano Hunter
Director
Department of General Services
3924 Minnesota Avenue NE
Washington, D.C. 20019

Richard Reyes-Gavilan
Executive Director
District of Columbia Public Library
901 G Street NW
Washington, D.C. 20001

Subject: **Annual West End Library and Fire Station Maintenance Fund
Audit (FY 2023) | 24-1-02MA**

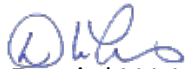
Director Hunter and Executive Director Reyes-Gavilan:

In accordance with D.C. Code § 1-325.181(e), enclosed is our report, *Annual West End Library and Fire Station Maintenance Fund Audit (FY 2023)*, OIG No. 24-1-02MA. Our audit examined whether: (1) the Maintenance Fund assets, liabilities, fund balances, revenue, and expenditures were recorded and reported accurately; and (2) the Maintenance Fund expenditures were permitted by law. We conducted this audit in accordance with generally accepted government auditing standards (GAGAS) and concluded that the applicable records were presented fairly and that the expenditures complied with governing law.

On November 19, 2020, as part of [Audit of the West End Library and Fire Station Maintenance Fund \(FY 2019\)](#), we included three recommendations for DGS; these recommendations remained open until FY 2023 (Recommendations 3,4, and 5). During this engagement, we followed up with DGS on these open recommendations and determined that their corrective actions met the intent of our recommendations. Therefore, we consider these recommendations closed and resolved in FY 2023.

We appreciate the cooperation and courtesy extended to our staff during this audit. If you have any questions about this report, please contact me or Dr. Slemo Warigon, Assistant Inspector General for Audits, at 202-792-5684.

Sincerely,



Daniel W. Lucas
Inspector General

DWL/bdh

Enclosure

DISTRIBUTION LIST

The Honorable Muriel Bowser, Mayor, District of Columbia, Attention: Betsy Cavendish

Mr. Kevin Donahue, City Administrator, District of Columbia

Mr. Barry Kreiswirth, General Counsel and Senior Policy Advisor, Office of the City Administrator, District of Columbia

Mr. Eugene Adams, Director, Mayor's Office of Legal Counsel

Ms. Lindsey V. Parker, Chief of Staff, Executive Office of the Mayor

Ms. Nina Albert, Deputy Mayor for Planning and Economic Development

The Honorable Phil Mendelson, Chairman, Council of the District of Columbia

The Honorable Anita Bonds, Chairperson, Committee on Executive Administration and Labor, Council of the District of Columbia

The Honorable Janeese Lewis George, Chairperson, Committee on Facilities and Family Services, Council of the District of Columbia

The Honorable Kenyan McDuffie, Chairperson, Committee on Business and Economic Development, Council of the District of Columbia

The Honorable Brooke Pinto, Chairperson, Committee on the Judiciary and Public Safety, Council of the District of Columbia

The Honorable Trayon White, Sr., Chairperson, Committee on Recreation, Libraries and Youth Affairs, Council of the District of Columbia

Ms. Susanna Castillo, Director of Communications, Executive Office of the Mayor

Ms. Jennifer Reed, Director, Office of Budget and Performance Management, Office of the City Administrator

Mr. John Donnelly, Sr., Chief, Fire & Emergency Medical Services Department

Ms. Nyasha Smith, Secretary to the Council, Council of the District of Columbia

The Honorable Brian L. Schwalb, Attorney General for the District of Columbia

Mr. Glen Lee, Chief Financial Officer, Office of the Chief Financial Officer

Mr. Timothy Barry, Executive Director, Office of Integrity and Oversight, Office of the Chief Financial Officer

The Honorable Kathy Patterson, D.C. Auditor, Office of the District of Columbia Auditor

