

Date: February 2, 2017

To: Council of the District of Columbia

From: Kathleen Patterson, District of Columbia Auditor



Subject: 2017 First Quarter Activity Report

This report provides information on the activities of the Office of the District of Columbia Auditor (ODCA) for October 2016 through December 2017. It includes [reports](#) issued, announcements, media placements, and the status of current FY 2016 audits and program evaluations included in the ODCA 2017 Workplan.

[Contracting Out School Food Services Failed to Control Costs as Promised](#)

Released: October 7, 2016

Summary: The evaluation was requested by Councilmember Mary Cheh in June 2015, following the District's \$19.4 million settlement resolving a False Claims Act case brought against Compass Group USA, and its subsidiary, Chartwells, a food service management company contracted to serve school meals to District of Columbia Public School (DCPS) students from 2008 to 2016. Councilmember Cheh asked the Auditor to evaluate DCPS' privatization of food services and to assess the costs, benefits, and limitations of self-operated school food services as a comparison.

The report recommends that DCPS make a stronger commitment to the management and oversight of the school food program through:

- Effective negotiation for succeeding years of the current privatization contracts with SodexoMagic and D.C. Central Kitchen, to include either lower base prices or sliding scale unit prices based on expanding participation so that vendors have clear monetary incentives to both expand participation and reduce overall costs or other alternatives that achieve the same goals.
- Significantly more robust Office of Food and Nutrition Services (OFNS) operations and a return to a cost-reimbursable contract for school food services in which DCPS has a greater and more effective control over expenditures, quality, participation, and all other aspects of the school food program.
- A transition to a self-operated food service program as has been accomplished by systems in Philadelphia, Detroit, New Haven, and other cities, so that District government employees accountable to District government leaders – DCPS leadership, the Mayor, and the D.C. Council – are empowered to pursue the policy objectives of better nutrition and greater participation while also reducing the proportion of food service expenditures that come from D.C. taxpayer dollars.

Certification of Fiscal Year 2017 Total Local Source General Fund Revenue Estimate (Net of Dedicated Taxes) in Support of the District's Issuance of General Obligation Bonds (Series 2016D)

Released: December 19, 2016

Summary: On October 13, 2016, the Deputy Chief Financial Officer and Treasurer of the District of Columbia requested that the Auditor certify the Office of the Chief Financial Officer (OCFO) Fiscal Year (FY) 2017 estimated total local source General Fund Revenue (net of dedicated taxes). OCFO requested the Auditor's certification in connection with the District's issuance of \$398,910,000 in General Obligation Bonds (Series 2016 D), to finance certain approved capital projects in the District's Capital Improvement Plan and \$190,635,000 in General Obligation Refunding Bonds (Series 2016 E) to refund a portion of the District's outstanding General Obligation Refunding Bonds, Series 2007C. This report sets forth the results of the Auditor's analysis of the CFO's FY 2017 local source revenue (net of Dedicated Taxes) estimate of \$7,170,180,000.

Based on an analysis of information provided by the Office of the Chief Financial Officer of the District of Columbia, as of December 19, 2016, the assumptions supporting the fiscal year (FY) 2017 revenue estimate, and other relevant economic data, the Auditor concludes that the September 30, 2016, FY 2017 local source revenue (net of Dedicated Taxes) estimate of \$7,170,180 appears to be both reasonable and achievable. Further, the issuance of the new bonds is not likely to exceed the District's 17 percent limitation on debt service payments.

Site Visit Observations: 2016 Marion S. Barry Summer Youth Employment Program

Released: December 21, 2016

Summary: The D.C. Council allocated \$200,000 in the FY 2016 budget for ODCA to "conduct an evaluation of multiple years of the summer youth jobs program to assess whether the program has met and is meeting program objectives." To examine MBSYEP's operations in depth and from a variety of perspectives, ODCA: 1) issued a report in April 2016 comparing MBSYEP to summer youth employment programs in eight other large cities; and 2) published a report in June 2016 summarizing MBSYEP program data and activities during 2015 and in preparation for the 2016 program.

