

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of the Inspector General

Inspector General



September 11, 2023

Kevin Donahue  
City Administrator  
Government of the District of Columbia  
John A. Wilson Building  
1350 Pennsylvania Avenue NW, Suite 513  
Washington, DC 20004

Dear Mr. Donahue:

I am writing to inform you that the Office of the Inspector General's (OIG) Inspections and Evaluations Unit (I&E) has concluded its evaluation of the District of Columbia's use of contracted vendors to administer large-scale programs.

We completed this evaluation as part of the OIG's *Fiscal Year 2022 Audit and Inspection Plan*. This letter constitutes the close-out report for the evaluation and contains our observations intended to highlight opportunities to strengthen internal controls over District-wide procurement practices.

### **Background**

The Government of the District of Columbia provides a variety of education, safety, and health services and programs to its residents through contracting. Contracting for goods and services is intended to improve the delivery of programs and services and can be a more effective use of government resources.

The *Procurement Practices Reform Act of 2010*, effective April 8, 2011 (D.C. Law 18-371; D.C. Code §§ 2-351.01 *et seq.*), as implemented by Title 27 of the D.C. Municipal Regulations, describes the terms and conditions for procuring goods, services, and construction by the District government. The OIG's risk assessment process identified this engagement due to the adverse impact on government resources and its residents if agencies do not effectively manage contracted services.

Our *Fiscal Year 2022 Procurement Risk Assessment*<sup>1</sup> identified several high risks related to contracting for services:

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<sup>1</sup> Office of the Inspector General, Government of the District of Columbia, FISCAL YEAR 2022 PROCUREMENT RISK ASSESSMENT, OIG Project No. 21-1-29MA (Aug. 2022), available at <https://oig.dc.gov/sites/default/files/Reports/OIG%20Final%20Report%20No.%2021-1-29MA%20--%20FY%202022%20Procurement%20Risk%20Assessment.pdf> (last visited Aug. 31, 2023).

- Lack of procurement planning and coordination across District agencies increases risk of potential lost opportunities for competitive pricing.
- The lack of uniformity for what should be uploaded and retained in automated workflow makes management and oversight of the procurement function much more difficult and contributes to increased risks of unsupported procurement actions and decisions.
- Inadequate monitoring of the receipt and quality of goods and services provided to the District may result in an inefficient use of resources, a need for rework, or program delays.
- Misalignment between systems' data fields hinders the ability to conduct meaningful data analysis on procurement data detection, and reporting potential fraud increases the risk for potential fraud opportunities.

Our objectives for this engagement were to: (1) identify large-scale programs that rely largely on contractors to administer the program; (2) assess agency controls for managing contracted services; (3) determine whether the programs are meeting their intended goals; and (4) identify and share procedures and practices from within District government and other jurisdictions to help District government agencies and contractors work together to deliver services economically and effectively to District residents.

We conducted this evaluation in accordance with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Quality Standards for Inspection and Evaluation*<sup>2</sup> and gained understanding of the agencies internal controls within the context of the evaluation objectives using the Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government*, GAO-14-704G (known as the Green Book). The Green Book sets the internal control standards for federal entities and may be adopted by state and local entities as a framework for an internal control system.<sup>3</sup>

### **Scope**

We worked on this project from October 2021 through March 2022. This evaluation involved multiple contracts that were active between 2016 and 2020, from outsourced programs in the areas of health and human services, education, operations and infrastructure, and public safety and justice with an award amount between \$2 million and \$18 million. District agencies within the scope of this evaluation included:

- Department of Human Services (DHS) — The mission of DHS is to empower District residents by providing meaningful connections to work opportunities, economic assistance, and supportive services.

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<sup>2</sup> CIGIE QUALITY STANDARDS FOR INSPECTION AND EVALUATION (Dec. 2020), <https://www.ignet.gov/sites/default/files/files/QualityStandardsforInspectionandEvaluation-2020.pdf> (last visited Aug. 7, 2023).

<sup>3</sup> U.S. GOV'T ACCOUNTABILITY OFFICE, STANDARDS FOR INTERNAL CONTROL IN THE FEDERAL GOV'T, GAO-14-704G (Sept. 2014), <https://www.gao.gov/products/GAO-14-704G> (last visited Nov. 14, 2022).