Mr. Jed Ross, Chief Risk Officer, Office of Risk Management

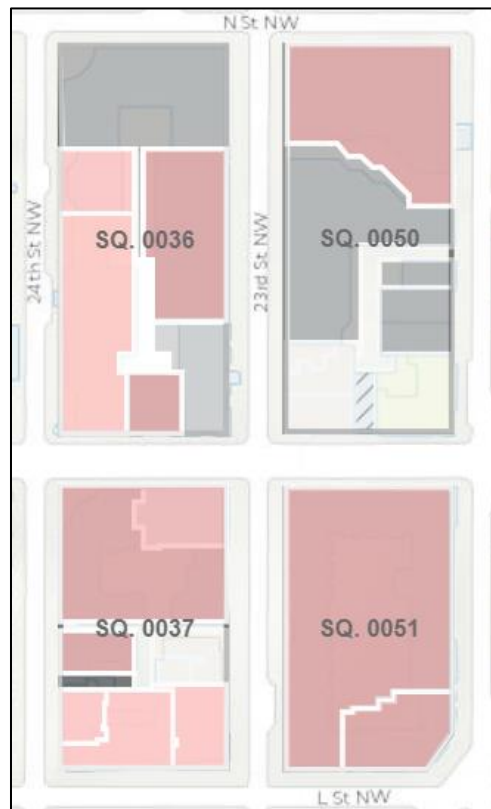
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BACKGROUND

The Council of the District of Columbia (Council) enacted the West End Parcels Development Omnibus Act of 2010 (West End Act or Act) effective April 8, 2011, which authorized the District of Columbia (DC or District) Board of Library Trustees and the DC Fire and Emergency Medical Services Department (FEMS) to design, develop, and construct a new library and fire station. The West End Library was to be built in Square 37 and the West End Fire Station in Square 50, both located in the southeastern section of the District's West End neighborhood, north of Washington Circle.

Image 1. Location of Property Squares 37 and 50 in the District

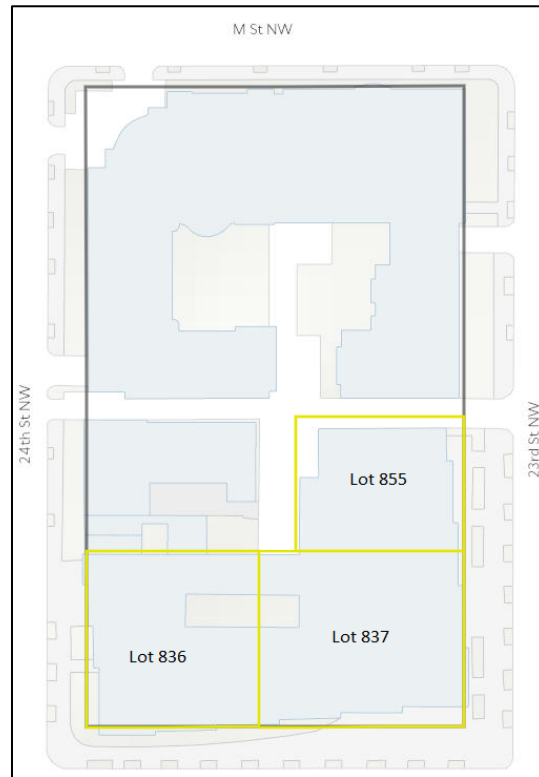


Source: D.C. Real Property Finder

The West End Act also established the West End Library and Fire Station Maintenance Fund (Maintenance Fund). The Maintenance Fund was created as a mechanism for the District to pay for supplemental expenses and maintenance, insurance, and capital replacement for the West End Library and the West End Fire Station. According to the Act, the Maintenance Fund is to be funded by "85% of the Deed Transfer and Recordation Taxes attributable to the new buildings constructed

on Lots 836, 837, and 855 in Square 37,”² and the purpose of the Fund is to ensure both the West End Fire Station and West End Library are “maintained in a manner that is consistent with the high-quality conditions of the larger buildings of which they are a part.”³

Image 2. Location of Property Lots in Square 37



Source: OIG Analysis of DC Real Property Finder Search Results

The Council enacted the West End Parcels Development Omnibus Amendment Act of 2016, effective March 11, 2017, which assigned joint management responsibility for the Maintenance Fund to the Department of General Services (DGS) and the District of Columbia Public Library (DCPL). DGS and DCPL entered into a memorandum of agreement (MOA) in March 2018, which further refined each agency’s responsibilities pertaining to the use and management of the Maintenance Fund. Through amendments, the term of the agreement was subsequently extended to September 30, 2023.

