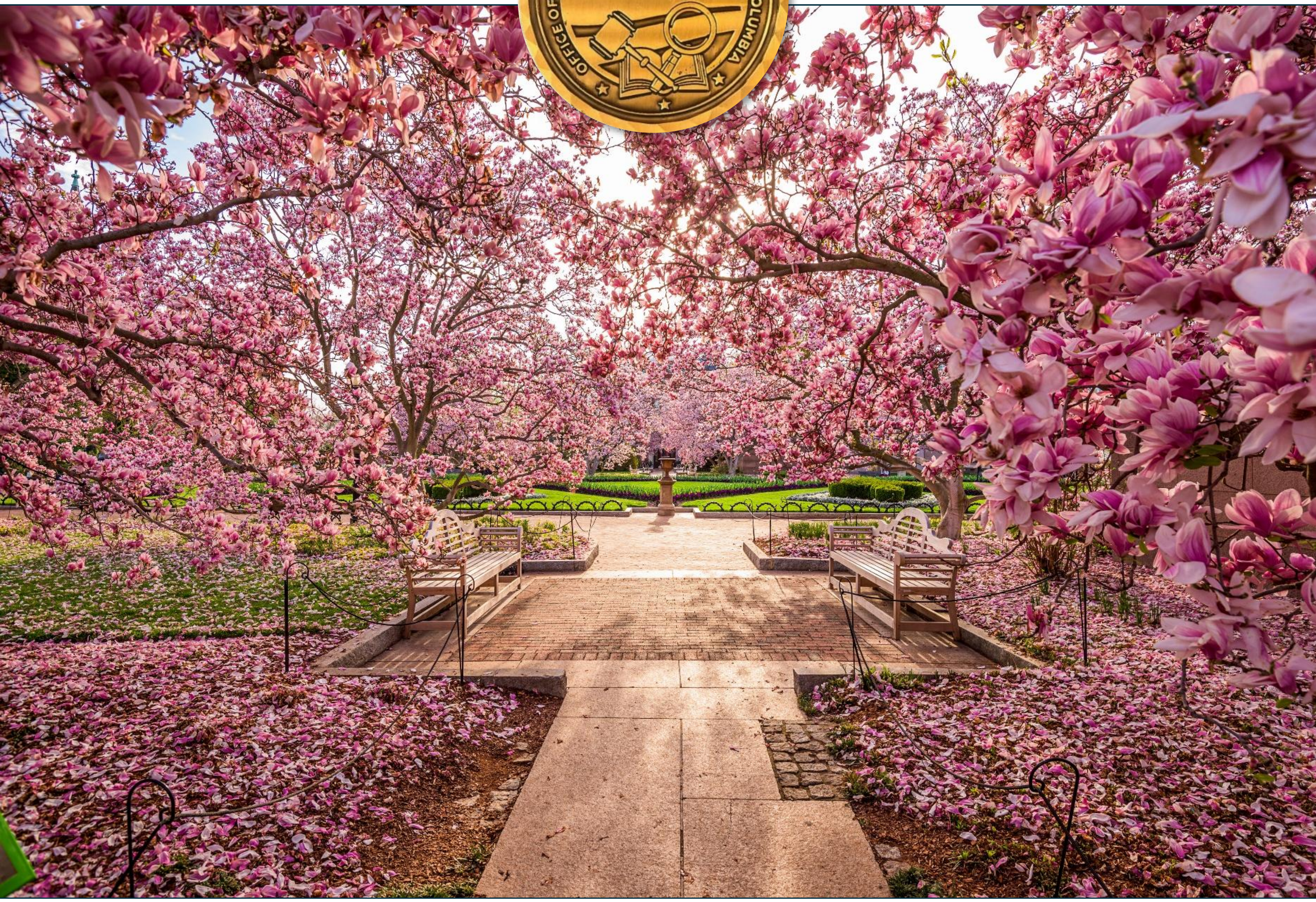
OFFICE OF THE
INSPECTOR GENERAL
DISTRICT OF COLUMBIA GOVERNMENT

Annual Audits, Evaluations, and Inspections Plan

Fiscal Year 2027

August 31, 2026



MATTHEW WILCOXSON
INTERIM INSPECTOR GENERAL

OUR MISSION

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

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

OUR VALUES

Accountability: We recognize that our duty extends beyond oversight; it encompasses responsibility. By holding ourselves accountable, we ensure that every action we take contributes to the greater good of the District.

Continuous Improvement: We view challenges not as obstacles, but as opportunities for growth. Our commitment to continuous improvement drives us to evolve, adapt, and enhance our practices.

Excellence: Mediocrity has no place in our lexicon. We strive for excellence in every facet of our work.

Integrity: Our integrity is non-negotiable. We act with honesty, transparency, and unwavering ethics. Upholding the public's trust demands nothing less.

Professionalism: As stewards of oversight, we maintain the utmost professionalism. Our interactions, decisions, and conduct exemplify the dignity of our role.

Transparency: Sunlight is our ally. Transparency illuminates our processes, decisions, and outcomes. By sharing information openly, we empower stakeholders, promote understanding, and reinforce our commitment to accountability.

A MESSAGE FROM THE INTERIM INSPECTOR GENERAL

Annual Audits, Evaluations, and Inspections Plan Fiscal Year 2027

I am pleased to present the Office of the Inspector General's (OIG) Audit, Evaluation, and Inspection Plan for Fiscal Year (FY) 2027. This plan assures District residents and businesses that their government remains accountable through independent oversight. We use objective analysis to direct our resources to areas where oversight will have the greatest impact. We also provide agencies with clear information about organizational risks and the standards against which their performance will be evaluated.

In FY 2027, the District government faces a convergence of challenges, including increasing demand for programs and services amid a limited-resource environment, continued federal actions that affect the District's self-governance, rapid growth in the use of artificial intelligence and other information technologies to support government operations, and the upcoming Mayoral transition. These pressures, along with the OIG's High-Risk List, form the basis of our proactive oversight approach for the coming year.

A central focus of our plan is the design and operation of internal controls. Strong internal controls help protect the District's finite resources by ensuring compliance with laws and regulations, so programs and services are carried out as intended. Even a relatively small investment in the design, implementation, and operation of internal controls can prevent the far greater costs of investigating, adjudicating, and recovering funds that have already left the District due to error or fraud — avoiding the inefficiencies of a 'pay-and-chase' approach. They also support effective delivery of government services. Our plan highlights areas where current pressures may weaken existing controls and where timely improvements can strengthen outcomes for District residents, businesses, and visitors.

Operating in a dynamic environment means our plan is subject to change. I encourage you to visit the OIG's website at http://oig.dc.gov to stay up to date on our work.

Matthew Wilcoxson

Matthew Wilcoxson
Interim Inspector General

Annual Audits, Evaluations, and Inspections Plan Fiscal Year 2027

HOW WE DEVELOP OUR OVERSIGHT PLAN **1**
Step 1: Defining the Oversight Universe 2
Step 2: Assessing External Factors 3
Step 3: Applying Internal Criteria 4
Step 4: Refinement of the High-Risk List 5
Focus Areas for FY 2027 6

FY 2027 HIGH-RISK LIST **7**
1. Government Procurement 7
2. IT Investment, Utilization, and Cybersecurity Resilience 8
3. Medicaid Improper Payments 9
4. Entitlement Programs 10
5. Housing Programs and Coordination 10
6. Drug Prevention, Response, and Recovery 11
7. Violence Prevention and Response 12
8. Human Capital Management 13
9. Federal Grants and Assistance Program Compliance (New for FY 2027) 13
10. Economic Development Programs and Activities (New for FY 2027) 14
11. Owned and Leased Space Utilization (New for FY 2027) 14
12. Revenue Realization 15

PLANNED FY 2027 OVERSIGHT ENGAGEMENTS **16**
Statutorily Required Engagements 17
Engagements Identified Through the OIG's Comprehensive Risk Assessment 22

OIG ENGAGEMENTS OVERVIEW **29**
Engagement Process 29

HOW WE DEVELOP OUR OVERSIGHT PLAN

Each year, the Office of the Inspector General (OIG) prepares an annual oversight plan on or before August 31.[1] To identify and prioritize planned engagements, the OIG employs a Comprehensive Risk Assessment — a four-step process used to evaluate risk areas that may affect the operations and outcomes of the District's programs, activities, and services. This process results in the OIG's High-Risk List.

