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Review of D.C. Taxicab Commission's Assessment/Commission Fund for Fiscal Years 2005 Through 2009, As of June 30, 2009

November 10, 2010

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EXECUTIVE SUMMARY

PURPOSE

Pursuant to Section 455 of the District of Columbia Home Rule Act, as amended, Pub.L.No. 93-198, Section 455(c),[1] the District of Columbia Auditor (Auditor) conducted an audit of the deposits to and disbursements from the D.C. Taxicab Commission's (DCTC) Commission Fund, (also referred to as the Assessment Fund).

CONCLUSION

The Auditor found the beginning balance in the Commission Fund, as of October 1, 2004, totaled $617,027 and that revenues deposited to the Commission Fund for the period October 1, 2004 through September 30, 2009 totaled $1,810,218. Expenditures for the same period totaled $2,171,328. As of September 30, 2009, the balance in the Fund totaled $255,917.[2]

The Auditor found that DCTC's Office of Taxicabs did not maintain an effective system of public records relating to licensed owners and operators of taxicabs and taxicab companies, associations and fleets. Further, DCTC's public records were managed and maintained ineffectively and inefficiently. DCTC lacked an electronic version of its public records; and written policies and procedures had not been established to address electronic or manual records and data storage and management. DCTC's failure to maintain an effective system of recordkeeping precluded transparency, timely management analysis, reporting, and accountability.

The Auditor also found that DCTC had no written policies and procedures to govern their payment process during fiscal years (FY) 2005 to 2008 which caused its personnel to inconsistently process payments received from taxicab operators.

Additionally, internal controls over the DCTC SOAR/revenue receipt process were deficient. As a result, the Auditor found two instances in which funds were not appropriately recorded on SOAR revenue receipt documents.

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[1] *See* section 455 (b) of the District of Columbia Home Rule Act, approved December 24, 1973 (Pub. L. No. 93-198, 87 Stat. 803); D.C. Official Code, §1-204.55 (b) (2001) which states: "The District of Columbia Auditor shall each year conduct a thorough audit of the accounts and operations of the government of the District in accordance with such principles and procedures and under such rules and regulations as he [she] may prescribe." *See also,* section 455 (c) of the District of Columbia Home Rule Act, as amended, approved December 24, 1973, (87 Stat. 803, D.C. Official Code, § 1-204.55 (c) (2001) which states: "The District of Columbia Auditor shall have access to all books, accounts, records, reports, findings and all other papers, things, or property belonging to or in use by any department, agency, or other instrumentality of the District government and necessary to facilitate the audit."

[2] The FY 2009 Fund Balance estimate of $255,917 is unaudited and may change based on final adjustments which may be made during the FY 2009 close.

DCTC also failed to submit annual spending plans to the District of Columbia Council for FYs 2005 and 2008, as required by District law. The Auditor found that DCTC expended approximately $440,991 and $284,565 for FYs 2005 and 2008, respectively, in the absence of a spending plan approved by the Council. As a result, expenditures for those years were unauthorized.

The Auditor further found that:

1. DCTC failed to submit annual reports to the Council for FYs 2005 through 2009, as required by District law. As a result, the Council was not continuously informed about the amount of assessment income collected by DCTC or timely informed about disbursements from the Fund. DCTC's action in this instance is suggestive of mismanagement and an intentional violation of applicable law;

2. In violation of D.C. Official Code §2-301.05 (d)(1) and (2) of the District's Procurement Practices Act, as amended, DCTC's Executive Director authorized several vendors to deliver services to DCTC totaling approximately $22,684.03 without the benefit of valid written contracts during fiscal year 2008; and

3. DCTC made late payments to six (6) vendors totaling $33,417.51 in violation of the District's Quick Payment Act. Yet DCTC paid no interest to any of the six (6) vendors as allowed under D.C. Official Code §2-221.02. 2(D)(b)(1).

MAJOR FINDINGS

1. The Taxicab Commission failed to establish and maintain a database to efficiently and effectively track District taxicab operators.

2. Taxicab Commission personnel failed to complete the payment section of the taxicab application thus precluding confirmation that the correct fees were assessed and collected from taxicab operators.

3. Internal controls over the DCTC SOAR/revenue receipt process were deficient.

4. DCTC failed to submit annual spending plans for FYs 2005 and 2008 to Council for use of monies in the Commission Fund as required by District law.

5. DCTC did not submit annual reports to the Council as required by law.

6. DCTC authorized the delivery of services totaling $22,684.03 without the benefit of valid written contracts.

7. In violation of the Quick Payment Act, several vendors providing goods and services to DCTC were paid late.

MAJOR RECOMMENDATIONS

1. DCTC is currently utilizing the QuickBase application to track taxicab operators, which has addressed the findings discussed above. However, DCTC's management must obtain a greater understanding of this application to ensure that it meets all of DCTC's data input and retention needs and is capable of providing timely, reliable, and accurate historical and management reports. To this end, the Auditor recommends that DCTC's management promptly make arrangements to have all taxicab licensing information for fiscal years 2005 through 2008 entered into the Quickbase database.

2. DCTC's Executive Director develop formal written policies and procedures for the use and maintenance of the Quickbase application and public records pertaining to licensed owners and operators of taxicabs in the District of Columbia.

3. The implementation of the iNovah software system addressed the finding discussed above. However, DCTC's Executive Director should promptly develop formal written policies and procedures for the use of the iNovah software system.

4. DCTC's Executive Director ensure that a supervisory review of the SOAR Revenue/Receipt is conducted prior to submission to Office of Finance and Treasury (OFT).

5. The Council reestablish the provision requiring DCTC to submit annual reports to the Council on all assessment income received and disbursements made from the Fund during the previous fiscal year. This requirement will ensure adequate oversight and monitoring of funds collected and disbursed by DCTC. Additionally, for future periods, DCTC's Executive Director must at all times, comply with applicable laws, rules and regulations.

6. DCTC's Executive Director immediately discontinue authorizing vendors to provide goods and services without valid written contracts. Any DCTC employee found in violation of this provision must be held accountable to the fullest extent permitted by District personnel regulations up to and including termination.

7. DCTC's Administrative Officer in conjunction with the Office of the Chief Financial Officer's Economic Development and Regulation Cluster (EDRC) Director of Accounts Payable must ensure that vendors, who satisfactorily provide goods and services and submit a proper invoice for payment, are paid within 30 calendar days (if a specific payment date was not established by contract) excluding legal holidays, in accordance with the District's Quick Payment Act.