The audit began in October 2023 and was completed in March 2024, in accordance with GAGAS, which requires that we plan and perform the audit to obtain sufficient

² [D.C. Code § 1-325.181\(b\)\(1\)](#) (Lexis current through Feb. 5, 2024)

³ [D.C. Code § 1-325.181\(a\)](#) (Lexis current through Feb. 5, 2024)

and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained during this audit provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS OF EXAMINATION

REVENUE DEPOSITED INTO THE MAINTENANCE FUND

From October 1, 2022, to September 30, 2023, the Office of Tax and Revenue (OTR) within the Office of the Chief Financial Officer (OCFO) deposited deed transfer and recordation tax revenue totaling \$492,606 into the Maintenance Fund. DGS also recorded interest revenue of \$125,542 in the Maintenance Fund for FY 2023. Total revenue assessed and earned for FY 2023 was \$618,148, as indicated in Table 1, below and on the next page.

Table 1. Comparison of Monthly Revenue Activities and Earned Interest Income by Fiscal Year

| Monthly Revenue Activities | FY 2023 | | FY 2022 | |
|---------------------------------------|------------------------|------------------|------------------------|------------------|
| | No. of Sold Properties | Total Value | No. of Sold Properties | Total Value |
| October | - | - | 1 | \$45,603 |
| November | - | - | 1 | \$89,110 |
| December | - | - | - | - |
| January | - | - | 1 | \$18,488 |
| February | 1 | \$29,827 | 2 | \$141,491 |
| March | 1 | \$15,406 | 2 | \$172,304 |
| April | - | - | 3 | \$138,656 |
| May | 2 | \$174,399 | - | - |
| June | 2 | \$118,172 | 2 | \$97,491 |
| July | 1 | \$83,317 | - | - |
| August | - | - | 1 | \$18,118 |
| September | 1 | \$71,485 | - | - |
| Deed Transfer and Recordation Revenue | | \$492,606 | | \$721,261 |
| Interest Income | | \$125,542 | | \$22,485 |
| Total | 8 | \$618,148 | 13 | \$743,746 |

EXPENDITURES FROM THE WEST END LIBRARY MAINTENANCE FUND

DGS and DCPL records indicated that the total West End Library Maintenance Fund expenditures for the fiscal year ended September 30, 2023, were \$87,420, as shown in Table 2.

Table 2. West End Library Maintenance Expenditures

| FY 2023 Period of Performance | Invoice Date | Amount |
|-------------------------------|--------------|-----------------|
| October | 11/1/2022 | \$7,285 |
| November | 12/1/2022 | \$7,285 |
| December | 1/1/2023 | \$7,285 |
| January | 2/1/2023 | \$7,285 |
| February | 3/1/2023 | \$7,285 |
| March | 4/1/2023 | \$7,285 |
| April | 4/27/2023 | \$7,285 |
| May | 5/31/2023 | \$7,285 |
| June | 6/30/2023 | \$7,285 |
| July | 8/1/2023 | \$7,285 |
| August | 9/1/2023 | \$7,285 |
| September | 10/3/2023 | \$7,285 |
| Total | | \$87,420 |

EXPENDITURES FROM THE WEST END FIRE STATION MAINTENANCE FUND

DGS and FEMS records indicated that the total West End Fire Station Maintenance Fund expenditures for the period of October 1, 2022, to September 30, 2023, were \$133,056, as shown in Table 3.

Table 3. West End Fire Station Maintenance Expenditures

| FY 2023 Period of Performance | Invoice Date | Amount |
|-------------------------------|--------------|------------------|
| October | 11/17/2022 | \$12,096 |
| November | 11/30/2022 | \$12,096 |
| December | 12/1/2022 | \$12,096 |
| January | 2/1/2023 | \$12,096 |
| February | 3/1/2023 | \$12,096 |
| March | 4/1/2023 | \$12,096 |
| April | 5/1/2023 | \$12,096 |
| May | 6/1/2023 | \$12,096 |
| June | 7/1/2023 | \$12,096 |
| July | 8/1/2023 | \$12,096 |
| August | 9/1/2023 | \$12,096 |
| Total | | \$133,056 |

