


**Date:** July 31, 2014  
**To:** Council of the District of Columbia  
**From:** Lawrence Perry   
Acting District of Columbia Auditor  
**Subject:** Activity Report – July 2014

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This report provides information on the activities of the Office of the District of Columbia Auditor (ODCA) for July 2014. The report includes reports issued, announcements, the status of current audit projects, and a summary of planned Fiscal Year 2014 audits.

**[Audit Reports:](#)**

**[District of Columbia Agencies' Compliance with Fiscal Year 2013 Small Business Enterprise Expenditure Goals](#)**

**Released:** July 9, 2014

**Summary:** ODCA examined and assessed District of Columbia government agencies' compliance with fiscal year (FY) 2013 Small Business Enterprise (SBE) expenditure goals (October 1, 2012 through September 30, 2013). We found that 80 agencies collectively spent \$172,869,111 with SBEs in FY 2013 or 34 percent of the cumulative reported SBE goal of \$506,655,781. Of the 80 agencies, 45 agencies met or exceeded their FY 2013 expenditure goal, spending a combined total of \$130,402,524. Although many agencies reached or exceeded their SBE expenditure goal, many agencies did not reach their SBE goal. In total, the District of Columbia fell over \$333 million short of the overall FY 2013 SBE expenditure goal of \$506,655,781.

**[DC Public Education Reform  
Amendment Act \(PERAA\) Report No. 3  
Part I](#)**

**Released:** July 9, 2014

**Summary:** "Trends in Teacher Effectiveness in the District of Columbia Public (DCPS), School Years 2008-2009 & 2012-2013" is the third in a series of interim reports prepared by the Education Consortium for Research and Evaluation (EdCORE) at the George Washington University. Part I focuses solely on the retention of classroom teachers in the District of Columbia Public Schools (DCPS).

## 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 2015

**Released:** July 14, 2014

**Summary:** This report sets forth the results of the Auditor's certification of the sufficiency of the Washington Convention and Sports Authority (WCSA) projected revenues and excess reserve to meet WCSA's projected expenditures and reserve requirements for FY 2015. Based on our review, we determined that WCSA's FY 2015 projected revenues and excess reserves are sufficient to meet its FY 2015 projected expenditures and reserve requirements. WCSA's FY 2015 projected revenues and excess reserve are projected to exceed expenditures by approximately \$40.0 million.

## Audit of the District's Eastern Market Program and Fund

**Released:** July 29, 2014

**Summary:** Eastern Market is the District's oldest, continually operating, public fresh food market. Located in the heart of the historic Capitol Hill neighborhood, Eastern Market is one of the District's destinations for fresh food, hand-made arts and crafts, and community events. During the scope of our audit, Eastern Market was managed by the Department of General Services (DGS). District of Columbia Code § 37-103 (a) and (b) established the Eastern Market Enterprise Fund (Fund), an interest-bearing account that shall be operated by the Chief Property Management Officer (CPMO) in accordance with general accepted accounting principles. The code also requires the CPMO to deposit into the Fund all revenue, proceeds, and moneys from whatever source derived which are collected or received by the CPMO on behalf of Eastern Market. During our audit scope, DGS served as the CPMO. DGS forwarded all collections related to the Eastern Market Fund to the Office of the Chief Financial Office, Office of Finance and Resource Management (OFRM) for deposit.

Overall, we found control deficiencies while determining whether revenue was collected and deposited to the Eastern Market Fund. These deficiencies were noted for deposits related to South Hall, North Hall and Weekend Market activities. As a result of our testing conducted on a sample of disbursements, we found that the disbursements made from the Eastern Market bank account were related to Eastern Market activities.