In developing our plan, we consider the full universe of District programs and operations subject to our oversight. We assess external forces beyond the District's control that may affect the risk environment, and we use both qualitative and quantitative factors to identify risks within specific District activities. With this understanding of external pressures and internal risks, we apply our professional judgment to develop the High-Risk List. The High-Risk List serves two purposes:

1. identifying and prioritizing proactive OIG engagements; and
2. conveying relevant, accurate, and timely information to District agency leaders to support informed operational decisions and proactively reduce risks.

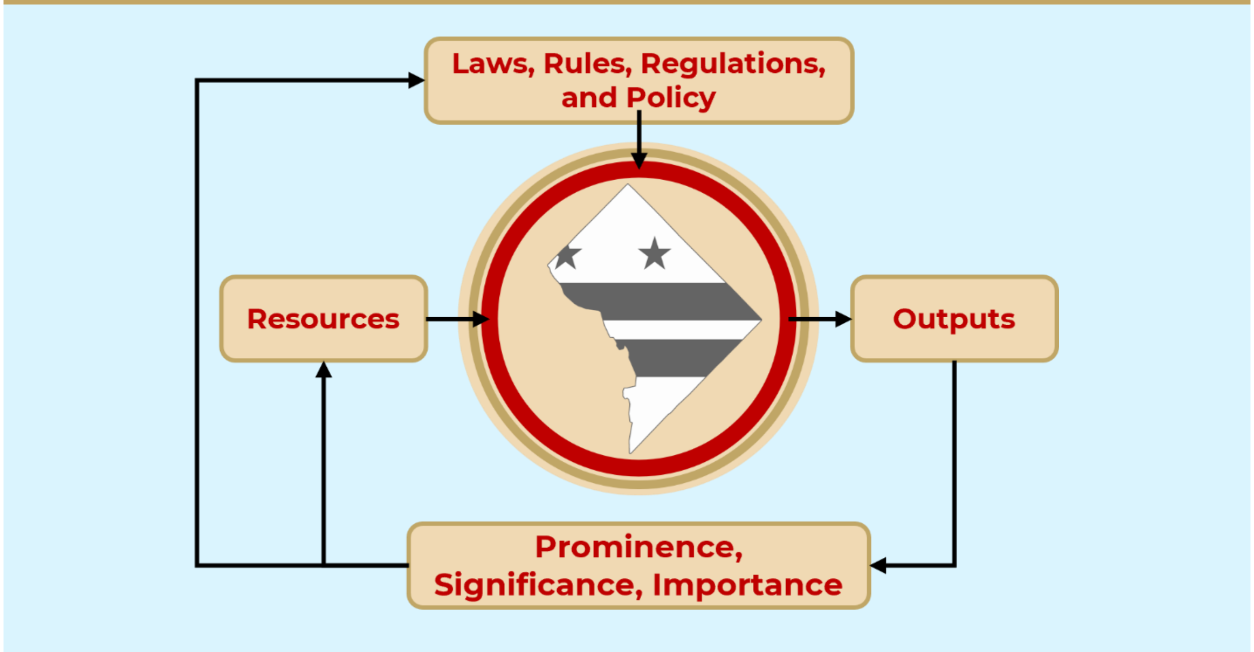
We use the High-Risk List to plan our engagements by aligning risk areas with our internal capabilities and capacity. We also consider appropriate timing of engagements, answering the "why now" question to refine our priorities. When considering potential engagements, we recognize that our work is most successful when agencies adopt our recommendations and take corrective actions. Therefore, for all planned engagements, we assess whether the expected results will be actionable and practical, and whether they will ultimately address the root causes of the identified risks.

[1] DC Code § 1-301.115a(a)(3)(I), https://code.dccouncil.gov/us/dc/council/code/sections/1-301.115a.

Comprehensive Risk Assessment Process

As noted on the previous page, the OIG's Comprehensive Risk Assessment guides the development of our annual oversight plan. The following four steps describe how we apply this process to identify areas of highest risk.

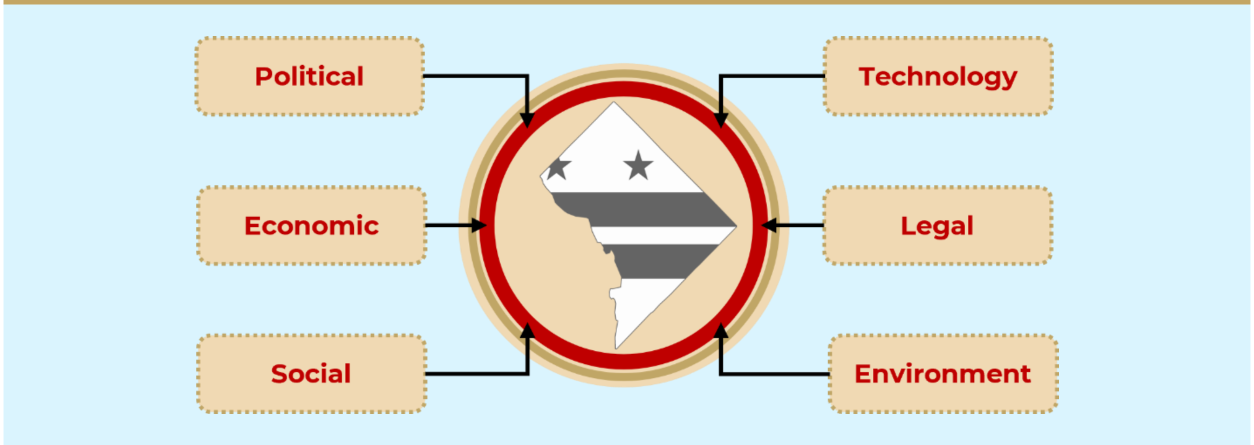
Step 1: Defining the Oversight Universe



We conduct a comprehensive review of District government operations and programs across all agencies. Included in this review are:

- federal and District requirements that are found in law, rules, regulations, and policies;
- resources available and appropriation considerations, as outlined in the District's *FY 2027 Approved Budget Documents*;
- planned and expected service and program outputs; and
- consideration of significant and recurring issues raised by the public and stakeholders.

Step 2: Assessing External Factors



The OIG analyzes external factors beyond the District's control that may significantly affect District operations and activities in the coming year. The OIG considers the following factors:

- *Political*: changes in elected officials and agency leadership, including shifts in collective and individual priorities and federal actions that may impact the District;

- *Economic*: fiscal pressures, revenue sources, and activities impacting the District's economy;