- Department of Transportation (DDOT) — DDOT is cabinet-level agency responsible for the management of District transportation infrastructure and operations. The agency's mission is to equitably deliver a safe, sustainable, and reliable multimodal transportation network for all residents and visitors of the District of Columbia.
- District of Columbia Public Schools (DCPS) — DCPS seeks to ensure that every school guarantees students reach their full potential through rigorous and joyful learning experiences provided in a nurturing environment.
- Department of Fire and Emergency Medical Services (FEMS) — FEMS's mission is to preserve life and promote health and safety through excellent pre-hospital treatment and transportation, fire prevention, fire suppression and rescue activities and homeland security awareness.

### **Methodology**

We referenced applicable laws, regulations, and policies; researched contracts based on award amount and program structure; reviewed contract documentation and expenditure data; conducted interviews with contract administrators and program staff; and considered other agency-provided information pertaining to contracting goals and performance. We researched the following types of contracts:

- Health and Human Services: FY 2021 contract(s) with Deloitte LLP (herein referred to as Deloitte) and other entities to assist the District with activities related to the U.S. Treasury Emergency Rental Assistance Program;
- Education: FY 2021 contract(s) with various vendors for the establishment of in-person student support centers in conjunction with the award of grant funds from the U.S. Department of Education;
- Operations and Infrastructure: multiyear contract(s) with Modjeski and Masters for bridge, tunnel, and overpass inspections; and
- Public Safety and Justice: multiyear contract(s) with Advanced Data Processing, Inc., for ambulance billing and data collection.

### **Overall Observations**

Our research, interviews, and document reviews revealed that each of the four contracts appears to have met their primary objectives.<sup>4</sup> However, agencies have an opportunity to strengthen their internal control systems to oversee and manage contracted services more effectively. The following are our observations.

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<sup>4</sup> The OIG's objectives did not include determining whether each contract's line items and deliverables had been fulfilled according to contract terms, nor evaluating the quality of the work performed by each contractor. Through our reviews of program and contract documentation and interviews with agency personnel, we intended to confirm that each contracted program's high-level objectives had been met and to identify the internal controls that contributed meaningfully to each program's day-to-day operations and oversight.

## **STAY DC INTERNAL CONTROLS WERE INSUFFICIENT TO DETECT, ADDRESS, AND PREVENT IMPROPER PAYMENTS.**

### **Background**

Under the American Rescue Plan, the U.S. Treasury Emergency Rental Assistance Program (ERAP) was established to support housing stability throughout the COVID-19 pandemic. The DC Department of Human Services manages the District's ERAP through the Stronger Together by Assisting You Program (STAY DC). STAY DC provides financial assistance to DC renters and housing providers who are looking for support to cover housing and utility expenses and offset the loss of income.<sup>5</sup> ERAP funds were designated for the design, setup, execution, and administration of the STAY DC program.

On February 26, 2021, the District entered into an agreement with contractor Deloitte and Touche LLP (Deloitte) to administer the STAY DC program. Per the statement of work under contract GS-00F-029DA, Deloitte was responsible for identifying program expectations, establishing and configuring payments, setting-up a contact center, and providing services relating to application intake, review, approval, and payment. Specifically, the SOW assigns responsibility to the vendor for:

- **preventing multiple claims processing from the same individual** (e.g., ensure one claim per household, one claim per individual) based on forms being processed in the case management systems;
- **conducting basic address validation checks against mailing address vs home addresses reported by claimants** during case management to prevent potential subversion of eligibility from users attempting to claim hardship without living in eligible areas;
- **enabling dependent tracking and validation to ensure household members are not being submitted on multiple applications** during case management; and
- **performing contact information validation** (i.e., checking that contact information on the landlord's application is different from the tenant, and vice-versa) to ensure a single entity isn't responsible for both sides of any given claim during Applicant and Landlord Portals processing.

According to the statement of work, DHS was responsible for conducting final review and approval of all work products, including all GovConnect Powered by ServiceNow Technology design objectives and requirements.

