Testimony of

The Hon. Kathy Patterson
D.C. Auditor

Before the

Council of the District of Columbia
Committee of the Whole

Performance Oversight Hearing

March 8, 2016

The John A. Wilson Building
1350 Pennsylvania Avenue NW
Washington D.C. 20004

Mr. Chairman, I appreciate the opportunity to present information to the Committee on the performance of the Office of the D.C. Auditor. I am Kathy Patterson, and have held the position of D.C. Auditor since my confirmation at the end of 2014. I continue to be grateful for the confidence placed in me by the Council in assigning me to this important position in support of the legislative and oversight work of the D.C. Council.

In the Committee of the Whole report last year you made two policy recommendations for the Office of the D.C. Auditor. You said we should "continue to embrace [the] expanded functions of program evaluation and policy analysis on a broad range of government programs and activities." I believe we have done so, and continue to broaden our work to provide additional tools for Council oversight.

We have a new program evaluation unit, and that unit is overseeing reviews of two important topics: the Marion S. Barry Summer Youth Employment Program, and the Office of Administrative Hearings. The series of reports we have undertaken on the SYEP includes an 8-city overview that will be published shortly, providing the Council with a comprehensive snapshot of programs in eight other large cities in terms of youth served, how the programs are organized, the services provided to youth, and the level of non-local support provided. This will be in addition to the work the Council specifically requested in the Budget Support Act last year, and I think will make the audit of our own program more valuable by providing some comparisons and potentially new avenues for ways to serve D.C. youth.

The new program evaluation unit is also overseeing the mandated review of the Fair Criminal Record Screening Act, through a partnership with graduate students in the George Washington University Trachtenberg School of Public Policy and Public Administration, while also conducting additional in-house evaluations.

The second Committee of the Whole policy recommendation was to evaluate our staffing levels to determine what is necessary "to carry out ODCA's expanded goals and purpose." I am pleased to say that during my 15 months in this position we have hired eight additional staff members including a director of program evaluation, chief of staff, three auditors and three analysts and for much of the past year we have been fully staffed. We currently have three openings and have been interviewing to fill those positions. Per your recommendation, I have worked with the Council Secretary and COW staff on a request for an additional two FTEs that I hope will be funded through the FY2017 budget process and it would be my intention to use those positions to fill out our program evaluation unit. I hope to bring on board individuals with D.C. government experience, or experience in other state or municipal governments, so that we can make use of that kind of public sector expertise.

During Fiscal 2015 the Office of the D.C. Auditor produced 32 reports of all types – financial reviews, performance audits, letter reports, program evaluations. In Fiscal 2016 to date we have produced another eight reports. Highlights included a letter report that assessed the Board of Election's preparedness for the November 4, 2014 election, and included recommendations on election worker recruiting, training and retention; compliance with the Americans with Disabilities Act; current voting technology and reporting times and methodology. Another letter report released last March on homeless services funding raised questions about contract compliance and prompted an audit that will be released later this week on the District's contract with The Community Partnership for the Prevention of Homelessness.

In June we published a report detailing the District government's lack of consistent compliance with recommendations of what is known as the Rosenbaum Task Force which in 2007 promised reforms to emergency medical services. I am pleased that the report helped bring greater attention to the ongoing need for service improvements. At the end of January, Mr. Chairman, you were able to join the Chief of Police and me in releasing our report on the Metropolitan Police Department policies and practice on use of force, an audit conducted by The Bromwich Group on contract with ODCA. That review found that eight years after we ended a partnership with the Department of Justice, the reforms put in place between 2002 and 2008 are largely intact – though oversight is something the Council will want to continue.

Our most recent report, on the Real Property Tax Assessment Commission, was also what I would call a "good news" report. Our overarching finding was that the Council's efforts, starting seven or eight years ago to reform the handling of property tax appeals by residents and commercial property owners, has been successful. We offer recommendations in that report, particularly to address the classification of part-time commissioners, but overall we found that the process today is far more professional than during the tenure of the predecessor agency, the Board of Real Property Assessment and Appeals. For more information, appended to my statement is a list of all of the reports issued in FY 2015 and thus far in FY 2016.

This week we will release a report on the District's management contract with The Community Partnership for the Prevention of Homelessness, a report that is actually 20-some individual audits of the comprehensive services overseen by the nonprofit. Other upcoming reports include an analysis of the cost drivers of the modernization of Duke Ellington School for Performing Arts, an audit of the Metropolitan Police Department's Patrol Services including an overview of manpower issues; reports on the Summer Youth Employment Program as mentioned earlier, and a review of steps the Board of Elections could take to improve the accuracy of the District's voter file.

ODCA Performance Reporting

In our submission for this hearing we included a list of five goals for the office for the coming year and I will discuss those in brief.

ODCA recommendations achieve an 80% compliance rate

We publish an annual report detailing whether agencies have complied with recommendations made in our audits that comply with Generally Accepted Government Auditing Standards (GAGAS). For FY16 we will be adding recommendations contained in our other reports, including non-GAGAS audits, letter reports, and program evaluations. This goal has several elements: (1) assuring that our recommendations are sound, measurable, achievable and can be documented; (2) securing commitments and actions from agencies to adopt the recommendations; and (3) following up with agencies to ensure that they are implementing our recommendations, answering questions to help them achieve implementation, and working with the Council oversight committee to obtain compliance from the agency.

In 2016, we are enhancing our follow up to ODCA recommendations in several ways. First, we are now tracking District agencies' implementation of every recommendation contained within our reports, not just audit recommendations. Second, we have instituted a new centralized tracking software that allows a team of ODCA staff members to work collaboratively to follow up with agencies on the status of their efforts to correct problems identified in our reports. Third, we have implemented a more aggressive timeline and now request that agencies provide a status update 90 days, rather than 6 months, after we issue each report. We will continue to use the information gathered to publish an annual report on the overall success of District agencies in implementing the recommendations contained within our reports.

ODCA significantly increases the productivity of the agency by shortening the total length of time audits and evaluations take from engagement to publication

Our planning process will include setting and meeting realistic goals for completing audits and evaluations, which includes framing an audit in a way that minimizes the time required by survey and fieldwork phases and maximizes potential impact especially in cases when policy and budget decisions are pending. This can include more targeted sampling; spending time on site rather than waiting for document production; enforcing deadlines for receiving materials, and other strategies. We make every effort to work with agencies to obtain necessary records so that production does not delay our audits. We also have underway the implementation of database modules that will help us track individual employee time, and also track the time taken in various stages of our audits and evaluations.