This letter report supplements ODCA's previous work by providing a snapshot of MBSYEP implementation. As part of a yearlong evaluation of the Marion S. Barry Summer Youth Employment Program (MBSYEP), the ODCA staff visited 18 MBSYEP sites where participants were taking work readiness classes or gaining work experience during the 2016 program. The report recommends that:

- DOES, the D.C. Public Schools, and D.C. public charter schools should continue to develop and expand MBSYEP offerings that combine work readiness activities with academic skills development.
- DOES should intensify its efforts to recruit and develop host employers that can provide high-quality career exploration and work experience, particularly by working with host employers between summers, to identify high-quality providers and offer them training and technical assistance.
- DOES should work more closely with host employers to discourage worksite behaviors – such as frequent absences, tardiness, and use of cell phones during classes – that undermine the development of soft skills that are important to success in school and on the job.

Announcements

Checked & Balanced Podcasts

The goal of ODCA's Checked & Balanced podcast series is to give District residents ready access to ODCA reports and the opportunity to learn more about the ODCA mission, staff, functions, and processes. Each podcast posting links to the corresponding full report on the ODCA website. ODCA's

Fiscal Year 2017 podcasts include:

[ODCA Discusses Its Internal Review Processes \(IRR\)](#), December 7, 2016

[Auditor Discusses ODCA Work Plan](#), November 30, 2016

[Review of the Food Services Audit with D.C. Auditor Kathy Patterson](#), October 30, 2016

Media Placements

[When Developers Promise Local Jobs, Who Keeps Them Accountable?](#) WAMU/The Kojo Nnamdi Show, October 10, 2016

[D.C. Government Failing To Hold Developers Accountable, City Auditor Says](#), The Washington Post, October 7, 2016

[Auditor: DCPS Should Bring Back In-House Food Service](#), TheDCist, October 7, 2016

[Audit: DC's Privatized School Lunch Program Didn't Save Money - Or Improve Meals](#), WTOP Radio, October 7, 2016

[Auditor says D.C. Public Schools Should Manage Its Own Food Program Again](#), The Washington Post, October 7, 2016

[Outsourced School Lunches Costing D.C. Millions: Auditor](#), The Washington Times, October 7, 2016

[New Report Says DCPS Could Save Millions of Dollars If It Starts Producing Own Lunches](#), WJLA-TV, October 7, 2016

Completed and Current Projects

Item #	Name	Origination	Agency	Purpose	Audit Phase/ Status	Expected Date of Completion
1	DCPS Food Service Contract Evaluation	Councilmember Cheh	D.C. Public Schools (DCPS)	Review of DCPS' contracts with food service management companies, the decision to outsource food services, and current and historic cost drivers and program operations.	Complete	10/07/16
2	Certification of OCFO Revenue Estimate	D.C. Code § 1-206.03	Office of the Chief Financial Officer (OCFO)	To review, analyze and assess the reasonableness and attainability of the CFO's FY 2017 local source revenue estimate, and to determine if the issuance of the proposed general obligation bonds would cause the District to exceed its debt ceiling, as outlined in D.C. Code § 1-206.03(b)(1)	Complete	12/19/16
3	Internal Control Review of Various Data Systems (PII Review)	Discretionary	DC Department of Human Resources (DCHR), Child and Family Services (CFSA), Department of Employment Services (DOES)	To review sufficiency and appropriateness of internal control for several District data systems	Complete	1/06/17
4	Snow Removal Review	Councilmember Cheh	Department of Public Works (DPW)	To review expenditures associated with snow removal for Winter Storm Jonas	Complete	1/11/16
5	Recommendation Compliance Report	GAGAS	Previously Audited Agencies	To determine whether recommendations issued from FY 2014 to present were implemented	Complete	1/13/17