In total, the District paid Deloitte over \$20 million to design and implement the Stay DC program.<sup>6</sup> Between April 2021 and December 2021, the STAY DC program approved over

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<sup>5</sup> See <https://stay.dc.gov/> for more information (last visited Dec. 1, 2022).

<sup>6</sup> Council of the District of Columbia, Department of Human Services Fiscal Year 2023 Performance Oversight Pre-Hearing Responses, (Feb. 20, 2023) available at: <https://dccouncil.gov/wp-content/uploads/2023/03/Pre-Hearing-Question-Responses-DHS-2.20.2023.pdf> (last visited Aug 11, 2023).

54,000 tenant applications, and over 24,00 housing provider applications. Cumulatively, between April and November 2021, the STAY DC program paid more than \$276 million to applicants.

**Observations**

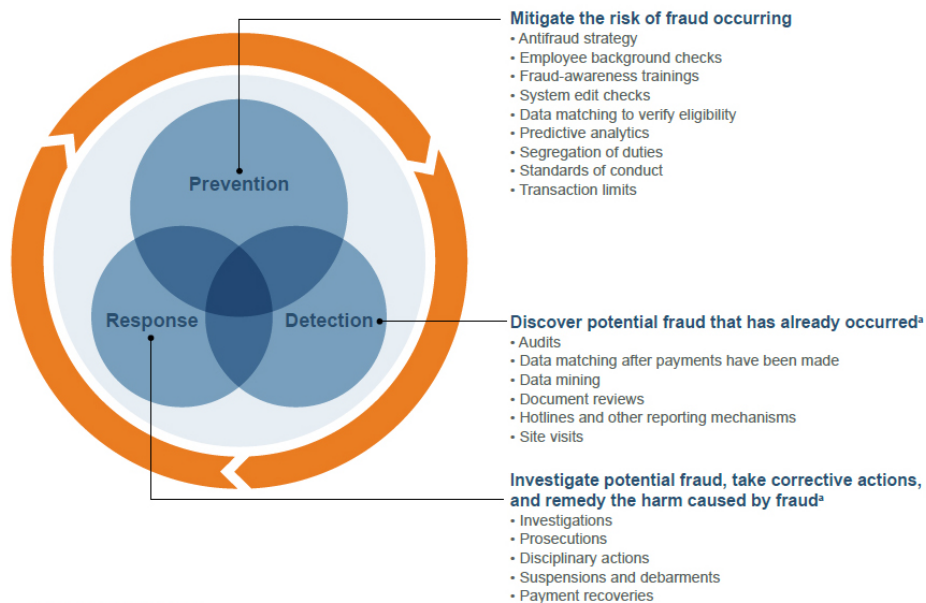
The STAY DC program appeared to have met its primary objective of providing housing and utility assistance payments quickly to those in need; however, the corresponding expediency resulted in weakened internal controls that were insufficient to detect, respond to, and prevent improper payments. Improper payments are payments that should not have been made or were made in the incorrect amount, which may also include payments made because of fraud.

Specifically, we found that duplicate payments were inadvertently distributed by Deloitte to STAY DC applicants as a result of processing errors; payments were distributed to the wrong STAY DC recipients; all erroneous payments could not be cancelled or stopped; and there was no way established to verify that STAY DC funds were used for rent and utility payments.

The GAO Green Book states “management should consider the potential for fraud when identifying, analyzing, and responding to risks.” Fraud involves obtaining something of value through willful misrepresentation. Whether an act is in fact fraud is a determination to be made through the judicial or other adjudicative system and is beyond management’s professional responsibility.

GAO’s *A Framework for Managing Fraud Risks* (GAO Framework) can assist District agencies and its contractors on ways to strengthen internal controls to mitigate, discover, and respond to potential fraud risks. Figure 1 illustrates GAO’s Framework to identify controls and activities to prevent, detect, and respond to fraud. The following sections discuss controls that were either in place, or could be strengthened, to reduce the fraud risks in the STAY DC program.

**Figure 1.**



Source: GAO-15-593SP

Absent or ineffective systems controls and monitoring activities may leave the agency susceptible to improper payments that go undetected by the agency and the vendor. There is also risk that such payments are detected or known by a vendor who may not take immediate steps to communicate and remediate the errors. In either case, lacking internal controls leaves the District susceptible to fraud and misuse of government resources without timely detection.

