

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



VIA HARD COPY AND ELECTRONIC MAIL DELIVERY

March 6, 2015

The Honorable Jack Evans
Chairman
Committee on Finance and Revenue
The John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 106
Washington, D.C. 20004

Dear Chairman Evans:

Pursuant to your February 3, 2015 request, I am forwarding responses to the 23 questions asked in preparation for the public oversight hearing on the FY 2014 and FY 2015 performance of the Office of the Inspector General.

In the event you have any additional questions, please feel free to contact me at 202-727-2540.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Lucas', with a long horizontal flourish extending to the right.

Daniel W. Lucas
Inspector General

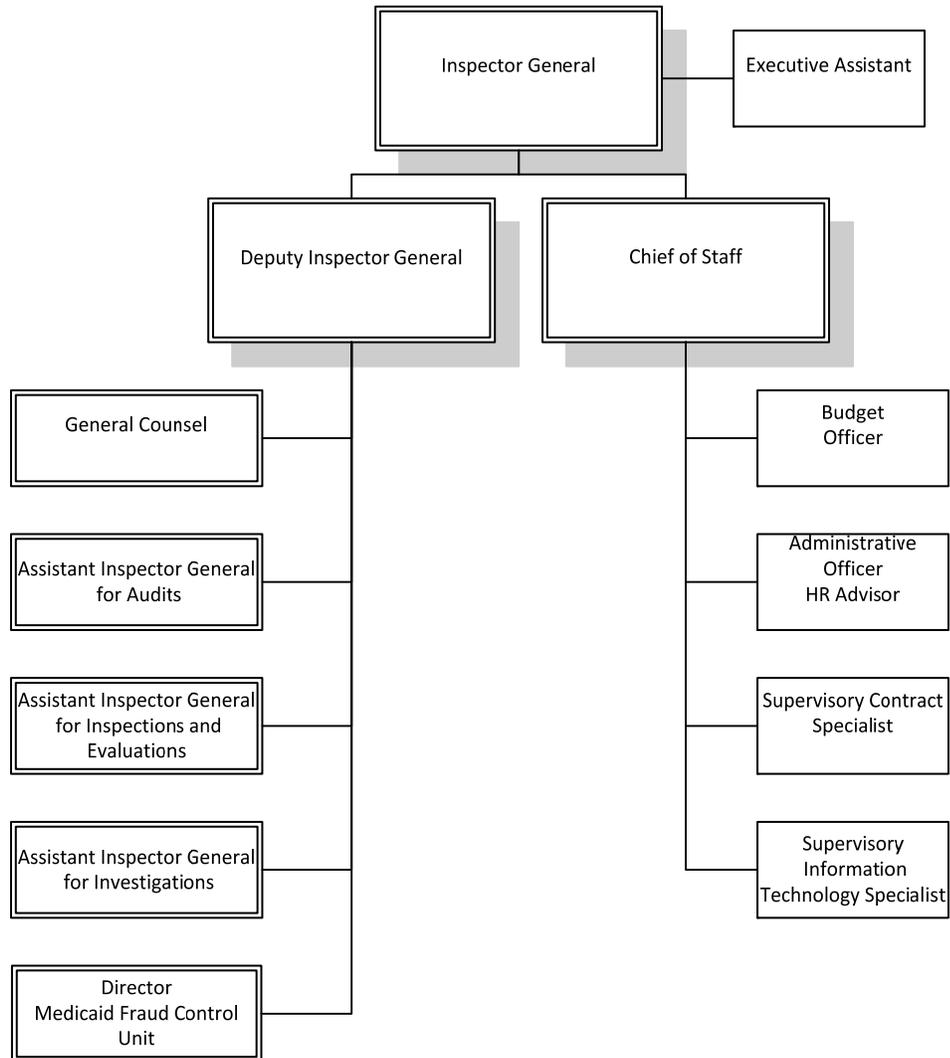
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Enclosures