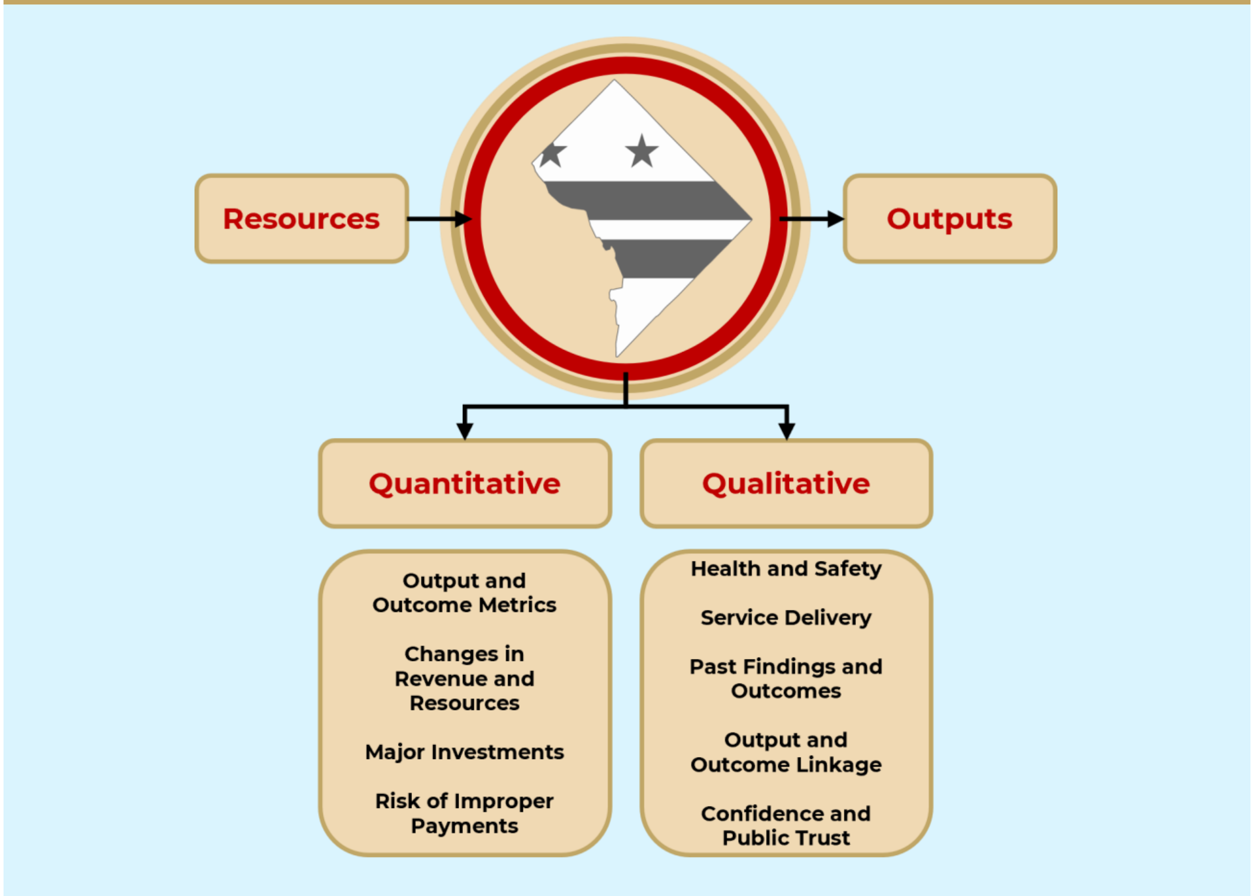
- *Social*: demand for human-centered services (e.g., healthcare, childcare, and housing) where District residents are most dependent;

- *Technology*: increasing reliance on information technology to conduct the District's business, rapid adoption of new technologies to support government functions, and hazards associated with operating in an IT-centric environment;

- *Legal*: evolving federal requirements — particularly those attached to federal grants and contributions, changes in District statutes and regulations, and increased compliance obligations; and

- *Environment*: infrastructure resilience, capital program investment and execution, emergency preparedness, and the associated fiscal and public-safety consequences.

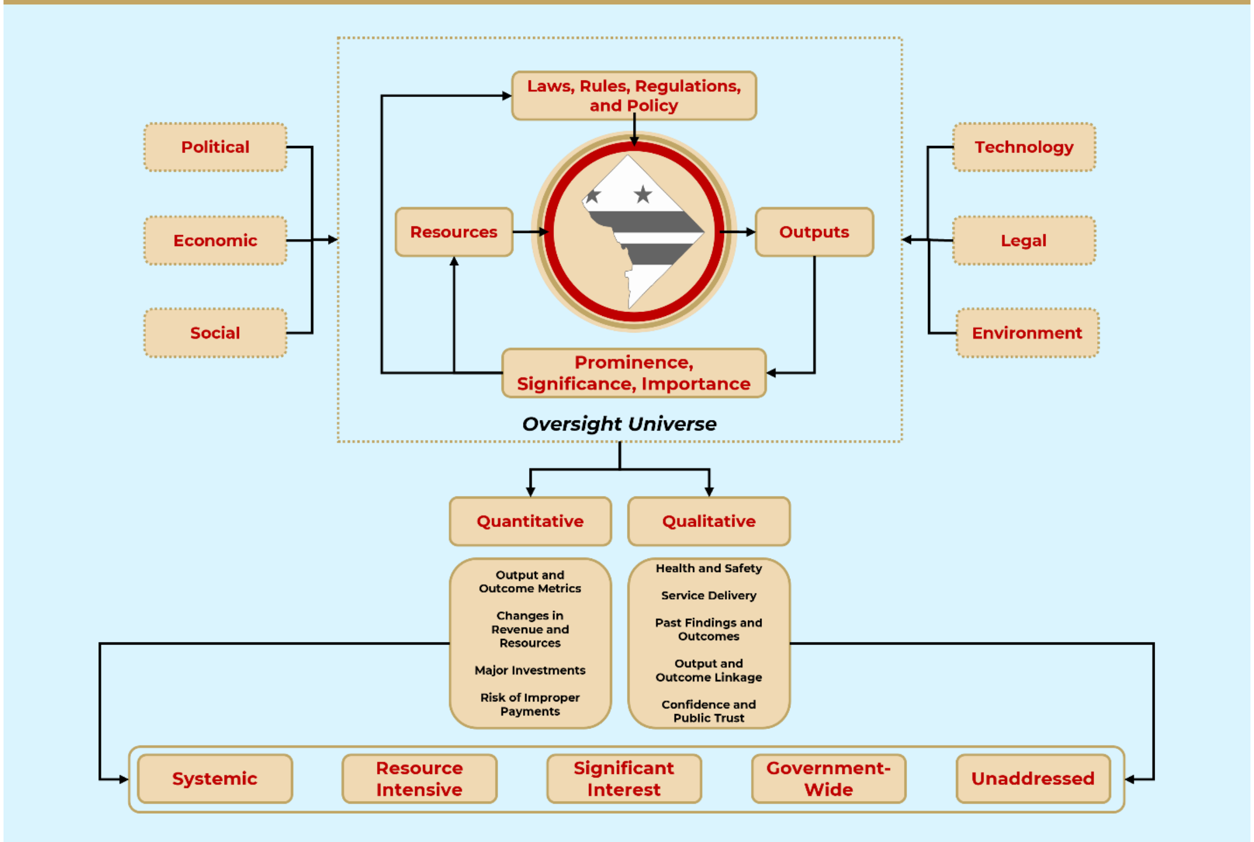
Step 3: Applying Internal Criteria



The OIG applies an internal framework built on quantitative and qualitative factors to refine and prioritize areas of highest risk. This framework includes assessing:

- resource allocations and the magnitude of services and programs provided to District residents;
- likelihood of weak controls or persistent problems based on prior OIG work;
- prior report issuance and resulting remediation actions;
- consideration of previously identified management challenges;
- potential impact on District programs and operations; and
- stakeholder interest and requests.

Step 4: Refinement of the High-Risk List



Finally, we synthesize the results of our assessment into the High-Risk List. This list prioritizes matters that:

- are systemic and applicable to multiple agencies;
- use significant District resources;
- garner significant interest or attention;
- are addressed through individual agency actions as well as government-wide initiatives; and
- represent unaddressed risks or require further corrective action.

Focus Areas for FY 2027

Based on our risk assessment, we have identified the following focus areas for the upcoming year:

1. Government Procurement
2. IT Investment, Utilization, and Cybersecurity Resilience
3. Medicaid Improper Payments
4. Entitlement Programs
5. Housing Programs and Coordination
6. Drug Prevention, Response, and Recovery
7. Violence Prevention and Response
8. Human Capital Management
9. Federal Grants and Assistance Program Compliance
10. Economic Development Programs and Activities
11. Owned and Leased Space Utilization
12. Revenue Realization

FY 2027 HIGH-RISK LIST

1. Government Procurement

The District's procurement process starts with identifying a specific need, proceeds through acquisition and contract management, and concludes with contract closeout. District procurements are subject to legal and regulatory requirements designed to ensure accountability for the use of public funds and to help the District obtain high-quality goods and services at the best value. Because a significant portion of the District's $20 billion budget is spent on procurements, strong internal controls are essential to safeguarding public resources.

Recent Engagements:

- *District of Columbia Management Recommendations for Fiscal Year 2025* (Jan. 30, 2026): As part of the District's annual financial statement audit, the OIG's independent auditors noted several deficiencies concerning the award of sole-source procurements, the use of emergency procurements, and ensuring vendor compliance with the District's Clean-Hands requirements.

- *District Compliance with the Home Rule Act, PPRA, and District Code Evaluation: Part 2 - DGS and OCFO* (Jan. 21, 2026): This engagement identified internal control weaknesses related to compliance with contract publication requirements, contracts being awarded without Council approval, and training deficiencies related to the agency's independent procurement authorities.

