


Office of the District of Columbia Auditor

Date: January 7, 2014
To: Council of the District of Columbia
From: Yolanda Branche
District of Columbia Auditor 
Subject: Activity Report – January 2014

This report provides information on the activities of the Office of the District of Columbia Auditor (ODCA) since our last update to the Council. The report includes reports issued, announcements, and the status of current audit projects.

Audit Reports:

[Sufficiency Review of the Reasonableness of the District of Columbia Water and Sewer Authority's \(DC Water\) Fiscal Year 2013 Revenue Estimate Totaling \\$447,479,008](#)

Released: June 24, 2013

Summary: ODCA provides revenue certification to DC Water prior to the issuance of certain bonds. In a letter dated January 15, 2013, the General Manager of DC Water informed the Auditor that DC Water planned to issue bonds to finance a portion of DC Water's Fiscal Year (FY) 2013 and FY 2014 capital improvement budget. D.C. Code § 34-2202.09(h), provides that prior to the issuance of any new debt, DC Water is required to obtain an expert study and analysis to support its revenue certification and certify to the Auditor that DC Water's revenues are sufficient to pay operating costs, debt services on outstanding and proposed bonds, and other obligations. Based on our review of the expert study and analysis and our review of DC Water's revenues, expenses and reserves, and other relevant information we were reasonably satisfied that DC Water's certification of revenues totaling \$447.48 million for FY 2013 is a reasonable estimate.

[Sufficiency Certification for the Washington Convention and Sports Authority's \(Trading As Events DC\) Projected Revenues and Excess Reserve to Meet Projected Operating and Debt Service Expenditures and Reserve Requirements for Fiscal Year 2014](#)

Released: July 15, 2013

Summary: Pursuant to D.C. law, ODCA prepares a certification of the sufficiency of WCSA's projected revenues and excess reserve to meet WCSA's projected expenditures and reserve requirements for the upcoming Fiscal Year (FY). Based upon the Auditor's analysis of information provided by WCSA and the OCFO's Office of Revenue Analysis as of the date of this certification, WCSA's total projected revenues and excess reserve estimate for FY 2014 are

sufficient to cover its projected expenditures. WCSA's FY 2014 estimated revenues and excess reserve are expected to exceed its projected expenditures and reserve requirements by \$64.8 million.

[Evaluation of the DC Public Education Reform Amendment Act \(PERRA\): School Year 2010 - 2011](#)

Released: July 15, 2013

Summary: This report was prepared by the Education Consortium for Research and Evaluation (EdCORE). This report is the first in a new series responding to the mandate for independent evaluation included in the District of Columbia's Public Education Reform Amendment Act (PERAA) of 2007.

[District of Columbia Agencies' Compliance with Fiscal Year 2013 Small Business Enterprise Expenditure Goals through the 2nd Quarter of Fiscal Year 2013](#)

Released: July 24, 2013

Summary: ODCA examined and assessed District of Columbia government agencies' compliance with Fiscal Year (FY) 2013 Small Business Enterprise (SBE) expenditure goals through the 2nd quarter of FY 2013 (October 1, 2012 through March 31, 2013). Our examination found that 80 agencies collectively spent \$56,427,691 with SBEs through the 2nd quarter of FY 2013 or 9 percent of the cumulative reported SBE goal of \$626,500,434. Of the 80 agencies, 10 agencies met or exceeded their FY 2013 expenditure goal by the end of the 2nd quarter, spending a combined total of \$5,198,308.

[Audit of the Department of Motor Vehicles Driver Education Program Fund for Fiscal Years 2008 – 2010](#)

Released: September 4, 2013

Summary: D.C. law mandated the Driver Education Program Fund (Fund) to be used to offer the District of Columbia Department of Motor Vehicles (DC DMV) approved driver education programs. Pursuant to the law, five dollars of the fee received for each motor vehicle operator's permit was to be deposited into the Fund and used by a District of Columbia agency, including the DC DMV, to offer driver education programs approved by DC DMV. In Fiscal Year (FY) 2009, the "Fiscal Year 2009 Balanced Budget Support Congressional Review Emergency Amendment Act of 2009" authorized the transfer of \$741,564 from the Fund to the District's general fund in FY 2009 and authorized DC DMV to use monies in the Fund for DC DMV operating expenses. The Driver Education Program Fund was repealed in 2011. During FY 2012, the balance of the Fund (\$864,440.86) was transferred to the general fund. We were able to confirm all deposits to and expenditures from the fund and validate that unexpended fund balances were carried over as required.