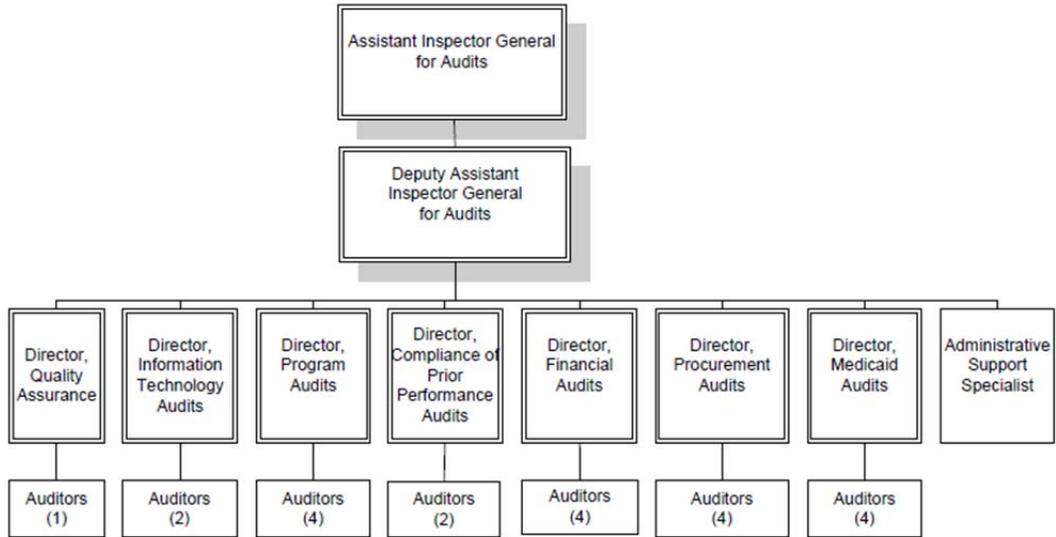
cc: Ms. Ruth Werner, Committee Director

1. Please provide the Committee with an updated organizational chart for each Division, and Schedule A.

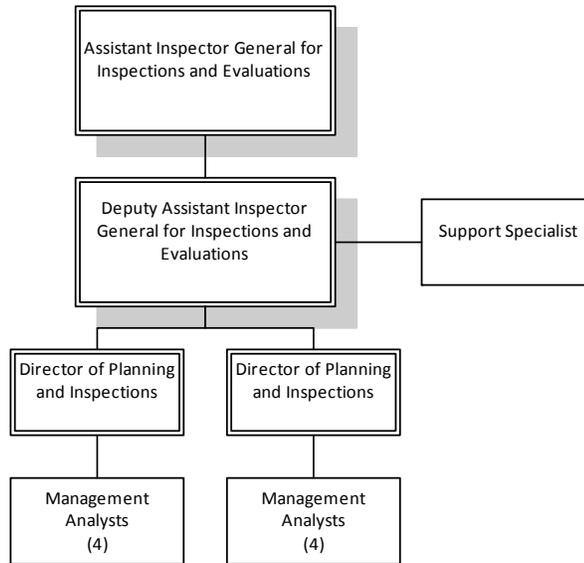
OIG Organizational Chart as of September 30, 2014:



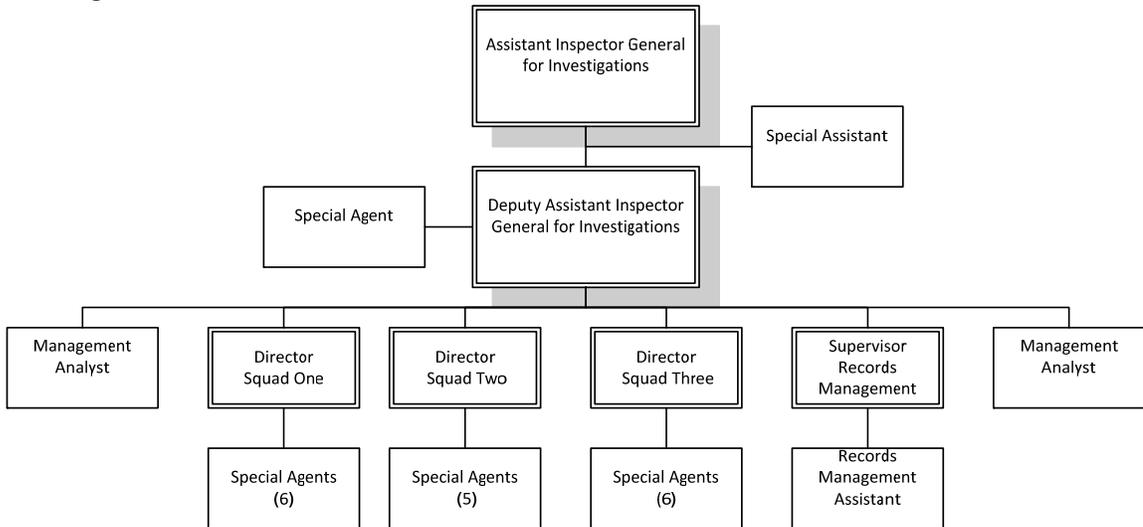
Audit Division:



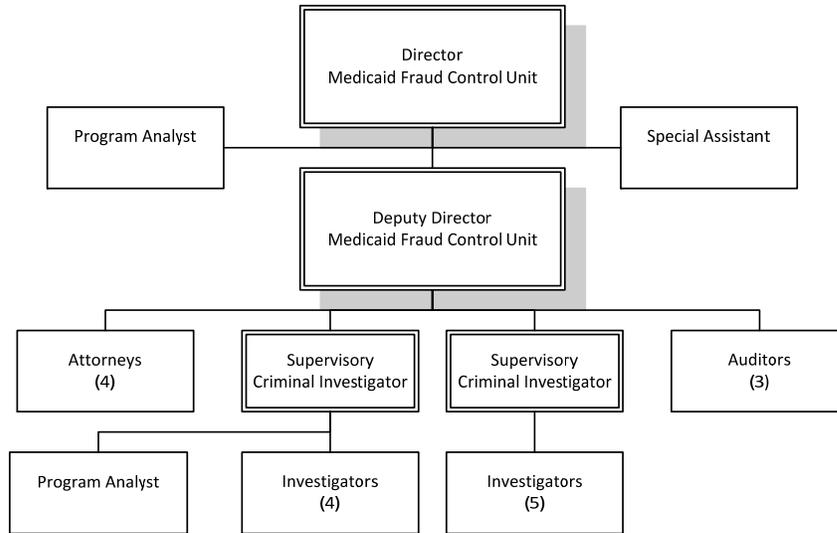
Inspections and Evaluations Division:



Investigations Division:



Medicaid Fraud Control Unit:



Please See Attachment A for Schedule A.

2. Please provide the following:

- a. A list of all employees who receive cellphones, personal digital assistants, or similar communications devices at agency expense;**

Please see Attachment B.

- b. A list of all vehicles (year, make, model) owned, leased, or otherwise used by the agency and to whom the vehicle is assigned. Please include lease amount (if applicable) and date lease expires;**

Please see Attachment C.

- c. A list of employee bonuses or special award pay granted in FY 14, and FY15, to date;**

The OIG did not provide any employee bonuses or special pay awards in FY 14 and has not provided any employee bonuses or special pay awards for FY 15.

- d. A list of any travel expenses, arranged by employee; and**

Please see Attachment D.

- e. A list of the total overtime and workman's compensation payments paid in FY14, and FY15, to date.**

The OIG did not pay out any overtime in FY 14 and has not paid any overtime for FY 15.

For worker's compensation payments, please see Attachment E.

3. Please provide a status of the OIG Investigations Division initiative regarding Department of Employment Services (DOES) unemployment insurance compensation investigations (Q13 from FY13&14 performance oversight responses), and any other new initiatives started in FY14.

In FY 14, the Investigations Division continued its initiative regarding DOES unemployment insurance compensation investigations. The Investigations Division anticipates this initiative will continue throughout FY15. This initiative has resulted in the United States Attorney's Office successfully prosecuting 18 cases investigated by the OIG. The 18 defendants were ordered to pay a total of \$391,094 in restitution. The OIG has also referred 23 unemployment insurance compensation cases to the Attorney General's Office, after the U.S. Attorney's Office declined prosecution.

4. Please describe and provide a status of any new initiatives for Fiscal Year 2015.

The OIG is in the process of building a stand-alone division that is dedicated to identifying and evaluating fraud, waste, abuse, and mismanagement risk within D.C. operations. This new division will help the OIG precisely apply its finite resources to examine potential fraudulent and/or wasteful practices. This division will have three distinct services within its portfolio. These services are discussed in the sub-initiatives below:

Sub-initiative 1: Contract and Procurement Risk Assessment Team.