8. EDRC's Director of Accounts Payable in conjunction with DCTC's Administrative Officer determine whether vendors are owed interest payments as a result of their late payments. Vendors who are owed interest should be immediately paid any amounts owed to them.

PURPOSE

Pursuant to Section 455 of the District of Columbia Home Rule Act, as amended, Pub.L.No. 93-198, Section 455(c),[1] the District of Columbia Auditor (Auditor) conducted an audit of deposits to and disbursements from the D.C. Taxicab Commission's (DCTC) Commission Fund, (also referred to as the Assessment Fund).

OBJECTIVES, SCOPE AND METHODOLOGY

The objectives of the audit were to determine whether:

1. taxicab assessment fees were collected and properly recorded in the DCTC Commission Fund; and

2. deposits to and disbursements from the Commission Fund were properly and accurately approved, recorded in the District's System of Accounting and Reporting (SOAR), and complied with applicable laws and regulations.

The scope of the audit covered DCTC Commission Fund assessment fees and disbursements for FYs 2005 through 2009, as of June 30, 2009. Although the Auditor reported the Commission Fund balance through September 30, 2009, the Auditor's cutoff for review and testing was June 30, 2009.

In conducting the audit, the Auditor reviewed relevant D.C. Code provisions, and revenue deposits to and disbursements from the Commission Fund. The Auditor also reconciled the deposits to SOAR. The District's SOAR reflects all financial activity for the Commission Fund during FYs 2005 through 2009, as of September 30, 2009.

The Auditor reviewed revenue collected from assessments levied against taxicab operators in the amount of $50 per year upon the issuance or renewal of each operator's license, in accordance with D.C. Official Code §50-320. The review included the revenue process from beginning, when the taxicab operator is levied the assessment fee, to end, when the revenue is posted to SOAR.

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[1] *See* section 455 (b) of the District of Columbia Home Rule Act, approved December 24, 1973 (Pub. L. No. 93-198, 87 Stat. 803); D.C. Official Code §1-204.55 (b) (2001) which states: "The District of Columbia Auditor shall each year conduct a thorough audit of the accounts and operations of the government of the District in accordance with such principles and procedures and under such rules and regulations as he [she] may prescribe." *See also,* section 455 (c) of the District of Columbia Home Rule Act, as amended, approved December 24, 1973, (87 Stat. 803, D.C. Official Code § 1-204.55 (c) (2001) which states: "The District of Columbia Auditor shall have access to all books, accounts, records, reports, findings and all other papers, things, or property belonging to or in use by any department, agency, or other instrumentality of the District government and necessary to facilitate the audit."

The Auditor also reviewed disbursements that were paid from the Commission Fund and processed by the Office of the Chief Financial Officer's (OCFO) Economic Development and Regulation Cluster (EDRC).[2] Additionally, the Auditor conducted interviews with relevant representatives of DCTC, EDRC's accounts payable division, and budget office employees.[3]

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

BACKGROUND

The DCTC was established pursuant to D.C. Law 6-97, "The Taxicab Commission Establishment Act of 1985," effective March 25, 1986, to centralize and strengthen the regulation of public vehicles for hire in the District of Columbia, including taxicabs, limousines, sightseeing vehicles, funeral cars, and private ambulances.

Taxicab Commission members are appointed by the Mayor with the advice and consent of the Council of the District of Columbia. Currently, the DCTC consists of nine (9) members: five (5) members are selected from the public-at-large and three (3) members must possess experience in the taxicab industry. The remaining member serves as the Commission's chairperson, at the pleasure of the Mayor with the advice and consent of the Council.

Commission Fund Revenues, Expenses and Fund Balance for FY 2005 through FY 2009

D.C. Official Code §50-320 states in relevant part, the following:[4]

> (a) There is established within the District of Columbia treasury a fiduciary fund to be known as the District of Columbia Taxicab Commission Fund ("Fund")...
>
> (b) The Fund shall be used exclusively by the Commission for the payment of its expenses arising from any investigation or proceeding by the Commission concerning taxicab rates and regulations and for any taxicab related matters...

[2] EDRC is the OCFO cluster responsible for DCTC's budget and financial matters.

[3] The Auditor notes that there was a delay in obtaining DCTC's FYs 2005 through 2008 financial records from EDRC. According to an EDRC representative, the records had been shipped to an off-site storage facility. As a result, the Auditor had to wait several days for records to be retrieved.

[4] See D.C. Official Code §50-320 (b) (c) (2001). The Auditor notes that the law has since changed and sections (b) and (c) were modified as of March 3, 2010.

(c) After June 24, 1987, continued resources for the Fund shall be provided through an assessment levied against taxicab operators as determined by Commission rule. Monies deposited into the Fund after June 24, 1987, shall be used by the Commission for any investigation or proceeding by the Commission concerning taxicab rates and regulations as determined by rules promulgated by the Commission and submitted to the Council for approval, in whole or in part, by resolution. No assessment imposed by the Commission on an operator pursuant to this subsection shall exceed $50 per year...

Table I summarizes DCTC's deposits to and expenditures from the Commission Fund for FYs 2005 through 2009.

Table I
DCTC Commission Fund Revenues and Expenditures
FY 2005 through FY 2009

Fiscal Year	Beginning Balance	Collections from Assessments	Expenditures	Ending Fund Balance
2005	$617,027	$396,651	$440,991	$572,687
2006	572,687	369,900	491,249	451,338
2007	451,338	337,000	461,033	327,305
2008	327,305	354,950	284,565	397,690
2009	397,690	351,717	493,490	255,917
Totals		**$1,810,218**	**$2,171,328**	

Source: EDRC SOAR Report Information

The beginning balance in the Commission Fund, as of October 1, 2004, totaled $617,027. Revenues deposited to the Commission Fund from assessments levied against taxicab operators for the period October 1, 2004 through September 30, 2009 totaled $1,810,218 while expenditures for the same period totaled $2,171,328. As of September 30, 2009, the balance in the Fund totaled $255,917.[5] Approximately 54%, or $1,183,910, of the $2,171,328 in expenditures were used for salary and benefit costs while the remaining expenditures covered rent and telephone expenses, fleet, furniture purchases, printing, postage, non-local travel, research costs and various other expenses including fingerprinting costs.[6]

According to OCFO officials, the Commission Fund was established as a non-lapsing fund in the District's SOAR.

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[5]The FY 2009 Fund Balance estimate of $255,917 is unaudited and may change based on final adjustments which may be made during the FY 2009 close.