Since 2008, we have been using TeamMate, an auditing software package that securely houses the project files for all of the work that we do. We are now implementing several new modules in TeamMate that will enhance our ability to schedule work and track the effort required for our audits and program evaluations. The scheduling module allows us to estimate the number of hours and resources required to complete each project. This helps us to set more meaningful project milestones and to increase awareness when project schedules may be slipping or exceeding estimates. We are also piloting a time entry system that will allow us to determine whether actual hours charged to each project are in line with budgeted hours and will give us a reliable estimate of the cost of performing each project. Each of these tools will help ODCA to become more efficient and effective in our daily operations.

Another step we have taken that has improved our productivity relates to our work with Advisory Neighborhood Commissions. As I shared with you a year ago, in February 2015 we moved to a web-based reporting system for the Commissions to use to share their quarterly financial reports called the Quarterly Report Assistant (QRA). Enabling commissions to post their records on line saves the ODCA staff time in producing the statutorily-required annual financial report and in managing the quarterly allotment process. This has been generally well-received by ANCs. Another step in this same realm has been streamlining what is actually reported by ANCs. We now ask that ANCs report their expenditures according to a list of nine distinct spending categories, down from the previous 23, which was unduly burdensome. On December 30, 2015, we hosted a webinar to explain the new ANC QRA categories and address other topics such as beginning balances, uploading documentation, and so on. The webinar is also available on our QRA homepage for Commissioners who were not able to participate in December.

At least three ODCA reports are the basis for Council oversight hearings

To help ensure that our work is addressing the priorities of the legislative branch, I have encouraged staff to closely follow the Council's budget, legislative, and oversight hearings and to stay abreast of the issues under review. Our annual work plan takes Council priorities into account as we plan our audits and evaluations. Either through working directly with Councilmembers and staff or by their independent use of our work, our goal is for ODCA research and findings to prompt and/or support effective oversight of government programs, services, expenditures by the D.C. Council.

Over the past year our reports on election operations, school modernization, preliminary findings on the summer jobs program, our letter report on homelessness services and some of the tracking we have done on expenditures with certified business enterprises have all been topics discussed in Council hearings and roundtables and during legislative session discussions.

The Mayor and Council make significant reforms to the school modernization program based in whole or in part on ODCA work.

This goal is a reflection on what has been one of the Council's highest priorities since the School Modernization Financing Act was approved in 2006. We are currently required to conduct audits of the modernization program covering each fiscal year. The audit published in summer 2015, and two additional reviews underway today, are identifying shortcomings by agencies and contractors in securing the greatest value from taxpayer expenditures. We are identifying control environment issues that may have resulted in cost overruns which can delay improvements at other schools. New leaders in the executive branch agencies have expressed their own commitment to improving performance, and changes could include stronger management, more/better oversight by DGS and DCPS, active solicitation of community views in the planning phase, better coordination and greatly improved transparency, in addition to compliance with law and regulation.

Council enacts legislation to reduce statutory audits, freeing ODCA resources for higher priority work.

As you know, Mr. Chairman, this committee is considering your legislation to repeal or amend several of the current statutory provisions requiring the ODCA to conduct specific audits. Some of the provisions are out of date or relate to laws or programs that no longer exist. Others are topics that are relevant, but the purpose could be served by auditing on a less frequent basis, or leaving the audits to the discretion of the D.C. Auditor. If enacted, the legislation will enable the ODCA to devote more of our staff time and resources to issues that are more current, and of higher priority for the Council.

While these are our goals for the current fiscal year, I have also created an in-house working group to develop performance metrics for the ODCA that we can adopt going forward, and for successive years so that this Committee and the Council can better assess how well we are doing over time. There has been a persistent problem in District government performance reporting since the Council approved the Government Managers Accountability Act in 1995 – and that is constant changes in performance goals. I am hoping that for ODCA, we can adopt clearly measurable goals and use those goals going forward. The staff's analysis will include research on other state and city audit, inspector general, and program evaluation offices to see what kinds of metrics have been used by some of the higher-performing government audit/evaluation units.

Working with the Council

One of the recommendations made by this committee in my confirmation report was that the ODCA serve as "a true partner of the Council, assisting its committees with program evaluations, policy analyses, and decisions on a broad range of government programs and activities." I am pleased to report we have made great progress in working closely with the Council, due largely to leadership provided by Council officers, Secretary Nyasha Smith and Budget Director Jennifer Budoff. My general counsel, Amy Bellanca, and I recently met with General Counsel Ellen Efros and we discussed possible ways in which we could work more closely together as well.

As a result of these contacts, we are now working with the officials under Ms. Smith's direction on our human resources needs including classification of positions and other HR matters, a change from having previously worked with the D.C. Human Resources Department. We put together a 3-day management training several months ago and partnered with the Council in paying for, and participating in, that training which was attended by central staff and also staff members who work for individual Councilmembers. I also participated in orientation sessions for new Councilmembers, arranged by the Secretary, and that was an opportunity to describe the office and how we can be a resource to individual Councilmembers.

Ms. Budoff recently initiated a monthly "reports and research" meeting for Council staff to hear from my office and the OCFO's Office of Revenue Analysis on new policy publications. We have held two of those sessions and I greatly appreciate the opportunity to provide information, and also receive feedback from, members of the Council's staff.

I mentioned your legislation to reduce some of the ODCA statutory audit requirements, and I am grateful for your leadership and for the partnership with the COW staff on the drafting. We have also met with Councilmember Anita Bonds on omnibus ANC legislation she is considering, and appreciate that partnership as well. While the Auditor is not a policy-making position, our reports will occasionally lead directly to policy recommendations and we look forward to continuing to build our relationship with Councilmembers and Committees to do as much as we can to assist in legislation as well as oversight.