- *District Compliance with the Home Rule Act, PPRA, and District Code Evaluation: Part 1 - DCPS* (July 9, 2025): This engagement found internal control deficiencies related to compliance with the Home Rule Act and the Procurement Practices Reform Act requirements; specifically, pre-approval of, and timely notification for, emergency procurements.

- *Agencies' Contract Administration Effectiveness* (May 27, 2025): This engagement found internal control weaknesses in post-award contract administration across multiple District agencies, including inadequate documentation of goods and services received, incomplete vendor performance evaluations, and insufficient delegation and training of contract administrators.

Ongoing Engagement:

- *Fiscal Year 2026 Procurement Risk Assessment*: The objectives of this engagement are to: (1) identify District procurement practices subject to the risk of corruption, fraud, waste, abuse, and mismanagement; (2) identify high-risk incongruences in the procurement rules and regulations; (3) identify high-risk structural issues related to the District's procurement system; and (4) assess the status of high-risk areas and recommendations included in the OIG's *Fiscal Year 2022 Procurement Practices Risk Assessment*.

2. IT Investment, Utilization, and Cybersecurity Resilience

Information technology (IT) systems, infrastructure, and management are integral to the District government's operations. IT investments account for a substantial share of the District's expenditures, including new enterprise systems, hardware purchases, and software subscriptions. Equally important is what IT protects: the systems and data that virtually every District function depends on to carry out its mission and achieve its objectives. As use of IT continues to grow, the associated risks also increase and require additional controls to manage them.

Recent Engagements:

- *District of Columbia Housing Authority Management Recommendations for Fiscal Year 2025* (July 15, 2026): As part of the annual financial statement audit, the OIG's independent auditors noted several deficiencies related to the Housing Authority's information technology management practices concerning vulnerability management and IT network access reviews.

- *District of Columbia Management Recommendations for Fiscal Year 2025* (Jan. 30, 2026): As part of the District's annual financial statement audit, the OIG's independent auditors noted several deficiencies concerning the District's IT systems, including account management, management of IT-supported systems, use and enforcement of a risk management framework for IT systems and applications, and contingency and disaster planning.

- *Evaluation of the District's Use of Cybersecurity Waivers* (Nov. 15, 2023): This engagement focused on the oversight of waiver approvals, including the processes for evaluating, documenting, and monitoring agency compliance with waiver conditions. Weaknesses in these areas could expose the District's technology infrastructure to security vulnerabilities and undermine adherence to established cybersecurity policies and standards.

- *Management Implication Report — Cybersecurity Management Practices* (Feb. 24, 2023): This report was issued to communicate risks to District agencies related to cybersecurity threats and the corresponding need to adequately prepare for and respond to cybersecurity incidents.

- *Fiscal Year 2022 Information Technology Procurement Risk Assessment* (June 23, 2022): This assessment identified the following risks: (1) inconsistent IT procurement policies and procedures across District agencies increase the risk for noncompliance and operational inefficiencies; (2) lack of centralized, expert oversight of IT capital procurements increases the risk that the District is not correctly planning and spending IT funding; and (3) increase in project spending and significant subsequent procurement actions and award modifications indicate risk regarding adequacy of initial budget, procurement process, and project management.

Ongoing Engagement:

- *Audit of Information Security Risk Mitigation*: The objective of this engagement is to determine the extent to which OCTO: (1) has developed and implemented an information security risk mitigation program; and (2) works with District agencies to mitigate security risks.

3. Medicaid Improper Payments

Medicaid is one of the largest expenditures in the District's budget, supported by a substantial federal match. Almost 40 percent of District residents are covered by Medicaid. Several District agencies — including the Department of Health Care Finance (DHCF), the Department of Human Services (DHS), the Department of Health (DOH), the Department of Behavioral Health (DBH), and the Office of the State Superintendent of Education (OSSE) — each play a unique role in the governance, oversight, and administration of the District's Medicaid program. At the federal level, the Medicaid program has recently been subject to intense scrutiny, resulting in updates to program rules and requirements. Of note, federal legislation enacted in 2025 made significant changes to Medicaid financing, eligibility, and program oversight.[2] The law expanded the definition of an erroneous payment and will subject the District of Columbia and all states to penalties for erroneous payment rates exceeding three percent beginning in FY 2029.

Recent Engagement:

- *Audit of the District's Oversight of Medicaid Managed Care Organizations* (Sept. 5, 2025): Our engagement found incomplete monitoring policies and inadequate overpayment controls with data integrity issues. Managed care organizations (MCO) denied 50 percent of prior authorization requests—four times the national average—and the District did not review these denials. We also discovered that contract administrators had not completed required certification training and did not conduct mandated MCO readiness assessments. Some beneficiaries were enrolled in both Medicaid and the Health Care Alliance for Adults and Children programs.

Ongoing Engagement:

- *Audit of Community-Based Service Providers*: This audit is assessing whether the Department of Behavioral Health uses appropriate criteria to evaluate potential service providers and whether it effectively oversees approved providers.

[2] Public Law 119-21, Title VII, Subtitle B, Chapter 1, enacted April 2025, available at https://www.govinfo.gov/app/details/PLAW-119publ21/.

4. Entitlement Programs

Entitlement programs, namely the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and childcare subsidies, are among the largest categories of mandatory spending and serve the District's most vulnerable residents. These programs also comprise significant federal payments, along with conditions and requirements for their use. Complicating the delivery of these programs are different eligibility rules, rising demand in a tight resource environment, and ongoing changes to program requirements. As noted, recent federal legislation created new and revised eligibility requirements and added new mandates. For SNAP, states with improper payment rates exceeding a certain threshold will have to pay a portion of program costs beginning in FY 2028. As economic pressures persist, demand for these programs will continue to grow, and policymakers will need to consider how available resources can meet that rising demand.

Recent Engagements:

- *Audit of the District's Oversight of Medicaid Managed Care Organizations* (Sept. 5, 2025): Our engagement found incomplete monitoring policies and inadequate overpayment controls with data integrity issues. Managed care organizations (MCO) denied 50 percent of prior authorization requests—four times the national average—and the District did not review these denials. We also discovered that contract administrators had not completed required certification training and did not conduct mandated MCO readiness assessments. Some beneficiaries were enrolled in both Medicaid and the Health Care Alliance for Adults and Children programs.

- *DOES Struggled to Handle Surge in Unemployment Insurance Claims During April 2020 through September 30, 2021* (April 6, 2025): The engagement found weaknesses in DOES' responsiveness to unemployment insurance claims and in the accessibility, availability, and reliability of the unemployment insurance system.

Ongoing Engagement:

- *Audit of District Entitlement Program Eligibility*: This audit is assessing whether DHS has effective internal controls for determining entitlement eligibility and whether it complies with applicable federal program requirements.

5. Housing Programs and Coordination

District housing programs support unsheltered residents, transitional housing, permanent supportive housing, subsidized rentals, market-rate rentals, and affordable housing production. The greatest risk comes from how District housing programs coordinate with one another, rather than from the actions of any single agency. The District makes significant investments in housing programs, including the Emergency Rental Assistance, Local Rent

Supplement, Housing Production Trust Fund, and annual subsidy to the District of Columbia Housing Authority.

Recent Engagements:

- *District of Columbia Housing Authority Annual Financial Statements and Independent Auditor's Report for Fiscal Year 2025* (July 15, 2026): As part of the annual financial statement audit, the OIG's independent auditor identified eight material weaknesses in the Authority's financial reporting, and due to their severity, the independent auditor issued no opinion on the financial statements.

- *District of Columbia Housing Authority Management Recommendations for Fiscal Year 2025* (July 15, 2026): The audit found multiple deficiencies in the Housing Authority's financial management practices.

Ongoing Engagements:

- *Audit of Housing Programs Coordination*: This audit is identifying all District housing and rental assistance programs and assessing whether they coordinate effectively to serve eligible residents.

- *Audit of the District's Real Property Assessment Processes* for Vacant and Blighted Properties: This audit is assessing the effectiveness of internal controls over building classification and registration, property assessments for vacant and blighted properties, and the coordination between agencies when assigning property classes for tax purposes.