MAINTENANCE FUND BALANCE

Our analysis of DGS records indicated that the Maintenance Fund balance was \$923,944 as of September 30, 2023, as shown in Table 4. On June 27, 2023, the Mayor approved the Fiscal Year 2023 Revised Local Budget Adjustment Emergency Act of 2023. According to the Act, "the Chief Financial Officer shall transfer in Fiscal Year 2023 the following amounts from certified funds and other revenue in the identified accounts to the unassigned fund balance of the General Fund of the District of Columbia," which included \$2,129,113 from the Maintenance Fund.⁴

⁴ D.C. Act 25-134 § 4 "Designated fund transfers." We note that the amount transferred as shown in the chart for the West End Library/Firehouse Maintenance was \$2,129,112.

Table 4. Maintenance Fund Balance as of September 30, 2023

| Descriptions | FY 2023 |
|---|------------------|
| Beginning Balance as of October 1, 2022 | \$2,655,388 |
| Fund Income (Table 1) | \$618,148 |
| Fund Expenditures (Tables 2 and 3) | (\$220,479) |
| Interest Transfer Out | (\$2,129,113) |
| Ending Fund Balance | \$923,944 |

Source: OIG Analysis of DGS Financial Records

LIABILITIES OF THE MAINTENANCE FUND

Our analysis of DGS records indicated that the liabilities of the Maintenance Fund totaled \$7,285 as of September 30, 2023, as shown in Table 5.

Table 5. Maintenance Fund Liabilities as of September 30, 2023

| Descriptions | FY 2023 |
|--|----------------|
| Library Maintenance Expenditures (See Table 2) | \$7,285 |
| Total Liabilities | \$7,285 |

Source: OIG Analysis of DGS Financial Records

ASSETS OF THE MAINTENANCE FUND

DGS records indicated that the assets of the Maintenance Fund totaled \$931,229 as of September 30, 2023, as shown in Table 6.

Table 6. Fund Assets as of September 30, 2023

| Assets | FY 2023 |
|---------------------|------------------|
| Pooled Cash | \$931,229 |
| Total Assets | \$931,229 |

Source: OIG Analysis of DGS Financial Records

PRIOR YEAR RECOMMENDATION IMPLEMENTATION STATUS

The OIG reported the closure and resolution of the three prior recommendations initially made to DGS in the OIG's [Audit of the West End Library and Maintenance Fund](#) report dated November 19, 2020.⁵ These recommendations were as follows:

- Recommendation 3. Develop procedures to enforce the annual review and approval of the Maintenance Fund budget in accordance with D.C. Code § 1-325.181(a) and the PMAs for the West End Library and the Fire Station.
- Recommendation 4. Develop and implement policies and procedures to ensure vendor invoices are received, processed, and paid timely in accordance with the PMAs for the West End Library and the Fire Station.
- Recommendation 5. Develop and implement policies and procedures to ensure vendor invoices are received, processed, and paid timely in accordance with the PMAs for the West End Library and the Fire Station.

We conclude that DGS has taken necessary corrective actions to resolve and close these three recommendations. DGS documentation demonstrates the adoption and implementation of relevant SOPs during FY 2023 to properly respond to the prior year's recommendations. DGS engaged in discussions with the property manager regarding specific line items after receiving the proposed budget, thereby adhering to the D.C. Code and PMA; as a result, the OIG recorded Recommendation 3 as resolved. DGS complied with the PMA and performed monthly oversight of invoices; as a result, the OIG recorded Recommendation 4 as resolved. Additionally, we examined DGS's correspondence and meeting records with the property manager during FY 2023, which were aimed at reconciling budgeted versus actual year-to-date expenditures; we deemed that these actions met the intent of the recommendation and the OIG marked Recommendation 5 as resolved.

CONCLUSION

We performed the West End Library and Fire Station Maintenance Fund audit covering the period from October 1, 2022, to September 30, 2023. We examined and reported the Fund's assets, liabilities, fund balance, revenue, and expenditures. Our examination of financial and operational records for the Fund's assets, liabilities, fund balance, and revenue revealed no reportable weaknesses or deficiencies in the

⁵ See [Appendix A](#) for more information on the Findings and Recommendations in the FY 2020 audit report.

operating effectiveness of internal control. Our audit procedures did not identify any Maintenance Fund expenditures that were not permitted under the law.

