

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

**Inspector General**



July 25, 2023

The Honorable Muriel Bowser  
Mayor of the District of Columbia  
District of Columbia  
The John A. Wilson Building  
1350 Pennsylvania Avenue, N.W., Suite 316  
Washington, D.C. 20004

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

Re: **Management Implication Report (MIR) 23-R-002**<sup>1</sup> – Contracts in Excess of \$1 Million Awarded Without Council Approval: Potential Impact on the Fiscal Year (FY) 2023 Annual Comprehensive Financial Report (ACFR)

Dear Mayor Bowser and Chairman Mendelson:

I am sending MIR-23-R-002 to notify you of a significant issue regarding District agencies executing contracts in excess of \$1 million without Council approval, which may impact the District's FY 2023 ACFR.

**Background**

As you know, in February 2023, the District of Columbia Public Schools (DCPS) submitted two contracts for retroactive approval to the Council of the District of Columbia (Council). The contracts, executed in June and July 2022, respectively, exceeded \$1 million in both total contract value and invoiced amount at the time of submission to Council, in violation of the Home Rule Act as codified at D.C. Code § 1-204.51(b)(1) and the Procurement Practices Reform Act of 2010 (PPRA) (D.C. Code § 2-352.02).

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<sup>1</sup> The OIG issues Management Implication Reports (MIRs) to inform multiple District agencies of a matter that surfaced during the OIG's oversight work. MIRs are publicly available on the OIG website.

D.C. Code § 1-204.51(b)(1) states:

In general- No contract involving expenditures in excess of \$1,000,000 during a 12-month period may be made unless the Mayor submits the contract to the Council for its approval and the Council approves the contract....

D.C. Code § 2–352.02(a)(1) states:

Pursuant to § 1-204.51, before the award of a multiyear contract or a contract in excess of \$1 million during a 12-month period, the Mayor or executive independent agency or instrumentality shall submit the proposed contract to the Council for review and approval in accordance with the criteria established in this section.

DCPS and the Council subsequently reviewed DCPS’ executed contracts and identified up to 36 contracts, awarded between FY 21 and FY 23, that may have also violated these provisions.

During the FY 22 ACFR, testing at DCPS identified a similar issue in that DCPS failed to notify the Council of an emergency procurement within 7 days after award as D.C. Code § 7-2304(b) required.<sup>2</sup> DCPS management responded to the finding by stating it would “implement a control to ensure that the Council receives the requisite notifications for all emergency procurement within the mandated period per any enacted emergency legislation.”<sup>3</sup> While the response deals specifically with emergency procurement requirements, the contract discussed in the FY 22 ACFR is 1 of the 36 currently identified as in excess of \$1 million and not having been submitted to the Council for approval as required by D.C. Code §§ 1-204.51(b)(1) and 2–352.02. Failure to submit the 36 contracts for Council approval suggests that DCPS has failed to implement effective internal controls over contracting relating to required Council notification and approval.

An initial review of contracting data suggests this issue is pervasive across the District of Columbia government. In response, my office is planning an evaluation of District agency contracting procedures to identify the scope of the issue and make recommendations to address the problem.

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<sup>2</sup> D.C. OFFICE OF THE INSPECTOR GENERAL, GOV’T OF THE DISTRICT OF COLUMBIA ANNUAL COMPREHENSIVE FINANCIAL REPORT 11 (OIG Project No. 22-1-07MA Jan. 2022) (see Finding 2022-10 – *Controls over Emergency Procurement are not Operating Effectively*).

<https://oig.dc.gov/sites/default/files/Reports/OIG%20No.%2022-1-26MA%28a%29%20ACFR%20Management%20Letter.pdf> (last visited June 26, 2023).

<sup>3</sup> *Id.* at 11.

## Internal Controls

The United States Government Accountability Office (GAO) Standards for Internal Control in the Federal Government (Green Book)<sup>4</sup> identifies control principles that provide a framework for an effective internal control system. These principles include:

- Establishing a control environment to ensure effective risk management in contracting and procurement programs (Control Principles 1-5). This requires assigning responsibilities for effective oversight of contracting and procurement program activities to competent personnel and reviewing contracts regularly to ensure that they are properly authorized and consistent with established controls or regulations.
- Identifying, analyzing, and responding to contracting and procurement violations on an ongoing basis (Control Principles 6-9).
- Designing and implementing appropriate control activities to mitigate potential contract and procurement violations (Control Principles 10-12). These mitigating strategies include policies and management directives to proactively address contracting and procurement risks in the current operating environment.
- Performing constant internal control system monitoring activities to ensure that contracting and procurement is properly handled in compliance with existing policies, directives, and regulations (Control Principles 16-17). This also requires ongoing monitoring to ensure that the internal control system is functioning as intended.

District agencies should implement controls to ensure contracts requiring Council approval are submitted as required by D.C. Code §§ 1-204.51(b)(1) and 2-352.02.

## Conclusion

In light of the foregoing, I recommend that agencies proactively review existing contracts to identify any that did not receive required Council approval, review OCP Policy 1800.07: *Ratification of Unauthorized Commitments Policy*,<sup>5</sup> and consult with OCP to determine appropriate next steps. Finally, please be advised that contracts entered into in violation of D.C. Code § 1-204.51(b)(1) and 2-352.02 may result in repeat or additional management findings in the District's FY 23 ACFR regarding internal controls over the contracting process.

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<sup>4</sup> U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-14-704G, STANDARDS FOR INTERNAL CONTROL IN THE FEDERAL GOV'T, (Sept. 2014), <https://www.gao.gov/assets/gao-14-704g.pdf>, (last visited July 5, 2023).

<sup>5</sup> [https://ocp.dc.gov/sites/default/files/dc/sites/ocp/publication/attachments/Ratification%20Policy\\_080311.pdf](https://ocp.dc.gov/sites/default/files/dc/sites/ocp/publication/attachments/Ratification%20Policy_080311.pdf)

Mayor Bowser and Chairman Mendelson

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If you have any questions, please call James Duginske, Assistant Inspector General for Risk Assessment and Future Planning, at 202-727-1015 or email [james.duginske@dc.gov](mailto:james.duginske@dc.gov).

Sincerely,

  
Daniel Lucas (Jul 24, 2023 16:51 EDT)

Daniel W. Lucas  
Inspector General

DWL/jpd

cc: Mr. Kevin Donahue, City Administrator for the District of Columbia, Office of the City Administrator  
District of Columbia Agency Heads