[6]Fees were specifically collected by DCTC to obtain fingerprint records in FYs 2005 and 2006, but they were not used to obtain fingerprint records. (See Auditor's report on the Taxicab Fingerprinting Fund.)

FINDINGS

THE TAXICAB COMMISSION FAILED TO ESTABLISH AND MAINTAIN A DATABASE TO EFFICIENTLY AND EFFECTIVELY TRACK DISTRICT TAXICAB OPERATORS

D.C. Official Code §50-312 (e)(3) states that the Office of Taxicabs shall: "Maintain a system of public record relating to licensed owners and operators of taxicabs and taxicab companies, associations and fleets."

The Auditor found that DCTC's Office of Taxicabs did not maintain an effective system of public records relating to licensed owners and operators of taxicabs and taxicab companies, associations and fleets. Further, DCTC's public records were not managed and maintained effectively or efficiently, and written policies and procedures had not been established to address electronic or manual data storage and management. DCTC failed to establish an electronic database in which to record data pertaining to all new and renewed taxicab operator licenses issued during fiscal years 2005 through 2008. DCTC's failure to establish and maintain an effective electronic system of recordkeeping precluded transparency, timely management analysis, reporting, and accountability. This deficiency also increased the risk and difficulty in detecting fraud, waste, and abuse.

Beginning in June 2009, DCTC implemented the QuickBase[7] database application to enter and maintain all current and historical information related to taxicab owners and operators pursuant to D.C. Official Code §50-312 (e)(3). The Auditor found that DCTC could not produce a complete listing of licensed owners and operators of taxicabs for FYs 2005 through 2008 (October 1, 2004 through September 30, 2008) with or without using the QuickBase application. As a result, DCTC could not provide a complete hardcopy or electronic historical listing of all taxicab operator licenses issued or renewed during the audit period. For example, DCTC could not produce a report of taxicab operators to support the number of taxicab operator renewal licenses issued according to DCTC testimony presented to the Council of the District of Columbia's Committee on Public Works and the Environment on March 5, 2007 and March 19, 2009.[8]

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[7] QuickBase is a web-based collaborative database application that allows businesses to create their own custom applications. QuickBase was adopted by the DCTC in June 2009. Both historical and real-time information is entered into the Quickbase database by DCTC.

[8] Testimony on March 5, 2007 provided by Doreen E Thompson, Esq. Interim-Chairperson on DCTC's performance in FY 2006. Testimony on March 19, 2009 provided by Leon J. Swain, Jr. on DCTC's performance in FY 2008 & FY 2009.

DCTC management's inability to readily produce a basic comprehensive listing of the number of new and renewed licenses issued affects DCTC's credibility and ability to provide timely, reliable, and accurate accountability information about taxicab operators in the District of Columbia. Moreover, this glaring deficiency undermines DCTC's ability to accurately reconcile the total amount of revenues its personnel collected and deposited into the Commission Fund each fiscal year with the number of taxicab operators licensed to operate in the District of Columbia.

RECOMMENDATIONS

1. DCTC is currently utilizing the QuickBase application to track taxicab operators, which has addressed the finding discussed above. However, DCTC's management must obtain a greater understanding of this application in order to ensure that it meets all of DCTC's data input and retention needs and is capable of providing timely, reliable, and accurate historical and management reports. To this end, the Auditor recommends that DCTC's management promptly make arrangements to have all taxicab licensing information for fiscal years 2005 through 2008 entered into the Quickbase database.

2. DCTC's Executive Director develop formal written policies and procedures for the use and maintenance of the Quickbase application and public records pertaining to licensed owners and operators of taxicabs in the District of Columbia.

TAXICAB COMMISSION PERSONNEL FAILED TO COMPLETE THE PAYMENT SECTION OF THE TAXICAB APPLICATION THUS PRECLUDING CONFIRMATION THAT THE CORRECT FEES WERE ASSESSED AND COLLECTED FROM TAXICAB OPERATORS

GAO's "Standard for Internal Control in the Federal Government" states that: "...internal control and all transactions and other significant events need to be clearly documented and the documentation should be readily available for examination."[9]

The Auditor found that DCTC had not established any written policies and procedures for their payment process during FYs 2005 to 2008 which resulted in its personnel inconsistently processing payments received from taxicab operators. Most notably, DCTC staff did not complete the payment section of the Taxicab license application for seven (16%) of 45 applications reviewed by the audit team.

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[9] *See* Standards for Internal Control in the Federal Government, GAO November 1999.

The payment section of the application includes three key fields: payment date, payment amount, and receipt number.[10] DCTC staff completed the payment date and receipt number field, but did not record the payment amount in the payment field. As a result, for those seven applications, it is unknown whether the taxicab operator was assessed and paid the proper fee when obtaining a new or renewal taxicab operator license.

DCTC staff's failure to properly complete the taxicab application and maintain a record of all payments received from taxicab operators violated a basic internal control concerning the need to document the details of all financial transactions in its paper and/or electronic records. This deficiency raised serious concerns in that the Auditor could not be assured that taxicab operators were assessed the proper fee or that fees were actually collected and deposited in the Commission Fund. Further, inadequate controls over one of DCTC's main functions- the collection of payments for licenses and fees-provided the opportunity for DCTC personnel to manipulate financial transaction records and not fully account for all fees collected. Failure to implement and adhere to basic internal controls over the collection of payments exposed these revenues to unreasonable risks of loss, misuse, misappropriation, and lack of documented accountability. As a result, the Auditor could not be assured that the Commission Fund's revenue balance was accurate and fully accounted for or whether some fees were collected and misappropriated or redirected to other noncompliant spending categories.

Beginning in November 2008, DCTC management implemented the iNovah software system. iNovah is a revenue collection system used District-wide to capture and record payments. Since implementation of the iNovah, DCTC staff is no longer required to manually complete the payment section of the application.

RECOMMENDATION

The implementation of the iNovah software system addressed the finding discussed above. However, DCTC's Executive Director should promptly develop formal written policies and procedures for the use of the iNovah software system.

[10] The completion of the payment portion of the application was a hand written record during FY 2005 to FY 2008, not an integral part of the cash register system.

INTERNAL CONTROLS OVER THE DCTC SOAR/REVENUE RECEIPT PROCESS WERE DEFICIENT

The OCFO's Office of the Financial Operations and Systems' Policies and Procedures Manual, Volume I, District-Wide, 2020.700 Internal Controls,[11] requires that revenue input documents are reviewed by a responsible official.

