



Office of the District of Columbia Auditor

Date: March 22, 2013
To: Council of the District of Columbia
From: Yolanda Branche
District of Columbia Auditor
Subject: Activity Report – March 2013

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This report provides information on the activities of the Office of the District of Columbia Auditor (ODCA) for February 2013 through March 2013. The report includes reports issued, the status of current audit projects, a summary of planned Fiscal Year 2013 audits and an announcement.

Audit Reports

On March 12, 2013, ODCA issued a report titled, “Audit of the Fraud Prevention Fund”. The audit reviewed the compliance of the Office of the Mayor with the requirements of the Telephone Fraud Amendment Act of 2000 (Act). The purpose of the Act was to protect District residents from unlawful, deceptive and abusive telemarketing practices. Our audit found that in the 12 years since the enactment of the Act, the Office of the Mayor has not established the Fraud Prevention Fund or designated an agency to administer the work of the Task Force to Combat Fraud. The audit report can be found at: <http://dcauditor.org/sites/default/files/DCA052013.pdf>

On March 21, 2013, ODCA issued a report on the Affordable Housing Mandates for Development Projects Formerly Managed by the Dissolved National Capital Revitalization Corporation and Anacostia Waterford Corporation. Our audit found the processes used by developers to identify and qualify potential buyers and renters resulted in some affordable housing units being made available to individuals who did not qualify for housing based on their income and housing size. The audit report can be found at: <http://dcauditor.org/sites/default/files/DCA062013.pdf>

On March 21, 2013, ODCA issued a report on the compliance of District agencies with Small Business Enterprise Goals through the 1st quarter of Fiscal Year 2013. We found that the 80 agencies reviewed, as a whole, spent a total of \$25,402,477 with Small Business Enterprises through the 1st quarter of Fiscal Year 2013 or 4% towards the \$633,209,321 total Fiscal Year Small Business Enterprise goal for the 80 agencies. The report can be found at: <http://dcauditor.org/sites/default/files/DCA072013.pdf>

Current Audits

	Audit	Audit Objectives	Status
1	Affordable Housing	Review of the District's Affordable Housing Program.	Issued March 20, 2013
2	H Street Corridor Contract	Review of H Street Shuttle Bus Contract for compliance with rules, regulations, and laws.	Reporting
3	Grant Management	Audit of Children and Youth Investment Trust Corporation and selected grant recipients to determine adequacy of internal controls and compliance with rules, regulations and laws.	On Going
4	Department of General Services	Review of solicitation and award of contract for snow removal services.	Reporting
5	Office of the Chief Financial Officer	Review of the implementation by the Office of the Chief Financial Officer of recommendations made in the report of the Office of the D.C. Auditor titled Review of the District's Cash Advance Fund.	Reporting
6	Department of General Services	Review of compliance with Certified Business Enterprise rules and regulations.	On Going
7	Driver Education	Annual audit of Driver Education	Reporting

	Program Fund	Program Fund.	
8	Eastern Market	Audit of the Eastern Market Enterprise Fund.	Reporting
9	Fraud Prevention Fund	Audit Fraud Prevention Fund Fiscal Year 2102.	Issued March 12, 2013
10	University of the District of Columbia	Review of the Endowment Fund of the University of the District of Columbia Fiscal Year 2010-Fiscal Year 2011.	On Going
11	Department of Small and Local Business Development	Review of the Certified Business Enterprise certification process.	On Going
12	Department of General Services	Audit of First Source Apprenticeship Program.	On Going
13	Economic Impact of Sick Leave on the Private Sector	Based on a sample of District businesses to determine compliance with posting requirements and whether staffing patterns are used to circumvent sick leave requirements.	On Going
14	Department of Transportation	Review of road construction contracts.	On Going
15	Advisory Neighborhood Commission	Audit of financial accounts of Advisory Neighborhood Commission 8E to include expenditure trend analysis.	On Going
16	Certified Business Compliance Unit FY 2013 1st Quarter Report	Determine whether District agencies and Government Corporations met Small Business Enterprise goals.	Issued March 21, 2013