The OIG is currently building a multi-disciplinary team that consists of an auditor, an investigator, a contracting and procurement specialist, and an attorney. This team will systematically examine the integrity of the acquisition function in District agencies with contracting authority. The goal of this initiative is to assess whether the continuum, from determining procurement requirements all the way to the delivery of goods and services, is free of fraudulent and wasteful practices. This team is currently being assembled with borrowed FTEs from other OIG Divisions. Long-term sustainability of the program will require additional FTEs. The OIG anticipates preliminary results from this initiative in the 4th Quarter of FY 15

Sub-initiative 2: Data Mining and Analytics.

The OIG is currently working to build proactive data mining capability within the organization. The goal is to establish a construct where defined anomalies, or red flags, can be more easily identified. The OIG is currently finalizing this initiative's concept plan. Initially, this initiative will borrow FTEs from other OIG Divisions. Long-term sustainability of the program will require additional FTEs. The OIG anticipates preliminary results from this initiative in the 4th Quarter of FY 15

Sub-initiative 3: Addressing Unimplemented OIG Recommendations.

The OIG is currently implementing a robust system to track and implement recommendations that result from OIG audits, inspections, and investigations. The OIG is providing a list of unimplemented recommendations to the City Administrator on a quarterly basis. In the near term, the OIG will begin to collaborate with agencies to develop plans to implement recommendations. Initially, this initiative will require borrowed FTEs from other OIG Divisions. Long-term sustainability of the program will require additional FTEs. The OIG anticipates preliminary results from this initiative in the 4th Quarter of FY 15

- 5. Please provide a list of all training and continuing education classes attended by staff during FY 2014 and FY 2015 and dates attended (or scheduled).**

Please See Attachment F.

- 6. Please list all RFPs that are out for solicitation, along with a brief description. What RFPs are being planned for solicitation (topic and description)?**

Comprehensive Annual Financial Statement (CAFR):

The FY 15 – FY 19 Comprehensive Annual Financial Statement (CAFR) Solicitation (Task Order Request for Approval) is currently in the Review and Evaluation Phase of the Source Selection. Selection is anticipated early March 2015, with the package will be forwarded to the Council of the District of Columbia no later than mid-April 2015 for review and approval. The contract must be signed no later than May 1, 2015.

(Planned) OCFO Office of Tax Revenue Commercial Real Property Assessment Independent Audit:

The FY 15 contract for an independent audit of the OCFO Office of Tax Revenue (OTR) Commercial Real Property Assessment management and valuation by OTR is currently in the planning phase. A contract must be let by the OIG every three years; however, it is currently unfunded. The OIG has asked OCFO for financial resources to fund the project.

- 7. Please provide a list of all MOUs in place currently, all MOUs entered into within the last year, and any MOUs planned for the coming year.**

The Investigations Division has two MOUs with the Metropolitan Police Department. One MOU provides the Investigation Division with access to the National Crime Information Center (NCIC) of the FBI, and the National Law Enforcement Telecommunications System (NLETS). The second MOU establishes policy for investigating criminal and administrative allegations involving District of Columbia employees.

The MFCU has an MOU the U.S. Attorney's Office. The OIG is in the process of renewing an expired MOU with the Department of Health Care Finance.

- 8. What has the agency done in the past year to make the activities of the agency more transparent to the public? In addition, please identify ways in which the activities of the agency and information retained by the agency could be made more transparent.**

The OIG's primary means of transparency is providing information via its website (<http://oig.dc.gov>). In FY 14, the OIG's website averaged over 1,000 visitors per month. For FY 15, the average number of visitors has averaged 800 visitors per month.

On the OIG website, the public can view OIG work products. OIG work products include Audit Reports, Inspection and Evaluation Reports, Investigation information, a summary of OIG results from the preceding fiscal year, and planned audit and inspection plans for the current fiscal year. For information not publically available, the website provides information on how the public may obtain OIG products through the Freedom of Information Act.

For FY 15, the OIG plans to expand the means by which it communicates its mission and results to the public. This includes the following initiatives:

- Hiring of a strategic communications professional to conduct OIG outreach activities.
- Participating in various public engagement forums with other District oversight and accountability professionals.
- Publishing the OIG Strategic Plan (currently under development) and its performance metrics to provide transparency of ongoing OIG initiatives, objectives, and goals.