DCTC processes payments made by taxicab operators on a daily basis. During this process, funds are collected by cashiers and summarized on a SOAR Revenue/Receipt document by the DCTC's Administrative Officer. During FYs 2005 through 2008, EDRC personnel reviewed the SOAR Revenue/Receipt document for accuracy and deposited the funds collected by DCTC in the bank. Beginning in FY 2009, EDRC personnel were no longer responsible for conducting a review of the SOAR Revenue/Receipt document or depositing funds in the bank.

Under the current process, a formal review of the SOAR/Revenue Receipt document is not completed by anyone. DCTC prepares the SOAR/Revenue Receipt document and deposits the funds collected directly into its bank account. After funds are deposited, DCTC sends the SOAR/Revenue Receipt document and deposit slip directly to the OFT for posting to SOAR.

During the review of 36 SOAR Revenue/Receipt reports processed in FY 2009, the audit team found two instances in which funds were not appropriately recorded on the SOAR Revenue/Receipt Document.

- On October 28, 2008, funds totaling $70 that should have been allocated to the Fingerprint Fund were erroneously recorded on the Commission Fund line of the SOAR Revenue/Receipt document. It was also noted that funds totaling $2,800 collected for the Commission Fund were erroneously recorded on the General Fund line of the SOAR Revenue/Receipt document. The net impact of both errors resulted in a total of $2,730 not being properly posted to the Commission Fund.

- On May 13, 2009, $1,550 in funds collected for the Commission Fund were reported on the incorrect line of the SOAR Revenue/Receipt document. As a result, $1,550 was credited to the General Fund instead of the Commission Fund.

As previously noted, there were only two of 36 instances where the incorrect funds were allocated to the Commission Fund, however, an independent review of the SOAR/Revenue document could have detected and corrected the errors.

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[11] *See*, OCFO Policies and Procedures Manual, Volume I, District-Wide Updated Fiscal Year 2004.

RECOMMENDATION

DCTC's Executive Director ensure that a supervisory review of the SOAR Revenue/Receipt is conducted prior to submission to OFT.

DCTC FAILED TO SUBMIT ANNUAL SPENDING PLANS FOR FYs 2005 AND 2008 TO COUNCIL FOR USE OF MONIES IN THE COMMISSION FUND AS REQUIRED BY DISTRICT LAW

Pursuant to D.C. Official Code §50-320 (e):

"Beginning in 2001, on February 1st of each year the Commission shall submit to the Council a plan for the use of all monies in the Fund. The proposed plan shall be submitted to the Council for approval, in whole or in part, by resolution. *The expenditure of monies in the Fund shall be subject to Council approval of the annual plan...*"[12] **[Auditor's Emphasis]**

The Auditor found that DCTC expended approximately $440,991 and $284,565 for FYs 2005 and 2008, respectively, in the absence of a spending plan approved by the Council.

As a result of DCTC's failure to comply with District law and submit a spending plan for FYs 2005 and 2008 to the Council for its review and approval, expenditures for those years were unauthorized.

The Auditor found that DCTC management submitted spending plans for FYs 2006 and 2007 which were approved by the Council. DCTC management also submitted a spending plan for FY 2009, but the date of Council's approval was not recorded on the document. Notwithstanding the submission during FYs 2006, 2007 and 2009, EDRC officials indicated that they did not review DCTC's spending in those years for compliance with the Council approved spending plan but stated they could in the future.

DCTC Did Not Submit Annual Reports to the Council As Required By Law

D.C. Official Code §50-320 (f) states that:

"On November 1st of each year the Commission shall submit an annual report to the Council on all assessment income received and disbursements made from the Fund during the previous fiscal year."[13]

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[12] *See* D.C. Official Code, §50-320 (e) (2001). The Auditor notes that the law has since changed and this section has been repealed as of March 3, 2010.
[13] *See* D.C. Official Code §50-320 (f) (2001). The Auditor notes that the law has since changed and this section has been repealed as of March 3, 2010.

The Auditor found that DCTC failed to submit any annual reports for FYs 2005 through 2009. DCTC and EDRC officials indicated that the reports were not completed.

DCTC management's failure or refusal to submit reports required by law to the Council each November 1st indicates that the Council was not continuously informed about the amount of assessment income collected by DCTC or timely informed about disbursements from the Fund. Further, the Commission's action, in this instance, is suggestive of mismanagement and an intentional violation of the applicable law.

RECOMMENDATION

The Council reestablish the provision requiring DCTC to submit annual reports to the Council on all assessment income received and disbursements made from the Fund during the previous fiscal year. This requirement will ensure adequate oversight and monitoring of funds collected and disbursed by DCTC. Additionally, for future periods, DCTC's Executive Director must at all times, comply with applicable laws, rules and regulations.

DCTC AUTHORIZED THE DELIVERY OF SERVICES TOTALING $22,684.03 WITHOUT THE BENEFIT OF VALID WRITTEN CONTRACTS

D.C. Official Code §2-301.05 (d)(1) and (2) of the Procurement Practices Act of 1985, as amended, states:

> No District employee shall authorize payment for the value of supplies and services received without a valid written contract. This subsection shall not apply to a payment required by court order, a final decision of the Contract Appeals Board, or an approval by the Chief Procurement Officer in accordance with paragraph (4) or (5) of this subsection.
>
> After April 12, 1977, no District employee shall enter into an oral agreement with a vendor to provide goods or services to the District government without a valid written contract. Any violation of this paragraph shall be cause for termination of employment of the District employee.

In violation of D.C. Official Code §2-301.05 (d)(1) and (2) of the District's Procurement Practices Act, as amended, DCTC's Executive Director[14] authorized several vendors to deliver services to DCTC totaling approximately $22,684.03 without the benefit of valid written contract during fiscal year 2008. The contractors providing services without a contract are listed in Table II below.

Table II
Contractors Who Delivered Services without Valid Written Contracts

Contractor Name	Service Provided	Amount
Gelberg Signs	Printing	$19,307.25
Lisa Alexander	Employee Training	1,295.00
American Casting	Professional Services	2,081.78
Total		**$22,684.03**

Source: EDRC

Two of the three vendors who provided services to DCTC without a valid written contract filed a friendly lawsuit against DCTC for payment.[15] These two vendors were paid when the District's Office of Contracting and Procurement working with the District's Office of Attorney General authorized payments to vendors without valid contracts in accordance with a special consent procedure. No payment was made to American Casting because, according to EDRC representatives, the vendor failed to file a friendly lawsuit against DCTC.[16]

In Violation of the Quick Payment Act Several Vendors Providing Goods and Services to DCTC Were Paid Late

D.C. Official Code §2-221.02 of the Quick Payment Act requires the following:

> (a)(1) In accordance with rules and regulations issued by the Mayor of the District of Columbia ("Mayor"), each agency of the District of Columbia government ("District"), under the direct control of the Mayor, which acquires property or services from a business concern but which does not make payment for each complete delivered item of property or service by the required date shall pay an interest penalty to the business concern in accordance with this section on the amount of the payment which is due...

