

# DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL



August 31, 2023

## **Fiscal Year 2024 Audit and Inspection Plan**



### ***GUIDING PRINCIPLES***

*Workforce and Stakeholder Engagement \* Process-oriented \* Innovation  
Objectivity and Independence \* Diversity \* Communication \* Collaboration*

## **Mission**

Our mission is to 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.

## **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!

## **Core Values**

Accountability \* Integrity \* Professionalism  
Transparency \* Continuous Improvement \* Excellence





## A Message from the Inspector General

### Fiscal Year 2024 Audit and Inspection Plan

I am pleased to present the District of Columbia Office of the Inspector General's (OIG) *Fiscal Year 2024 Audit and Inspection Plan* (Plan). This Plan, developed annually, operationalizes the OIG's oversight requirements for District programs and operations.



In preparing the Plan, the OIG leveraged our annual comprehensive risk assessment process to review District operations and programs. The risk assessment process considers several variables such as: feedback and identified priorities from District leaders; statutory requirements; prior OIG work and open recommendations; previously identified management challenges; and our internal risk identification and assessment methodology. Using this process, the OIG issued 5 reports with 72 recommendations in the last fiscal year, with District agencies agreeing to 63% of our recommendations. Additionally, the OIG issued the District's Annual Comprehensive Financial Report (ACFR) and associated component audit reports, as well as a risk assessment of District operations associated with American Recovery Plan Act (ARPA) funding.

The District of Columbia government faces complex challenges this fiscal year, including managing the combined \$4.6 billion in funds provided to the District as part of ARPA and the Infrastructure Investment and Jobs Act (IIJA) and the future of District government after federal funding ends. Our goal remains to have the most meaningful impact on the efficiency and effectiveness of District government operations by helping District leaders better understand risks to the programs they manage and offer recommendations to guard against corruption, fraud, waste, abuse, and mismanagement.

I look forward to another productive year as the District's independent fact-finder. For additional information about this Plan, please call our Office at (202) 727-2540 or visit <http://oig.dc.gov>.

Daniel W. Lucas  
Inspector General

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## **BACKGROUND**

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### **Requirements**

The Fiscal Year (FY) 2024 Audit and Inspection Plan (Plan) is prepared in accordance with D.C. Code § 1-301.115a(a)(3)(I), which requires the Office of Inspector General (OIG) to publish an annual plan for audits, in consultation with the Mayor and the Council of the District of Columbia, not later than 30 days before the beginning of each fiscal year.

### **OIG Comprehensive Risk Assessment Process**

In planning our work for FY 2024, the OIG continued to use its Comprehensive Risk Assessment Process to identify and prioritize risk to District programs and operations. The OIG's internal Risk Identification Committee (Committee) took a holistic view of the District – its agencies, programs, and strategic priorities – as detailed in the District's FY 2024 Budget and Financial Plan, to identify potential risks for corruption, fraud, waste, abuse, and mismanagement. The Committee reviewed the District's plans on how it will use federal funds issued as part of the American Rescue Plan Act (ARPA), other pandemic funding programs, and the Infrastructure Investment and Jobs Act (IIJA). The OIG also solicited feedback from affected stakeholders using surveys and reviewed the priorities of other District oversight entities to ensure the best use of OIG resources.

The Committee applied a matrix to evaluate and review potential engagements based on the following factors:

- prior review or action by the OIG and other District oversight entities;
- vulnerability to corruption, fraud, waste, abuse, and mismanagement;
- the impact corruption, fraud, waste, abuse, or mismanagement would have on a program;
- potential for monetary benefits or funds put to better use within the District;
- potential social justice and racial equity concerns;
- District and non-government stakeholder interest; and
- impact to District operations.

The OIG's comprehensive and integrated approach to risk assessments for planning purposes enables the agency to have greater flexibility in identifying, assessing, and prioritizing engagements within this Plan, including unforeseen contingencies beyond activities outlined in the Plan. The projects included in this Plan reflect the OIG's focus on improving the economy and efficiency of the District of Columbia government.

### **Emerging Requirements**

Understanding that oversight needs will evolve during FY 2024, the OIG anticipates that projects in this Plan could be delayed, suspended, or canceled based on emergent requests from the Executive Office of the Mayor, the Council of the District of Columbia (Council), District agency leaders, or as deemed appropriate by the Inspector General.

## **Core Mission Areas**

### **Audit Unit**

The Audit Unit (AU) focuses its resources on programs and initiatives that pose serious challenges and risks for the District. The OIG designs audits to mitigate those risks and assess the results of budgeted programs. In addition to conducting performance audits, AU also monitors, assesses, and reports on the status of an agency's implementation of recommended (and agreed to) corrective actions from prior audits to determine whether actions taken addressed the noted deficiencies. Much of the benefit from audit work is not in the findings reported, or the recommendations made, but in their effective resolution.

### **Inspections and Evaluations Unit**

The Inspections and Evaluations Unit (I&E) focuses its resources on conducting inspections and evaluations the results of which call for corrective measures to improve operations, address deficiencies, and ensure compliance with District and federal laws, regulations, and policies. I&E projects provide senior District government managers with an independent source of facts and analysis about agency performance, program efficiency, the effectiveness of quality assurance procedures, and the potential for mismanagement, fraud, waste, and abuse.

## FISCAL YEAR 2024 HIGH RISK LIST

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### Overview

The OIG has been developing and improving our annual comprehensive risk assessment process since FY 2017. Each year the OIG's Audit and Inspection Plan is developed using this process to identify areas most at risk for corruption, fraud, waste, abuse, or mismanagement. However, with limited resources, the OIG is unable to address each risk area annually.

Beginning in FY 2022, the OIG published a list of high risk areas identified through our risk assessment process. This list is designed to inform District stakeholders of the areas of District government that have potential weaknesses in internal controls and are at risk for corruption, fraud, waste, or abuse. Some risk areas identified will be addressed with engagements in this Plan, while others will require future oversight work.

District agencies can use the High Risk List to help inform and prioritize efforts to improve their internal control systems. The Green Book<sup>1</sup> identifies control principles that provide a framework for an effective internal control system. District agencies can leverage the Green Book's principles to proactively identify, analyze, and respond to these risks on an ongoing basis. Further, the Green Book can help District agencies design and implement appropriate control activities to mitigate identified risks. Finally, stronger internal control systems can provide assurance to District agency leadership that its internal control system is monitoring activities to ensure compliance with existing policies, directives, and regulations; as well as functioning as intended.

As the process of developing the High Risk List matures, the OIG will develop specific criteria to evaluate progress made in each area. As new high-risk areas are identified, we will add them to this list. Finally, we will note engagements the OIG undertook targeting these high risks, the recommendations the OIG made, and planned follow-up of OIG recommendations.

### Follow-up of OIG Recommendations

Responsibility for acting on OIG recommendations rests with the agency to which the recommendations were directed. The OIG does not have the resources to review all past recommendations; therefore, the OIG will select a judgmental sample of recommendations for a follow-up.

Selecting recommendations for follow-up may be prompted by these conditions:

- serious incidents involving abuse, illegal activity, or statutory violations;
- issues having significant stakeholder, public, or media interest;
- matters impacting on public safety, health, or security; or
- systemic weaknesses that might cause recurring problems.

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<sup>1</sup> U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-14-704G, STANDARDS FOR INTERNAL CONTROL IN THE FEDERAL GOV'T, Title Page (Sept. 2014), <https://www.gao.gov/products/GAO-14-704G>.

The objectives of our follow-up are to determine whether: (1) audited entities implemented recommendations made by the OIG; (2) corrective actions addressed the conditions identified in prior OIG reports; and (3) anticipated monetary benefits were realized (if applicable).

The findings of our follow-up of OIG recommendations will be used to assess the status of the areas identified in the High Risk List.

## **FY 2024 High Risk List**

### **1. American Rescue Plan Act (ARPA) and Infrastructure Investments and Jobs Act (IIJA)**

Through ARPA, the District will have received nearly \$3.3 billion<sup>2</sup> to support the District's recovery from the COVID-19 pandemic. Through the IIJA, the District will receive an additional \$1.3 billion to repair and rebuild roads and bridges; \$1.2 billion to improve public transportation options across the District; \$17 million to support the expansion of an electronic vehicle charging network; \$100 million to help provide broadband coverage across the District; \$10 million to protect against cyberattacks; and \$355 million to improve water infrastructure.<sup>3</sup>

Both ARPA and IIJA funding have finite timelines for use to incentivize rapid spending. The influx of funds also comes with specific reporting and compliance requirements. There is an inherent risk to ensure available funds are used appropriately while conditions imposed by federal government agencies are satisfied.