*Efforts to mitigate the risk of fraud occurring in the STAY DC Program*

Under the DHS' STAY DC contract, Deloitte was responsible for establishing an application fraud prevention program. The contract was modified to add applicant identity verification, identity theft prediction work, and cross-checking applicant information against existing District data such as business license and tax information, and records from other benefit programs, including Supplemental Nutrition Assistance Program and Temporary Assistance for Needy Families. As reported by DHS, these activities resulted in over 13,000 STAY DC applications being denied, which prevent over \$45 million in potentially improper payments.<sup>7</sup>

*Efforts to discover fraud that may have already occurred in the STAY DC Program*

DHS and Deloitte focused its efforts to mitigate risks of fraud through the STAY DC application process but did not consider additional risks to verify that recipients used the payments for rental or utility assistance. According to a DHS employee, although Deloitte was hired to prevent "application fraud, like fake identification cards, and credit applications," it was not hired to "follow USPS to the door to ensure checks went to the right people or to ensure that tenants paid landlords."

Per a DHS memo dated November 18, 2021, there were 342 duplicate payments, totaling \$2,681,278.32 that were inadvertently issued to STAY DC applicants. The memo states "DHS, in collaboration with the Office of the Chief Financial Officer (OCFO), was able to cancel 285 payments (totaling \$2,310,218.82) before they were cashed. However, 57 of those payments, totaling \$371,059.50, could not be canceled by issuing a stop payment on the checks." The memo notes that DHS had recovered \$111,341.07 of the funds, leaving an unrecovered balance of \$259,718.43 as of October 2021.

The same memo also describes that a series of payments, totaling \$136,892.00, were inadvertently distributed to the wrong recipients as a result of a technical issue with Deloitte's system. Deloitte could not stop payment or cancel 15 of those payments, and despite their outreach efforts, has not recovered any of the payments. The \$136,892.00 balance in erroneous payments remains. Of the 15 recipients, five informed DHS that they were willing to return the funds, for which DHS expected Deloitte to conduct additional recovery activity.

In fiscal year 2022, DHS entered into a memorandum of understanding (MOU) with the DC Office of the Attorney General (OAG) to fund OAG staff to actively prosecute, pursuant to the District's civil and criminal laws, cases of [temporary assistance for needy families] and

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<sup>7</sup> Q5(f) and Q10 responses found in [https://stay.dc.gov/sites/default/files/dc/sites/stay/page\\_content/attachments/DHS-COVID-19-Report-to-Council-Committee-on-Human-Services-5-13-22.pdf](https://stay.dc.gov/sites/default/files/dc/sites/stay/page_content/attachments/DHS-COVID-19-Report-to-Council-Committee-on-Human-Services-5-13-22.pdf)

[supplemental nutrition assistance program] fraud and misrepresentation in the Criminal Section and the Civil Enforcement Section of the Public Safety Division of OAG.”<sup>8</sup> Considering this MOU as a best practice in recouping improper payments, DHS could amend this MOU or enter into a similar MOU with the OAG, to collect improper payments made through the STAY DC Program.

In total, the OIG found that at least \$396,614.40 in excess STAY DC funds were disbursed and not recovered. Under DC Code § 4-218.01, “any person who for any reason obtains any payment of public assistance to which he is not entitled, **or in excess of that to which he is entitled**, shall be liable to repay such sum[.]” (emphasis supplied). As a result, DHS still has an opportunity to recoup these improper payments using applicable statutory and regulatory provisions.

*Efforts to investigate potential fraud, take corrective actions, and remedy the harm caused by fraud*

As stated previously, DHS relied on Deloitte to reduce fraud risks in the STAY DC application process. However, DHS and Deloitte could have also implemented or strengthened controls to investigate, take corrective actions, and remedy the harm caused by fraud in the STAY DC Program.

During this evaluation, the OIG learned of two instances of recipients not using \$26,063.00 of STAY DC funds for rental assistance. OIG interviews revealed that DHS staff reported the two cases to its Office of Program Review, Monitoring, and Investigation (OPRMI) for further investigation. During this evaluation, DHS’s OPRMI began to refer suspected cases of STAY DC fraud to the OIG.