[14] According to DCTC's Executive Director, he authorized contractors to provide the services, without the benefit of a valid written contract, to comply with a mandate to install meters in District taxicabs within a short time period.
[15] In order to receive payment, these contractors had to file a lawsuit against DCTC during a period of time when the District would not contest the suit.
[16] According to an August 29, 2008, memorandum from the District's Chief Procurement Officer, David P. Gragan, CPPO, as a one-time effort, OCP and the District's Office of Attorney General (OAG), agreed to a uniform procedure under which OAG would consent to a court order on behalf of the District government to pay vendors that provided goods and services without the benefit of a valid written contract. The special consent procedure was in effect from August 28, 2008 through November 28, 2008. During that time the required documents were submitted to pay Gelberg Signs and Lisa Alexander.

(i) The date on which payment is due under the terms of the contract for provision of the property or service; or

(ii) 30 calendar days, excluding legal holidays, after receipt of a proper invoice for the amount of the payment due, if a specific date on which payment is due is not established by contract;...

Based on a review of invoices, the Auditor found that DCTC made late payments to six (6) vendors totaling $33,417.51 in violation of the Quick Payment Act.

D.C. Official Code §2-221.02(2)(D)(b)(1) of the Quick Payment Act provides relief to vendors providing goods and services to District agencies who are paid late:

> Interest penalties on amounts due to a business concern under this subchapter shall be due and payable to the concern for the period beginning on the day after the required payment date and ending on the date on which payment of the amount is made, except that no interest penalty shall be paid if payment for the complete delivered item of property or service concerned is made on or before: (A) the 3rd day after the required payment date...Interest, computed at a rate of not less than 1%, shall be determined by the Mayor by regulation.

The Auditor found that DCTC paid no interest to any of the six (6) vendors who were paid late as allowable under the Quick Payment Act.

RECOMMENDATIONS

1. DCTC's Executive Director immediately discontinue authorizing vendors to provide goods and services without valid written contracts. Any DCTC employee found in violation of this provision must be held accountable to the fullest extent permitted by District personnel regulations up to and including termination.

2. DCTC's Administrative Officer in conjunction with EDRC's Director of Accounts Payable must ensure that vendors, who satisfactorily provide goods and services and submit a proper invoice for payment, are paid within 30 calendar days (if a specific payment date was not established by contract) excluding legal holidays, in accordance with the District's Quick Payment Act.

3. EDRC's Director of Accounts Payable officials in conjunction with DCTC's Administrative Officer determine whether vendors are owed interest payments as a result of their late payments. Vendors who are owed interest should be immediately paid any amounts owed to them.

CONCLUSION

The Auditor found the beginning balance in the Commission Fund, as of October 1, 2004, totaled $617,027 and that revenues deposited to the Commission Fund for the period October 1, 2004 through September 30, 2009 totaled $1,810,218. Expenditures for the same period totaled $2,171,328. As of September 30, 2009, the balance in the Fund totaled $255,917.[17]

The Auditor found that DCTC's Office of Taxicabs did not maintain an effective system of public records relating to licensed owners and operators of taxicabs and taxicab companies, associations and fleets. Further, DCTC's public records were managed and maintained ineffectively and inefficiently. DCTC lacked an electronic version of its public records; and written policies and procedures had not been established to address electronic or manual records and data storage and management. DCTC's failure to maintain an effective system of recordkeeping precluded transparency, timely management analysis, reporting, and accountability.

The Auditor also found that DCTC had no written policies and procedures to govern their payment process during fiscal years (FY) 2005 to 2008 which caused its personnel to inconsistently process payments received from taxicab operators.

Additionally, internal controls over the DCTC SOAR/revenue receipt process were deficient. As a result, the Auditor found two instances in which funds were not appropriately recorded on SOAR revenue receipt documents.

DCTC also failed to submit annual spending plans to the District of Columbia Council for FYs 2005 and 2008, as required by District law. The Auditor found that DCTC expended approximately $440,991 and $284,565 for FYs 2005 and 2008, respectively, in the absence of a spending plan approved by the Council. As a result, expenditures for those years were unauthorized.

The Auditor further found that:

1. DCTC failed to submit annual reports to the Council for FYs 2005 through 2009, as required by District law. As a result, the Council was not continuously informed about the amount of assessment income collected by DCTC or timely informed about disbursements from the Fund. DCTC's action in this instance is suggestive of mismanagement and an intentional violation of applicable law;

[17] The FY 2009 Fund Balance estimate of $255,917 is unaudited and may change based on final adjustments which may be made during the FY 2009 close.

2. In violation of D.C. Official Code §2-301.05 (d)(1) and (2) of the District's Procurement Practices Act, as amended, DCTC's Executive Director authorized several vendors to deliver services to DCTC totaling approximately $22,684.03 without the benefit of valid written contracts during fiscal year 2008; and

3. DCTC made late payments to six (6) vendors totaling $33,417.51 in violation of the District's Quick Payment Act. Yet DCTC paid no interest to any of the six (6) vendors as allowed under D.C. Official Code §2-221.02. 2(D)(b)(1).

Respectfully submitted,

Deborah K. Nichols

Deborah K. Nichols
District of Columbia Auditor

APPENDICES

APPENDIX I

Taxicab Commission Fund Expenditures Fiscal Year 2005

Vendor Name	Purpose	Total
A.J. STATIONERS OF DC	Supplies	$ 540.00
	License & ID Cardstock	1,145.00
	Equipment/Supplies	56.98
CIT TECHNOLOGY FINANCING SERVICE	Copier Lease	825.73
G. JONES & SONS MOVERS , LLC	Disposal Surplus Property	550.00
I S ENTERPRISES INC.	Supplies	501.82
LASER ART INC	Printer/Toner	656.27
	Supplies	1,013.16
	Toner	179.40
MORGANS INC	(blank)	706.83
	(blank)	(303.27)
NEAL R GROSS & CO INC	Transcription Services	1,320.00
	Transcription Services	1,882.50
PAGE AFTER PAGE BUS SYS	Annual Service Agreement	1,185.00
PITNEY BOWES INC.	Postage Meter Rental	1,456.44
STANDARD OFFICE SUPPLY	Equipment	103.98
	Supplies	135.52
THE DISTRICT OF COLUMBIA BAR	Check Cancellation	(80.00)
TOUCAN PRINTING & PROMOTIONAL PRODUCTION	Fuel Surcharge Stickers	3,800.00
	Accrued Payroll	81,533.14
	Accrued Payroll Reversal	(73,008.74)
	Fixed Costs	168,401.05
	Payroll	184,715.79
	Payroll Adjustment	25,571.08
	Reclassification	(9,004.41)
	MOU - Fleet	13,107.52
	Fingerprint Charges Oct. 2004 - March 2005	10,000.00
	Fingerprint Charges Apr. 2005 -July 2005	24,000.00
	Total FY 2005 Fund Expenditures	**$ 440,990.79**
Source: OCFO'S EDRC, Chief of Manangement Operations		