Challenges

One of the significant challenges we experience in producing audits and program evaluations for use by the Council has to do with agency responsiveness to our requests. The Home Rule Charter authorizes us to have access to "all" documents of the D.C. Government, and I emphasize the word "all." There are no limitations in the language of the Charter. And we generally do obtain the majority of the documentation that we seek but not always in a timely fashion and there have been instances when we have simply not received what we have requested. The school modernization audit published in July acknowledged that we did not receive everything requested and in fact our recommendations included asking that the Department of General Services reconstruct some of the monthly reports that are required in our construction contracts, and that follow up work is continuing. I often make direct requests to agency directors when their staff have not provided items sought within the timeframe requested, even when several additional weeks have elapsed. I believe the issue of timely response has several solutions, and we are working on those, as follows:

- A better sense of partnership. While ODCA reports will occasionally have a "gotcha" flavor, that is not the intent. We accomplish our goal of improving the operations of the District government when agencies agree with our findings and recommendations. That speaks to a kind of partnership that I hope we are fostering through my own check-ins with the Mayor and her team and a collaborative working relationship between my staff and executive agencies under review, including a few other steps described below.

- Regular check-ins during the course of audits. When we undertake a new audit we hold an "entrance conference" and those are usually attended by the agency director and me, as well as members of his/her leadership team and the audit staff. We use these meetings to set ground rules, one of which can be regular check-ins so that we can share our progress and any challenges we run across. We are finding that these regular status updates improve the flow of communication and documents and can lessen the probability that our final reports will contain surprises.

- ODCA staff training and direct access to documents. It has been the case in the past that we have requested information that we actually could access ourselves, and from my perspective it makes no sense to ask other government officials to download a report from the District's financial system when we can undertake that work ourselves. We currently have three employees who have been trained to run reports and obtain data from SOAR. We have made arrangements with the OCFO for other employees to take the appropriate training courses so that several more ODCA employees will be trained to run reports and obtain data from SOAR. This should lessen at least some of our document requests.

- Initiating use of "Auditor Alerts." One step that can foster good working relationships with audited agencies is sharing with the leadership any issues we come across in the course of the audit that should be addressed immediately, and not wait until completion of our work and drafting of a report. This is an option that was raised with me by the Mayor's team, and we issued one such alert earlier this year, recommending that the D.C. Public Schools conduct an inventory of kitchen equipment. In the future we will use the term "Auditor Alert" for an issue that we bring to the immediate attention of management. There is also the possibility of issuing such a policy or program alert to the Council if it is appropriate. We share with you and other leaders throughout the District government the desire to have strong and responsive programs and services. Being able to address an issue sooner rather than later, and do so in a collaborative fashion, is the goal of the new ODCA publication.

This concludes my prepared testimony, Mr. Chairman, and I would be happy to respond to any questions.

Thank you again for the opportunity to appear here today.

Office of the District of Columbia Auditor

Audit Reports: FY15

1. **Report Title**: Fiscal Year 2013 Annual Report on Advisory Neighborhood Commissions

   Released: October 21, 2014

   Summary: In accordance with D.C. Code § 1-309.13 (d) (1), the District of Columbia Auditor hereby submits the fiscal year (FY) 2013 consolidated Annual Report on Advisory Neighborhood Commissions (ANCs). Information presented in this report is a compilation of financial activity that was obtained from quarterly financial reports submitted by ANCs for FY 2013 and information from the District of Columbia Office of the Chief Financial Officer.

2. **Report Title**: Audit of the Anacostia River Clean Up

   Released: October 30, 2014

   Summary: The objective of this audit was to determine whether the District Department of the Environment (DDOE) had the necessary revenue and expenditure internal controls in place to ensure program effectiveness and compliance with the Anacostia River Clean Up and Protection Act of 2009.

3. **Report Title**: Outcomes of the Temporary Assistance to Needy Families Employment Program

   Released: November 4, 2014

   Summary: Pursuant to a request by Councilmember Graham, the District of Columbia Auditor conducted an examination of information provided by the Department of Human Services (DHS) to analyze the outcomes of the Temporary Assistance to Needy Families (TANF) Employment Program (TEP). From FY 2012-14, the District spent $38 million on its TEP vendors. Our analysis, which only looked at TEP customers who had been on TANF for more than 60 months, showed that since 2012, DHS made 38,731 TEP assignments to either TEP vendors or non-TEP service providers. As a result of those assignments, customers met education and training goals 742 times and were placed in 6,145 jobs.

4. **Report Title:** DC Public Education Reform Amendment Act (PERAA) Report No. 5

Released: November 5, 2014

Summary: This report is the fifth in a series of five interim reports on the District of Columbia's Public Education Reform Amendment Act of 2007 (PERAA) prepared by the Education Consortium on Research and Evaluation (EdCORE) at the George Washington University (GW), under contract with the National Academy of Sciences (NAS). This fifth report focuses on stakeholder engagement and responsiveness, as outlined in PERAA under Business Practices for the years following its passage in 2007.

5. **Report Title:** Audit of ANC 5B for Fiscal Years 2009 through 2013 1st Quarter

   Released: November 6, 2014

   Summary: In the course of our audit, we found that the former ANC 5B had not fully complied with the requirements of the ANC Act and the operational guidelines provided by this office. Notably, there were repeated failures to file their required quarterly financial reports on time. This resulted in the forfeiture of over $35,000 in allotments that could have been put to use for the benefit of ANC 5B's residents. Of even greater concern was the ANC's failure to implement and adhere to key internal control guidelines provided by this office designed to maintain control over ANC funds. The former Chairperson was allowed to maintain complete control over the ANC's checkbook and bank statements, which allowed him to misappropriate over $29,000 before his actions were discovered by our office. While we recognize that the individuals who occupied ANC 5B's leadership positions during the period of this audit have changed, it is critical that the current leadership take steps to ensure proper management of the taxpayer funds that are entrusted to it.

6. **Report Title:** ANC 1A Did Not Fully Comply with All Legal Requirements

   Released: November 20, 2014

   Summary: Overall, we found that ANC 1A generally complied with the requirements of the law; however, compliance in some areas can be improved. Specifically, we found that some expenditures were not properly supported and/or were for purposes not authorized by law. We further found that ANC 1A did not consistently file the required quarterly reports with the Office of the District of Columbia Auditor in a timely manner which led to delays in receiving their quarterly allotments.

   We recognize that the ANC 1A officers have changed and some of those responsible for the findings mentioned in this report are no longer Commissioners and/or officers of ANC 1A. We encourage the current Commissioners and officers of ANC 1A to use this report as a learning tool so as not to repeat the deficiencies cited in this report.