6. Drug Prevention, Response, and Recovery

The District's prevention, treatment, harm-reduction, and overdose-response programs operate across multiple agencies and rely on a network of community-based providers. Opioid and substance-use programming are increasingly funded through settlement funds and federal grants. New and expanding funding sources require stronger controls over allowable uses of grant funds, subrecipient monitoring, and measurement of program outcomes.

Recent Engagement:

- *Opioid Crisis Response Program Follow-Up* (Jan. 27, 2025): The follow-up engagement examined the remediation efforts by DBH and DOH to address deficiencies in grant management, communication, staffing, and oversight of naloxone distribution. The OIG also identified opportunities to strengthen federal-grant training, improve regular policy updates, and develop an automated grant-management system to enhance efficiency and sustain program effectiveness.

Ongoing OIG Engagement:

- *Department of Corrections Substance Abuse Program*: This evaluation is assessing how effectively DOC oversees contracted medical services, including intake procedures for individuals with substance-use disorders and treatment for inmates with opioid addiction.

7. Violence Prevention and Response

Public safety is a top concern among District residents and a subject of increased federal attention. Violence-prevention and response efforts involve multiple District agencies and are supported by grants to community-based organizations. Recent changes and continued investments in these programs make it important to focus on their performance and on grant-management controls.

Recent Engagements:

- *Metropolitan Police Department's Crime Data Reporting Processes and Data Reliability Controls* (July 28, 2026): This engagement found weaknesses in how MPD designed, implemented, and operated internal controls over crime-classification and reporting processes. Accurate crime data is essential to the District's violence-reduction efforts. This data guides decisions about where to deploy resources, which communities to prioritize, and how to assess whether interventions are working.

- *Evaluation of the Office of Unified Communication's Risk Mitigation Infrastructure* (April 10, 2026): The engagement evaluated whether OUC had effective risk-mitigation strategies in place for 911 Call Center operations. The engagement found that OUC did not have a clear framework for identifying and addressing operational risks that could affect call-taking and dispatching. Ensuring the District maintains the capacity to respond to emergency calls, and that those calls are dispatched promptly and appropriately, supports a timely and successful violence intervention response.

- *Measures to Combat Gun Violence in DC Public Schools* (July 17, 2025): The engagement found major gaps in infrastructure, coordination, and policy that left schools vulnerable to gun violence. School Resource Officer staffing had been reduced to the point where most schools lacked regular coverage. Safety protocols were applied inconsistently, and schools were excluded from some District-wide gun-violence-prevention initiatives.

Ongoing Engagement:

- *Evaluation of the District's Violence Reduction Efforts*: This evaluation is assessing how the District oversees, implements, and coordinates violence-reduction programs and how effective those activities are in reducing violence across the District.

8. Human Capital Management

The District's human capital management cycle covers how it hires, trains, pays, deploys, retains, and transitions its workforce. Salaries and benefits paid to over 38,000 employees represent a substantial portion of the District's overall budget. Persistent weaknesses in vacancy rates, overtime controls, position management, and succession planning continue to drive significant costs. Institutional knowledge is at greatest risk during leadership transitions across both Mayor-led and independent agencies.

Recent Engagements:

- *Audit of the District's Human Capital Management* (July 16, 2026): The engagement examined how effectively District agencies manage human capital and evaluated whether the Department of Human Resources is developing and implementing policies to support those efforts. The audit found that agencies need a succession-planning framework to prepare for employee transitions and protect institutional knowledge. At the individual agency level, we also found multiple instances of noncompliance with internal policies and procedures.

- *University of the District of Columbia Management Recommendations for Fiscal Year 2025* (Feb. 4, 2026): As part of the annual financial statement audit, the independent auditors found that UDC lacked a formal, documented process for approving overtime within its Public Safety Department.

- *Other Post-Employment Benefits Plan Management Recommendations for FY 2025* (Jan. 30, 2026): As part of the annual financial statement audit, the independent auditors found that retirement plan participants were charged inaccurate premiums for health and life insurance benefits.

- *Audit of District of Columbia Agencies' Overtime Usage* (Nov. 9, 2023): The engagement found that District agencies underestimated overtime needs by 53 percent and overspent their combined overtime budgets by $31.5 million. Agencies also routinely failed to comply with District overtime policies. Common deficiencies included failing to obtain prior authorization for overtime, not reprogramming funds when budgets were exceeded, inequitable distribution of overtime, and inadequate validation of excessive overtime pay.

9. Federal Grants and Assistance Program Compliance (New for FY 2027)

The District administers billions of dollars in federal assistance across health and human services, education, infrastructure, and emergency recovery. Federal compliance requirements under Uniform Guidance (2 CFR § 200) are changing. The US Office of Management and Budget's (OMB) 2026 proposed revisions would tighten pre-award reviews, documentation requirements, and enforcement. The 2025 migration of Federal Funding Accountability and Transparency Act (FFATA) subaward to SAM.gov — the federal government's central system for award and contract reporting — increased reporting requirements for agencies and pass-through entities. If agencies fail to comply with federal requirements, the District could lose future funding or be required to repay funds it cannot easily absorb.

10. Economic Development Programs and Activities (New for FY 2027)

Federal decisions have directly affected the District's economic stability. Shifts in demand, such as declining federal employment, rising office vacancies, and lower consumer spending, have weakened the District's revenue and overall economic health. In response, the District has expanded efforts to diversify its economy by using tools such as Tax Increment Financing (TIF), tax conversions and abatements, business grants, and new initiatives like Office-to-Anything and Housing-in-Downtown to strengthen economic activity and grow the tax base. Without strong monitoring and internal controls, the District cannot verify whether these programs achieve their expected returns, such as job creation and new investments, and risks losing the benefits of these efforts or failing to enforce investment-recapture requirements.

Recent Engagement:

- *Audit of the Commercial Real Property Assessment Process* (July 31, 2026): This engagement evaluated the Office of Tax and Revenue's commercial property assessment processes, including internal operations, performance, human-capital management, and the effectiveness and efficiency of its real property assessment functions. Commercial real property values in the District have declined due to economic factors, including declining federal presence and greater reliance on remote work. As a result, the District introduced new and expanded programs aimed at increasing the use of commercial properties and stimulating economic activity.

Ongoing Engagement:

- *Evaluation of the Department of Small and Local Business Development Certified Business Enterprise Program*: The objective of this engagement is to assess how effectively DSLBD oversees, manages, and enforces requirements within the Certified Business Enterprise program.

11. Owned and Leased Space Utilization (New for FY 2027)

The pandemic shifted the balance between in-office and remote work. Annual lease payments, building maintenance and repair, and capital investments in new facilities make up significant District costs. As the District shifts to a post-pandemic operating environment, unused or underutilized space carries costs that could be redirected to higher-priority needs, especially during a period of declining revenue.

Recent Engagement:

- *District of Columbia Management Recommendations for Fiscal Year 2025* (Jan. 30, 2026): As part of the District's annual financial statement audit, independent auditors identified a deficiency in the accurate recording of lease additions and modifications. Lease documents from the Department of General Services (DGS) were not provided promptly to the Office of the Chief Financial Officer (OCFO) and there was no automated connection between lease execution dates and the lease-accounting database. Accurate tracking of leases and associated expenditures is essential for understanding the District's leased-space portfolio and forecasting future space needs.