9. Please provide a chart showing your agency's approved budget and actual spending, by division, for FY14 and FY15 to date. In addition, please describe any variance between fiscal year appropriations and actual expenditures.

Please see Attachment G.

10. Please list any reprogramming, in or out, which occurred in FY14 or FY15, to date. For each reprogramming, please list the total amount of the reprogramming, the original purposes for which the funds were dedicated, and the reprogrammed use of the funds.

In FY 14, the OIG reprogrammed funds in the amount of \$449,037, within its local funds budget among three of its programs: Agency Management, Accountability, Control/Compliance and Law Enforcement. The original purpose of these funds was to cover salary costs. The funds became available due to salary lapses.

The funds were reprogrammed for the following uses:

- \$150,000 was reprogrammed for the acquisition of four back-up computer servers; and to replace obsolete desk top computers with laptops for the Audits, Inspections and Evaluations, and the Investigations Divisions.

- \$206,037 was reprogrammed to cover office renovations in order to remove potential safety hazards.
- \$22,000 was reprogrammed to cover purchase card spending in the personnel, finance, and legal activities.
- \$51,000 was reprogrammed to contract for the development of a case management system within the Investigations Division.
- \$20,000 was reprogrammed to purchase a vehicle for the Audit Division.

In FY 15, the OIG has not submitted any reprogramming as of January 30, 2015.

11. Please provide a complete accounting for all intra-District transfers received or transferred from the agency during FY14 or FY15 to date.

Intra-district funds transferred from the OIG during FY 14:

Description	Amount	Agency transferred to
Building Space (Rent)	\$227,778	Office of Finance/Resource Mgmt. (AS0)
Telephone	\$23,346	Office of Finance/Resource Mgmt. (AS0)
Fleet Maintenance	\$15,722	Department of Public Works (KT0)
Fingerprinting Services	\$112	Metropolitan Police Department (FA0)
Purchase/Travel Credit Card	\$264,647	Office of Contract /Procurement (PO0)
Total	\$531,605	

Intra-district funds transferred from the OIG to date in FY 15 as of January 30:

Description	Amount	Agency transferred to
Building Space (Rent)	\$227,778	Office of Finance/Resource Mgmt. (AS0)
Telephone	\$1,400	Office of Finance/Resource Mgmt. (AS0)
Fleet Maintenance	\$15,195	Department of Public Works (KT0)
Purchase/Travel Credit Card	\$203,233	Office of Contract /Procurement (PO0)
Total	\$447,606	

12. Please provide a complete accounting for all federal grants received for FY14 or FY15 to date.

The OIG received federal grand funding from the U.S. Department of Health and Human Services for the Medicaid Fraud Control Unit in FY 14 and FY 15. The total funding received from this grant was \$2,031,618 in FY 14, and \$2,352,552 in FY 15. This funding supports 75% of the costs for operating the Medicaid Fraud Control Unit.

13. Please list all required audits, inspections, or investigations for which the agency is responsible. For each please list the statutory or regulatory reference and the date the requirement was established.

Engagement Title	Reference	Date Established
The Highway Trust Fund Requires the OIG to audit the fund annually.	D.C. Code § 9-109.02 (e) (2008)	November 22, 2000
The Highway Trust Fund's 5-year Forecast Requires the OIG to audit the fund annually.	D.C. Code § 9-109.02 (e) (Supp. 2011)	November 22, 2000
The District of Columbia Home Purchase Assistance Program (HPAP) Requires the OIG to audit the financial statements annually.	D.C. Code § 42-2605 (2010)	January 2, 1979; September 24, 1979
The Special Education Attorney Certifications Review Requires that the OIG conduct investigations and determine the accuracy of certifications made to OCFO from attorneys in special education cases brought under the Individuals with Disabilities Education Act (IDEA).	D.C. Code § 1-305.115a (a)(3)(J) (Supp. 2011)	October 16, 2006
Comprehensive Annual Financial Report (CAFR) Requires that the OIG secure an independent auditor to audit the District's financial statements annually.	D.C. Code § 1-305.115a (a)(3)(H) (Supp. 2011)	April 17, 1995