Taxicab Commission Fund Expenditures Fiscal Year 2006

Vendor Name	Purpose	Total
3 EYES GRAPHICS AND PRINTING	General Office Supplies & Services	$ 30.00
A. J. STATIONERS OF DC	General Office Supplies & Services	1,282.30
	Copies/fax	945.00
A. J. STATIONERS OF DC	General Office Supplies & Services	67.06
		170.84
AGILENT FINANCIAL SERVICES	Copies/fax maintenance and supplies	421.34
CAPITAL SERVICES AND SUPPLIES	Office Furniture	4,435.60
CAUSTON TONEY	Organization membership, conference fees, and non-local travel	2,108.57
CIT TECHNOLOGY FINANCING SERVICE	Copies/fax maintenance and supplies	460.88
	Copies/fax maintenance and supplies	204.21
	Copies/fax maintenance and supplies	1,852.18
COMPUTER WORLD SERVICES CORPORATION	Printing Forms, Signs, And Laminate for License and ID Cards	599.80
CONFIGURATION INC.	Office Furniture	552.43
DIGI DOCS INC DOCUMENT MANAGERS	Copies/fax maintenance and supplies	3,766.35
	Copies/fax maintenance and supplies	308.30
	Copies/fax maintenance and supplies	1,849.80
FAITH MANAGEMENT CONSULTING	General Office Supplies & Services	395.36
G. JONES & SONS MOVERS , LLC	Office Furniture	1,350.00
GENERAL BINDING CORPORATION	Printing Forms, Signs, And Laminate for License and ID Cards	500.00
	Printing Forms, Signs, And Laminate for License and ID Cards	192.94
INTERNATIONAL ASSOCIATION OF TRANSPORTATION REGULATORS	Organization membership, conference fees, and non-local travel	475.00
LASER ART, INC	General Office Supplies & Services	346.67
	General Office Supplies & Services	35.99
	General Office Supplies & Services	156.00
LEXIS-NEXIS	Online Lexi-Nexis Usage	52.88
	Online Lexi-Nexis Usage	419.62
MORGANS, INC	General Office Supplies & Services	187.80
	General Office Supplies & Services	344.66
MORGAN'S INC./J. MUSCATELLO'S	General Office Supplies & Services	1,080.45
NEAL R GROSS & CO, INC	General Office Supplies & Services	1,945.00
	General Office Supplies & Services	3,515.00
	General Office Supplies & Services	1,222.50
	General Office Supplies & Services	2,230.00
	General Office Supplies & Services	882.50
	General Office Supplies & Services	785.00
	General Office Supplies & Services	840.00
PITNEY BOWES	Postage Meter Rental and Postage	219.03

Vendor Name	Purpose	Total
PITNEY BOWES	Postage Meter Rental and Postage	3,030.00
PITNEY BOWES	Postage Meter Rental and Postage	247.49
	Postage Meter Rental and Postage	256.99
	Postage Meter Rental and Postage	237.99
STANDARD OFFICE SUPPLY	General Office Supplies & Services	296.31
	General Office Supplies & Services	128.02
	General Office Supplies & Services	67.35
TAXICAB, LIMOUSINE & PARATRANS	Organization membership, conference fees, and non-local travel	394.00
TOUCAN PRINTING & PROMOTION PRODUCTION	Printing Forms, Signs, And Laminate for License and ID Cards	1,576.00
	Printing Forms, Signs, And Laminate for License and ID Cards	3,040.00
	Printing Forms, Signs, And Laminate for License and ID Cards	6,817.30
	Printing Forms, Signs, And Laminate for License and ID Cards	2,150.00
	Employee training	3,600.00
	Fingerprinting	14,000.00
	MOU-DPW Fleet	39,108.92
	Rent	119,165.22
	Salaries and Benefits	224,761.74
	Telecommunications	36,140.69
	Total FY 2006 Fund Expenditures	**$ 491,249.08**
Source: OCFO'S EDRC, Chief of Manangement Operations		

Taxicab Commission Fund Expenditures Fiscal Year 2007

Vendor Name	Purpose	Total
A. CORNELIUS BAKER	Board Stipend	$ 25.00
AGILENT FINANCIAL SERVICES	Copies/fax maintenance and supplies	421.34
	Copies/fax maintenance and supplies	(421.34)
BUILDING BRIDGES ACROSS RIVERS	Rent	400.00
	Rent	600.00
CIT TECHNOLOGY FINANCING SERVICES	Copies/fax maintenance and supplies	418.93
CIT TECHNOLOGY FINANCING SERVICES	Copies/fax maintenance and supplies	421.34
	Copies/fax maintenance and supplies	(421.34)
CONFIGURATION, INC	Office Furniture	552.43
	Office Furniture	(552.43)
DC TAXI CAB COMMISSION	Imprest Fund Petty Cash	134.90
	Imprest Fund Petty Cash	19.00
DIGI DOCS INC DOCUMENT MANAGERS	Copies/fax maintenance and supplies	3,699.60
EASTERN BUSINESS MACHINES, INC	General Office Supplies & Services	150.00
IMPREST FUND	Imprest Fund Petty Cash	24.00
INDER RAJ PAHWA	Board Stipend	50.00
KIKU OBATA & COMPANY	Printing forms and signs	622.00
	Printing forms and signs	450.00
MIDTOWN PERSONNEL, INC	Additional Research	5,027.40
MORGANS, INC	General Office Supplies & Services	344.66
	General Office Supplies & Services	(344.66)
NEAL R GROSS & CO, INC	General Office Supplies & Services	840.00
	General Office Supplies & Services	3,125.00
	General Office Supplies & Services	1,125.00
	General Office Supplies & Services	2,250.00
	General Office Supplies & Services	1,125.00
	General Office Supplies & Services	1,125.00
	General Office Supplies & Services	1,400.00
	General Office Supplies & Services	3,635.00
PITNEY BOWES	Postage meter rental and postage	219.03
	Postage meter rental and postage	2,920.32
	Postage meter rental and postage	(219.03)
PITNEY BOWES	Postage meter rental and postage	3,000.00
SANDRA C. ALLEN	Board Stipend	75.00
SOURCE ONE TECHNOLOGY INC.	Public Information	4,950.00
STANLEY W. TAPSCOTT	Board Stipend	75.00
THERESA N. TRAVIS	Board Stipend	50.00
THOMAS E. HEINEMANN	Board Stipend	50.00
US BANK GOVERNMENT SERVICES	Purchase Card	2,735.52
	Purchase Card	4,958.85
	Purchase Card	15.69
US BANK GOVERNMENT SERVICES	Purchase Card	2,000.00
	Postage meter rental and postage	3,688.63
	Postage meter rental and postage	311.37
	Purchase Card	7,305.63
	Upgrade computers	5,125.91