Item #	Name	Origination	Agency	Purpose	Audit Phase/ Status	Expected Date of Completion
6	Impact of Potential Changes to ACA/Medicaid	CM Evans	Department of Health Care Finance (DHCF)	To examine the potential effects to the District of changes to provisions in the Affordable Care Act and to the Medicaid program. This review will examine effects on the District's budget as well as effects on potential insurance coverage for District residents.	Complete	1/25/17
7	MPD Patrol Services Audit	Risk Based Audit	Metropolitan Police Department (MPD)	To determine whether MPD Patrol Services is achieving goals	Reporting	February
8	UDC Audit	Risk Based Audit	University of the District of Columbia	To determine whether UDC is achieving its goals with a focus on elements of the new strategic plan	Reporting	February
9	DCPS Capital Improvement Fund Evaluation, FY 2016 (Roosevelt, Shepherd & Ballou)	D.C. Code § 38-2973.05	Department of General Services (DGS)	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 2016 with a focus on the construction and close-out phases of the Shepherd and Roosevelt projects	Field Work	April
10	Summer Youth Employment Program Evaluation	Councilmember Silverman	Department of Employment Services (DOES)	Contract review of program data, processes, and internal controls of the District's Summer Youth Employment Program	Ongoing	February
11	Housing Production Trust Fund (HPTF) Audit	Councilmember Evans	Department of Housing and Community Development (DHCD)	To assess whether the Housing Production Trust Fund is meeting its objectives	Reporting	February
12	Housing Production Trust Fund (HPTF) Data Report	Councilmember Evans	Department of Housing and Community Development (DHCD)	To document HPTF revenue/expenditure and number of units produced	Reporting	March

Item #	Name	Origination	Agency	Purpose	Audit Phase/ Status	Expected Date of Completion
13	Audit of Vacant/Blighted Properties	Risk Based Audit	Department of Consumer and Regulatory Affairs (DCRA)	To determine whether DCRA is effectively managing vacant and blighted properties by reviewing: the number, location, and type of properties; trends in number of properties; community effects of properties; exemptions from punitive tax rates; enforcement tools; legal actions; and/or interagency coordination.	Survey/Field Work	April
14	PAR Audit FY 2016	D.C. Code § 1-614.14(c)	Department of Public Works (DPW) and Office of the City Administrator (OCA)	To identify best and worst case examples of performance measurement for District agencies.	Field Work	April
15	Home Visiting Program and Services Review	Discretionary	Deputy Mayor for Children, Youth and Families	To produce a status report on home visiting programs and services in the District of Columbia, including a baseline on who is served, by which services and programs, at what cost – local and federal -- and the extent to which there may be unmet needs in the District.	Reporting	February
16	Evaluation of Systems Development Processes in the District	Discretionary	DCRA, DMPED, OCTO, OCFO, DSLBD	To conduct a case study and evaluate the costs of the DC Business Portal as example of IT development process	Reporting	February
17	DC Government-Subsidized Parking Audit	Discretionary	Department of General Services (DGS)	To review subsidized parking for District government employees. Includes parking in District-owned and leased properties. Will bring up-to-date a previous review on subsidized parking.	Survey	May
18	DCPS Elementary School Staffing Study	Discretionary	District of Columbia Public Schools (DCPS)	To identify similarities and differences in staffing patterns among schools and examine schools' use of formula funding and their sources of funding.	Ongoing	May

Item #	Name	Origination	Agency	Purpose	Audit Phase/ Status	Expected Date of Completion
19	Evaluation of Child Fatality Review Committee Reports	Discretionary	Office of the Chief Medical Examiner (OCME)	Capstone group from GWU will review Child Fatality Review Committee reports regarding: (1) trends and types; and (2) recommendations and status.	Reporting	April
20	Public Vehicles-for-Hire Consumer Fund	D.C. Code § 50-301.20(j)	Department of For-Hire Vehicles (DFHV)	To audit the Public Vehicles-for-Hire Consumer Fund.	Field work	April
21	DC Early Intervention Program Analysis	CM Grosso	Office of the State Superintendent of Education (OSSE)	To analyze the District's use of federal IDEA Part C funds (early intervention services) to determine whether OSSE has appropriate budget and fiscal management practices to handle expansions under the Enhanced Special Education Services Amendment Act of 2014.	Planning	October
22	DBH and the DC Justice System	Discretionary	Department of Behavioral Health	Contract performance evaluation to determine efficacy of DBH policies and procedures governing the provision of services to individuals involved in the criminal justice system.	Ongoing	October
23	MPD First Amendment Evaluation	DC Code § 5-333.12(d)(1) and (2)	Metropolitan Police Department (MPD)	To ensure MPD complied with rules, regulations and laws pertaining to MPD investigations during FY 2014-2016 concerning first amendment activities during and to determine whether MPD implemented recommendations in previous ODCA audit reports.	Survey	April
24	First Source Compliance Review	Discretionary	Department of Employment Services (DOES)	To evaluate DOES's performance in enforcement of compliance of companies doing business with the District in meeting First Source requirements to hire D.C. residents.	Planning	June