[Evaluation of the D.C. Public Education Reform Amendment Act \(PERRA\): School Year 2011 - 2012](#)

Released: September 9, 2013

Summary: This report was prepared by the Education Consortium for Research and Evaluation (EdCORE). This report is the second in a new series responding to the mandate for independent evaluation included in the District of Columbia's Public Education Reform Amendment Act (PERAA) of 2007

[Fiscal Year 2012 Annual Report on Advisory Neighborhood Commissions](#)

Released: September 10, 2013

Summary: Pursuant to D.C. law, the ODCA prepared a Fiscal Year (FY) 2012 consolidated Annual Report on Advisory Neighborhood Commissions (ANCs). Based on a review of FY 2012 quarterly financial reports and comprehensive audits of several ANCs, most ANCs made a concerted effort to comply with ANC rules and regulations, Office of the Attorney General opinions, and ODCA financial management guidelines.

[Audit of the Department of Employment Services Workforce Development Monitoring and Quality Assurance Procedures](#)

Released: September 11, 2013

Summary: ODCA completed an audit of the Department of Employment Services (DOES) contract monitoring and quality assurance procedures for vendors providing services in support of the District's Workforce Development programs. Our audit found that DOES did not consistently monitor and evaluate the performance of the Workforce Development providers or obtain and review supporting documentation prior to authorizing provider payments. Overall, we noted deficiencies pertaining to compliance with regulations and ineffective internal controls.

[District of Columbia Agencies' Compliance with Fiscal Year 2013 Small Business Enterprise Expenditure Goals through the 3rd Quarter of Fiscal Year 2013](#)

Released: September 26, 2013

Summary: ODCA examined and assessed District of Columbia government agencies' compliance with Fiscal Year (FY) 2013 Small Business Enterprise (SBE) expenditure goals through the 3rd quarter of FY 2013 (October 1, 2012 through June 30, 2013). Our examination found that 80 agencies collectively spent \$93,118,744 with SBEs through the 3rd quarter of FY 2013 or 15 percent of the cumulative reported SBE goal of \$614,064,658. Of the 80 agencies, 12 agencies met or exceeded their FY 2013 expenditure goal by the end of the 3rd quarter, spending a combined total of \$9,142,911.

[Audit of the Department of Small and Local Business Development Certified Business Enterprise Program](#)

Released: September 27, 2013

Summary: The Small, Local, and Disadvantaged Business Enterprise Development and Assistance Act of 2005 authorized ODCA to conduct random audits of certification files to

determine whether DSLBD fulfilled the requirements of the Act. Overall, we found that the Department of Small and Local Business Development (DSLBD) ensured most applicants met Certified Business Enterprise (CBE) and Joint Venture (JV) requirements; however, internal controls and legal requirements were not sufficient to address the goals of the program.

[Audit of the Department of General Services Fiscal Year 2012 Procurement of Snow and Ice Removal and Pretreatment Services](#)

Released: September 27, 2013

Summary: ODCA examined the Department of General Services' Fiscal Year 2012 procurement of snow and ice removal and pretreatment services. Overall, we found that DGS did not maintain sufficient documentation to demonstrate that the award was conducted in full compliance with D.C. laws, regulations, policies, and procedures. We further found that internal controls were insufficient and that the contract files lacked evaluation team documentation, price evaluations, and required certification letters.

[Update on Non-Reporting Public-Private Development Construction Projects](#)

Released: September 27, 2013

Summary: ODCA examined the compliance of non-reporting public-private developers with the minimum requirements set forth in their Certified Business Enterprise Agreements (CBEAs). The CBEAs were executed by the Department of Small and Local Business Development (DSLBD) with each developer at the outset of each construction project. We identified 107 public-private developers who did not report meeting their CBE expenditure goal and did not submit quarterly expenditure reports in Fiscal Year (FY) 2012 and FY 2013, as of August 31, 2013.

[Audit of the Department of Employment Services Career and Technical Education Programs](#)

Released: September 28, 2013

Summary: ODCA audited of the Department of Employment Services (DOES), Career and Technical Education (CTE) programs. Our audit found that DOES had not developed and implemented sufficient internal controls to provide efficient and effective management and oversight for the CTE programs offered at three high schools. We further found that DOES did not have sufficient internal controls to ensure that CTE program payments were accurate, adequately supported, and in compliance with the terms of memorandum of understandings or agreements. We provided a number of recommendations to DOES to improve the situation, many of which have begun to be implemented.