In February 2023, the OIG published *Risk Assessment of the District's U.S. Department of Treasury Programs Funded Through the American Rescue Plan Act of 2021*, our first external engagement designed to assess the risks of fraud, waste, abuse, and mismanagement in ARPA funding. The objectives of the engagement were to identify: (1) District ARPA resources subject to the highest risk of corruption, fraud, waste, abuse, and mismanagement; (2) high-risk incongruences in the various federal District ARPA law, rules, regulations, policies, and criteria; and (3) high-risk structural issues related to the District's ARPA funding. The report identified 18 high or elevated risk observations in 5 ARPA-funded programs. The OIG will use the findings of this report to plan future engagements, including two identified in this Plan.

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<sup>2</sup> RECOVERY PLAN PERFORMANCE REPORT DISTRICT OF COLUMBIA, STATE AND LOCAL FISCAL RECOVERY FUNDS 2021 REPORT 3, [https://oca.dc.gov/sites/default/files/dc/sites/oca/publication/attachments/DC\\_SLFRF%20Annual%20Report%202021%20and%20Project%20Inventory\\_web.pdf](https://oca.dc.gov/sites/default/files/dc/sites/oca/publication/attachments/DC_SLFRF%20Annual%20Report%202021%20and%20Project%20Inventory_web.pdf).

<sup>3</sup> See [www.whitehouse.gov](https://www.whitehouse.gov), [https://www.whitehouse.gov/wp-content/uploads/2021/08/DC\\_IIJA\\_State-Fact-Sheet.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/08/DC_IIJA_State-Fact-Sheet.pdf).

## 2. Information Technology Procurement

Information technology procurements face a significant risk of cost overruns and implementation failures due to potentially inadequate project planning, requirements definition, and program oversight.

### Recent OIG Engagements

In June 2022, the OIG published *Fiscal Year 2022 Information Technology Capital Projects Procurement Risk Assessment* to address this risk area. The objectives of the engagement were to determine: (1) what are the root causes of the rise in capital IT Procurement contracts; (2) why agencies exclude OCTO from decisions on capital IT projects; (3) what implications do Certified Business Enterprises/Small Business Enterprises (CBE/SBE) requirements have on project costs; (4) were capital IT projects adequately managed by respective agencies; (5) was the original capital IT procurement appropriate; and (6) what can be done to provide better oversight of capital IT projects. The report identifies three specific risk areas that the OIG will use to plan future audits, inspections, or evaluations: (i) inconsistent IT procurement policies and procedures across District agencies increase the risk for noncompliance and operational inefficiencies; (ii) lack of centralized, expert oversight of IT capital procurements increases the risk that the District is not properly planning and spending IT funding; and (iii) the rise in project spending and significant subsequent procurement actions and award modifications are indicative of risk as to whether the initial budget, procurement process, and project management were adequate.

The OIG FY 2023 Audit and Inspection Plan announced the *Audit of the District of Columbia's Integrated Financial System (DIFS)* to address risks identified in the *Fiscal Year 2022 Information Technology Capital Projects Procurement Risk Assessment*. That engagement is ongoing.

This risk area will be addressed with an engagement identified in this Plan.

## 3. District Cybersecurity Practices

Cybersecurity risks are increasing in both the private and public sectors each year. The District's information technology systems contain sensitive information, and government operations rely on access to and safe storage of this critical information.

In FY 2021, the District's Annual Comprehensive Financial Report (ACFR) independent auditors reported a deficiency in internal control concerning the identification, prioritization, remediation, and monitoring of IT vulnerabilities.<sup>4</sup> In the FY 2022 ACFR, the OIG's independent auditors were unable to issue an opinion on the financial

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<sup>4</sup> OIG No. 22-1-07MA(a), Management Letter at 2, <https://oig.dc.gov/sites/default/files/Reports/OIG%20No.%2022-1-07MA%20-%20DC%20FY%202021%20Management%20Recommendations.pdf>.

statements of the Washington Convention and Sports Authority (Events DC), due to a ransomware attack that resulted in the encryption and loss of a significant amount of detailed financial data from FY 2022.<sup>5</sup> According to OCTO officials, they are in the process of developing and documenting the OCTO *Risk Management Framework* to address this particular finding. However, given that OCTO may not have authority over some District agencies, including independent agencies like Events DC, the risk could persist without a whole-of-District government approach to cybersecurity.

#### Recent OIG Engagements

The OIG FY 2023 Audit and Inspection plan announced the *Evaluation of the District's Use of Cybersecurity Waivers* to address this risk area. That engagement is ongoing. Due to the potential security risks associated with this engagement, the OIG will provide a confidential report of its findings to District stakeholders but will not make the report public.

This risk area will be addressed with an engagement identified in this Plan.

### **4. Medicaid Improper Payments**

The size and complexity of the Medicaid program present oversight challenges. The Centers for Medicaid and Medicare Services estimates that improper payments in the Medicaid program account for 21.4% of all Medicaid payments nationally.

Starting in October 2020, the District Department of Health Care Finance (DHCF) announced that it would transition over 19,000 District Medicaid recipients in the fee-for-service program to a Medicaid managed care organization (MCO) program called the DC Healthy Families Program (DCHFP). DHCF's transition to an MCO model is not without risks. In 2018, the U.S. Government Accountability Office examined MCO payment risks and found that state Medicaid programs are at risk of: (1) improper capitalization payments; (2) inaccurate capitation rates; (3) payments to non-compliant MCOs; and (4) duplicative payments.<sup>6</sup> Further, GAO found that MCOs risked: (1) incorrect MCO fee-for-service payments; and (2) incorrect capitation payments.<sup>7</sup>

This risk area will be addressed with an engagement identified in this Plan.

### **5. District Entitlement Programs**

An increase in the size and scope of government spending for entitlement programs increases the risk of improper payments and raises the need for effective management of these programs.

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<sup>5</sup> OIG No. 22-1-26MA, Independent Auditor's Report at 1-2, <https://oig.dc.gov/sites/default/files/Reports/OIG%20No.%2022-1-26MA%2C%20ACFR%20Opinion.pdf>.

<sup>6</sup> U.S. GOV'T ACCOUNTABILITY OFFICE, MEDICAID MANAGED CARE, IMPROVEMENTS NEEDED TO BETTER OVERSEE PAYMENT RISKS 9, GAO-18-528 (July 2018), <https://www.gao.gov/assets/gao-18-528.pdf>.

<sup>7</sup> *Id.*

### Recent OIG Engagements

In April 2023, the OIG published *OIG No. 21-1-27CF- DOES Struggled to Handle Surge in Unemployment Insurance Claims During April 2020 through September 30, 2021*, to address this risk area. The objectives of this audit were to assess the Department of Employment Services' (DOES) responsiveness in processing unemployment insurance claims and controls over the accessibility, availability, and reliability of the Unemployment Insurance system. The OIG report made 14 recommendations. DOES agreed with 2 recommendations and disagreed with 12.

## **6. District Rental and Housing Programs**

The District of Columbia government addresses the affordable housing crisis through a set of rental and housing programs managed by multiple agencies. Coordinating these programs across agencies in a cohesive manner presents challenges for the District.

### Recent OIG Engagements

In January 2022, the OIG published an *Evaluation of the District of Columbia Family Re-Housing and Stabilization Program* to address this risk area. The objectives of the engagement were to: (1) evaluate whether the Department of Human Services was managing the Family Re-Housing and Stabilization Program (FRSP) in accordance with D.C. Code and D.C. Municipal Regulations (DCMR); and (2) determine the extent to which the program met the goal of providing enough stability so participants could transition to their own housing. The OIG made 11 recommendations to assist DHS in strengthening its management of the FRSP, oversight of service providers, and coordination with other District agencies supporting these District residents.

This risk area will be addressed with an engagement identified in this Plan.