7. **Report Title**: Certification of Fiscal Year 2015 Total Local Source General Fund Revenue Estimate (Net of Dedicated Taxes) in Support of the District's Issuance of General Obligation Bonds (Series 2014C and 2014D)

   Released: November 25, 2014

   Summary: Based on an analysis of information provided by the Chief Financial Officer (CFO) of the District of Columbia, as of October 22, 2014, the assumptions supporting the fiscal year (FY) 2015 revenue estimate; and other relevant data, the Auditor concluded that the September 29, 2014, FY 2015 local source revenue (net of Dedicated Taxes) estimate of $6,660,934,000 appeared to be reasonable and achievable.

   Therefore, on October 23, 2014, the Auditor certified the $6,660,934,000 FY 2015 local source revenue (net of Dedicated Taxes) estimate submitted by the CFO.

8. **Report Title**: DC Public Education Reform Amendment Act (PERAA) Report No. 3 Supplemental: The Impact of Replacing Principals on Student Achievement in DC Public Schools (DCPS)

   Released: December 3, 2014

   Summary: This is a supplemental addendum to the third report in a series of interim reports on the implementation of the 2007 Public Education Reform Amendment Act (PERAA) required under a contract with the National Academy of Sciences (NAS). The third report addressed human resources and includes two parts and this supplemental addendum. Report No. 3 Part I (released June 30, 2014), focused on teacher effectiveness (as measured by IMPACT) and teacher retention in District of Columbia Public Schools (DCPS). Report No. 3 Part II (released August 22, 2014) provided information on trends in teacher effectiveness by ward and socioeconomic status (SES) in DCPS. This supplemental addendum provides information on principal retention in DCPS.

9. **Report Title**: Advisory Neighborhood Commission Security Fund Annual Financial Report for Fiscal Year 2014

   Released: December 12, 2014

   Summary: As required by law (D.C. Code § 1-309.14), the Office of the District of Columbia Auditor issued the Advisory Neighborhood Commission (ANC) Security Fund Annual Financial Report for Fiscal Year 2014. The Advisory Neighborhood Commission Security Fund (Fund) was established for the purpose of insuring Advisory Neighborhood Commissions against unauthorized expenditures or loss of funds. The Fund does not cover any loss as the result of an expenditure authorized by a vote of a Commission. The Fund is held in the custody of a Board of Trustees composed of the Secretary of the

District of Columbia, the General Counsel to the Council of the District of Columbia, and the District of Columbia Auditor.

On October 1, 2013, the beginning balance of the Advisory Neighborhood Commission Security Fund was $58,509.59. Deposits of $3,076.716 and no disbursements during FY 2014 resulted in a Fund balance of $61,586.30, as of September 30, 2014.

10. **Report Title**: Review of the Fraud Prevention Fund

    Released: January 9, 2015

    Summary: The "Telephone Fraud Amendment Act of 2000" was enacted by the Council in 2000 to protect District residents from telecommunication fraud. According to the Task Force Chairperson, in the years since this legislation has passed, the District has experienced a decrease in the type of telecommunication fraud this Act was enacted to prevent and an increase in other types of consumer fraud. Interviews with current Task Force Members and the U.S. Attorney's Office for the District of Columbia suggest that the District's Consumer Protection Procedures Act and the federal Telemarketing and Consumer Fraud and Abuse Prevention Act are being used to protect residents against the fraudulent activity and cyber-crimes in the District of Columbia. Given the views of Task Force Members and the U.S. Attorney's Office, the Mayor and Council should review the Telephone Fraud Amendment Act of 2000 to assess the need for the Fraud Prevention Fund and the provisions of the Act and its relevance to the current types of telephone fraud committed in the District.

11. **Report Title**: Management Letter Regarding Saint Elizabeths Hospital

    Released: January 28, 2015

    Summary: The Office of the District of Columbia Auditor (ODCA) initiated an audit of Saint Elizabeths Hospital (the Hospital) on November 25, 2013. Our preliminary audit objective was to determine whether the Hospital's operations were efficient, effective, economical, and complied with rules, regulations, and laws. Due to the external oversight the Hospital received during fiscal year 2014 and the internal controls identified by Hospital staff, we chose to terminate our plans to conduct an audit of Saint Elizabeths Hospital. We noted in the letter that it is important for the Hospital to maintain the control activities currently in place to address key risks.

12. **Report Title**: The District of Columbia Board of Elections Election Day Preparation and Administration Can Be Improved

    Released: February 6, 2015

Summary: The BOE's responsibility for preparing and administering elections within the District is an enormous task. For a typical election, the BOE must, among other things, organize and train approximately 2,000 election workers, arrange for 143 facilities, undertake testing on more than 400 voting machines, organize and pack supplies and schedule delivery of supplies to 143 locations. Federal and District law places detailed requirements on the BOE with which it must comply in preparing and administering elections. In this letter report, ODCA assessed the BOE's preparedness for, and administration of, the November 4, 2014 General Election, specifically through the examination of: staffing, election worker retention, and training and evaluation procedures; compliance with the Americans with Disabilities Act (ADA) at polling places; election technology; and reporting times and methodology used to tabulate election results.

13. **Report Title**: ANC 8E Did Not Properly Support all Reported Expenditures

    Released: February 10, 2015

    Summary: ANC 8E is one of 40 Advisory Neighborhood Commissions (ANCs) in the District of Columbia. Overall, we found that ANC 8E complied with the requirements of the law but compliance can be improved. We found that ANC 8E did not properly support all reported expenditures during the period of our audit. These shortcomings led to ANC 8E losing portions of their quarterly allotments during the audit period. We encourage the current Commissioners and officers of ANC 8E to use this report as a learning tool so as not to repeat the deficiencies cited in this report.

14. **Report Title**: Certified Business Enterprise Expenditures of Public-Private Development Construction Projects for Fiscal Year 2014

    Released: February 20, 2015

    Summary: As of September 30, 2014, we are aware of 218 public-private development construction projects with Certified Business Enterprise Agreements (CBEAs). Of the 218 projects, we found that 10 public-private developers met or exceeded their CBE expenditure goals in FY 2014, and 36 developers, who submitted CBE expenditure reports in FY 2014, are still working toward their CBE expenditure goals, which cannot be assessed until their projects are completed. There were 172 construction projects that did not submit expenditure reports in FY 2014. In addition, DSLBD has not notified ODCA of any penalties assessed to developers for failure to meet CBE expenditure goals, nor has DSLBD determined whether the projects contributed to any growth in CBE capability or capacity to compete in varied markets. Given the potential for significant economic benefits to the District resulting from developers' compliance with CBE expenditure goals, we urge DSLBD to continue to improve the oversight of CBE participation in public-private development construction projects.