Given that allegations of fraud mean “obtaining something of value through willful misrepresentation,”<sup>9</sup> criminal statutes are invoked. As such, these instances where there are indicators of fraud in the STAY DC Program, these specific cases should be promptly referred by OPRMI to an appropriate agency for criminal investigation. Criminal investigation agencies with the appropriate legal authorities—such as the OIG—reduce the risk of prejudicing future criminal or civil proceedings, such as obtaining statements from individuals to entities that do not have the appropriate statutory authorities to obtain sworn statements or affidavits.

Instances where STAY DC payments were issued to renters but were ultimately not paid to housing providers, resulted in housing providers suffering economic hardship for rental amounts owed. Notwithstanding ongoing criminal investigations, DHS could work with external oversight stakeholders—such as the OAG—to consider parallel civil, regulatory, or administrative remedies. In doing so, DHS could help expedite resolution to economic harms suffered by housing providers who have not received rental payments from their tenants.

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<sup>8</sup> *Supra* note 1, “Memorandum of Understanding Between the District of Columbia Office of the Attorney General and the Department of Human Services (Oct. 2022) pgs. 467-471.

<sup>9</sup> U.S. GAO, STANDARDS FOR INTERNAL CONTROL, *supra* note 3, note 25.

## **DCPS PLANNING AND INTERNAL CONTROL WEAKNESSES EXPOSE THE DISTRICT TO HIGHER EXPENDITURES.**

### **Background**

During the 2020–2021 school year, DC Public Schools (DCPS) shifted to virtual operations to continue academic programs due to the COVID-19 pandemic. Through CARES Act funding and their 21st Century Community Learning Centers (21CCLC) grant, the DCPS Out of School Time Program (OSTP)<sup>10</sup> contracted with community partners to establish and staff “Canvas Academics and Real Engagement” (CARE) Classrooms serving students in grades pre-K through 8th grade at eighteen 21CCLC sites. DCPS entered into Human Care Agreements<sup>11</sup> with vendors to provide academic support and enrichment activities at the support centers.

Under agreement GAGA-2020-A-0126D, DCPS used CARES Act and 21CCLC grant funds to hire community-based partners to lead in-person student support center programming for students at identified school sites.

CARE Classrooms were established in 18 school-based sites comprised of 13 elementary schools, four education campuses, and one middle school.<sup>12</sup> The number of classrooms staffed by OSTP partners varied by school and term but ranged from one to six CARE Classrooms per school.<sup>13</sup>

### **Observations**

During the 2020–2021 school year, DCPS paid the same amount of dollars to vendors for 1,190 fewer students than the agency had expected. Per a DCPS employee with the OSTP, DCPS had anticipated serving at least 2,000 students in its out-of-school program. However, only 810 students were served between November 2020 and June 2021, at a total cost of \$2,869,200 or \$3,542 per student.

The contract allowed for the reimbursement of allowable expenses to vendors based on classroom setting rather than using a pay structure based on actual utilization or participation rates, so DCPS paid vendors per class setting rather than by the number of students served. Though cost-reimbursement contracts are appropriate when costs of performance cannot be

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<sup>10</sup> According to the DCPS 21st Century Community Learning Centers Grant (CCLC) Combined End of Year Grant and External Evaluation Report School Year 2020–21, November 2021, DC Public Schools developed CARE Classrooms beginning in Term 2 of the 2020–2021 school year to allow students to engage in virtual learning in a supportive, supervised environment at school. Through the DCPS Office of Out of School Time Program’s (OSTP) 21st CCLC grant from the Office of the State Superintendent of Education (OSSE), DCPS’ OSTP contracted with four community partners, to staff CARE classrooms in 18 schools serving 810 students in grades pre-K through eighth grade.

<sup>11</sup> DCPS’s contracts with the vendors were human care agreements (HCAs), defined as “a written agreement for the procurement of education, special education, health, human, or social services . . .” DC Code § 2-351.04(37).