Engagement Title	Reference	Date Established
Evaluation of Commercial Real Property Assessment Process Requires the OIG to secure an independent audit of the Office of Tax and Revenue for the purposes of examining the District's management and valuation of commercial real property assessments.	D.C. Code § 47-821(e) (Supp. 2011)	September 24, 2010
West End Library and Fire Station Maintenance Fund Requires the OIG to audit the fund annually and to transmit the audit report to the Mayor and the Council no later than 90 days after the close of the fiscal year.	D.C. Code § 1-325.181(e) (Supp. 2011)	April 8, 2011
Annual Procurement Activities Operational Audit Requires the OIG to audit all procurement activities carried out pursuant to the referenced chapter and guidelines prescribed by the Mayor and issued in accordance with §2-302.05 [Establishment and effect of District Government Procurement Regulations - <i>repealed</i>]	D.C. Code § 1-301.115a (2014)	1981

14. With respect to audits as noted above, does the OIG recommend reconsideration of frequency or scope of any of those listed? Are there any audits not listed above the OIG recommends reconsideration of frequency or scope?

Presently, the OIG does not recommend reconsideration of the required audits and inspections frequency or scope. However, the OIG will continue to evaluate statutory/mandated requirements against emergent issues in order to address the areas of greatest risk to the District.

15. How do you manage apportioning resources appropriately to complete audits required by law; inquiries/requests made for audits; and other audits that you believe in your discretion might further the District's goals of fiscal integrity and financial strength? In the past year or two, there seems to have been a disproportionate focus on improper use of disability parking placards – has this been at the expense of more substantive reviews of larger potential government waste, fraud or abuse?

In FY 14, the Investigations Division conducted a single investigation into disability parking placard violations. This investigation found a District employee had improperly used a District of Columbia disability placard to obtain free parking near the employee's District office. In conducting this investigation, there was not a disproportionate application of OIG resources.

Starting in FY 15, the OIG will begin to take a more risk-based approach in determining how best to apply its finite resources. The OIG will accomplish this in three distinct ways. First, as presented in Question 4 - Initiative 1, the OIG will build a multidisciplinary team to review the District's contract and procurement environment. The goal of this team is to quickly identify areas of risk in order to initiate corrective actions. Second, as discussed in Question 4 - Initiative 2, the OIG plans to leverage data mining and analytics to search for 'red-flags' that may indicate fraudulent or wasteful practices within the District. Last, the OIG will leverage a risk assessment framework to build its annual audit and inspection plan. This framework will consider multiple variables and assign corresponding risk levels in order to prioritize OIG activities.

Additionally, in FY 15, the OIG has begun to hold on-going meetings with other District oversight bodies (such as the OCFO's Office of Integrity and Oversight, BEGA, D.C. Auditor, and the Office of the Attorney General) to discuss ongoing initiatives and to holistically plan for future oversight efforts. Although in its infancy, this collaboration has already resulted in identification of risk areas and ensured that there are no duplications in oversight efforts. These meetings will continue throughout FY 15, with a formal oversight body charter being enacted by the third quarter of FY 15.

16. With respect to Audit and Inspection Plan for FY 15, please provide an update and any comments on revisions to that plan.

The OIG is currently in the process of revising its FY 15 Audit and Inspection Plan. For the remainder of FY 15, the OIG Audits Division, and Inspection and Evaluations Division will focus on recurrent CAFR findings and other areas of risk within the District. The OIG expects to publish the revised plan no later than March 31, 2015.

17. How many referrals were made in FY 14 to the U.S. Attorney's Office, or any other law enforcement authority?

In FY 14, the Investigations Division referred 63 cases to the U.S. Attorney's Office and 26 cases to the Attorney General's Office.

In FY 14, the MFCU referred six criminal matters to the U.S. Attorney’s Office. Three of the matters were co-prosecuted by a MFCU attorney, one is under continuing investigation. Two abuse matters were declined.

18. Of the audits, inspections, and investigations conducted by the OIG in FY14, how many were:

- **Statutorily initiated:** [Note: The OIG considers “statutorily initiated” to mean activities required outside of the OIG’s current enabling legislation, D.C. Code § 1-301.115a (2001).]