15. **Report Title**: Examination of Non-Governmental Organizations (NGOs) Receiving Local District Funds to Provide Homeless Services in Fiscal Year (FY) 2014

    Released: March 5, 2015
    Summary: In FY 2014 the District of Columbia paid $109,097,447 in local funds to nongovernmental organizations (NGOs) for homeless services. A portion of this total was the Department of Human Services (DHS) over-payment of $5,352,115 to The Community Partnership for the Prevention of Homelessness (TCP) for both the "Continuum of Care" (CoC) management and sole source contracts. Because this practice raises Home Rule Act and local and federal Anti-Deficiency Act concerns, we have initiated a contract compliance audit to review the DHS management contract with The Community Partnership In addition to concerns with the over-payment and need for an evaluation of effectiveness, our examination raises concerns over the proportion of District funds spent for non-program costs. Program costs made up 70 percent ($73,087,846) and non-program costs made up 30 percent ($30,657,486) of the $103,745,332 in local District funds that went to NGOs for homeless services, excluding the overpayment. Determining how much is spent for program (i.e. direct services) and non-program (other than direct services) is imprecise because of differing definitions and interpretations. Nevertheless the wide range in non-program expenditures raises concerns that a higher proportion of funds could be directed to direct services than is consistently the case with the current programs and current oversight by both TCP and DHS. We recommend consideration be given to requirements that would focus a higher proportion of funds on direct services and remediation efforts.

16. **Report Title**: Oversight Improvements Must Continue to Ensure Accountability in Use of Public Funds by D.C. Public Charter Schools

    Released: March 17, 2015

    Summary: This audit was conducted as a result of ODCA's fiscal year 2013 risk assessment that identified D.C. Public Charter Schools, among other D.C.-funded agencies and programs as appropriate for review. During school year (SY) 2014 (July 2013 through June 2014), there were 60 authorized charter schools operating 109 campuses with an audited enrollment of 36,565 students. As sole authorizer of charter schools in the District, the D.C. Public Charter School Board (PCSB) has the power and authority to revoke charters based on performance and compliance with applicable rules and regulations. In conducting our audit we found that there were notable areas of improvement in the oversight of charter schools during the scope of our audit, and also identified areas for improvement. The PCSB should provide more comprehensive and consistent monitoring to charter schools and the Office of the State Superintendent of Education (OSSE) should improve payment controls legislation is before the Council that would enable the PCSB to obtain financial information from charter schools' for-profit management firms and the administration has indicated its interest in proposing new methods to ensure that funding follows students efficiently when they move from one school to another. Our recommendations are aimed at improving the accountability of the charter schools and the agencies that oversee them.

17. **Report Title**: District of Columbia Agencies' Compliance with Fiscal Year 2014 Small Business Enterprise Expenditure Goals

    Released: March 30, 2015

    Summary: ODCA examined District of Columbia government agencies' compliance with fiscal year (FY) 2014 Small Business Enterprise (SBE) expenditure goals (October 1, 2013 through September 30, 2014). We found that 82 agencies collectively spent $175,235,341 with SBEs in FY 2014 and achieved only 77 percent of the cumulative reported SBE goal of $228,727,189. Of the 82 agencies, 51 agencies met or exceeded their FY 2014 expenditure goal, spending a combined total of $87,056,802. Although many agencies reached or exceeded their SBE expenditure goal, many agencies did. In total, the District of Columbia fell over $53 million short of the overall SBE expenditure goal of $228,727,189. We remain concerned that problems persist in DSLBD's goal-setting process and that some agencies continue to submit inaccurate SBE expenditure data. DSLBD has initiated improvements to the procedures used to establish District agency SBE goals and monitor agency compliance with SBE reporting requirements and goal attainment. We will continue to monitor DSLBD's efforts to ensure that agencies adopt realistic SBE expenditure goals, to establish a reasonable deadline for changes to SBE expenditure goals and to address the issue of inaccurate agency SBE expenditure reports.

18. **Report Title**: District of Columbia Agencies' Compliance with Fiscal Year 2015 Small Business Enterprise Expenditure Goals through the 1st Quarter of Fiscal Year 2015

    Released: April 2, 2015

    Summary: ODCA examined District of Columbia government agencies' compliance with fiscal year (FY) 2015 Small Business Enterprise (SBE) expenditure goals through the 1st quarter of FY 2015 (October 1, 2014 through December 31, 2014). According to DSLBD's QuickBase database as of March 10, 2015, the 82 agencies we assessed had a total FY 2014 reported appropriated budget of $10,921,461,944 and a total reported expendable budget for goods and services of $747,693,381. Based on the expendable budget of $747,693,381, the FY 2014 SBE expenditure goal for the 82 agencies was $373,846,691. Based on our examination, we found that 82 agencies collectively spent $21,475,554 with SBEs through the 1st quarter of FY 2015 or 6 percent of the cumulative reported SBE goal of $373,846,691.

19. **Report Title**: ANC 5C Did Not Comply Fully with the ANC Act

    Released: April 9, 2015

Summary: We found that ANC 5C generally complied with the requirements of the law but compliance can be improved. Specifically, we found that 12 percent of ANC 5C's expenditures during the audit period were not properly documented and/or were inappropriate. In addition, the ANC did not follow proper procedure when awarding grants to community organizations. In more than one instance, the ANC commissioners sent letters to the Office of the Attorney General asking whether a particular grant was allowed under the Act. Before receiving a response, they voted to approve the grants and delivered the funds to the organizations in question. This raises questions about the willingness of ANC 5C's commissioners to abide by the law. We encourage the current commissioners and officers of ANC 5C to use this report as a learning tool so as to not repeat the deficiencies cited in this report.