<sup>12</sup> District of Columbia Public Schools, 21ST CENTURY COMMUNITY LEARNING CENTERS GRANT: COMBINED END OF YEAR GRANT REPORT AND EXTERNAL EVALUATION REPORT SCHOOL YEAR 2020–2021, at 31 (Nov. 2021).

<sup>13</sup> District of Columbia Public Schools, 2020–2021 SURVEY SUMMARY FOR 21CCLC-FUNDED CARE CLASSROOMS, SY 20–21, Introduction (July 2021).



estimated with sufficient accuracy to establish a fixed price, a major disadvantage of cost-reimbursement contracts is the risk of paying much more than expected and that the contractor has less incentive to be efficient since they will profit or be paid either way.

Given the public health emergency underway during the 2020–2021 school year, CARE Classroom participation was less than half of what had been planned. DCPS employees offered that the agency overestimated familial interest in sending children into environments unknown to the student and parents, and potentially unsafe due to the pandemic. There was no evidence that the development of the vendor payment structure included discussion about assumptions, risks, and uncertainty prior to executing the agreement. Without effective planning, the District is exposed to the risk of unrealistic cost estimates that could contribute to the ineffective allocation and use of public resources. That said, OIG acknowledges that agencies and residents District-wide were faced with navigating an environment of uncertainty resulting from a variety of factors unknown at that time, and that the agency’s focus was on ensuring these services were available for District families.

The GAO Green Book<sup>14</sup> provides that internal controls can help managers achieve desired results through effective stewardship of public resources. Additionally, the Green Book states that “an effective internal control system helps an entity adapt to shifting environments, evolving demands, changing risks, and new priorities.” Best practices indicate that (1) management should design control activities to achieve objectives, such as the development of a reliable cost estimate, and (2) these control activities could take many forms, such as guidance on specific steps, and job aids for staff involved in the process.<sup>15</sup>

## **DDOT ENHANCES ITS PROCUREMENT PROCESS WITH THE USE OF JOB AIDS.**

### **Background**

Infrastructure projects are subject to explicit engineering standards and various federal and local funding and reporting requirements. Under contract DCKA-2015-C-0023, the District Department of Transportation (DDOT) contracted with engineering/architecture firm Modjeski and Masters to perform “detailed condition inspections and evaluations of all highway and pedestrian bridges, and tunnels and underpasses, under the ownership of the District of Columbia, in accordance with the DDOT Bridge Inspection Manual of Procedures and the National Bridge Inspection Standards (NBIS).”<sup>16</sup>

DDOT estimated that the vendor would be responsible for conducting approximately 150 inspections per year. A DDOT official reported that 661 scheduled bridge inspections have been complete since the inception of the contract in 2015. The total amount expended under contract DCKA-2015-C-0023 was \$8,952,276.00.

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<sup>14</sup> U.S. GAO, STANDARDS FOR INTERNAL CONTROL, *supra* note 3, at OV1.03.

<sup>15</sup> U.S. Government Accountability Office, COST ESTIMATING AND ASSESSMENT GUIDE: Best Practices for Developing and Managing Program Costs, GAO-20-195G (Mar. 2020), available at <https://www.gao.gov/assets/gao-20-195g.pdf>.

<sup>16</sup> DC CONTRACT NO. DCKA-2017-T-0092, ATTACHMENT J.1.3 SCOPE OF SERVICES (Oct. 2017).

DDOT's bridge inspection manual provides the requirements and procedures for conducting bridge inspections. However, its procurement manual provides guidance about the procurement, management, and administration of contracts, including engineering and design-related services. The procurement manual also provides guidance to procurement and program staffs on:

- executing and administering contracts,
- appointing the contract administrator,
- arranging a kick-off conference,
- contract administrator responsibilities,
- invoice oversight and approval,
- performance monitoring and evaluation,
- consultant services in a management support role,
- subcontract administration requirements, and
- ethics.

### **Observations**

During the evaluation, the OIG learned that DDOT had previously identified and addressed procurement and operating risks. By permitting the contractor to subcontract work or services, the District supplements the necessary in-house capabilities without disruption or delay in executing critical inspections of District-owned infrastructure. DDOT's procurement manual stipulates the right to review and approve services to be subcontracted prior to project execution by the contractor.