### **Announcements:**

ODCA continued the first phase of a comprehensive risk assessment, in which we assigned a score to potential audit areas based upon specific risk factors related to an auditee's operations, internal controls, and liability to the District. During June we assigned scores to all agency divisions with a budget of \$5 million or more using the following seven risk factors:

- Projected FY 2015 budget
- Projected number of FTEs
- Asset Liquidity
- Complexity of Operations/Transactions

- Public Interest/Exposure
- Time Since Last Audit
- Concerns of Fraud/Known Fraud Cases

In July, we provided a list of the 25 divisions with the highest risk scores to each member of the Council, as well as to the agency directors who oversee the 25 divisions asking each member of the Council for input on whether they have any specific areas of concern related to these 25 divisions. We also asked the agency directors overseeing the 25 divisions to complete a short questionnaire on the programs, processes, and objectives of the divisions that they feel warrant further investigation. Using the information gathered from the Councilmembers and agency directors, we will make further adjustments to the risk scores for each division.

ODCA expects to complete the risk assessment by August 15, 2014.

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The Public Education Reform Amendment Act (PERAA) requires a Five Year Evaluation of District of Columbia Public Schools. Under a mandate of PERAA, the Office of the District of Columbia Auditor contracted with the Academy of Sciences (NAS) through the National Research Council, the operating arm of the NAS, to conduct an independent evaluation of the District of Columbia Public Schools.

NAS delivered the third of six evaluation reports on June 30, 2014. The report entitled, “DC Public Education Reform Amendment Act (PERAA) Report No. 3 Part I”, assess trends in teacher effectiveness in the District of Columbia Public Schools for School Years 2008 - 2009 and 2012-2013. The report was published on our website on July 10, 2014.

**Current Audits:**

	<b>Audit Agency</b>	<b>Purpose</b>	<b>Status</b>
1	<b>Office of the People’s Counsel (OPC)</b>	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	Final Issued 1/14/2014
2	<b>D.C. Children and Youth Investment Trust Corporation (CYITC)</b>	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	Final Issued 2/12/2014

	<b>Audit Agency</b>	<b>Purpose</b>	<b>Status</b>
3	<b>Department of General Services (DGS)</b>	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	Draft Issued 6/19/2014
4	<b>Metropolitan Police Department (MPD)</b>	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	Final Issued 3/19/2014
5	<b>Department of General Services (DGS)</b>	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	Reporting
6	<b>Advisory Neighborhood Commissioners (ANC)</b>	To determine whether ANC Commissioners administered and operated ANC financial accounts in accordance with applicable District laws and regulations	Reporting/ Fieldwork
7	<b>District Department of Transportation (DDOT)</b>	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	<b>University of the District of Columbia (UDC)</b>	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	<b>Homeland Security Emergency Management (HSEMA)</b>	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	<b>Department of Health Care Finance (DHCF)</b>	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	Reporting

	<b>Audit Agency</b>	<b>Purpose</b>	<b>Status</b>
11	<b>Department of Consumer and Regulatory Affairs (DCRA)</b>	To examine the program's cost and effectiveness	Terminated
12	<b>Department of General Services (DGS)</b>	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	Fieldwork
13	<b>Department of Motor Vehicles (DMV)</b>	To determine whether DMV met the performance measurement outcomes presented in the Performance Accountability Report for FY 2012	Reporting
14	<b>Public-Private Developers</b>	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	Final Issued 1/9/2014
15	<b>Department of Small and Local Business Development (DSLBD)</b>	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	Final Issued 5/14/2014
16	<b>Department of Small and Local Business Development (DSLBD)</b>	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	Final Issued 7/9/2014
17	<b>Department of Small and Local Business Development (DSLBD)</b>	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	Final Issued 6/18/2014
18	<b>Department of Small and Local Business Development (DSLBD)</b>	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	Ongoing