20. **Report Title**: ANC 6E Largely Compliant with Law

    Released: April 28, 2015

    Summary: Overall, we found that ANC 6E generally complied with the requirements of the law but that compliance can be improved. Specifically, we found that 6E's current bylaws do not reflect changes to their boundaries made pursuant to the Advisory Neighborhood Commissions Boundaries Act of 2012. In addition, the ANC did not take steps to recover money granted to a local organization after that organization informed the ANC that they were unable to hold the event for which the money was to be used. In fiscal years 2012-2014, the ANC did not develop and present in a public meeting their annual spending plan as required by the Act. The Act clearly provides that all ANCs must develop such a budget within 60 days of notification of the amount of the Commission's annual allotment. This proposed budget must be presented for comment at a public meeting. The ANC could not show that they had done so. We encourage the current Commissioners and Officers of ANC 6E to use this report as a learning tool so as to not repeat the deficiencies cited in this report.

21. **Report Title**: Examination of the District's Reserve Fund Policies

    Released: April 29, 2015

    Summary: Anticipating a discussion during the fiscal year (FY) 2016 budget process over whether to spend or save the District's FY 2015 surplus, the Office of the District of Columbia Auditor (ODCA) examined the policies and practices governing the District's reserve funds. We compared District policies with best practices as well as the policies of other U.S. states and large cities. ODCA also assessed the city's revenue losses and gains and drawdown of reserve funds during the most recent economic downturn, as compared to other states and large cities, in order to benchmark the District's performance. We offer this assessment to provide context for how the District is likely to weather a future economic downturn based on current reserve fund policies. Based on our examination and analysis, we found that the District maintains a relatively robust reserve fund that has significantly helped to mitigate the effects of economic downturns and strengthened the District's finances when compared with other U.S. states and cities.

22. **Report Title**: ANC 7F Did Not Fully Comply with the ANC Act

    Released: May 18, 2015

    Summary: We found that ANC 7F did not fully comply with the requirements of the law. Specifically, $15,346.28 was withheld from ANC 7F's quarterly allotments for non-supported or non-allowable disbursements during the audit period. We also found that ANC 7F did not develop an annual spending plan budget, could not document that the required number of public meetings were held, and did not file quarterly reports by the due dates, requiring the surrender of its checkbook. We further found ANC 7F did not obtain a surety bond or participate in the ANC Security Fund during calendar year 2013, as required. Lastly, the ANC failed to adequately monitor its checking account. ANC 7F was unaware that approximately $12,000 had been inadvertently deposited to their account, until notified by the Auditor. Not adequately monitoring and reconciling the bank account placed public funds at increased risk for misappropriation. We encourage the current Commissioners and officers of ANC 7F to use this report as a learning tool, so as to not repeat the deficiencies cited in this report.

23. **Report Title**: District of Columbia Agencies' Compliance with Fiscal Year 2015 Small Business Enterprise Expenditure Goals through the 2nd Quarter of Fiscal Year 2015

    Released: May 21, 2015

    Summary: We examined and assessed District of Columbia government agencies' compliance with fiscal year (FY) 2015 Small Business Enterprise (SBE) expenditure goals through the 2nd quarter of FY 2015 (January 1, 2015 through March 31, 2015). Based on our examination, we found that 82 agencies collectively spent $77,979,967 with SBEs through the 2nd quarter of FY 2015 or 21 percent of the cumulative reported SBE goal of $373,462,354.

24. **Report Title**: Effects of the District's Sick and Safe Leave Act

    Released: May 28, 2015

    Summary: The Sick and Safe Leave Act involves significant requirements of District employers. All businesses with even one employee in the District must provide paid sick leave to their employees. The District Council instructed this office to conduct an annual audit to determine the economic impact of the law on the private sector.

We found that the Sick and Safe Leave Act is having minimal impact on employers. Our survey of District businesses showed that fewer than 10 percent of survey respondents reported a negative impact on their profitability. More than 50 percent reported that it had no impact or actually improved profitability. In our on-site survey of District businesses, we found a very poor rate of compliance with the requirement that they display information about the Act where employees could see.

We recommend that DOES do more to ensure that both employers and employees are aware of their rights and responsibilities under the Act. DCHR has yet to demonstrate conclusively that they will provide sick leave to all District employees, as required by the Act. We urge them to fully implement the recommendations we made to them in our 2013 audit and the ones we have made in this report. District employees deserve to receive the benefits to which they have been entitled since the law went into effect.

25. **Report Title**: An Evaluation of the Public Schools of the District of Columbia: Reform in a Changing Landscape

    Released: June 3, 2015

    Summary: This report, released by the National Academy of Sciences, underscores what the District's public school advocacy community has known for quite some time: education reform requires sustained, long-term effort. This report is the final step in an independent evaluation of the District's public schools since the Public Education Reform Amendment Act of 2007 gave the mayor control of the public schools. The report describes a reform effort that is very much a work in progress: sustained, slow gains in test scores, particularly in math, but a persistent achievement gap between the District's rich and poor students. The Council tasked our office with administering the contract for the evaluation and specified that it would be conducted by the Academy and its National Research Council. The report begins to frame a series of next steps for policy-makers in the 25-year effort to build stronger public schools. This may be the greatest value going forward -- specific recommendations that the Council can usefully review, debate and act upon. The report recommends development of a comprehensive and publicly available data warehouse and ongoing evaluation of schools and student outcomes. It urges the District to "confront the serious and persistent disparities in learning opportunities" across "student groups and neighborhoods."

26. **Report Title:** ANC 8D Financial Operations Were Not Fully Compliant with Law

    Released: June 16, 2015

    Summary: Overall, we found that ANC 8D financial operations were not fully compliant with law. Specifically, only 81.73 percent of 8D's disbursements were supported by adequate documents and checks for the expenditures. In addition ANC 8D failed to submit adequate supporting documentation for ANC checks written during the audit period, and to ensure that all checks contained the two signatures required. ANC 8D could not document that the required number of public meetings were held. Even if the requisite number of meetings were held, failure to maintain meeting minutes deprives residents of an official record of public meeting discussions and activities. ANC 8D residents were not afforded the opportunity to provide comments and/or recommendations on annual spending and may not have been informed of the funds available for their ANC.