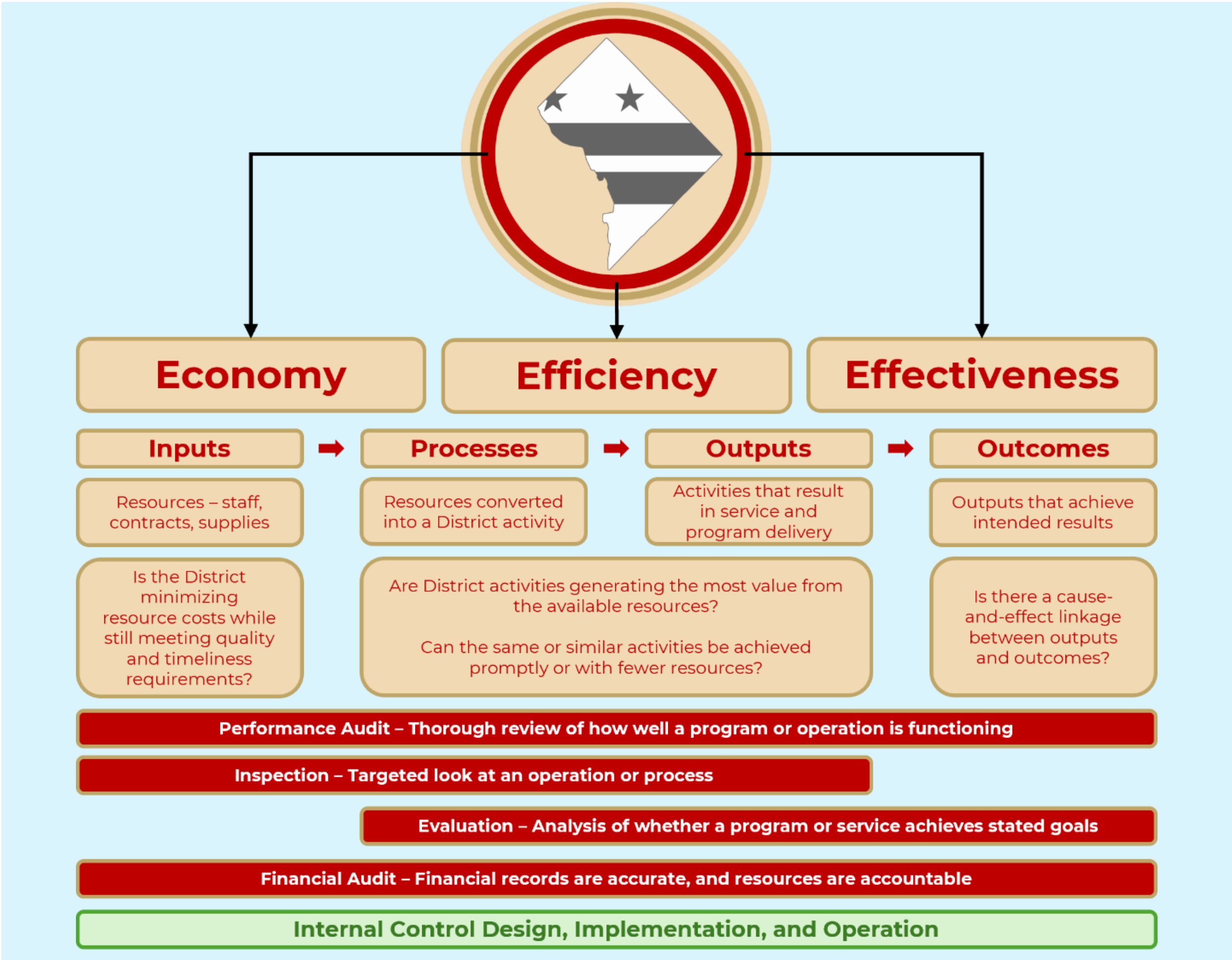
12. Revenue Realization (New for FY 2027)

The District's revenue is derived from both tax and non-tax sources. Revenue realization is the difference between what the District expects to collect in revenue and what it actually receives. Although much of OIG's work focuses on the efficiency and effectiveness of District spending, improving revenue realization — by increasing the accuracy and predictability of revenue projections — helps the District make more informed and responsible spending decisions.

Recent Engagement:

- *Risk Assessment of Special Purpose Revenue Funds* (April 7, 2026): This risk assessment identified and prioritized risks affecting the District's non-tax revenue streams associated with Special Purpose Revenue (or "O-Type") Funds. These funds come from fees, fines, assessments, or reimbursements that support the operations of the agencies that collect them. With fiscal resources declining and operational demands increasing, it is especially important to address higher-risk exposures in these funds.

PLANNED FY 2027 OVERSIGHT ENGAGEMENTS



This section identifies the OIG's planned statutory and discretionary engagements for the upcoming year. In furtherance of the OIG's mission to promote the economy, efficiency, and effectiveness of District programs and operations, the OIG selects the type of engagement — financial audit, performance audit, inspection, and evaluation — based on the subject matter to be examined. In every engagement, internal controls serve as the foundation to our work, ensuring that objectives related to operations, reporting, and compliance are achieved.

Our planned FY 2027 engagements were identified through the OIG's Comprehensive Risk Assessment methodology and address one or more of the OIG's High-Risk areas.[3] The portfolio of planned engagements considers: (1) capacity within the OIG Audit Unit and Inspection and Evaluation Unit; (2) the engagement type and standards to be applied; and (3) the expected value to be generated upon completion of the engagement. Due to the OIG's finite capacity, the planned FY 2027 engagements are subject to change based on unforeseen circumstances, emergent requirements, or external requests.

[3] For an introduction to the OIG's assessment approach, refer to "How We Develop Our Oversight Plan."

The engagements presented in the following section are not listed chronologically, and the initiation may vary depending due to internal capacity and consideration of risks and the expected utility of the reports.

Statutorily Required Engagements

Fiscal Year 2026 Annual Comprehensive Financial Report (ACFR)	
Objective(s)	To obtain reasonable assurance that the District's financial statements (ACFR) as a whole are free from material misstatement, whether due to fraud or error, thereby enabling the independent auditor to express an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with applicable financial reporting standards.
Type	Financial Audit (GAGAS); Contractor Performed
Requirement	DC Code § 1-301.115a(a)(3)(H)
Agencies	Office of the Chief Financial Officer (the District's complete financial statement and report) Organizational units, funds, and programs: • DC Lottery and Charitable Games Control Board (financial statements) • Unemployment Compensation Fund (financial statements) • Washington Convention Center Authority/dba Events DC (financial statements) • University of the District of Columbia (financial statements) • Home Purchase Assistance Program (financial statements) • Other Post-Employment Benefit Trust Fund (financial statements and actuarial study) • Health Benefit Exchange Authority • E911/311 Fund • DC Housing Finance Agency • DC Tobacco Settlement Financing Corporation • DC Green Finance Authority • DC Retirement Board • 529 College Savings Plan • 401(a) Defined Contribution Plan • 457(b) Deferred Compensation Plan
Expected Value	The ACFR audit assures taxpayers, businesses, and residents that public funds are managed properly. It also provides independent verification that credit rating agencies can use to evaluate risk and set borrowing costs for the District. During the audit, any internal control weaknesses that may impact the District's financial reporting are identified and reported to responsible management officials.
Timing	FY 2026 ACFR audit opinion and associated reports are due February 1, 2027.

DC Housing Authority Independent Fiscal and Management Audit	
Objective(s)	To obtain reasonable assurance that DCHA's financial statements as a whole are free from material misstatements, whether arising from fraud or error, thereby enabling the independent auditor to express an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with applicable financial reporting standards.
Type	Financial Audit (GAGAS); Contractor Performed
Requirement	DC Code § 1-301.115a(e-1)
Agencies	District of Columbia Housing Authority (DCHA)
Expected Value	This financial audit provides insights into DCHA's financial operations that go beyond federal single-audit requirements. As part of the financial audit, the independent auditors also identify and report on any internal control weaknesses that may impact DCHA's financial reporting.
Timing	DCHA's FY 2026 audit opinion and associated reports are due June 1, 2027.

Highway Trust Fund and 5-Year Forecast	
Objective(s)	(1) Express an opinion on the financial statements of the Fund for the preceding fiscal year, and (2) examine the forecast statements of the Fund's expected conditions and operations for the next five years.
Type	Financial Audit (GAGAS); Contractor Performed
Requirement	DC Code § 9-109.02(e)
Agencies	District Department of Transportation (DDOT) Office of the Chief Financial Officer (OCFO)
Expected Value	This audit ensures accountability for motor fuel taxes assessed within the District and matched to federal funding to execute federal highway projects. The 5-year forecast ensures revenues and expenditures are accurately projected ahead of Federal Surface Transportation Fund reauthorizations.
Timing	The FY 2026 Highway Trust Fund audit is due February 1, 2027, and the 5-Year Forecast is due May 31, 2027.