The OIG examined DGS's internal controls, especially regarding the three open recommendations outlined in Appendix A. DGS committed to implementing the recommendations in the FY 2020 report. The supporting documentation provided by DGS in FY 2023 led to closure and resolution of these recommendations.

APPENDIX A: STATUS OF CORRECTIVE ACTIONS IN RESPONSE TO OIG RECOMMENDATIONS

| Rec # | FY 2020 Finding | Recommendation | Corrective Action | Current Status | Comments Section or Descriptions of Evidentiary Support for Actions Taken |
|-------|---|---|--|-------------------|---|
| 3 | Actual payments for fire station maintenance exceeded the approved budget amount. | Develop procedures to enforce the annual review and approval of the Maintenance Fund budget in accordance with D.C. Code § 1-325.181(a) and the PMAs for the West End Library and the Fire Station. | DGS created and implemented SOPs for the annual review and approval of the Maintenance Fund Budget. DGS meets with the Fund's DGS COTR for review and approval of the budget. | Closed - Resolved | West End Maintenance Fund DGS Review and Approval Procedures (Effective April 2022) |
| 4 | Invoices for the fire station were not submitted, reviewed, and approved for payments in a timely manner. | Develop and implement policies and procedures to ensure vendor invoices are received, processed, and paid timely in accordance with the PMAs for the West End Library and the Fire Station. | DGS developed and implemented a process where the DGS COTR acknowledges via email their monthly review of the Fund invoices. | Closed - Resolved | Reconciliation of Expenditures of West End Maintenance Fund (Effective April 2022) |
| 5 | DGS did not receive annual statements for fire station maintenance fund expenditures. | Develop a plan to perform periodic and regular reconciliation of estimated and actual expenditures to ensure the Maintenance Fund exclude expenditures that are not permitted under the law. | DGS conducted meetings with the property manager throughout FY 2023 to reconcile budgeted to actual year-to-date expenditures. | Closed - Resolved | West End Maintenance Fund DGS Budget Dashboard and Allowable Use of West End Maintenance Funds (Effective October 2021) |

APPENDIX B: ACRONYMS AND ABBREVIATIONS

| Acronym | Definition |
|---------|--|
| D.C. | District of Columbia |
| DCPL | District of Columbia Public Library |
| DGS | Department of General Services |
| FEMS | Fire and Emergency Medical Services Department |
| FY | Fiscal Year |
| GAGAS | Generally Accepted Government Auditing Standards |
| MOA | Memorandum of Agreement |
| OCFO | Office of the Chief Financial Officer |
| OIG | Office of the Inspector General |
| OTR | Office of Tax and Revenue |
| PMA | Property Maintenance Agreement |
| SOP | Standard Operating Procedure |

APPENDIX C: OBJECTIVES, SCOPE, AND METHODOLOGY

OBJECTIVES

Our objectives for this audit were to:

1. Determine whether the assets, liabilities, fund balance, revenue, and expenditures of the Fund were recorded and reported accurately; and
2. Identify any Fund expenditures that were not permitted under the law.

SCOPE

The scope of the audit was the West End Library and Fire Station Maintenance Fund activities for FY 2023 (October 1, 2022, to September 30, 2023).

METHODOLOGY

We met with District officials at DGS, DCPL, and the contracted property management to obtain an understanding of the environment in which the Fund was managed. We reviewed internal controls within DGS and DCPL applicable to the Fund and obtained documentation of these procedures. We obtained the accounting entries of the Fund and analyzed them for conformity with accounting principles generally accepted in the United States, and for the presentation of accounting results as required by the legislation creating the Fund. We also reviewed maintenance agreements and reciprocal easement agreements, MOAs, invoices, deeds, and sales data. We verified the computation of the 85 percent of the deed transfer and recordation taxes attributable to the new buildings constructed on Lots 836, 837, and 855 in Square 37.

We assessed the validity and reliability of computer-processed data and performed limited existence and completeness tests to verify its accuracy. Finally, we reviewed prior recommendations and evaluated the agency's progress on implementation.

REPORT WASTE, FRAUD, ABUSE, AND MISMANAGEMENT.

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