## **7. District of Columbia Housing Authority Activities to Support Affordable Housing**

The District of Columbia Housing Authority (DCHA) serves as the landlord for nearly 20,000 residents who occupy more than 8,000 federally-owned public housing units in the District. As reported in the Capital Budget Appendices of the FY 2023 Proposed Budget, it is estimated that up to 20% of public housing units are vacant due to disrepair. According to DCHA, rehabilitating and stabilizing the District's public housing is a significant challenge that will require over \$2.2 billion to address.

In FY 2021, the District established the Public Housing and Structural Transformation (PHAST) capital account.<sup>8</sup> PHAST serves as a District funding source for the development and rehabilitation of DCHA's real estate portfolio. PHAST's projected 6-year capital budget

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<sup>8</sup> Fiscal Year 2021 Budget Support Act of 2020, D.C. Law 23-149 § 2192 (effective from Dec. 3, 2020).

has increased from \$65 million in FY 2021<sup>9</sup> to \$211 million in the proposed FY 2023 budget.<sup>10</sup>

PHAST capital funding is in addition to \$182.5 million in local funding the District appropriated to DHCA for the Local Rent Supplement Program (LRSP) project and sponsor vouchers, rental assistance support, and support of DCHA's Public Safety force.<sup>11</sup>

#### Recent OIG Engagements

In October 2022, the OIG published *DCHA Can Improve Financial and Program Management to Ensure Housing Subsidy Programs are Administered in an Efficient and Effective Manner* to address this risk area. The objectives of this audit were to (1) assess whether DCHA administered the programs supported by the operating and capital subsidies in accordance with District and federal laws and regulations and (2) identify areas at risk of loss through errors, theft, or noncompliance. The OIG report made 23 recommendations. DCHA agreed with 18 recommendations and disagreed with 5.

This risk area will be addressed as part of the FY 2024 Annual Comprehensive Financial Report.

### **8. Efforts to Respond to and Prevent Drug Misuse**

As the opioid crisis continues to impact the nation, opioid-related deaths in the District of Columbia have increased by more than 400% since 2014. Effective management of the District's response, including program monitoring and grant administration, is critical to addressing the issue.

#### Recent OIG Engagements

In September 2021, the OIG published an *Evaluation of the District's Opioid Crisis Response Program* to address this risk area. The objectives of the evaluation were to assess whether the District of Columbia is: (1) effectively managing opioid program funds and resources; and (2) conducting training and distributing naloxone kits at identified levels. The evaluation contains 5 findings and 10 recommendations for the Department of Behavioral Health and the Department of Health.

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<sup>9</sup> GOV'T OF THE DISTRICT OF COLUMBIA FY 2021 APPROVED BUDGET AND FINANCIAL PLAN, VOL. 5, FY 2021 TO 2026 CAPITAL IMPROVEMENTS PLAN (INCLUDING HIGHWAY TRUST FUND) 247 – HY0 (Aug. 27, 2020), [https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/hy\\_dcha\\_capital\\_2021a.pdf](https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/hy_dcha_capital_2021a.pdf) (last visited June 17, 2023).

<sup>10</sup> GOV'T OF THE DISTRICT OF COLUMBIA FY 2023 PROPOSED BUDGET AND FINANCIAL PLAN, VOL. 5, FY 2023-2028 CAPITAL IMPROVEMENTS PLAN 260 -HY0, (Mar. 16, 2022), [https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/hy\\_has\\_capital\\_2023m.pdf](https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/hy_has_capital_2023m.pdf) (last visited June 17, 2023).

<sup>11</sup> *Id.*

## 9. District Real Property and Lease Administration

The District government faces challenges in managing real property, including accurately tracking District-owned assets and establishing adequate controls around rent collection for property the District leases to others.

In FY 2021, the District's ACFR independent auditors reported a deficiency in internal control concerning the District's need to develop a plan to maintain a comprehensive inventory of leases in which the District is the lessor.<sup>12</sup> Governmental Accounting Standards Board (GASB) Statement No. 87 requires the District to implement a lease accounting standard that is effective for the fiscal year ended September 30, 2022. The District's ACFR audit opinion could be adversely impacted without timely implementation of the GASB requirements.

This risk area will be addressed with an engagement identified in this Plan.

## 10. Gun Violence Prevention Program and Grants

The District of Columbia government has taken a whole-of-government approach to combat rising gun violence, including standing up the Building Blocks DC program. This program involves a significant increase in grant funding in a variety of areas that require additional oversight.

### Recent OIG Engagements

The OIG FY 2023 Audit and Inspection Plan announced a *Public Safety Risk Assessment* to review the District's various violence reduction programs. With recent reporting from the Auditor of the District of Columbia on the Neighborhood Engagement Achieves Results (NEAR) Act covering activities from 2016 to 2021 and Mayor's Order 2023-61, effective May 15, 2023, requiring a District-wide review of violence reduction programs, the OIG put the project on hold pending the outcome of the Mayor's review.

This risk area will be addressed with an engagement identified in this Plan.

## 11. Human Capital Management

Recruiting and retaining the District's workforce with the necessary skills and abilities poses a risk of impeding the District government from cost-effectively serving the public and achieving results. This risk was exacerbated by the COVID-19 pandemic. District agencies now face the dual challenge of recruiting and retaining existing employees during what is colloquially being referred to as the "Great Resignation" while simultaneously increasing staffing in response to new ARPA and IIJA-funded programs and operations funded by.

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<sup>12</sup> OIG No. 22-1-07MA(a), Management Letter at 3, <https://oig.dc.gov/sites/default/files/Reports/OIG%20No.%2022-1-07MA%20-%20DC%20FY%202021%20Management%20Recommendations.pdf>.

Recent OIG Engagements

The OIG FY 2022 Audit and Inspection Plan announced an *Audit of District of Columbia Agencies' Overtime Usage*. The objectives of this engagement are to assess: (1) overtime usage by District agencies; (2) adherence to District overtime policies; and (3) the effect overtime usage has on District operations. As of the date of this Plan, this engagement is ongoing.

This risk area will be addressed with an engagement identified in this Plan.

## PLANNED AUDITS

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### Audits Required by Law

#### Fiscal Year 2024 Annual Comprehensive Financial Report (ACFR)

D.C. Code § 1-301.115a(a)(3)(H) (2023) requires the OIG to contract with an independent auditor to conduct a comprehensive audit of the District's annual comprehensive financial report (ACFR). The OIG chairs the ACFR Audit Oversight Committee (ACFR Committee). The ACFR Committee conducts regular meetings with Committee members comprised of various District agencies throughout the audit. The ACFR must be submitted to the Mayor and the Council by February 1<sup>st</sup> of each year following the end of the fiscal year audited.

In addition to the District's General Fund, the following District agencies and entities (component units) must be included in the audit:

- D.C. Lottery and Charitable Games Control Board (financial statements);
- Department of Employment Services (Unemployment Compensation Fund – financial statements);
- Washington Convention Center Authority/dba Events D.C. (financial statements);
- University of the District of Columbia (financial statements);
- Home Purchase Assistance Program (financial statements);
- D.C. Post-Employment Benefit Trust Fund (financial statements and actuarial study);
- Health Benefit Exchange Authority;
- E911/311 Fund;
- Not-For-Profit Hospital Corporation;
- D.C. Housing Finance Agency;
- D.C. Tobacco Settlement Financing Corporation;
- D.C. Green Finance Authority;
- D.C. Retirement Board;
- Section 529 College Savings Plan;
- 401(a) –Defined Contribution Plan; and
- 457(b) –Deferred Compensation Plan.

During the FY 2024 budget process, the Council of the District of Columbia amended the DCHA enabling legislation to require DCHA to prepare a comprehensive financial statement and report akin to the District's ACFR.<sup>13</sup> Additionally, the Council included a requirement for DHCA's annual financial statements and report to be independently audited by the OIG.<sup>14</sup> To meet this statutory requirement, in FY 2024, the OIG will add the District of Columbia Housing Authority as a component unit to be included in the annual ACFR Audit.

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<sup>13</sup> Fiscal Year 2024 Budget Support Act of 2023, title II, subtit. O, sec. 2142, A25-0176 (projected law date Oct. 18, 2023), [https://lims.dccouncil.gov/downloads/LIMS/52613/Signed\\_Act/B25-0202-Signed\\_Act.pdf](https://lims.dccouncil.gov/downloads/LIMS/52613/Signed_Act/B25-0202-Signed_Act.pdf) (last visited Aug. 7, 2023).