Special Education Attorney Certifications	
Objective(s)	To determine the accuracy of certifications made to OCFO by attorneys in special education cases brought under the Individuals with Disabilities Education Act in the District.
Type	Performance Audit (GAGAS)
Requirement	DC Code § 1-301.115a(a)(3)(J)
Agencies	Office of the Chief Financial Officer (OCFO) DC Public Schools (DCPS)
Expected Value	This engagement ensures that billing statements and payment certifications submitted by legal counsel on behalf of special education students align with authorized fee guidelines and services were actually rendered.
Timing	FY 2027

West End Library and Fire Station Maintenance Fund	
Objective(s)	(1) Examine the assets, liabilities, fund balance, revenue, and expenditures of the Fund; (2) conduct a detailed accounting of expenditures; and (3) identify expenditures not permitted under law.
Type	Performance Audit (GAGAS)
Requirement	DC Code § 1-325.181(e)
Agencies	Department of General Services (DGS) District of Columbia Public Library (DCPL)
Expected Value	This engagement ensures that deed transfer and recordation taxes are properly deposited for funding maintenance, insurance, and capital improvements to the District's West End Library and Fire Station.
Timing	This audit is due December 30, 2026.

Triennial Procurement Risk Assessment	
Objective(s)	To identify: (1) District procurement practices subject to the risk of corruption, fraud, waste, abuse, and mismanagement; (2) high-risk incongruences in the procurement rules and regulations; and (3) high-risk structural issues related to the District's procurement system.
Type	Evaluation (CIGIE Quality Standards for Inspections and Evaluation); Contractor Performed
Requirement	DC Code § 1-301.115a(a)(3)(E)
Agencies	Agencies subject to the District's procurement laws and regulations
Risk Areas	Government Procurement
Expected Value	The risk assessment identifies weaknesses in controls that could lead to unnecessary expenditures, reduced competition, ineffective project and service delivery, and reduced public trust. The findings from the risk assessment inform future OIG engagements. The OIG conducts this risk assessment on a triennial basis, allowing for District procurement officials to review the risk areas and consider actions to strengthen internal controls within their respective procurement operations. The OIG also uses the risk assessment results to plan for future engagements.
Timing	The OIG will release its FY 2026 Procurement Risk Assessment by September 30, 2026. The next iteration of the triennial Procurement Risk Assessment will be released in FY 2029.

Management and Valuation of Commercial Real Property Assessments	
Objective(s)	To identify: (1) District procurement practices subject to the risk of corruption, fraud, waste, abuse, and mismanagement; (2) high-risk incongruences in the procurement rules and regulations; and (3) high-risk structural issues related to the District's procurement system.
Type	Performance Audit (GAGAS); Contractor Performed
Requirement	DC Code § 47-821(e)
Agencies	Office of the Chief Financial Officer (OCFO) Office of Tax and Revenue (OTR)
Risk Areas	Economic Development
Expected Value	This engagement supports the District's commercial real property tax base, identifies operational and valuation deficiencies, and bolsters taxpayer trust in the assessment process.
Timing	This is a triennial requirement. The OIG's most recent *Commercial Real Property Assessment Process Audit* was issued on July 31, 2026. The next audit will be conducted in FY 2029.

Recommendation Follow-up	
Objective(s)	To determine whether: (1) selected OIG recommendations have been implemented; (2) corrective actions addressed the conditions identified; and (3) identified monetary benefits were realized (if applicable).
Type	Inspection (CIGIE Quality Standards for Inspections and Evaluation)
Requirement	DC Code § 1-301.115a(a-1)(3)
Agencies	To be determined
Risk Areas	Not applicable
Expected Value	The OIG is required to provide a means to keep the Mayor, the Council, and District government leaders informed of the progress of corrective actions in response to recommendations contained in our reports. Since adoption of the OIG recommendations is at the discretion of District agencies, the follow-up process serves as an important oversight tool and accountability mechanism for District agencies.
Timing	The OIG will release its FY 2027 Recommendation Follow-Up Report by September 30, 2027.

Engagements Identified Through the OIG's Comprehensive Risk Assessment

Driver, Vehicle, and Ticket Processing System Modernization	
Objective(s)	To assess: (1) the management and oversight of the DMV's contract(s) to upgrade its driver and vehicle records system (Destiny) and its ticket processing system (eTims); and (2) the infrastructure, security controls, and data integrity of the system upgrades.
Type	Performance Audit (GAGAS)
Requirement	Discretionary
Agencies	Department of Motor Vehicles (DMV)
Risk Areas	Government Procurement IT Investment, Utilization, and Cybersecurity Resilience
Expected Value	This engagement will assess the District's investments in the DMV's IT modernization efforts. As outlined in the OIG's FY 2022 *Information Technology Capital Projects Procurement Risk Assessment*, the DMV Destiny Replacement Project saw an increase in budget authority of over 422 percent ($40 million) since 2016. Further, the engagement will assess system functionalities to understand whether records are synchronized between DMV systems and external entities to ensure the accountability of violators; the integrity of processes related to the issuance of driver licenses and identification cards; and the integrity of ticket adjudication functions.
Timing	FY 2027

Illegal Construction Monitoring and Fine Enforcement	
Objective(s)	To: (1) identify control weaknesses in the illegal construction program; (2) determine the effectiveness of enforcing District laws and regulations; and (3) evaluate revenue realization for assessed fines.
Type	Performance Audit (GAGAS)
Requirement	Discretionary
Agencies	Department of Buildings (DOB) Office of the Chief Financial Officer (OCFO)
Risk Areas	Economic Development Programs and Activities Revenue Realization Violence Prevention and Response
Expected Value	This engagement will assess the efficiency and effectiveness of DOB's permitting, compliance, and inspection activities related to illegal construction. Effective monitoring and enforcement are essential for maintaining a robust regulatory environment, ensuring public safety, and generating revenue from fines and fees. Further, it will evaluate illegal construction fines issued by DOB and the resulting revenue collection by the District.
Timing	FY 2027

Child Care Subsidy	
Objective(s)	To: (1) determine whether provider payments are accurate and based on verified enrollment and attendance; (2) assess whether eligibility determination and re-certification comply with federal and local guidelines; and (3) follow up on control weaknesses identified in the OIG's prior evaluations.
Type	Performance Audit (GAGAS)
Requirement	Discretionary
Agencies	Office of the State Superintendent of Education (OSSE) Department of Human Services (DHS)
Risk Areas	Entitlement Programs Federal Grants and Assistance Program Compliance
Expected Value	This engagement will identify areas to: (1) improve the efficient use of resources to meet program demands; (2) ensure provider compliance with applicable terms and conditions; and (3) encourage program participation by District child development facilities and providers.
Timing	FY 2027

Property Acquisition and Disposition	
Objective(s)	To determine whether: (1) District-owned properties are disposed of in accordance with statutory and program criteria; (2) post-conveyance requirements, including affordability covenants and development conditions, are monitored; (3) the District applies available remedies when development defaults or stalls; and (4) the data of District property inventory and disposition is reliable.
Type	Performance Audit (GAGAS)
Requirement	Discretionary
Agencies	Department of Housing and Community Development (DHCD)
Risk Areas	Economic Development Programs and Activities Housing Programs and Coordination
Expected Value	This engagement will evaluate DHCD's efforts to acquire vacant, blighted, and abandoned residential properties (by negotiated sale, donation, tax-sale foreclosure, or eminent domain) and assess the effectiveness of property disposition and rehabilitation into affordable and market-rate housing.
Timing	FY 2027

Federal-Aid Funds and Grant Program Compliance	
Objective(s)	To determine whether: (1) agency-level and program-level controls over federal awards are designed and operating in accordance with applicable federal guidance; (2) subrecipient risk assessment and monitoring functions are operating effectively; and (3) agencies and programs comply with mandatory disclosure and remedy provisions requiring recipients to prevent, detect, and report fraud in federally funded programs.
Type	Performance Audit (GAGAS)
Requirement	Discretionary
Agencies	District agencies receiving federal awards and grants
Risk Areas	Medicaid Improper Payments Federal Grants and Assistance Program Compliance Entitlement Programs
Expected Value	This engagement will complement the District's Annual Single Audit required under 2 CFR § 200. The engagement will identify ways in which District agencies can bolster internal compliance functions and strengthen internal controls to reduce the risk of disallowed costs, federal fund repayment, and repeated findings.
Timing	FY 2027