Vendor Name	Purpose	Total
US BANK GOVERNMENT SERVICES	Purchase Card	2,777.01
	Purchase Card	2,081.39
WILLIAM HENRY CARTER IV	Board Stipend	75.00
ZOGBY INTERNATIONAL	Public Information	8,400.00
	Fleet	34,400.00
	Mandatory OCTO user maintenance	23,600.00
	Rent	59,583.27
	Salary and fringe benefits	251,557.00
	Telecommunications	15,051.63
	Total FY 2007 Fund Expenditures	**$ 461,033.05**
Source: OCFO'S EDRC, Chief of Manangement Operations		

APPENDIX IV

Taxicab Commission Fund Expenditures Fiscal Year 2008

Vendor Name	Purpose	Total
AMERICAN CASTING AND MANUFACTURING	General Office Supplies & Services	$ 2,081.18
AMERICAN SUPPLY COMPANY	General Office Supplies & Services	180.00
BANK OF AMERICA NA USA	Non-local travel	3,461.92
		3,531.36
		3,475.36
BRANCH SUPPLY INCORPORATION	General Office Supplies & Services	1,431.80
CAPITAL SERVICES AND SUPPLIES	Computer Upgrade and Video Equipment	1,815.15
COMPUTER WORLD SERVICES CORP	Computer Upgrade and Video Equipment	2,578.00
DIGI DOCS INC DOCUMENT MGERS	Copies/fax maintenance and supplies	3,699.60
GATEKEEPERS INTERNET MARKETING	General Office Supplies & Services	1,490.42
		421.73
GELBERT SIGNS	Office furniture and furnishings	19,307.25
GOVERNMENT CARD SERVICES	Non-local travel	3,531.36
		(3,531.36)
IMPREST FUND	Imprest Fund	(24.00)
IMPREST FUND TC-IF-01	Imprest Fund	200.00
LASER ART INC	General Office Supplies & Services	9.42
		1,501.47
		1,493.75
LISA ALEXANDER	Non-local travel	1,295.00
MIDTOWN PERSONNEL INC	General Office Supplies & Services	4,696.85
		2,085.75
		1,236.00
		988.80
		2,719.20
		(5,027.40)
MILLER COPYING SERVICES, INC	General Office Supplies & Services	618.00
NEAL R GROSS & CO, INC	General Office Supplies & Services	4,125.00
		3,750.00
		3,200.00
		3,725.00
		725.00
		2,300.00
		(2,300.00)
PITNEY BOWES	Postage meter rental and postage	2,493.76
RENEE HEVOR	Non-local travel	1,283.00
SHAWN LASTER	Non-local travel	1,283.00
SUPERIOR COURIERS, LLC	General Office Supplies & Services	256.00
		224.00
		624.00
		124.00
		396.00
US BANK GOVERNMENT SERVICES	Research Needed	347.94
		650.00
		1,652.06
		1,039.71
		3,773.19
		3,473.13
	Purchase Card	996.33
		(12,742.91)
	Audit costs	182.95
	General Office Supplies & Services	4,805.55

Vendor Name	Purpose	Total
	MOU with DMV	0.00
	Non-local travel	(2,038.00)
	Salary and fringe benefits	193,577.49
	Telecommunications	0.00
	Telecommunications Refund	(161.95)
	Fleet Refund	(212.40)
	Purchase Card	11,746.58
	Total FY 2008 Fund Expenditures	**$ 284,565.04**
Source: OCFO'S EDRC, Chief of Manangement Operations		

Taxicab Commission Fund Expenditures Fiscal Year 2009

Vendor Name	Purpose	Total
AMERICAN FILING SYSTEM, INC.	Filing System	$ 22,500.00
BLUEBOY BLUEPRINTING CORPORATION	Professional Services	985.21
		759.68
BLUEBOY DOCUMENT IMAGING	Professional Services	759.68
		949.60
CRISWELL CHEVEROLET, INC.	Vehicles	28,551.00
DIGI DOCS INC DOCUMENT MGERS	Professional Services	2,225.00
EMERGENCY 911 SECURITY	Professional Services	1,250.00
FEDERAL EXPRESS	Professional Services	1,709.27
		985.21
		51.76
		1,600.00
		687.53
IMPREST FUND:TC-IF-01	Non-local travel	1,706.80
JIMMIE MUSCATELLO`S	Professional Services	1,236.00
LEON SWAIN	General Office Supplies	89.75
		99.40
MIDTOWN PERSONNEL INC	Courier Delivery Services	720.00
	Courier Services	848.00
	Document and newsletter production	750.00
		525.00
	Postage meter rental and postage	3,893.76
	Printing Decals and Passenger Rights Signs	7,700.00
	Professional Services	2,611.40
		593.50
		200.00
		332.18
		10.28
		165.74
		5,080.65
		15.66
		1,045.20
		847.70
		1,253.10
		6.01
		517.58
		340.85
		3,708.00
NEAL R GROSS & CO, INC	Courier Delivery Services	1,541.00
	Courier Services	464.00
		438.00
	Document and newsletter production	255.00
	Uniforms - Enforcement Inspectors	11,500.00
	Professional Services	2,224.80
		3,708.00
		2,224.80
		22.62
		988.80
PITNEY BOWES	Postage meter rental and postage	3,893.76
		106.24