Audit Division: 3 Audits relating to the Highway Trust Fund Statements, Forecast, (D.C. Code § 9-109.02 (e) (2008 and supp. 2011)) and Evaluation of Commercial Real Property, (D.C. Code § 47-821 (e) (supp. 2011))
 Inspections and Evaluations Division: 0
 Investigations Division: 0
 MFCU: 0

- **Council initiated:** [Note: The OIG considers “Council initiated” as audits, inspections, investigations requested by the Council of the District of Columbia.]

Audit Division: 2
 Inspections and Evaluations Division: 0
 Investigations Division: 6
 MFCU: 0

- **Executive initiated:** [Note: The OIG considers “Executive initiated” as audits, inspections, investigations requested by the Executive Branch.]

Audit Division: 0
 Inspections and Evaluations Division: 0
 Investigations Division: 3
 MFCU: 0

- **Independently initiated:** [Note: The OIG considers “independently initiated” to mean activities conducted pursuant to the OIG’s current enabling legislation, D.C. Code § 1-301.115a (2001)]

Audit Division: 29

5	Independently identified and conducted under the OIG’s purview.
23	CAFR-related Audits (D.C. Code § 1-305.115a (a)(3)(H) (Supp. 2011))
1	Audit of Special Education Attorney Certification Fees (D.C. Code § 1-305.115a (a)(3)(J) (Supp. 2011))

Inspections and Evaluations Division: 10

Investigations Division: 107

MFCU: 163

19. Please describe the Office's efforts to minimize waste, fraud and abuse within your office.

Beginning in FY 15, the OIG has begun to assess its internal performance. These self-assessments help: (1) to identify areas for improvement; (2) to remove non-value added processes and procedures; and, to (3) enhance the synergistic efforts between the OIG Divisions.

Additionally in FY 15, the OIG initiated the development of a strategic plan in order to outline its plans for the next five years. This strategic plan will:

- Guide the OIG in efforts to increase value delivered to its stakeholders;
- Enhance resource stewardship within the organization;
- Improve internal processes; and,
- Cultivate the OIG's organizational capacity.

The OIG leadership has standing monthly meetings to review District Purchase Card and Travel Card (P-Card) transactions within the organization. In order to enhance the efficiency and effectiveness of service delivery of micro-purchases under \$5,000 using the P-Card, the OIG will de-centralize micro-purchases from the Contracts and Procurement Office to each OIG Division. Controls for the acquisition of goods and services, and the adherence to Small Business Set-Aside requirements will be implemented at several organizational levels to include card-holder due-diligence, Division approving official review, Contract and Procurement Office consolidated oversight, and Agency leadership monthly review of all transactions.

20. Have all of the members of your staff participated in ethics training? How frequently is this training provided? How often must staff attend ethics training?

In FY 15, all OIG staff participated in on-site ethics training provided by BEGA. All OIG staff members are required to take the "Ethics Standards for DC Employees" training available online. The OIG employees are required take ethics training annually.

21. How often does your office subject itself to peer review, and what factors are addressed in the peer reviews? Please also provide a status for the FY15 peer review scheduled for I&E, and ID. When is the next Association of Local Government Auditors (ALGA) peer review for the Audit Division scheduled for?

Audits Division:

The Audit Division is subject to a peer review every three years. The Association of Local Government Auditors (ALGA) conducts the peer reviews for the Audit Division. ALGA reviews the internal quality control system of the Audit Division and conducts tests in order to determine if the internal quality control system operated to provide reasonable assurance of compliance with Government Auditing Standards issued by the Comptroller General of the United States.

The last peer review was conducted on June 8, 2012 for the period of January 1, 2009 to December 31, 2011. The next peer review for the period of January 1, 2012 to December 31, 2014 will be scheduled and completed by FY 2015.

Inspections and Evaluations Division:

The Inspections and Evaluations Division's operations and procedures are subject to peer review every 3 years. The peer review assesses I&E's processes and performance against criteria promulgated by the Council of The Inspectors General for Integrity and Efficiency (CIGIE).

CIGIE's Quality Standards for Inspection and Evaluation (2012) enumerate the following standards: Competency; Independence; Professional Judgment; Quality Control; Planning; Data Collection and Analysis; Evidence; Records Maintenance; Timeliness; Fraud, Other Illegal Acts, and Abuse; Reporting; Follow-up; Performance Measurement; and Working Relationships and Communication.

Peer reviews have been conducted in 2003, 2006, 2009, and 2012. The next peer reviewed will be in June 2015.