District of Columbia Housing Authority's Procurement Functions	
Objective(s)	To determine whether: (1) DCHA's procurements are conducted in compliance with applicable federal and District requirements; (2) DCHA is effectively monitoring contract performance; and (3) Housing Choice Voucher Program solicitations and contracts address rent reasonableness and applicable physical condition standards.
Type	Performance Audit (GAGAS)
Requirement	Statutory; DC Code § 1-301.115a(a)(3)(E)
Agencies	District of Columbia Housing Authority (DCHA)
Risk Areas	Government Procurement Housing Programs and Coordination Federal Grants and Assistance Program Compliance
Expected Value	This engagement will consider DCHA's efficient use of federal and District funds to acquire goods and services, which is particularly important as future years' funding levels face uncertainty while demand for services continues to rise. Further, the engagement will seek to determine the root causes of procurement-related findings from both prior federal and District oversight engagements.
Timing	FY 2027

Non-Tax Revenue Realization	
Objective(s)	To determine whether: (1) internal controls are designed, implemented, and operating to ensure that fines and fees are appropriately assessed and collected; and (2) estimated revenue from fines and fees has materialized.
Type	Performance Audit (GAGAS)
Requirement	Discretionary
Agencies	Office of the Chief Financial Officer (OCFO) Agencies with fine and fee assessment responsibilities
Risk Areas	Revenue Realization
Expected Value	This engagement will examine the District's non-tax revenues, which include licenses and permits, fines and forfeitures, and charges for services. Non-tax revenues comprise almost eight percent of the District's general fund revenue in FY 2027. Since non-tax revenues are not realized until they are collected and are less stable than taxes, strong internal controls are necessary to ensure the District collects all appropriate revenue.
Timing	FY 2027

Artificial Intelligence (AI) Governance, Risk, and Compliance	
Objective(s)	To evaluate whether: (1) agencies maintain an accurate inventory of AI tools and complete values-alignment reports before deployment, per Mayor's Order 2024-028; and (2) authorization workflows, approvals, and governance artifacts (policies, logs, access controls) meet OCTO's AI/Machine Learning Governance Policy.
Type	Evaluation (CIGIE Quality Standards for Inspections and Evaluation)
Requirement	Discretionary
Agencies	Office of the Chief Technology Officer (OCTO)
Risk Areas	IT Investment, Utilization, and Cybersecurity Resilience
Expected Value	This engagement is formative as the District's adoption and use of AI is emerging. By identifying issues with AI use and deployment in this nascent phase, the District can design and implement internal controls to mitigate adverse impacts in the future.
Timing	FY 2027

Training, Development, and Certification of Procurement Officials	
Objective(s)	To evaluate whether: (1) the District has developed a qualified acquisition workforce; and (2) training and certification programs accurately reflect the requirements of procurement officials.
Type	Evaluation (CIGIE Quality Standards for Inspections and Evaluation)
Requirement	Discretionary
Agencies	Office of Contracting and Procurement (OCP) Agencies subject to the District's contracting statutes and regulations
Risk Areas	Government Procurement
Expected Value	This evaluation will examine the capacity and capabilities of the District's procurement workforce and seek to identify the human factors that may have contributed to procurement-related findings and deficiencies.
Timing	FY 2027

Efficacy of District Tax Abatements	
Objective(s)	To evaluate: (1) the extent to which District agencies coordinate in the determination, compliance, and monitoring of District tax abatements; (2) whether abatements achieve their intended purpose; and (3) whether mechanisms exist to recover tax revenue due to non-compliance with terms and conditions of tax abatements.
Type	Evaluation (CIGIE Quality Standards for Inspections and Evaluation)
Requirement	Discretionary
Agencies	Office of the Chief Financial Officer (OCFO)
Risk Areas	Economic Development Programs and Activities Revenue Realization
Expected Value	This evaluation will examine the effectiveness of tax abatements as a policy tool for advancing various District goals and consider whether the revenue foregone through tax abatements resulted in a net positive to the District's revenues.
Timing	FY 2027

Agency Space Utilization	
Objective(s)	To evaluate the: (1) methodology used to determine leasing versus ownership of space to support District operations; (2) processes used to determine if District space is adequately utilized; and (3) long-term planning to address underutilized and unutilized space.
Type	Evaluation (CIGIE Quality Standards for Inspections and Evaluation)
Requirement	Discretionary
Agencies	Department of General Services (DGS)
Risk Areas	Owned and Leased Space Utilization
Expected Value	This engagement will identify areas where the District can improve utilization of its current portfolio of facilities and identify opportunities to reduce the District's overall footprint and associated expenditures.
Timing	FY 2027

Selected Grant and Contract Reviews	
Objective(s)	To: (1) review executed contracts and grants for vulnerabilities to corruption, fraud, mismanagement, waste, and abuse; and (2) assess if terms and conditions have been operationalized to ensure that the District is receiving maximum benefits.
Type	Inspection (CIGIE Quality Standards for Inspections and Evaluation)
Requirement	Discretionary
Agencies	Various
Risk Areas	Government Procurement
Expected Value	This engagement is designed to provide decision-makers with information on the ongoing performance of contracts and grants.
Timing	Ad-hoc, based on the OIG's determination or external request.

OIG ENGAGEMENTS OVERVIEW

	Financial Audit	*Performance Audit*	*Inspection*	*Evaluation*
Responsible Unit	Audit Unit	Audit Unit	Inspection and Evaluation Unit	Inspection and Evaluation Unit
Professional Standards	*Government Auditing Standards*	*Government Auditing Standards*	*Quality Standards for Inspections and Evaluations*	*Quality Standards for Inspections and Evaluations*

Engagement Process

1. **Engagement Letter**

   The OIG will issue a letter to the respective agency that signifies the start of the engagement, and will include the engagement title, scope, and objectives.

2. **Entrance Conference:**

   During the entrance conference with agency representatives, the OIG will discuss the engagement's process, scope, objectives, estimated completion date, and document/interview requirements. Agency officials are encouraged to discuss areas of interest, concerns, or problems that might impact the engagement.

3. **Survey (AU) and Fieldwork (AU and I&E)**

   - For performance and financial audits, the survey phase identifies risk areas and determines the audit's focus. Depending on survey results, auditors review records and documents and perform substantive tests to determine whether programs and systems are functioning as intended.
   - For audits, inspections, and evaluations, the fieldwork phase consists of observations, process walk-throughs, employee interviews, and review of records, documents, files, and IT systems.
   - During the survey and fieldwork phases, the OIG staff work collaboratively with agency staff and points of contact to minimize disruptions to agency operations.

4. Notice of Findings and Recommendations (NFRs)

The OIG will issue NFRs to an agency that describe:

- Condition(s) observed: control weaknesses, noncompliance, or operational gaps discovered during the engagement;
- Criteria governing the condition: applicable law, rule, regulation, or policy;
- Cause: an explanation of the divergence between the condition and the criteria;
- Effect: the actual or potential impact, risk, or consequence resulting from the condition identified; and
- Recommendation: actions to resolve the root cause and prevent future occurrences.

Agencies will be asked to review NFRs and provide their response to the issues presented.

5. Exit Conference

During the exit conference, the OIG staff will summarize the overall results of the engagement and allow agency officials to provide any additional commentary on the engagement's findings, recommendations, or other matters for consideration before receiving the draft report.

6. Draft Report

The OIG will provide the agency with a draft report. Agencies are asked to review the draft report and provide a written response. Agencies are asked to agree/disagree with the draft report's recommendations and provide comments on any actions taken and planned in response to the recommendations, including target completion dates.

7. Final Report

The OIG will review and incorporate the agency's comments into the final report. The agency's complete written response will be included as an appendix in the final report. Final reports are published on the OIG's website.

8. Follow-up

Periodically, the OIG will follow up with agencies to obtain the implementation status of recommendations, including completion or target completion dates for unimplemented actions and a description of or supporting documentation for the action(s) taken.

[This page is intentionally blank.]

REPORT WASTE, FRAUD, ABUSE, AND MISMANAGEMENT

(202) 724-TIPS (8477) and (800) 521-1639

https://oig.dc.gov

oig@dc.gov

STAY UP TO DATE

instagram.com/OIGDC

x.com/OIGDC

facebook.com/OIGDC

Sign-up for email/text updates from OIG