<sup>14</sup> *Id.* § 2143.

The objectives of this engagement are to: (1) oversee the progress of the audit executed by the contracted Independent Auditor; and (2) address any issues that may arise or may prevent timely completion of this engagement.

### **Audit of the District of Columbia Highway Trust Fund and 5-Year Forecast**

D.C. Code § 9-109.02(e) (Lexis – Statutes current through Mar. 21, 2023) requires the OIG to submit a report on the results of its audit of the financial statements of the District of Columbia Highway Trust Fund (Fund). The report is due to Congress, the Mayor, the Council, and OCFO by February 1<sup>st</sup> of each year for the preceding fiscal year. The Fund’s 5-year Forecast audit has a statutory due date of May 31<sup>st</sup>.

The objectives of this engagement are to: (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 5 years.

### **Audit of Special Education Attorney Certifications**

The objective of this engagement is to determine the accuracy of certifications made to the Office of the Chief Financial Officer by attorneys in special education cases brought under the Individuals with Disabilities Education Act (IDEA) in the District. The OIG’s mandate is found in D.C. Code § 1-301.115a(a)(3)(J) (2023).

### **Audit of the West End Library and Fire Station Maintenance Fund**

The West End Library and Fire Station Maintenance Fund (Fund) finances “supplemental maintenance service; common-area maintenance service; insurance; and capital improvements for the West End Library and West End Fire Station . . .” D.C. Code § 1-325.181(a). The Department of General Services (DGS), in close consultation with the District of Columbia Public Library, is responsible for management of the Fund. The OIG’s mandate is found in D.C. Code § 1-325.181(e) (Lexis – Statutes current through Mar. 21, 2023).

The objectives of this engagement are to: (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.

### **Audit of the District of Columbia Procurement System**

In FY 2022, the OIG issued three reports addressing different aspects of the District’s procurement system:

On May 22, 2022, the OIG issued its report entitled *Government of the District of Columbia COVID-19 Emergency Procurement Risk Assessment*. The objectives of this risk assessment were to identify: (1) emergency COVID-19 procurement practices subject to the highest risk of corruption, fraud, waste, and abuse; (2) high-risk incongruences in the various procurement rules

and regulations as related to emergency COVID-19 procurements; and (3) high-risk structural issues related to the District’s COVID-19 emergency procurements.

On June 23, 2022, the OIG issued its report entitled *Government of the District of Columbia Fiscal Year 2022 Information Technology Capital Projects Procurement Risk Assessment*. The objectives of this risk assessment were to identify: (1) the root causes of the rise in costs of capital Information Technology (IT) procurement contracts; (2) the reason(s) agencies leave OCTO out of the capital IT acquisition process; (3) whether capital IT projects were adequately managed by respective agencies; and (4) whether the original capital IT procurement was appropriate or inflated.

Finally, on August 1, 2022, the OIG issued its report entitled *Fiscal Year 2022 Procurement Risk Assessment*. The scope of the assessment included the procurement authorities to which District government agencies are subject, including the Procurement Practices Reform Act of 2010 (PPRA) (D.C. Law No. 18-371), the Chief Procurement Officer’s (CPO) authority as identified in Section 201(a) of the PPRA, and those District agencies exempt from both the PPRA and the CPO’s authority.

The findings from these three risk assessments will inform the objectives of audits included in this Plan as well as future OIG engagements in FYs 2025 and 2026.

The objectives of this engagement are 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.

## **Independent Fiscal and Management Audit of the D.C. Housing Authority**

Pursuant to D.C. Code § 1-301.115a(e-1) (2023), the OIG may conduct an annual inspection and independent fiscal and management audit of DCHA.

DCHA serves as the landlord for nearly 20,000 residents of the more than 8,000 federally-owned public housing units in the District. During DCHA’s FY 2020 Budget Hearing, its Executive Director testified that the true need to rehabilitate and stabilize the District’s public housing is \$2.2 billion. In response, the Council Committee on Housing and Revitalization stated that it is “hesitant to commit such a substantial stream of annual funding . . . without enhanced planning and oversight.”<sup>15</sup>

The objectives of this engagement are to: (1) assess DCHA’s internal control system; and (2) identify areas at risk of loss through errors, theft, or noncompliance with federal and District laws and regulations.

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<sup>15</sup> Committee on Housing and Neighborhood Revitalization, *Report and Recommendations of the Committee on Housing and Neighborhood Revitalization on the Fiscal Year 2020 Budget for Agencies Under its Purview* (May 1, 2019).

## **Audits Identified Through the OIG's Comprehensive Risk Assessment Process**

### **Audit of District Agency Contract Administration**

This engagement was identified during the OIG's city-wide *Fiscal Year 2022 Procurement Risk Assessment*, issued on July 29, 2022. The Assessment determined that agency contract administration makes management and oversight of the procurement function more difficult and contributes to unsupported procurement actions and decisions. Additionally, inadequate monitoring of the receipt and quality of goods and services provided to the District may result in inefficient use of resources, a need for rework, or program delays.

Agencies must administer contracts efficiently to ensure the District receives the goods and services it needs while avoiding fraud, waste, or abuse. Our Assessment determined that the District has no standard policies and procedures for what should be uploaded and retained in automated workflows for procurement transactions, including sole source and emergency awards, change orders, and changes to standard terms and conditions. Without specific guidance on what should be retained in an automated workflow, sufficient evidence may not be available to support the actions and decisions underlying a procurement.

Procedures to monitor the receipt and quality of goods and services are also inconsistent across District agencies. The Assessment determined that 42% of responding agencies did not have a formal process to monitor the quality of products received and 61% did not have a formal process to monitor the quality of services.

The objectives of this engagement are to determine whether Agencies are: (1) effectively administering contracts to ensure the District receives the goods and services it procures; and (2) complying with District contracting regulations.

### **Audit of the District's Human Capital Management**

Effective human capital management, a challenge at any time, has become more critical during the COVID-19 Public Health Emergency and its aftermath. Dubbed the Great Resignation, an estimated 40 million people left their jobs in 2021 in the United States.<sup>16</sup> District agencies faced the challenges of recruiting and retaining staff, while many agencies had significantly increased operations requirements to address the pandemic. Federal pandemic relief funding from APRA and IJA provided the District with billions of dollars to be used for new and expanded programs, including temporary staffing increases.

This engagement was identified due to the potential risk to effective, efficient and economical government operations and inclusion on the OIG High Risk List. As federal pandemic relief funding ends, District agencies will need to ensure they have the necessary staffing and skillsets to meet their mission.

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<sup>16</sup> The New York Times, *All of Those Quitters? They're at Work*, May 13, 2022, <https://www.nytimes.com/2022/05/13/business/great-resignation-jobs.html> (last visited July 31, 2023).

The objectives of this engagement are to assess whether District agencies have effective policies in place to manage the human capital lifecycle, which includes strategic human capital planning; recruiting, retaining, and developing staff; and separation and succession planning.

### **Audit of Housing Program Coordination**

The District of Columbia government operates dozens of housing and rental assistance programs across multiple agencies. The Department of Human Services (DHS) operates housing programs that include the Family Re-Housing Stabilization Program (FRSP), Rapid Rehousing for Individuals, Targeted Affordable Housing, Permanent Supportive Housing, and rental programs such as the Emergency Rental Assistance Program (ERAP). DCHA operates programs that include the Housing Choice Voucher Program, Home Ownership Assistance Program, Targeted Affordable Housing Vouchers, and Tenant-Based Voucher Programs. Other agencies operate smaller programs, including the Child and Family Services Agency's (CFSA) Rapid Housing Assistance Program, the Department of Behavioral Health's (DBH) Supported Independent Living program, and the Department of Housing and Community Development's (DHCD) Employer Assisted Housing Program.

With the variety of temporary and permanent housing programs across agencies, District housing programs must coordinate to ensure they benefit the maximum number of eligible residents efficiently and effectively. Critics of FRSP claim that the program fails to help families transition into permanent housing, and only 3% can afford rent after they reach their 12-month limit in the program.<sup>17</sup> An OIG evaluation of FRSP, published in January 2022, found that a focus on minimum eligibility criteria led to program participants in FRSP that should have instead been in permanent housing programs.<sup>18</sup>

This engagement was identified due to the vulnerability to corruption, fraud, waste, abuse, and mismanagement; the impact corruption, fraud, waste, abuse, or mismanagement would have on a program; and inclusion on the OIG High Risk List.