Planned Fiscal Year 2013 Audits – Not Started as of March 19, 2013

17	Advisory Neighborhood Commission	Audit of financial accounts of Advisory Neighborhood Commission 7D to include expenditure trend analysis.	Not Started
18	Certified Business Compliance Unit FY 2013 1st Quarter Report	Determine whether District agencies and Government Corporations met Small Business Enterprise goals.	Not Started
19	Performance Measures: Department of Motor Vehicles	Review performance measurement outcomes presented in Department of Motor Vehicle. Development performance measurement reports Department of Motor Vehicles.	Not Started
20	District of Columbia Public Schools	Review of the use of the capital funds by the District of Columbia Public Schools during the preceding fiscal year.	Not Started
21	Department of Mental Health	Determination of whether privatization contract Mental Health Facilities achieved 5% savings and met performance standards.	Not Started
22	Certified Business Compliance Unit FY 2013 2nd Quarter Report	Determine whether District agencies and Government Corporations met Small Business Enterprise goals.	Not Started
23	Department of Housing and Community Development	Review of grant issued for program titled Housing Opportunities for People Living with AIDS.	Not Started

24	Department of Consumer and Regulatory Affairs	Audit of the basic business licensing program (taxation, licensing, permits, assessments and fees) to include an examination of the program cost and effectiveness.	Not Started
25	Fraud Prevention Fund	Fiscal Year 2013 audit of the Fraud Prevention Fund.	Not Started
26	Washington Convention Center	Certification of sufficiency of projected revenue.	Not Started
27	Certified Business Compliance Unit FY 2013 3rd Quarter Report	Determine whether District agencies and Government Corporations met Small Business Enterprise goals.	Not Started
28	Fiscal Year 2013 Metropolitan Police Department	Audit of Metropolitan Police Department's investigations and preliminary inquiries involving First Amendment activities.	Not Started
29	Office of People's Counsel Agency Fund	An audit of the financial activities of the Office of the People's Counsel Agency Fund.	Not Started
30	Homeland Security and Emergency Management Agency	Determine compliance recommendations presented in March 3, 2009 audit report titled Implementation of Omnibus Homeland Security Act.	Not Started
31	Certified Business FY 2012 Annual Report	Analysis of whether District Agencies and Government Corporations met Small Business Enterprise goals.	Not Started

32	Annual Report Advisory Neighborhood Commissions	Consolidated report on the financial activity of Advisory Neighborhood Commissions to include expenditure trend analysis.	Not Started
33	District of Columbia Public Schools	Review of process to verify residency to attend D.C. Public Schools.	Not Started
34	Department of Health Care Finance	Nursing Facility Quality of Care Fund.	Not Started
35	Public Service Commission Fund Fiscal Year 2012	Review of the Public Service Commission Fund Fiscal Year 2012 deposits and disbursements.	Not Started
36	Department of Parks and Recreation	Evaluate the effectiveness of internal controls.	Not Started
37	Homeland Security and Emergency Management Agency	Review of festival security fees.	Not Started

Announcement

On March 4, 2013, the Office of the District of Columbia Auditor testified before the Committee of the Whole on the performance of the Office of the D.C. Auditor in Fiscal Year 2012. A copy of the testimony is attached.

cc: The Honorable Vincent C. Gray, Mayor, District of Columbia
 Mr. Charles Willoughby, Inspector General, District of Columbia
 Dr. Natwar Gandhi, Chief Financial Officer, District of Columbia

Attachment

**TESTIMONY
OF
YOLANDA BRANCHE
DISTRICT OF COLUMBIA AUDITOR**

**PERFORMANCE OVERSIGHT HEARING
OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR**

**COMMITTEE OF THE WHOLE
COUNCIL OF THE DISTRICT OF COLUMBIA**

March 14, 2013

CHAIRMAN MENDELSON AND MEMBERS OF THE COMMITTEE OF THE WHOLE: I am Yolanda Branche, District of Columbia Auditor. Thank you for the opportunity to appear before you to present testimony on the performance of the Office of the District of Columbia Auditor.

MISSION OF THE OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

The mission of the Office of the District of Columbia Auditor is to assist the Council in performing its responsibilities by auditing the accounts and programs of the District, to ensure that effective programmatic and budgetary decisions are made. By providing objective assessments of whether the resources of the District of Columbia are managed responsibly and effectively, the Office of the D.C. Auditor helps District agencies maintain accountability and improve operations. Through

our audit work, we seek to ensure that District government programs and activities function economically, efficiently and in compliance with applicable laws, regulations, and rules. Underlying this mandate is our responsibility to be alert to instances of fraud, waste, abuse, and mismanagement of District resources.