Investigations Division:

The Investigations Division's operation and procedures are subject to a peer review every three years by the Association of Inspectors General (AIG). The AIG reviews assess the Investigations Division's processes and performance against the CIGIE Quality Standards for Investigations (2011).

CIGIE Quality Standards for Investigations (2011) enumerate the following standards in two categories, general and qualitative standards. General standards cover the areas of Qualifications, Independence, and Due Professional Care. Qualitative standards cover the areas of Planning, Executing Investigations, Reporting, and Managing Investigative Information.

The next peer review is scheduled for June 2015.

Medicaid Fraud Control Unit:

The Medicaid Fraud Control Unit is not subject to a peer review. However, in FY 2015, the HHS OIG conducted an onsite review to evaluate the MFCU's performance. The HHS OIG evaluated the MFCU's performance against 12 standards to assess if the MFCU was effectively carrying out its statutory functions and meeting program requirements. Examples of these standards include: maintaining an adequate caseload through referrals from several sources; maintaining an annual training plan for all three of the professional disciplines (i.e., for auditors, investigators, and attorneys); and establishing policy and procedures manuals to reflect the Unit's operations.

The MFCU is required to be certified annually by the Department of Health and Human Services (HHS) Office of Inspector General (OIG). HHS OIG recertified the MFCU on February 18, 2015.

22. Please identify all electronic databases maintained by your agency, including the following:

- a. A detailed description of the information tracked within each system;**
- b. The age of the system and any discussion of substantial upgrades that have been made or planned to the system; and**
- c. Whether the public can be granted access to all or part of each system.**

Audits Division:

The Audits Division utilizes TeamMate to manage audit projects. TeamMate also stores audit work papers for all audit projects. The TeamMate system has been in use since 2008. TeamMate has been upgraded with releases R8, R9 and R10. The most recent upgrade to release R10.4.2 occurred in March 2014.

Due to the pre-decisional information contained within TeamMate, the public should not be granted access to this system.

Inspections and Evaluations Division:

The Inspections and Evaluation Division maintains its files on a centralized server located within the OIG. Due to the pre-decisional information this server, the public should not be granted access to this system.

Investigations Division:

The Investigations Division utilizes an in-house database to manage all complaints and ongoing cases. This database includes information on ongoing cases to include control numbers, status of investigations, and documentation for case. The database allows supervisors to manage staff caseloads, conduct

performance evaluations, and review case file. Due to law-enforcement sensitivity, the public should not have access to this system.

Medicaid Fraud Control Unit:

The MFCU utilizes JustWare to manage cases and all case-related data. JustWare captures all statistical data necessary to comply with grant-related reporting requirements. JustWare has been in use since FY 2012. Due to law-enforcement sensitivity, the public should not have access to this system.

- 23. Please list each contract, procurement, lease, and grant (“contract”) awarded, entered into, extended and option years exercised, by your agency during FY13, FY14, and FY15 to date. For each contract, please provide the following information, where applicable:**
- a. The name of the contracting party;**
 - b. The nature of the contract, including the end product or service;**
 - c. The dollar amount of the contract, including budgeted and actually spent amounts;**
 - d. The term of the contract;**
 - e. Whether the contract was competitively bid or not;**
 - f. The name of the agency’s contract monitor and the results of any monitoring activity; and**
 - g. Funding source.**

Please see Attachment H.

List of attachments not included in this document:

- Attachment A: Schedule A. (Question 1)
- Attachment B: Employees with cellphones, personal digital assistants, or other similar communication devices. (Question 2.a.)
- Attachment C: A list of all vehicles (year, make, model) owned, leased, or otherwise used by the agency and to whom the vehicle is assigned. (Question 2.b.)
- Attachment D: Travel expenses, arranged by employee. (Question 2.d.)
- Attachment E: Worker's compensation payments. (Question 2.e.)
- Attachment F: Training and continuing education classes attended by OIG staff during FY 2014 and FY 2015 and dates attended (or scheduled) (Question 5)
- Attachment G: Approved budget vs. actual spending. (Question 9)
- Attachment H: Contract, procurement, lease, and grant ("contract") awarded, entered into, extended and option years exercised, by the OIG during FY13, FY14, and FY15 to date. (Question 23).