The objectives of this engagement are to: (1) identify all District housing and rental assistance programs; (2) determine whether the programs are effectively coordinating to provide the best value to eligible District residents; and (3) determine whether the organizations have the necessary resources to conduct their mission.

### **Audit of the Modern Integrated Tax System (MITS) Modernization**

The OIG's Risk Assessment process identified legacy information technology system upgrades as high risk throughout the District government. Legacy system upgrades must be managed effectively to avoid delays in implementation and cost overruns and to ensure the system delivered meets the agency's needs. On June 23, 2022, the OIG issued its report entitled *Government of the District of Columbia Fiscal Year 2022 Information Technology Capital*

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<sup>17</sup> Amanda Michelle Gomez: *D.C. Council Chairman Introduces Bill to Reform A Heavily Criticized Housing Subsidy Program*, dcist.com, July 5, 2022, <https://dcist.com/story/22/07/05/dc-mendelson-rapid-rehousing-reform/> (last visited July 31, 2022).

<sup>18</sup> OIG Final Report No. 22-I-01JA.

*Projects Procurement Risk Assessment.* This risk assessment identified two systems, the Modernized Integrated Tax System (MITS) and the District Integrated Financial System (DIFS), needing further review. The OIG reviewed DIFS in FY 2023 and will review MITS with this engagement.

MITS is designed to replace the District's Integrated Tax System for business and individual taxes. Our risk assessment identified that MITS had an estimated budget of over \$81.5 million, with over \$62 million spent as of FY 2022.<sup>19</sup> Since the original bid, OCTO has modified the contract 15 times, including at least 6 scope changes, with costs increasing by 50%.<sup>20</sup>

The objectives of this engagement are to assess the methodology OCFO used to: (1) justify the need for MITS; (2) select the financial management solution and vendor; (3) identify the scope, schedule, and budget to implement the project; and (4) manage project execution, including changes to scope, schedule, and budget.

### **Audit of Medicaid Eligibility**

The Department of Human Services (DHS) is responsible for enrolling District residents in the District's Medicaid program. The most recent A-133 Audit of the District of Columbia found DHS non-compliant in establishing and maintaining internal controls designed to ensure compliance with eligibility requirements. During testing, DHS was "unable to provide sufficient documentation to support the beneficiary's eligibility determination."<sup>21</sup> As of March 2023, the DHCF reported 308,340 individuals enrolled in the District's Medicaid Program.<sup>22</sup>

The United States Health and Human Services Office of the Inspector General (HHS-OIG) recently completed a nationwide analysis of concurrent Medicaid billing that suggests that individuals may be receiving benefits from two states.<sup>23</sup> Specifically, HHS-OIG's analysis found more than 120,000 instances of the District's Medicaid program making a monthly managed care organization (MCO) capitation payment concurrently with another state for the same individual for the same month. In addition, the analysis found approximately 11,600 instances where the District's Medicaid program, or a District MCO, paid a claim on the same day that another state paid a claim for the same individual. The largest number of concurrent capitation payments and paid claims occurred between the District and Maryland.

This engagement was identified due to the vulnerability to corruption, fraud, waste, abuse, and mismanagement; the impact corruption, fraud, waste, abuse, or mismanagement would have on a

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<sup>19</sup> PERFORMANCE OVERSIGHT HEARING: BEFORE THE D.C. COUNCIL COMM. ON BUSINESS & ECONOMIC DEV. (Mar. 4, 2020) (Testimony of Jeffrey S. DeWitt, Chief Financial Officer).

<sup>20</sup> OIG Final Report No. 21-1-29MA(a), *supra* note 18.

<sup>21</sup> Government of the District of Columbia, *Schedules of Expenditures of Federal Awards and Reports Required by the Uniform Guidance*, Year End September 30, 2021, page 94, <https://cfo.dc.gov/node/1619291>.

<sup>22</sup> Department of Health Care Finance, *Monthly Enrollment Report – April 2023*, <https://dhcf.dc.gov/sites/default/files/dc/sites/dhcf/publication/attachments/MCAC%20Enrollment%20Report%20-%20April%202023.pdf> (last visited July 31, 2023).

<sup>23</sup> Department of Health and Human Services Office of Inspector General, *Nearly All States Made Capitation Payments For Beneficiaries Who Were Concurrently Enrolled in a Medicaid Managed Care Program in Two States*, September 2022, <https://oig.hhs.gov/oas/reports/region5/52000025.pdf> (last visited July 31, 2023).

program; the potential for monetary benefits or funds put to better use within the District, the potential for monetary recoupment, and inclusion on the OIG High Risk List.

The objectives of this engagement are to (1) review internal controls over Medicaid eligibility and (2) evaluate compliance with federal program requirements.

### **Business-Type Revenue Generating Activities Financial Risk Assessment**

The District of Columbia government operates a series of non-tax, business-type revenue-generating activities that are integral to the annual budget. As part of the FY 2024 budget, the District plans to add 342 new speed cameras to the Automated Traffic Enforcement Program. The program is predicted to generate roughly \$580 million in revenue over 4 years.<sup>24</sup> According to the District FY 2023 budget book, since its inception in 1982, the Office of Lottery and Gaming (OLG) has contributed over \$2.2 billion to the District's General Fund. The OLG annual transfer to the General Fund remains a vital component in aiding the District's economy, thereby benefiting all residents of the District of Columbia. The General Fund supports education, recreation and parks, public safety, housing, and senior and child services. As federal funding associated with the CARES Act, APRA, and IJA wind down, the District will need to make difficult choices on where to use its limited financial resources. Ensuring the District is effectively managing business-type revenue-generating activities will be vital to funding the District's priorities.

This engagement was identified due to the potential for monetary benefits or funds put to better use within the District and the potential for monetary recoupment.

The risk assessment objectives are to: (1) identify all business-type revenue-generating activities within the District; (2) determine the revenue targets for each activity or program; and (3) assess the financial risk due to loss in revenue. The findings from this risk assessment will inform the objectives of future OIG engagements in FYs 2025 and 2026.

### **Audit of Information Security Risk Mitigation**

Recently, several District agencies have been subject to cybersecurity breaches that have impacted their operations and potentially compromised personally identifiable information. Beginning in FY 2022, the OIG added District Cybersecurity Practices to its High Risk List and has conducted several engagements addressing the issue. Further, on February 2, 2023, the Inspector General testified during the FY 2022 ACFR hearing before the Committee of the Whole, that as the District "continue[s] to increase [its] reliance on [information technology (IT)] to initiate, authorize, record, process, or report financial transactions, the District's IT systems and internal control over financial reporting become more interrelated. A robust IT internal control environment is imperative to identify and mitigate any potential risks that may impact the

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<sup>24</sup> John Henry, *DC to get 342 new traffic cameras starting this summer*, WUSA9.com, Mar. 22, 2023, <https://www.wusa9.com/article/news/local/dc/dc-speed-cameras/65-8e82f3ba-64d1-49c4-a1e4-420dd1893b8a> (last visited July 31, 2023).

District's financial system.”<sup>25</sup> On February 24, 2023, the OIG released a [Management Implication Report \(MIR\)](#) to alert District agencies of the need to implement effective cybersecurity management practices.

The Federal Information Security Management Act of 2002 (FISMA) highlights the importance of information security.<sup>26</sup> As originally enacted, FISMA requires each federal agency to develop, document, and implement an agency-wide program to provide information security for the information and information systems that support the operations and assets of the agency, including those provided or managed by another agency, contractor, or other source. Any organization that supports a federal program, provides services to a federal agency, or receives grant money from federal agencies must adhere to FISMA compliance standards. FISMA 2002 has been amended over the years to comport with the federal government's growing reliance on IT systems.