27. **Report Title**: Review of District of Columbia's Compliance with the Recommendations of the Task Force on Emergency Medical Services (The Rosenbaum Task Force)

    Released: June 18, 2015

    Summary: Our office conducted a review of the District's compliance with the Task Force on Emergency Medical Services Report and Recommendations issued on September 27, 2007 (Task Force Report). We found that of the 36 specific recommendations to improve service delivery, 11 have been implemented, 6 have been partially implemented, 15 have not been implemented, and 4 were largely implemented but then later reversed or rescinded. With a new administration and new leadership of the Department of Fire and Emergency Medical Services, the District of Columbia has a new opportunity to address the commitments made in 2007 to "improve the management, training, operations, and culture of the EMS function to provide the highest quality of professional and compassionate pre-hospital medical care" – language taken from the mission statement of the Task Force on Emergency Medical Services. We hope that this compliance review will be of value and practical use to the administration, and to the D.C. Council in its ongoing oversight of the delivery of emergency medical services.

28. **Report Title**: Certification of Fiscal Year 2015 Total Local Source General Fund Revenue Estimate (Net of Dedicated Taxes) in Support of the District's Issuance of General Obligation Bonds (Series 2015A and 2015B)

    Released: June 29, 2015

    Summary: On May 7, 2015, 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) revised fiscal year (FY) 2015 estimated total local source General Fund Revenue (net of dedicated taxes). Based on an analysis of information provided by the OCFO of the District of Columbia, as of June 24, 2015; the assumptions supporting the FY 2015 revenue estimate; and other relevant economic data, the Auditor concluded that the February 27, 2015, FY 2015 local source revenue (net of Dedicated Taxes) estimate of $6,614,012,000 appeared to be reasonable and achievable. Therefore, on June 24, 2015, the Auditor certified the $6,614,012,000 FY 2015 local source revenue (net of dedicated taxes) estimate submitted by the OCFO.

29. **Report Title**: Audits of Public School Construction Programs: A Literature Review

    Released: July 1, 2015

    Summary: This literature review is part of a package of information designed to assist the D.C. Council in its oversight of the school modernization program. In 2006, the District of Columbia Mayor and Council made school modernization a priority, creating a Public School Capital Improvement Fund and injecting an additional $1.3 billion in capital project funding to D.C. Public Schools over a ten-year period. In a national context, school capital projects of this magnitude are less common but projects on a smaller scale are continuously being undertaken. This supplemental report provides examples of audits and reviews of school capital projects performed in other school systems. Capital projects are complicated ventures and developing best practices is a work in progress. Studying the findings and recommendations here may serve to help the District avoid future cost overruns, undue delays, a poor oversight structure and conflicts of interest.

    Based on our review of public school construction programs, it is clear that capital projects are complicated ventures that require careful planning, constant communication, and consistent oversight. Two overall observations from this literature review: (1) the District of Columbia is not alone in struggling with specific challenges in its school capital program and (2) the District, like other school systems, could benefit from a set of best practices developed by a national consortium of school facilities practitioners--something that is in motion today by the National Council on School Facilities.

30. **Report Title**: The District's School Modernization Program Has Failed to Comply with D.C. Code and Lacks Accountability, Transparency and Basic Financial Management

    Released: July 1, 2015

    Summary: The audit was conducted pursuant to D.C. Code § 38-2973.05. D.C. law charges the Department of General Services (DGS) with oversight and management of the District's school modernization program. In addition to DGS administration, several other District offices and agencies have varying roles in the design and execution of the program, including the Deputy Mayor for Education, the Mayor of the District of Columbia, the Council of the District of Columbia, and the District of Columbia Public Schools (DCPS). This decentralized structure may well have contributed to a number of the problems outlined in this report.

    During ODCA's review of individual projects, we found several specific concerns regarding the manner in which DGS managed the program. Issues ranged from a lack of support for payments that DGS made to contractors, to a basic inability to produce required contracts and reports. The internal control environment has made little progress since ODCA's last audit of the program in 2011. In some cases, the control environment was so deficient that ODCA could not perform the assessments necessary for a basic program evaluation. With this audit and others to follow during the course of the coming year we hope to provide constructive feedback to assist the executive and legislative branches of the District government.

31. **Report Title**: Sufficiency Certification for the Washington Convention and Sports Authority (Trading As Events DC) Projected Revenues and Excess Reserve to Meet Projected Operating and Debt Service Expenditures and Reserve Requirements for Fiscal Year 2016

    Released: July 15, 2015

    Summary: Based upon the Auditor's analysis of information provided by the Washington Convention and Sports Authority (WCSA) and the Office of the Chief Financial Officer, as of the date of this certification, July 15, 2015, WCSA's total projected revenues and excess reserve estimate for FY 2016 are sufficient to cover its projected expenditures. WCSA's FY 2016 estimated revenues and excess reserve are expected to exceed its projected expenditures and reserve requirements by $88.3 million. This, we believe, constitutes a reasonable basis for the Auditor's sufficiency certification.

32. **Report Title**: District of Columbia Agencies' Compliance with Fiscal Year 2015 Small Business Enterprise Expenditure Goals through the 3rd Quarter of Fiscal Year 2015

    Released: August 27, 2015

    Summary: The Office of the District of Columbia Auditor examined and assessed District of Columbia government agencies' compliance with fiscal year 2015 Small Business Enterprise (SBE) expenditure goals through the 3rd quarter of FY 2015 (October 1, 2014 through June 30, 2015). Based on our examination, we found that 82 agencies collectively spent $123,669,417 with SBEs through the 3rd quarter of FY 2015 or 34 percent of the cumulative reported SBE goal of $363,067,701.

Audit Reports: FY16

1. **Report Title**: Events DC Performance Evaluation

    Released: October 30, 2015

Summary: We conducted a risk assessment of operations at Events DC and found that management appears to have taken adequate steps to mitigate their risks. Consequently, we did not proceed with a full and complete audit of Events DC. Instead, we focused on a comparison of operations at the WEWCC with its competitor convention centers around the country.

We found that Events DC operations appeared to be well-organized and that the organization was achieving its mission – to attract events to the District of Columbia. More people are visiting the District every year and the number of events booked at the Walter E. Washington Convention Center (WEWCC) appears to also be on the increase. The recent opening of the Marriott Marquis hotel appears to be a success story so far. Events DC reports increased bookings over the next couple of years, which should mean that area businesses and workers will benefit from a healthier local economy. In looking at summary data prepared by the International Association of Venue Managers, we learned that other convention centers around the country appear to be able to operate without large annual losses, when measured by total rentable square foot.

Unfortunately, it appears as if Events DC is not able to operate the WEWCC in the same manner. There may be room for Events DC to improve their performance in this area. We look forward to working with Events DC in the future to identify further areas for improvement in their stewardship of District tax dollars and assets.