Furthermore, to assure interagency support, understanding, and compliance, the manual was jointly approved by the Office of Contracting and Procurement (OCP) and DDOT officials, and states that changes to it must be approved by OCP, DDOT, and the U.S. Department of Transportation's Federal Highway Administration (FHWA). The manual's language also reinforces a continuous improvement approach: "This manual will be reviewed for update as needed by [OCP] to address lessons learned, evolving approaches, updates to Federal and District law, regulations, and policies, provided those updates are reviewed with DDOT and such revisions made under FWHA oversight."

GAO Green Book standards state that control activities should be designed to respond to an entity's objectives and risks to achieve an effective internal control system, and that those activities are the policies, procedures, techniques, and that documentation of controls may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form.<sup>17</sup> The OCP/DDOT Procurement Manual is a good example of how internal controls may be integrated into job aids, which can provide the framework for shared

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<sup>17</sup> U.S. GAO, STANDARDS FOR INTERNAL CONTROL, *supra* note 3 at 10.3 ("Design of Appropriate Types of Control Activities").

understanding of procedures, roles, responsibilities, and effective and efficient agency operations.

## **FEMS CONTRACT ADMINISTRATION POLICIES AND PROCEDURES REMAIN UNCLEAR FOR AMBULANCE BILLING AND DATA COLLECTION.**

### **Background**

The DC Fire and Emergency Medical Services Department (FEMS) contracts with Advanced Data Processing, Inc. (ADPI) for services that include ambulance billing, payment collection, patient data collection, and patient account management. According to contract CW 42156, (the contract),

the Contractor shall abide by all laws, regulations, and rules of the Federal and District of Columbia Governments. The Contractor shall also abide by all policies and procedures issued by the Mayor of the District of Columbia or the Department pertaining to ambulance billing, insurance claim submission, and payment collection and processing. The Contractor shall abide by all policies and procedures relative to financial information security, administrative security, patient information security and patient privacy practices when performing the work and services described by this solicitation (contract). The Contractor ensures maintenance of compliance requirements at all times during the contractual term, for no additional fees or costs above the negotiated contingency fee paid to the Contractor and specified by the contract, even if such laws, regulations, rules, policies, or procedures change.

Each year, ADPI invoices and tracks the receipt of tens of millions of dollars in payments for ambulance service that come primarily from insurance companies. According to Section C.4.1.5 of the contract,

If patient insurance is identified (e.g., Medicare, Medicaid, DC Healthcare Alliance MCOs, Tricare/Champus, private insurance, automobile insurance) the contractor is responsible for coding and submitting an insurance claim for ambulance charges. If there is no identifiable [sic] or if a co-pay and/or deductible payment is required, the contractor bills the patient. In each case, the contractor is responsible for subsequent patient account management including correcting and/or refilling [sic] claims. The contractor will follow up with patients, hospitals, and insurance companies to obtain accurate patient and insurance information (or other documentation to support insurance payment of ambulance charges); calling and speaking with patients; re-invoicing unpaid patient accounts by schedule; identifying, researching and correcting mail return accounts, as needed; and general patient account management practices, as required.

Payment tracking is important because District revenue is contingent upon the payments that ADPI collects. FEMS pays ADPI on a contingency fee basis, meaning, the fees paid to ADPI are a percentage of payments it collects on behalf of the District.

### **Observations**

The objectives under the contract appear to have been met. However, interviews with FEMS program managers and contract administrators revealed that some were unclear about their specific roles and responsibilities and require additional guidance to execute assigned tasks effectively.

FEMS employees were also unclear about responsibilities for contract administration, with one employee stating:

We have contractual language and policies we follow regarding how the vendor does stuff; I am not interested in processes as I am in outcomes. From a contracting administration standpoint, I want to make sure the vendor is meeting the contract and they do that by making money and providing work and services. The responsibility of managing contracted services is on the part of OCP.