To produce security standards and guidelines for FISMA, the National Institute of Standards and Technology (NIST) established the FISMA Implementation Project in 2003. The project aims to support the implementation of and compliance with FISMA standards. Per FISMA, an effective information security program should include the following:

- periodic assessments of risk, including the harm that could result from the unauthorized access, use, disclosure, disruption, modification, or destruction of information and information systems that support the operations and assets of the organization;
- policies and procedures that are based on risk assessments, cost-effectively reduce information security risks to an acceptable level, and ensure that information security is addressed throughout the life cycle of each organizational information system;
- security awareness training to inform personnel of information security risks;
- periodic testing and evaluation of the effectiveness of information security policies, procedures, practices, and security controls;
- a process for planning, implementing, evaluating, and documenting remedial actions to address any deficiencies;
- procedures for detecting, reporting, and responding to security incidents; and,
- plans and procedures to ensure continuity of operations for information systems that support the operations and assets of the organization.<sup>27</sup>

The Office of the Chief Technology Officer (OCTO) publishes a series of IT Security Operations Policies based on FISMA and NIST requirements.<sup>28</sup>

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<sup>25</sup> PUBLIC OVERSIGHT HEARING ON THE FISCAL YEAR 2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT: BEFORE THE D.C. COUNCIL COMM. OF THE WHOLE (Feb. 2, 2023) (Testimony of Daniel W. Lucas, Inspector General), [https://oig.dc.gov/sites/default/files/Testimony%20of%20Daniel%20W.%20Lucas%20before%20the%20Committee%20of%20the%20Whole%20--%20Public%20Oversight%20Hearing%20on%20the%20FY%202022%20ACFR%20\(to%20CoW\).pdf](https://oig.dc.gov/sites/default/files/Testimony%20of%20Daniel%20W.%20Lucas%20before%20the%20Committee%20of%20the%20Whole%20--%20Public%20Oversight%20Hearing%20on%20the%20FY%202022%20ACFR%20(to%20CoW).pdf).

<sup>26</sup> Pub. L. No. 107-347, 116 Stat. 2946 (Dec. 17, 2002), <https://www.govinfo.gov/content/pkg/STATUTE-116/pdf/STATUTE-116-Pg2899.pdf> (last visited Aug. 7, 2023).

<sup>27</sup> 44 U.S.C. § 3554(b).

<sup>28</sup> Office of the Chief Technology Officer, *IT Security Operations Policies*, <https://octo.dc.gov/itpolicies> (last visited July 31, 2023).

This engagement was identified due to the potential risk to District operations and inclusion on the OIG High Risk List.

As the District works to bolster its information security practices, the OIG will assess the District of Columbia's programs and practices, similar to federal requirements. This engagement will aim to help inform District information technology professionals about risks germane to their respective agencies and holistic risks that the District of Columbia government must cooperatively address to safeguard the District's IT Resources.

## PLANNED INSPECTIONS AND EVALUATIONS

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### Inspections and Evaluations Identified Through the OIG's Comprehensive Risk Assessment Process

#### Evaluation of Real Property and Lease Administration

In the aftermath of the COVID-19 Public Health Emergency and the rise in telework across the nation, the value of commercial real estate has fallen. Economists have predicted that commercial real estate property values in the District will drop as much as 20-25%.<sup>29</sup> The District's Chief Financial Officer estimated that real estate property tax revenues will drop \$464 million over the next three fiscal years.<sup>30</sup>

In August 2017, the OIG published the report *DGS: Management of the District's Real Property Assets and Leasing Processes Needs Significant Improvement, Which Could Lead to Substantial Costs Savings*.<sup>31</sup> The report stated that DGS did not maintain a complete and accurate inventory of District-owned property and lacked mechanisms to ensure its lease management practices yielded maximum benefits for the District. With the value of commercial real estate expected to fall over the next few years, it is critical that the District effectively and efficiently manage its real property and leases.

This engagement was identified due to the potential for monetary benefits or funds put to better use within the District, the potential for monetary recoupment, and inclusion on the OIG High Risk List.

The objectives of this engagement are to review DGS' Portfolio Management Division to: (1) assess processes for maintaining real property assets inventory; and (2) determine whether the leasing strategies yield the intended benefits for the District.

#### Evaluation of Measures to Combat Gun Violence in Schools

In January 2023, a student at Maya Angelou Public Charter School was found with a handgun.<sup>32</sup> In March, a teen was robbed at gunpoint in front of Coolidge High School while the District public system's chancellor was visiting classrooms.<sup>33</sup> In May, a 17-year old student was shot and killed in the parking lot of Roosevelt High School in Northwest D.C. while school was in

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<sup>29</sup> Jennifer Sor, *Commercial real estate values are set to crater as much as 40% by 2025 in these 6 cities*, Market Insider, July 7, 2023, <https://markets.businessinsider.com/news/stocks/commercial-real-estate-crash-prices-credit-crunch-office-demand-economy-2023-7> (last visited July 31, 2023).

<sup>30</sup> Office of the Chief Financial Officer, *Re: February 2023 Revenue Estimates*, Feb. 28, 2023, [https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/February%202023%20Revenue%20Estimate%20Letter\\_rev%20032723.pdf](https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/February%202023%20Revenue%20Estimate%20Letter_rev%20032723.pdf) (last visited July 31, 2023).

<sup>31</sup> OIG Final Report No. 16-1-12AM.

<sup>32</sup> Brittney Melton, *Investigation underway after student found with gun at Northeast DC charter school*, WUSA9, <https://www.wusa9.com/article/news/local/dc/student-found-handgun-dc-school-police-investigating/65-764d618c-f97a-4cf5-8778-950044b84cfc> (last visited July 31, 2023).

<sup>33</sup> ABC7, *Student robbed of coat at gunpoint near Coolidge High School in Northwest DC*, Mar. 16, 2023, <https://www.fox5dc.com/news/shell-casings-damage-to-the-building-after-reports-of-shots-fired-near-coolidge-high-school-in-dc> (last visited July 31, 2023).

session.<sup>34</sup> These incidents are a few of the gun-related incidents at DC public schools within the past year.

According to a D.C. Policy Center report:

Compared to their counterparts across the country, children and youth aged 17 and younger living in D.C. are more likely to be exposed to violence. In 2020 and 2021, 7.4 percent of D.C. children and youth were victims of, or witnessed, violence in their immediate neighborhoods. This is almost double the national average of 3.8 percent[ ].<sup>35</sup>

More than 40 young people in the District sustained gunshot wounds from January 1 to May 4 this year, according to a presentation from former Metropolitan Police Department Chief Robert Contee in May. That number is a significant increase from the same period last year, when 22 children were hit by gunfire.

The District of Columbia has taken steps to increase security at public schools. As part of the FY 2024 budget, the Council passed Bill 25-0170, the “School Security and Transparency Amendment Act of 2023,” which directs DGS to assess all District of Columbia Public School (DCPS) facilities’ compliance with a series of physical security requirements. Council also passed Bill 25-0153, the “Safe Schools and Students Amendment Act of 2023,” which repeals the dissolution of Metropolitan Police Department School Resource Officers.

The OIG identified this engagement due to the increased risk to public safety associated with gun violence and inclusion on the OIG High Risk List.

The objective of this engagement is to evaluate the effectiveness of gun violence prevention activities at District public schools.

## **Evaluation of Selected Contracts and Grants**

Throughout FY 2024, the OIG will monitor contract and grant awards and use a methodology developed internally to quantify risk in order to identify specific contracts to evaluate.

The OIG will review contract and grant documentation and deliverables, conduct interviews with District government employees responsible for award and administration, and conduct onsite observations. The assessment of selected contracts and grants will deliver two primary benefits: identify control weaknesses and provide recommendations to improve control deficiencies; and provides information to decision-makers regarding ongoing and future contract and grant performance.

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<sup>34</sup> Emily Davies and Lauren Lumpkin, *17-year-old student fatally shot outside Roosevelt High School in D.C.*, May 17, 2023, Washington Post, <https://www.washingtonpost.com/dc-md-v/2023/05/17/roosevelt-high-school-shooting-dc/> (last visited July 31, 2023).

<sup>35</sup> Jasmine Brann, *D.C. students are exposed to more community violence*, Mar. 21, 2023, D.C. Policy Center, <https://www.dcpolicycenter.org/publications/community-violence-exposure/> (last visited July 31, 2023).

The objectives of this type of evaluation are to: (1) review executed District government contracts and grants for vulnerabilities to corruption, fraud, mismanagement, waste, and abuse; and (2) assess whether parties to the agreements have effectively operationalized key terms and conditions to ensure that the District is receiving maximum benefits.