2. **Report Title**: Advisory Neighborhood Commission Security Fund Annual Financial Report for Fiscal Year 2015

   Released: December 9, 2015

   Summary: As required by law, the Office of the District of Columbia Auditor presents the Advisory Neighborhood Commission (ANC) Security Fund Annual Financial Report for Fiscal Year (FY) 2015. The Advisory Neighborhood Commission Security Fund (Fund) was established for the purpose of insuring Advisory Neighborhood Commissions against unauthorized expenditures or loss of funds. The Fund is held in the custody of a Board of Trustees composed of the Secretary of the District of Columbia, the General Counsel to the Council of the District of Columbia, and the District of Columbia Auditor (Auditor).

   On October 1, 2014, the beginning balance of the Fund was $61,586.30. Deposits of $1,381.215 and no disbursements during FY 2014 resulted in a Fund balance of $62,967.51, as of September 30, 2015. The Fund is insured by Federal Depository Insurance up to $250,000. To document the Fund's activity, at the end of each quarter and after receiving the quarterly bank statement, the Auditor reconciles and records all Fund activity and balances into the District of Columbia Financial System. Additionally, a quarterly and annual reconciliation/closing report of the Fund's activity and balance is submitted to the District of Columbia's Chief Financial Officer.

3. **Report Title**: Fiscal Year 2014 Annual Report on Advisory Neighborhood Commissions

   Released: December 10, 2015

   Summary: Information presented in this report is a compilation of financial activity that was obtained from quarterly financial reports submitted by Advisory Neighborhood Commissions (ANCs) s for fiscal year (FY) 2014 and information from the District of Columbia Office of the Chief Financial Officer.

   Based on a review of FY 2014 quarterly financial reports and 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's financial management guidelines. Our office will continue to monitor the compliance of each ANC with rules, regulations, and laws through a review of quarterly financial reports and audits. We remain committed to promoting and strengthening the financial accountability of each ANC.

4. **Report Title**: Status Report on Implementation of District of Columbia Auditor Recommendations

   Released: January 4, 2016

   Summary: The purpose of this report is to make public the implementation status of the recommendations we have made to District of Columbia government agencies in our audit reports. Through October 31, 2015, we tracked 108 recommendations contained in 28 audit reports issued from February 2013 through April 2015. This report describes the status of the 108 recommendations issued.

5. **Report Title**: The Durability of Police Reform The Metropolitan Police Department and Use of Force: 2008-2015

   Released: January 26, 2016

   Summary: This comprehensive review found that the Metropolitan Police Department and its overall policies on use of force "continues to be consistent with best practices in policing" and with the provisions of the earlier MOA. At the same time it identified some deficiencies that need to be addressed. MPD has narrowed the categories of use of force that are now documented and investigated. The structure and management of the Force Investigation Team have changed and at times the quality of investigations has not been as robust as it was designed to be. In addition the report documents significant delays in the U.S. Attorney's Office review of officer-involved fatal shooting cases. Such issues can be readily addressed and, in fact, some changes are already under way. The review includes 38 recommendations to strengthen both policy and practice so that MPD continues to serve as a national leader on use of force. In a few substantive areas, the review team and MPD leadership disagree on the best approach, and the report and its exhibits explain the differing points of view.

6. **Report Title**: Potentially Wasteful Pool Maintenance Contracts Need Review, Oversight

   Released: February 3, 2016

   Summary: Our review of pool maintenance operations at DGS/DPR revealed serious questions about the efficiency and economy of the decision to outsource. We learned that DGS has contracted with two local companies to provide routine maintenance, chemical purchase and application, opening and closing services, as well as more extensive repairs and serving of the pools and associated mechanical equipment. In a review of neighboring jurisdictions, we found that no other local government has outsourced their pool maintenance and upkeep in such a complete manner. All of them maintain existing contracts with pool service companies to perform extensive repairs and servicing as needed but these other government units are able to perform regular maintenance and repairs in-house. In addition, they all purchase their pool chemicals directly from distributors and have their certified pool employees monitor water quality and apply the chemicals as needed. These arrangements save a good deal of money, as the District of Columbia is paying contractors a markup for all chemicals that they purchase and apply. The pool maintenance contractors are also allowed to markup the price of subcontracted work, something that other jurisdictions are able to routinely avoid.

7. **Report Title**: Management Alert to DC Public Schools on Food Services Equipment Inventory and Response

   Released: February 29, 2016

   Summary: ODCA has been conducting a review of food services operations at D.C. Public Schools (DCPS) since August 2015. The Management Alert was released prior to the completion of our review, in order to inform DCPS of an issue that required immediate attention: the lack of an accurate and comprehensive inventory of kitchen equipment.

   In the conduct of our review, we visited cafeterias at several schools in the District of Columbia and witnessed various meals being prepared and served. We interviewed cafeteria managers and staff workers. We toured the cafeterias and asked questions about the equipment we saw being used. We witnessed inefficiencies and waste including equipment that we were told had been broken for a year or longer.

   A failure to maintain a complete and accurate inventory of kitchen equipment raises several important risks for your agency, including inefficient spending on food services, failure to anticipate maintenance and scheduled purchasing needs, and possible duplication of resources. Our visits to the schools confirm that these inefficiencies are indeed occurring.

8. **Report Title**: RPTAC Has Improved the Appeal Assessment Process

   Released: March 4, 2016

   Summary: The Real Property Tax Appeals Commission's (RPTAC) mission "is to conduct fair and impartial real property assessment appeal hearings for the citizens of the District of Columbia." The Commission's objective is "to ensure that appellant's real properties are assessed at 100 percent of market value, based on properties similar in size and utility, so that an equitable tax burden is shared." Overall, we found that the operation of RPTAC has shown a marked improvement from the operations of its predecessor, the Board of Real Property Assessments and Appeals. By addressing the challenge of meeting the statutory guidelines as a top priority, RPTAC has heard and decided cases in a timely manner before the statutory deadline of February 1st, with few exceptions.

   RPTAC also significantly has improved its records management system, annual reports have been submitted timely to the D.C. Council and the Mayor (as required), and RPTAC has held the required administrative meetings and improved greatly the availability of public information about the real property assessment appeals process. We also found that RPTAC has greatly improved the availability of public information about the real property assessment appeals process.