	<b>Audit Agency</b>	<b>Purpose</b>	<b>Status</b>
19	<b>Advisory Neighborhood Commission (ANC)</b>	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	Ongoing
20	<b>Advisory Neighborhood Commission (ANC)</b>	To present the Security Fund Annual Financial Report of the Advisory Neighborhood Commission for FY 2013	Final Issued 12/20/2013
21	<b>District of Columbia Public Schools (DCPS) The Public Education Reform Amendment Act (PERAA)</b>	To present a comprehensive quantitative analyses of human resources operations and human capital strategies, five-year trend analysis that will be due no later than June 30, 2014.	Report Completed (Report No. 3 Part I) 7/9/2014
22	<b>District of Columbia Public Schools (DCPS)</b>	To present a five-year trend analysis of student achievement that addresses academic growth, proficiency, and non-academic values. In addition, multi-year analyses would be conducted of several other student outcomes, depending on available data that will be completed by September 5, 2014.	Ongoing
23	<b>Department of Employment Services (DOES)/ Department of Human Resources (DCHR)</b>	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	Survey
24	<b>Department of General Services (DGS)</b>	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	Fieldwork
25	<b>Washington Convention and Sports Authority (Events DC)</b>	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	Final Issued 7/14/2014
26	<b>Washington Convention and Sports Authority (Events DC)</b>	To determine whether the accounts and operations of Events DC complied with applicable laws, regulations, and policies and procedures	Not Started

	<b>Audit Agency</b>	<b>Purpose</b>	<b>Status</b>
27	<b>Metropolitan Police Department (MPD)</b>	To ensure MPD complied with rules, regulations and laws pertaining to MPD investigations concerning first amendment activities during FY 2013	Fieldwork
28	<b>Lottery and Charitable Games Control Board (Lottery)</b>	To determine whether accounts and transactions of the Lottery complied with applicable laws, municipal regulations, policies and procedures	Fieldwork
29	<b>Homeless programs affiliated with Nonprofit Organizations</b>	To review homeless programs affiliated with nonprofit organizations to determine redundancy, waste, inefficiency, and inadequate accountability	Survey
30	<b>Metropolitan Police Department (MPD)</b>	To determine whether operations were efficient, effective, economical, and complied with rules, regulation and laws	Not Started
31	<b>Department of Behavioral Health (DBH)</b>	To determine whether the operations of Saint Elizabeths were efficient, effective, economical, and complied with rules, regulations and laws	Survey
32	<b>Public Charter School Board (PCSB)/ Public Charter Schools (PCS)</b>	To determine whether accounts and operations were managed effectively and economically and complied with rules, regulations and laws	Reporting
33	<b>District of Columbia Public Schools (DCPS)</b>	To determine whether operations were efficient, effective, economical, and complied with rules, regulations and laws	Reporting
34	<b>Department of Health (DOH)</b>	To determine whether operations were efficient, effective, economical, and complied with rules, regulations and laws	Not Started
35	<b>Board of Elections</b>	To determine whether the voter files were accurate and complied with relevant rules, regulations and laws	Survey
36	<b>Department of the Environment</b>	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	Reporting
37	<b>Office of Unified Communications</b>	To determine whether 311 Call Center was managed in an effective and efficient manner and complied with rules, regulations and law	Survey

	<b>Audit Agency</b>	<b>Purpose</b>	<b>Status</b>
38	<b>Previously Audited Agencies</b>	To determine whether agreed upon recommendations issued during FY 2012 and 2013 were implemented	Ongoing
39	<b>Office of the Chief Financial Officer (OCFO)</b>	District of Columbia Revenue Certification for FY 2014 Bond Issuance	Final Issued 4/3/2014
40	<b>Office of the Deputy Mayor for Planning and Economic Development (DMPED) and District of Columbia Housing Authority (DCHA)</b>	To determine whether the New Communities Initiative operations are efficient, effective, economical, and comply with rules, regulations and laws	Suspended
41	<b>Department of Human Services</b>	To determine the number of families affected by the second reduction in TANF benefits and to identify if the families have had changes in education performance, health and new interactions with social services	Final Issued 5/28/2014
42	<b>Office of the Chief Financial Officer (OCFO)</b>	District of Columbia Revenue Certification for FY 2014 Bond Issuance (2 <sup>nd</sup> Issuance)	Reporting