[Audit of the DC Department of Parks and Recreation Facility Use and Permit Process](#)

Released: September 30, 2013

Summary: ODCA conducted an audit to determine and evaluate the Department of Parks and Recreation (DPR) facilities' use process; and to assess the impact of non-residents and non-resident organizations' use on resident and resident organizations. We found that while the

current overall permitting processes appear reasonable, there are improvements that can be made. Additionally, we determined that it appears the impact on District residents is low as a result of facility use by non-residents.

[Audit of Non-District Resident Students Enrolled in Public Schools](#)

Released: September 30, 2013

Summary: The Office of the State Superintendent of Education (OSSE) is charged with implementing portions of the requirements set forth in the D.C. Code pertaining to residency requirements and non-resident tuition. The Code establishes processes for annually verifying District residency of students, assessing non-District residents (non-residents) tuition, and reporting and investigating residency fraud allegations. Overall, we found that OSSE complied with several requirements of the law; however, compliance can be strengthened. Specifically, we found that schools did not enroll all eligible resident students before non-residents and non-resident tuition was incorrectly calculated and deposited. While we determined that the Program had components that were operating effectively, others could be strengthened by establishing additional internal controls. Specifically, we found that OSSE did not have program-related policies and procedures, and had minimal program monitoring.

[Audit of the Public Service Commission Agency Fund for Fiscal Years 2009 – 2012 \(issued as four separate reports\)](#)

Released: September 30, 2013

Summary: ODCA performed four audits of the Public Service Commission (PSC) Agency Fund to: verify public utility revenue deposits to and disbursements from the Fund; examine expenses charged against the Fund to determine whether expense vouchers were supported by adequate documentation and whether the expenses were reasonable and necessary; determine whether expense vouchers were properly reviewed and approved by appropriate PSC officials before payment; and determine the amount of refunds to public utilities that were processed against the Fund. We found public utility assessments were properly deposited into the Fund; expenditures processed against the Fund were reasonable and necessary; refunds of unexpended assessments processed against the Fund; the Economic Development and Regulation Cluster Shared Service Center did not deposit public utility assessment checks in a timely manner; and payments were not consistently processed in a timely manner by the PSC Finance Office.

[Audit of the District Department of Transportation's H Street Shuttle Service Grant Awards Issued in Fiscal Years 2008 and 2010](#)

Released: December 6, 2013

Summary: In 2008, the District of Columbia Council awarded the District Department of Transportation (DDOT) an earmark in the amount of \$225,000 to “support the Business Transit Connection linking Union Station to the Benning Road Metro.” DDOT used a portion of those funds to award a grant for shuttle services to be provided along the H Street Corridor in Fiscal Year (FY) 2008. In FY 2009 DDOT awarded a second grant to continue those shuttle services through FY 2010. Overall, we found that during the period for which the H-Street Shuttle-bus grants were issued, DDOT lacked an effective internal control structure as well as nonexistent or

weak policies and procedures to address certain legislative requirements for the pre-award, award and grant monitoring processes. We also determined that certain policies and procedures were not implemented. Further, we determined that grant-related payments were made outside of the terms of the grant agreement.

Announcements:

The Office of the District of Columbia Auditor (ODCA) provided testimony at a December 20, 2013, public oversight roundtable of the Committee on Business, Consumer, and Regulatory Affairs regarding District government agencies’ compliance with Fiscal Years (FY) 2012 and 2013 Small Business Enterprise (SBE) expenditure goals. ODCA testified that of 80 agencies, 12 agencies met the annual goal of procuring at least 50 percent of their goods and services from SBEs as of June 30, 2013. The 80 agencies, as a whole, spent \$93 million with SBEs through the 3rd quarter of FY 2013. Ninety-three million dollars represents 15 percent of the total FY 2013 SBE expenditure goal, which was \$614 million at the time the report was published. Year-end SBE expenditure totals for FY 2013 cannot be accurately assessed until the Office of the Chief Financial Officer publishes the Comprehensive Annual Financial Report in early 2014.

On November 19, 2013, ODCA received notification that the District plans to issue general obligation bonds on or about December 18, 2013. Pursuant to Section 603 of the District of Columbia Home Rule Act, as amended (D.C. Official Code §1-206.03), the District of Columbia Auditor must issue a certificate regarding the estimated revenues of the District of Columbia for the fiscal year in which the general obligation bonds are issued, as a part of the calculation to ensure that the legal debt limitation established by the Home Rule Act is not exceeded. ODCA conducted a thorough analysis and provided the revenue certification on December 17, 2013.