## PLANNED OVERSIGHT OF FEDERAL PANDEMIC RECOVERY FUNDS

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### Planned OIG Engagements

#### Evaluation of Economic Recovery and Growth for Businesses Programs

In response to the COVID-19 Pandemic, the federal government passed the American Recovery Plan Act (ARPA) and Infrastructure Investment and Jobs Act (IIJA), providing the District with over \$6.3 billion in additional funding over 5 years. ARPA provides the District \$2.3 billion in State and Local Fiscal Recovery Funds (SLFRF), over \$107 million for capital infrastructure, and an additional \$980 million in specific grants to District agencies. The SLFRF funds are to support public health expenditures, including COVID-19 mitigation efforts and medical expenses, to address the negative economic impacts caused by the public health emergency, replace lost public sector revenue, provide premium pay for essential workers, and to invest in water, sewer, and broadband infrastructure.

In its initial planning documents, the District allocated over \$427 million in APRA funds over 4 years for economic recovery and growth for businesses-related programs. Some of the programs included over \$80 million in various Bridge Fund grants to individuals and businesses, programs to transition to green energy, including home weatherization, Solar for All and Green Infrastructure maintenance, lead pipe replacement, and the Small and Medium Business Growth Program.<sup>36</sup>

This engagement was identified due to the vulnerability to corruption, fraud, waste, abuse, and mismanagement; the impact corruption, fraud, waste, abuse, or mismanagement would have on a program; and inclusion on the OIG High Risk List.

The objectives of this engagement are to: (1) identify the scope of economic recovery and growth for businesses programs funded by APRA; (2) assess the Districts processes and procedures in awarding grants and loans from these programs; and (3) assess the effectiveness of these programs in impacting businesses and the local economy.

#### Evaluation of ARPA and IIJA Funded Infrastructure Projects

On March 24, 2022, the District's Build Back Better Infrastructure Task Force (Task Force) convened to advise the Mayor on priority projects to be funded through the Infrastructure Investments and Jobs Act (IIJA). On November 17, 2022, the Task Force issued its report to the Mayor, identifying recommendations on how to maximize IIJA investments' benefits for DC residents by coming up with potential goals for the District to accomplish with IIJA funding.<sup>37</sup>

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<sup>36</sup> *Mayor Muriel Bowser's FY 2021- FY 2025 Federal Recovery Budget*, June 2, 2021, [https://mayor.dc.gov/sites/default/files/dc/sites/mayormb/page\\_content/attachments/Federal%20Recovery%20Budget%20Narrative.pdf](https://mayor.dc.gov/sites/default/files/dc/sites/mayormb/page_content/attachments/Federal%20Recovery%20Budget%20Narrative.pdf) (last visited July 31, 2023).

<sup>37</sup> Build Back Better Infrastructure Task Force, *Report to Mayor Muriel Bowser*, Nov. 17, 2022, <https://infrastructure.dc.gov/sites/default/files/dc/sites/infrastructure/DCBBBITF-MMB-Report-Master-11-17-22.pdf> (last visited Aug. 17, 2023).

The Task Force’s Administration, Compliance, and Procurement Subcommittee identified several recommendations to accelerate the procurement process akin to the flexibilities afforded to District procurements during the COVID-19 Public Emergency. Given work the OIG has completed related to District emergency procurements during the COVID-19 Pandemic, including the *COVID-19 Emergency Procurement Risk Assessment*, issued on May 23, 2022, and the *Risk Assessment of the District’s U.S. Department of Treasury Programs Funded Through the American Rescue Plan Act of 2021* (ARPA Risk Assessment), published on February 17, 2023, the OIG will leverage lessons learned from this work to evaluate the economy, efficiency, and effectiveness of the IJA procurement system, as well as individual IJA projects and procurements.



## FY 2023 ONGOING ENGAGEMENTS

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### Ongoing Audit Projects

#### **Audit of the District's Homeward DC Strategic Plan and Emergency Homeless Shelter Management**

In 2015, the District of Columbia released *Homeward DC*, a strategic plan to end long-term homelessness in the District.<sup>38</sup> Since renamed *Homeward DC 1.0*, the strategic plan had a goal of ending chronic homelessness among individuals and families in the District by the end of 2017, and by 2020 to have households experiencing a housing crisis rehoused within an average of 60 days or less. Part of this goal was to be accomplished by constructing seven shelters throughout the District to replace the central homeless shelter, D.C. General. The central homeless shelter at D.C. General closed in 2018.

In 2021, the District of Columbia released *Homeward DC 2.0*, an updated version of the strategic plan covering 2021-2025.<sup>39</sup> Like its predecessor, this strategic plan details a model in which homeless individuals and families initially receive emergency and transitional housing assistance in an emergency shelter or other transitional housing before being transitioned to permanent housing assistance, which includes the Rapid Re-Housing and Permanent Supportive Housing voucher programs.

In 2021, the Office of the Deputy Mayor for Health and Human Services began implementing the Coordinated Assistance and Resources for Encampments (CARE) Pilot Program, which is designed to clear homeless encampments and provide intensive case management and behavioral health/substance use support, and expedite affordable housing options available to individuals.<sup>40</sup> Media reports indicated that in response to efforts to close encampments, residents stated that they understood their encampments were not clean or healthy, but the alternatives, District-operated shelters, were also problematic.<sup>41</sup>

This engagement was identified due to the potential risk to public safety.

The objectives of this engagement are to assess: (1) the progress made toward the goal of ending chronic homelessness among individuals and families in the District; and (2) whether the newly constructed shelters increased the availability, equity, and safety of homeless services in the District.

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<sup>38</sup> D.C. Interagency Council on Homelessness(ICH) website, <https://ich.dc.gov/page/homeward-dc-20-ich-strategic-plan-fy2021-fy2025> (last visited Aug. 9, 2022).

<sup>39</sup> D.C. ICH website, [https://ich.dc.gov/sites/default/files/dc/sites/ich/page\\_content/attachments/Homeward-DC-Report\\_FY2021-2025%5B1%5D.pdf](https://ich.dc.gov/sites/default/files/dc/sites/ich/page_content/attachments/Homeward-DC-Report_FY2021-2025%5B1%5D.pdf) (last visited Aug. 9, 2022).

<sup>40</sup> Office of the Deputy Mayor for Health and Human Services (DMHHS) website, [https://dmhhs.dc.gov/sites/default/files/dc/sites/dmhhs/page\\_content/attachments/Encampment%20Pilot%20FAQ%20FINAL.pdf](https://dmhhs.dc.gov/sites/default/files/dc/sites/dmhhs/page_content/attachments/Encampment%20Pilot%20FAQ%20FINAL.pdf) (last visited Aug. 9, 2022).

<sup>41</sup> Chelsea Cirruzzo, *National Park Service Clears Union Station Homeless Encampment*, June 2, 2022, <https://www.axios.com/local/washington-dc/2022/06/02/dc-union-station-homeless-encampment-cleared> (last visited July 26, 2022).

## **Audit of the Oversight of District Programs**

Pursuant to D.C. Code § 1-301.115a(a-1)(2) (2023), the IG has a statutory responsibility to “[p]rovide leadership and coordinate and recommend policies for activities designed to promote economy, efficiency, and effectiveness, and to prevent and detect corruption, mismanagement, waste, fraud, and abuse in District programs and operations.” *Id.*

Other organizations in the District are also tasked with varying levels of oversight responsibility. Some such as the Board of Ethics and Government Accountability (BEGA) and the Office of the District of Columbia Auditor, have oversight responsibilities across the District government, while others, such as the DHS Office of Program Review, Monitoring and Investigation (OPRMI) and OCFO’s Office of Integrity and Oversight (OIO) have specific oversight over their agency’s functions. With different missions, legal authority, funding mechanisms, and potentially overlapping jurisdictions, oversight entities must conduct their oversight in accordance with District and federal laws in an efficient and effective manner.

The objectives of this engagement are to: (1) identify all District organizations with oversight responsibilities; (2) determine whether the organizations are providing oversight in accordance with District statutes; and (3) determine whether the organizations have the necessary resources to conduct their oversight responsibilities.