Item #	Name	Origination	Agency	Purpose	Audit Phase/ Status	Expected Date of Completion
25	Audit/Evaluation of Overtime Payments for District Employees	Discretionary	TBD	To evaluate trends in overtime payments for District employees.	Planning	December
26	Revenue Evaluation	Discretionary	Revenue source and relevant agency to be determined during survey phase	To determine whether revenues are being properly assessed and collected. Possible areas: Hotel Occupancy Tax, Tax for online hotel booking sites	Not started	TBD
27	DCPS Capital Improvement Fund Evaluation, FY 2017	D.C. Code § 38-2973.05	Department of General Services (DGS)	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 2017.	Not started	TBD
28	PAR Audit FY 17	D.C. Code § 1-614.1(c)	TBD during survey phase	To audit selected Agency Performance Plans and Performance Reports	Not started	TBD
29	Events DC Revenue Sufficiency Review	D.C. Code § 1-1203.05(b)	Washington Convention and Sports Authority (Events DC)	To determine whether FY 2018 projected dedicated tax revenues, operation revenues, and excess reserve will be sufficient to meet the FY 2018 projected expenditures and reserve requirements of Events DC	Not started	July
30	Audit of Lottery and Charitable Games Control Board	D.C. Code § 3-1319	Lottery and Charitable Games Control Board	To review Lottery and Charitable Games Control Board accounts and transactions with respect to the operation of lottery and daily numbers games.	Not started	TBD
31	Affordable Housing Dwelling Units Program Audit	Discretionary	Department of Housing and Community Development (DHCD)	To evaluate the performance of the AHDU in providing affordable housing to District residents.	Not started	TBD

ANC REVIEWS AND REPORTS

Item #	Name	Origination	Agency	Purpose	Audit Phase/ Status	Expected Date of Completion
32	ANC Security Fund Review	D.C. Code § 1-309.13	Advisory Neighborhood Commissions (ANC)	To present the Security Fund Annual Financial Report of the Advisory Neighborhood Commission for FY 2016	Complete	12/8/16
33	ANC Annual Report	D.C. Code § 1-309.13	Advisory Neighborhood Commissions (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 2016.	Not started	April
34	Review of Quarterly ANC Reports Allotment: Q1 FY17 Report: Q3 FY16	D.C 6 Code § 1-309.13	Advisory Neighborhood Commissions (ANC)	Review of quarterly reports submitted by ANCs and, once verified, authorize the release of quarterly allotments.	Ongoing	February
35	Audit of ANCs	DC Code § 1-309.13(d)(1)	Advisory Neighborhood Commissions (ANC)	<i>To determine whether the recommendations of ANCs were given "great weight" during FY 2016</i>	Not started	December

CBE COMPLIANCE REPORTS

Item #	Name	Origination	Agency	Purpose	Audit Phase/ Status	Expected Date of Completion
36	Agency SBE Compliance Evaluation, Quarter 2/3 FY 2016	DC Code § 1-301.184	Department of Small and Local Business Development (DSLBD)	To determine the FY 2016 SBE expenditures of District agencies through the 3rd quarter of FY 2016 and to determine the compliance of District agencies with SBE goals and expenditure reporting requirements	Complete	Report issued 12/22/16

37	Developer CBE Compliance Review	D.C. Code § 1-301.183	Public-Private Developers	To determine whether developers complied with the requirements of Certified Business Enterprise Agreements (CBEAs) for FY 2016 and to report on the progress of developers in reaching CBE goals established in CBEAs.	Not started	TBD
38	Agency SBE Compliance, FY 2016	D.C. Code § 2-218.53 and § 1-301.184	Department of Small and Local Business Development (DSLBD)	To determine whether District agencies met the required goal of procuring 50% of agency expendable budgets with SBEs in FY 2016 and to determine the compliance of District agencies with SBE goals and expenditure reporting requirements.	Not started	TBD
39	Agency SBE Compliance Review, Quarters 1 & 2 FY 2017	D.C. Code § 1-301.184	Department of Small and Local Business Development (DSLBD)	To determine the FY 2016 SBE expenditures of District agencies through the 2nd quarter of FY 2017 and to determine the compliance of District agencies with SBE goals and expenditure reporting requirements.	Not started	TBD

011:17:KP:cp