The Office of the District of Columbia Auditor continues to attend ANC public meetings. Since July 2013, ODCA has attended the following ANC public meetings: **2A, 2F, 3C, 3F, 4C, 5A, 5B, 7C, 7D, and 8D**. Attending ANC public meetings is part of ODCA’s efforts to help ANCs effectively manage their finances. In addition, attending ANC meetings increases our understanding of the operations of the ANCs.

Current Audits:

	Audit Agency	Purpose	Status
1	Office of the People’s Counsel (OPC)	To verify revenue deposits to, and disbursements from, OPC Fund for FYs 2009 through 2012; to determine whether expense vouchers were reviewed and appropriately approved before payment; and to determine the amount of refunds to public utilities that were processed against the Fund	Draft Issued 10/15/13

2	D.C. Children and Youth Investment Trust Corporation (CYITC)	To determine whether CYITC complied with applicable rules, regulations and laws pertaining to the grant making process; established and implemented adequate internal controls; and properly used District funds	Draft Issued 10/22/13
3	Department of General Services (DGS)	To determine whether revenue was properly collected and deposited to the Eastern Market bank account and recorded in System of Accounting and Reporting to determine whether disbursements made from the Eastern Market bank account were related to Eastern Market activities	Reporting
4	Metropolitan Police Department (MPD)	To ensure MPD complied with rules, regulations and laws pertaining to MPD investigations concerning first amendment activities during FY 2012 and to determine whether MPD implemented 13 recommendations of the Office of the D.C. Auditor (ODCA) contained in the ODCA audit report to MPD issued in September 2012	Reporting
5	Department of General Services (DGS)	To determine whether DGS complied with D.C. Code § 2-218.46 pertaining to contracting services under the District of Columbia Public Schools Modernization Program	Fieldwork
6	Advisory Neighborhood Commissioners (ANC)	To determine whether ANC Commissioners administered and operated ANC financial accounts in accordance with applicable District laws and regulations	Fieldwork
7	District Department of Transportation (DDOT)	To determine whether DDOT considered contractor capacity during the bid process; to review DDOT's process for ensuring contractual compliance prior to scheduled payments; and to analyze how DDOT ensures road projects are as durable as is required by the contract	Reporting
8	University of the District of Columbia (UDC)	To determine whether UDC Land-Grant Endowment Fund accounts were in compliance with relevant laws, rules and regulations; UDC endowment accounts and funds were managed in accordance with UDC policies and procedures; and expenditures from UDC endowment accounts and funds were in compliance with applicable rules and regulations	Reporting
9	Homeland Security Emergency Management (HSEMA)	To examine the criteria used to determine costs associated with special events; to determine whether the criteria are equitably applied; and to review costs charged for special events	Reporting

10	Department of Health Care Finance (DHCF)	To verify whether less than 90 percent of the Nursing Facility Quality of Care Fund was expended on "Quality of Care Initiatives." Additionally, review income and expenses of the Fund to determine compliance with rules, regulations and laws	Fieldwork
11	Department of Consumer and Regulatory Affairs (DCRA)	To examine the program's cost and effectiveness	Survey
12	Department of General Services (DGS)	To evaluate the use of the DCPS Capital Improvement Fund to include a school and project specific audit of all expenditures for school facility capital improvements, maintenance, repairs, and operating costs and to determine whether the District met the process, quality, schedule, and cost objectives of the Facilities Master Plan and Capital Improvement Plan and Budget for FY 2010 through 2012	Survey
13	Department of Motor Vehicles (DMV)	To determine whether DMV met the performance measurement outcomes presented in the Performance Accountability Report for FY 2012	Survey
14	Public-Private Developers	To determine whether developers complied with the requirements of Certified Business Enterprise Agreements (CBEAs) for FY 2013 and to report on the progress of developers in reaching CBE goals established in CBEAs	Ongoing
15	Department of Small and Local Business Development (DSLBD)	To determine the FY 2014 SBE expenditures of District agencies through the 1st quarter of FY 2014 and to determine the compliance of District agencies with SBE goals and expenditure reporting requirements	Ongoing
16	Department of Small and Local Business Development (DSLBD)	To determine whether District agencies met the required goal of procuring 50 percent of agency expendable budgets with SBEs in FY 2013 and to determine the compliance of District agencies with SBE goals and expenditure reporting requirements	Not Started
17	Department of Small and Local Business Development (DSLBD)	To determine the SBE FY 2014 expenditures of District agencies through the 2nd quarter of FY 2014 and to determine the compliance of District agencies with SBE goals and expenditure reporting requirements	Not Started