## **Ongoing Inspections and Evaluation Projects**

### **Evaluation of the District's Hyperlocal Economic Development Programs**

Each year the District awards tens of millions of dollars in grant funds to support business development and neighborhood revitalization. Such programs, which are generally administered by either the Department of Small and Local Business Development or the Office of the Deputy Mayor for Planning and Economic Development, include: DC Main Streets; Clean Teams; Small Medium Business Growth Fund; Robust Retail; Great Streets; the Neighborhood Prosperity Fund; and funding to Business Improvement Districts. Collectively, these programs support initiatives aimed at recruiting and retaining businesses, creating jobs, improving and beautifying commercial/retail properties and streetscapes, and attracting consumers.

This engagement was selected due to the oversight concerns identified in some of these programs by past OIG work, stakeholder concerns, and the increase in funding to these programs. The approved funding for Business Improvement Districts, for example, is up more than 98% since FY 2019, while funding to the Main Street program is up more than 87% during the same period.

The objective of this engagement is to assess the District's administration of these programs, with a focus on processes and mechanisms that minimize opportunities for fraud and redundancies between programs, and maximize these programs' efficacy.

### **Evaluation of the Department of Youth Rehabilitation Services Community-Based Programs**

The Department of Youth Rehabilitation Services (DYRS) is responsible for the security, safety, and well-being of court-involved youths in the District. DYRS has six divisions, of which the Youth and Family Programs Division (YFPD) is the largest, both by operating budget and staff. Through contracted service providers, YFPD delivers a wide range of services to court-involved youths, including Supervised Independent Living Programs, Extended Family Homes, Residential Treatment Facilities, and Therapeutic Foster Care. DYRS also provides services and programs touching on areas such as workforce development and education.

This engagement was selected due to the risk to public safety. During the FY 2022 performance oversight cycle, the Committee on Recreation, Libraries, and Youth Affairs expressed concern with the underutilization of DYRS' community-based programs.

The objectives of this evaluation will be to: (1) identify the various types of community-based services that DYRS delivers through contracts, commonly referred to as human care agreements; and (2) analyze the extent to which the various services have been used over the last 3 years.

## **Evaluation of the District’s Cybersecurity Governance**

D.C. Code § 1-1402 states that the Office of the Chief Technology Officer (OCTO) should “centralize responsibility for the District government’s investments in information technology and telecommunications systems to help District departments and agencies provide services more efficiently and effectively.” It further notes that OCTO is responsible for developing and enforcing “policy directives and standards regarding information technology and telecommunications systems throughout the District government.” As part of its execution of these responsibilities, OCTO issues cybersecurity waivers. Cybersecurity waivers are an agreement between OCTO and the requesting District agency through which OCTO accepts a heightened level of risk from a deficient application or piece of technology that must go or remain in active use. The requesting agency then agrees to remediate the deficiency within 30-120 days, based on the level of risk. Cybersecurity waivers are generally requested when a District agency must comply with a legal/programmatic requirement (particularly federal government programs/grants) or deliver/maintain a service to a critical population.

During OCTO’s FY 2022 performance oversight hearing, OCTO and the D.C. Council discussed the use of cybersecurity waivers and concerns that OCTO hasn’t traditionally followed up with requesting agencies to determine whether the vulnerability has been remediated, potentially leaving the District exposed to cyber threats.

The objectives of this engagement are to: (1) identify all cybersecurity waivers OCTO approved since October 1, 2020; (2) assess OCTO’s processes for evaluating, documenting, and awarding cybersecurity waivers to District agencies; (3) determine whether District agencies properly implemented the requirements of the cybersecurity waivers issued during the scope period; and (4) determine whether OCTO followed up on agencies’ compliance with waiver requirements.

## **Appendix A. The Audit Process**

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### **Engagement Letter**

An engagement letter from the Inspector General provides the agency director with the audit title, scope, objectives, audit start date, and entrance conference request. The letter may include workspace requirements or request the agency provide information before the audit starts.

### **Entrance Conference**

An entrance conference allows OIG auditors to meet with agency officials to discuss the items in the engagement letter. Agency officials are encouraged to discuss with auditors areas of interest, concerns, or problems that should be noted during the audit.

### **Fieldwork**

Fieldwork begins with a survey, which determines vulnerable areas and the focus of the audit. Depending on survey results, auditors review records and documents, and perform substantive tests to determine whether programs and systems are functioning as intended. During the fieldwork phase, agency officials must respond to questions and provide access to original records, documents, and files. Auditors try to minimize disruptions to agency operations.

### **Exit Conference**

The exit conference permits auditors to summarize for agency officials any audit findings and recommendations. Auditors discuss corrective actions with agency officials to help address reported deficiencies early.

### **Draft and Final Report**

The OIG will provide a draft report, which allows the agency to indicate actions taken and planned, target dates for any incomplete actions, and any disagreement with findings or recommendations. The OIG incorporates elements of the agency's response into the body of the report and includes the full text of the reply in an appendix to the report. The OIG may also provide audit reports to congressional committees, individual members of Congress, and the media. Audit reports are available to the public on the OIG website.

### **Audit Follow-up**

Periodically, the OIG conducts follow-up audits to verify that the audited agency has taken pledged actions and corrected deficiencies effectively. District officials and managers are responsible for implementing the corrective actions they have agreed to undertake in response to the audit reports. The OIG monitors progress in implementing audit recommendations.

## **Appendix B. The Inspection/Evaluation Process**

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### **Engagement Letter**

Approximately 1 month before the project's planned start; the Inspector General sends an engagement letter to the agency director to explain the project's objectives and scope, and request specific information and documents that will inform the project team's background research.

### **Entrance Conference**

The Inspections and Evaluations (I&E) manager and analysts assigned to the project meet with agency officials to discuss items in the engagement letter. The I&E team solicits their input regarding the project's objectives and scope, and other areas of interest or concern that should be assessed.

### **Fieldwork**

The I&E team interviews employees, observes their work, reviews paper and electronic files and documentation, and requests information from agency managers and others. The I&E team must recognize the need to be inconspicuous and respectful of employees' workday practices to minimize disruptions to agency operations. During the team's fieldwork, senior officials at an inspected agency will be advised with Management Alert Reports of any significant findings that the I&E team believes require priority attention.

### **Draft and Final Report**

A draft report that presents findings and recommendations is sent to the inspected agency for comment. I&E incorporates into the body of the published report an agency's written submission, verbatim, and any OIG responses. Final I&E reports are available to the public on the OIG website.

### **I&E Follow-up**

Periodically, the OIG will follow up with agencies to determine the implementation status of recommendations. The I&E team asks agencies to provide target dates for completion of required actions, to document when recommendations have been complied with, and to describe the action taken.

## Appendix C. OIG Products

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**Audit:** An OIG audit is a proactive review, which conforms to the Government Accountability Office's Government Auditing Standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that will provide a reasonable basis for our findings and conclusions based on our audit objectives. Audit reports are publicly available on our website.

**Inspection:** An OIG inspection is a planned, in-depth process aimed at reviewing, studying, and analyzing the programs and activities of a department or agency to identify weaknesses and recommend improvements to operations and personnel management. OIG inspections adhere to Quality Standards for Inspections and Evaluations promulgated by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). Inspections are neither an audit nor an administrative or criminal investigation. Inspection reports are publicly available on our website.

**Evaluation:** An OIG evaluation is a review of an agency operation, condition, or event of concern or interest to the Inspector General, the Council of the District of Columbia, or the Executive Office of the Mayor. OIG evaluations adhere to Quality Standards for Inspections and Evaluations promulgated by CIGIE. Evaluations are not an audit, inspection, or an administrative or criminal investigation. Evaluation reports are publicly available on our website.

**Management Alert Report (MAR):** An OIG MAR is issued to inform a specific agency's management of a matter that surfaced during our work (audit, inspection/evaluation, or investigation) that requires immediate attention.

**Management Implication Report (MIR):** An OIG MIR is issued to inform multiple District agencies of a matter that surfaced during our work. MIRs are publicly available on [our website](#).

**Significant Activity Report (SAR):** An OIG SAR is issued to notify the Executive Office of the Mayor and/or Council of the District of Columbia of any significant activity, information, or event related to an administrative or criminal investigation. An example of a SAR would be a press release from the U.S. Attorney's Office that concerns an OIG investigation involving District employees and/or assets. SARs incorporate action taken by the Executive and are publicly available on our website.