FISCAL YEAR 2012 PERFORMANCE RESULTS

In Fiscal Year 2012, the Auditor's Office completed and issued 24 audit reports in which we certified revenues and identified mismanagement, questionable costs, and potential revenue generating opportunities. Our audits resulted in findings that will improve the operations of District agencies. For example:

- In Fiscal Year 2012, the Office of the District of Columbia Auditor conducted an audit to determine whether the Metropolitan Police Department properly implemented and complied with the provisions of the Police Investigations Concerning First Amendment Activities Act. Among our findings we determined that MPD did not properly authorize 16 of 20 First Amendment investigations. We also found that MPD did not obtain written approval and authorization for the use of Undercover Officers in 17 First Amendment investigations.

- After 23 D.C. public schools were closed and consolidated in 2008, the Council received a report from the Office of Public Education Facilities Modernization (OPEFM) that concluded the capital costs to facilitate the school closures and consolidations were \$9.7 million. In our 2012 audit, we found \$8 million of additional costs that were not included in OPEFM's report, bringing the total cost of the school closures and consolidations to \$17.7 million. The results of this audit are particularly relevant as DCPS considers additional school closures in Fiscal Year 2013.
- We conducted an audit of the District of Columbia Department of Human Services' Permanent Supportive Housing Program to determine the cost. The Permanent Supportive Housing Program was developed to provide permanent housing and supportive services to chronically homeless individuals. We found that the Department of Human Services paid \$6.1 million to the Community Partnership without reviewing any supporting documentation. The lack of documentation exposed the District to potential fraud, waste and abuse.
- As of the 3rd quarter of Fiscal Year 2012, we found that 80 District agencies spent a total of \$74.8 million with Small Business Enterprises. \$74.8 million is 8% of the \$937 million total Fiscal Year 2012 Small Business Enterprise goal for the 80 agencies.

FISCAL YEAR 2013 INITIATIVES

The Office of the D.C. Auditor is mandated to conduct a total of 27 audits. While many of the mandated audits were relevant to the Council when the legislation was enacted, some audits are no longer as relevant as they once were. We look forward to working with the Council to identify mandated audits that are no longer used to inform the deliberations of the Council or are essential to the Council's review of the programs and operations of the District.

Other initiatives that the Office of the D.C. Auditor initiated in Fiscal Year 2012 include:

- Meetings with Gene Dodaro, Comptroller General of the United States, and his staff to discuss measures to improve the operations of the Office of the D.C. Auditor. As a result, GAO presented two seminars at the Office of the D.C. Auditor. The title of the first seminar was "Assessing the Reliability of Computer Assisted Data." The title of the second seminar was "Designing Evaluations."
- Based on our work with GAO, the Office of the D.C. Auditor revised the process for drafting and editing audit reports to replicate GAO's approach which includes a Communications Analyst. Now, like GAO, the Office of the D.C. Auditor report drafting process includes a

Communications Analyst. The role of the Communications Analyst is to ensure that our audit reports are concise, objective and clear.

- The Office of the D.C. Auditor held an Advisory Neighborhood Commissions Financial Management Orientation for Chairpersons and Treasurers on February 9, 2013, to train new and returning officers on their ANC financial obligations. We also presented an overview of the financial tools and guidelines that are provided by our office. At the training, we discussed changes our office is making to better assist ANCs with their financial needs. The Office of the D.C. Auditor will continue to improve the delivery of services to ANCs. Towards that end, we now have a format that permits ANCs to transmit their quarterly reports electronically. We are also continuing to improve our communication with ANCs by attending more ANC meetings to better understand ANC operations. Additionally, we are revising the ANC section of our website to ensure that the section is easy to navigate and that ANC financial tools are readily available. Additionally, we will be posting the video of the February financial training on our website.

In Fiscal Year 2013, the Office of the D.C. Auditor will continue to work to ensure that our audit reports focus on efficiency and accountability and present recommendations that improve programs and result in cost savings.

I would like to thank the staff of the Office of the D.C. Auditor for their hard work and commitment to improving the operations of the government of the District of Columbia.

Mr. Chairman, this concludes my testimony. I will respond to any questions.