18	Department of Small and Local Business Development (DSLBD)	To determine the SBE FY 2014 expenditures of District agencies through the 3rd quarter of FY 2014 and to determine the compliance of District agencies with SBE goals and expenditure reporting requirements	Not Started
19	Advisory Neighborhood Commission (ANC)	To present a consolidated annual report of the financial activity of all Advisory Neighborhood Commissions regarding the expenditure of District funds and quarterly financial reports that were submitted to the Office of the District of Columbia Auditor for FY 2013	Not Started
20	Advisory Neighborhood Commission (ANC)	To present the Security Fund Annual Financial Report of the Advisory Neighborhood Commission for FY 2013	Ongoing
21	District of Columbia Public Schools (DCPS)	To present a brief snapshot of key indicators for 2012 – 2013 school year with a five-year trend analysis for human resource operations and human capital strategies of DCPS, with an emphasis on teachers and principals	Ongoing
22	District of Columbia Public Schools (DCPS)	To present a brief snapshot of key indicators for 2008 – 2009 school year with a five-year trend analysis for certain business practices and strategies and student achievement of DCPS	Ongoing
23	District of Columbia Public Schools (DCPS)	To present a brief snapshot of key indicators for 2009 – 2010 school year with a five-year trend analysis for certain business practices and strategies of DCPS	Ongoing
24	District of Columbia Public Schools (DCPS)	To present a comprehensive report covering five years regarding implementation of PERAA and whether sufficient progress in DCPS education was achieved to warrant continuation of the provisions and requirements of PERAA or whether a new law, and a new system of education should be enacted	Ongoing
25	Department of Employment Services (DOES)/ Department of Human Resources (DCHR)	To determine whether employers met the posting requirements of the Act; agencies met the administrative requirements of the Act; and whether there was an economic impact on the private sector as a result of the Act	Not Started

26	Department of General Services (DGS)	To evaluate the use of the Public School Capital Improvement Fund to include a school and project specific audit of all expenditures for school facility capital improvements, maintenance, repairs, and operating costs and assess whether the District met the process, quality, schedule, and cost objectives of the Facilities Master Plan and Capital Improvement Plan and Budget for FY 2013	Survey
27	Washington Convention and Sports Authority (Events DC)	To determine whether FY 2015 projected dedicated tax revenues, operation revenues, and excess reserve will be sufficient to meet the FY 2015 projected expenditures and reserve requirements of Events DC	Not Started
28	Washington Convention and Sports Authority (Events DC)	To determine whether the accounts and operations of Events DC complied with applicable laws, regulations, and policies and procedures	Not Started
29	Metropolitan Police Department (MPD)	To ensure MPD complied with rules, regulations and laws pertaining to MPD investigations concerning first amendment activities during FY 2013	Not Started
30	Lottery and Charitable Games Control Board (Lottery)	To determine whether accounts and transactions of the Lottery complied with applicable laws, municipal regulations, policies and procedures	Survey
31	Homeless programs affiliated with Nonprofit Organizations	To review homeless programs affiliated with nonprofit organizations to determine redundancy, waste, inefficiency, and inadequate accountability	Not Started
32	Metropolitan Police Department (MPD)	To determine whether operations were efficient, effective, economical, and complied with rules, regulation and laws	Not Started
33	Department of Behavioral Health (DBH)	To determine whether the operations of Saint Elizabeths were efficient, effective, economical, and complied with rules, regulations and laws	Survey
34	Public Charter School Board (PCSB)/ Public Charter Schools (PCS)	To determine whether accounts and operations were managed effectively and economically and complied with rules, regulations and laws	Survey
35	District of Columbia Public Schools (DCPS)	To determine whether operations were efficient, effective, economical, and complied with rules, regulations and laws	Survey

36	Department of Health (DOH)	To determine whether operations were efficient, effective, economical, and complied with rules, regulations and laws	Not Started
37	Board of Elections	To determine whether the voter files were accurate and complied with relevant rules, regulations and laws	Not Started
38	Department of the Environment	To determine whether the department managed the Anacostia River Clean Up and Protection Program in an effective and efficient manner and complied with rules, regulations and laws	Survey
39	Department of Unified Communications	To determine whether 311 Call Center was managed in an effective and efficient manner and complied with rules, regulations and law	Not Started
40	Previously Audited Agencies	To determine whether agreed upon recommendations issued during FY 2012 and 2013 were implemented	Ongoing
41	Office of the Chief Financial Officer (OCFO)	District of Columbia Revenue Certification for FY 2014 Bond Issuance	Reporting