Another employee indicated FEMS has responsibility, stating:

My interest has always been that accounts are processed and up to date ... making sure payments are being made and if not, why not. I always want to see a very complete accounting of every individual payment and that has to be a record that is maintained in a system forever. To achieve that, FEMS must work in close coordination with ADPI as well as the District's Office of Finance and Treasury. FEMS' contract with ADPI requires monthly 'portfolio reports' and provides extensive detail about the information they should contain. FEMS may also request ad hoc reports that 'query any range of cases, data, or other areas of interest to the Department and shall include tables, charts, graphs, and trend analysis, tabulating and presenting information as output.' Written in the contract is FEMS' right to request 'any number of [these] reports at any time' during the contract's period of performance.

Additionally, an agency official stated that FEMS does not have internal controls documented in a handbook or guide, but that they use guidance from OCP and the contracts themselves for managing contracted services. The official further stated that FEMS is subject to the Procurement Practices Reform Act of 2010 (PPRA) which states that OCP is responsible for both establishing procurement processing standards that conform to regulations and monitoring the effectiveness of procurement service delivery. FEMS management did not feel an agency internal control document was necessary because requirements exist within OCP guidance, and they wanted staff to follow one set of policies that govern how contracted services were managed.

The centerpiece to all preventative controls is the written policies and procedures that each employee must understand and agree to follow. Per the GAO Green Book, proper execution of transactions is authorized and executed only by persons acting within the scope of their authority. This is the principal means of assuring that only valid transactions to exchange, transfer, use, or commit resources are initiated or entered into. Management must clearly communicate authorizations to its staff. The Green Book also offers that "management should internally communicate the necessary quality information to achieve the entity's objectives" and should communicate "quality information down and across reporting lines to enable personnel to perform key roles in achieving objectives, addressing risks, and supporting the internal control

system. In these communications, management assigns the internal control responsibilities for key roles.”

The lack of understanding of roles and responsibilities, coupled with poor monitoring and tracking activities, can impact the quality of transactions, with subsequent impact to District revenue and resources.

### **Conclusion**

The PPRA, District Code, and other regulations established guidance for simplifying and clarifying the requirements and procedures for procuring goods and services, particularly in large service contracts, by the District government. Though only a select number of contracts were examined for this evaluation, our findings revealed a prevalent need for internal controls in contracting activities.

During this evaluation, the OIG found that, although each of the four contracts appears to have met its intended purpose, some agency's internal controls were insufficient to administer and manage contracted services to attain the maximum benefit to the District.

The GAO Green Book provides criteria for implementing an effective internal control system, which helps agencies adapt to changing environments, demands, risks, and priorities while maintaining adequate oversight and management of public programs and services. Strengthening contract administration policies, procedures, and controls overall will help to ensure the District receives the best value for its dollars spent on programs and services intended to serve its residents, and mitigate the opportunities for fraud, waste, abuse, and mismanagement of government resources.

We appreciate the cooperation and courtesies extended by the staffs at DHS, DCPS, DDOT, and FEMS during this evaluation. If you have any questions concerning this letter, please contact me or Yulanda Gaither, Assistant Inspector General for Inspections and Evaluations, at 202-727-9029 or [yulanda.gaither@dc.gov](mailto:yulanda.gaither@dc.gov).

Sincerely,



Daniel W. Lucas  
Inspector General  
DWL/yg

cc: The Honorable Muriel Bowser, Mayor, District of Columbia, Attn: Betsy Cavendish  
Ms. Lindsey Parker, Chief of Staff, Executive Office of the Mayor  
Mr. Keith A. Anderson, Deputy Mayor for Planning and Economic Development  
Mr. Jonathan Rogers, Chief of Staff, Office of the Deputy Mayor for Operations and  
Infrastructure  
Ms. Lindsey Appiah, Deputy Mayor for Public Safety and Justice

Mr. Paul Kihn, Deputy Mayor for Education

Mr. Wayne Turnage, Deputy Mayor for Health and Human Services

Chief John A. Donnelly, Sr., Fire and Emergency Medical Services Chief, District of

Columbia Fire and Emergency Medical Services Department

Dr. Lewis D. Ferebee, Chancellor, District of Columbia Public Schools

Mr. Everett Lott, Director, District Department of Transportation

Ms. Laura Green Zeilinger, Director, Department of Human Services

The Honorable Kathy Patterson, DC Auditor, Office of the DC Auditor