Vendor Name	Purpose	Total
	Professional Services	1,236.00
ROBERTS,LINDA A	Salary and benefits	0.00
SHERRY TILLMAN	General Office Supplies	37.67
SUPERIOR COURIERS, LLC	Security System	5,291.00
	Professional Services	965.02
		35.94
		1,020.31
US BANK GOVERNMENT SERVICES	General Office Supplies	2,531.00
	Fleet Costs	39,640.61
	MOU - Fleet	42,805.82
	MOU - MPD	12,869.02
	Salary and benefits	295,202.64
	Vehicles	(28,551.00)
	Professional Services	17,610.00
		4,456.80
		(26,338.20)
	Total FY 2009 Fund Expenditures	**$ 493,490.15**
Source: OCFO'S EDRC, Chief of Manangement Operations		

AGENCY COMMENTS

AGENCY COMMENTS

On March 30, 2010, the Office of the District of Columbia Auditor submitted the report, in draft, for review and comment to the D.C. Taxicab Commission (DCTC) and the Office of the Chief Financial Officer's (OCFO) Economic Development and Regulation Cluster (EDRC). On March 31, 2010, the Chairperson of DCTC requested an extension to respond to the Auditor's draft report. An extension was granted to Tuesday, April 20, 2010, to schedule and conduct an exit conference. An additional extension was granted to April 22, 2010, for DCTC to provide written comments to the draft report. DCTC's comments to the draft report, dated April 23, 2010, are appended in their entirety to the report.

Although the Office of the District of Columbia Auditor issued two separate reports regarding its review of the DCTC, "Review of D.C. Taxicab Commission's Assessment/Commission Fund for FY 2005 through 2009, as of June 30, 2009", and "Review of the D.C. Taxicab Commission's Fingerprinting Fund", DCTC's Chairperson submitted a single response to both reports. The attached DCTC comments do not necessarily align with the findings and recommendations presented in this report. Further, the comments largely addressed the findings cited in the Fingerprinting Fund report therefore no changes were made to this report based on the comments submitted by DCTC.

Written comments were also received from the OCFO's EDRC and are appended in their entirety to this report.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
TAXICAB COMMISSION

April 22, 2010

Deborah K. Nichols
District of Columbia Auditor
717 14th Street NW., Suite 900
Washington, D.C. 20005

Re: Comments on Draft Reports on D.C. Taxicab Commission's Fingerprinting and Assessment/Commission Fund

Dear Ms. Nichols:

We are in receipt of the above-referenced draft report and dispute many of the conclusions. However, as I advised your staff, the D.C. Taxicab Commission has not been able to complete its comments on these reports by today's deadline because of the need to obtain information from the Metropolitan Police Department (MPD) and the Office of the Chief Financial Officer. Also, the Commission's General Counsel, who has been working on these comments, is on leave until April 29, 2010. Because we were not allowed an extension to file these comments, we have attached a draft response from MPD and reserve our right to supplement our comments by April 30, 2010.

Thank you for your consideration and cooperation in this matter.

Sincerely,

Leon J. Swain, Jr.
Chairperson

Attachment

GOVERNMENT OF THE DISTRICT OF COLUMBIA
TAXICAB COMMISSION

OFFICE OF THE CHAIRPERSON

April 15, 2010

Mr. Lawrence Perry
Deputy Auditor
Office of the District of Columbia Auditor
717 14th Street, NW Suite #204
Washington, DC 20005

Mr. Perry:

In response to the draft report entitled "Review of the D.C. Taxicab Commission's Fingerprint Fund," the DC Taxicab Commission provides the following responses:

FINDING

1. $63,818 IN FINGERPRINTING FEES COLLECTED IN FYs 2005 AND 2006 WERE NOT USED FOR THE PURPOSE FOR WHICH THEY WERE COLLECTED

RESPONSE: DCTC cannot dispute this finding as this fund management was managed by EDRC within OCFO. Decision to allow the funds to lapse and be deposited into the General Fund were well outside of the control of DCTC. As to recommendations, any decision to transfer funds from the General Fund to the Fingerprint Fund is outside of the control of DCTC. DCTC agrees with recommendation to ensure fingerprinting costs are paid from the Fingerprinting Fund.

2. IN VIOLATION OF D.C. CODE, SECTION 50-323(b) $ $42,312 IN REVENUE FROM FINGERPRINTING FEES DEPOSITED INTO THE FINGER PRINTING FUND IN FYs 2007 AND 2008 WERE NOT USED TO OBTAIN FINGRPRINT RECORDS

RESPONSE: Awaiting response from OCFO/OFOS/EDRC

IN VIOLATION OF D.C. CODE SECTION 50-323(a), $42,312 IN FY 2007 AND 2008 FINGER PRINTING FUND REVENUE, LAPSED TO OR WAS TRANSFERRED TO THE GENERAL FUND AT THE END OF THE FISCAL YEAR

RESPONSE: DCTC cannot dispute this finding as this fund management was managed by OFOS. Decision to allow the funds to lapse and be deposited into the General Fund were well outside of the control of DCTC. Any decision to transfer funds from the General Fund to the Fingerprint Fund is outside of the control of DCTC.

3. IN FY 2009, MPD OVERCHARGED DCTC AND TAXICAB LICENSE APPLICANTSs $9,707 FOR THE COST OF PRODUCING FINGERPRINTS

4. IN FYs 2005 THROUGH 2008, MPD APPLICANTS PAID $27,772 MORE IN FINGER PRINTING FEES THAN MPD's COST OF PRODUCING FINGERPRINT RECORDS

RESPONSE: In response to Findings 4 and 5, please see attached response from MPD. **Attachment.** As to recommendations, DCTC is currently reviewing the mechanism for the payment of fingerprint processing. Refunds are not an option.

5. THE NUMBER OF FINGERPRINT RECORDS APPLICANTS PAID FOR AT DCTC EXCEEDED THE NUMBER OF RECORDS PROVIDED TO DCTC BYMPD

RESPONSE: There are a number of reasons that could explain the difference between the number of applicants who paid and the number of prints provided by MPD, the most frequent is that often applicants start the process only to determine for themselves that they have "record" issues, or simply opt not to proceed for personal reasons. In any event these applicants do not come back to DCTC to report that they have opted not to proceed. DCTC was never asked by the auditor to address these differences. Further, there is no refund offered simply because an applicant changes direction. DCTC will institute a notice of no refunds.

6. IN FISCAL YEARS 2005, 2007 AND 2008 DCTC AND MPD DID NOT ESTABLISH AN MOU TO PROVIDE FINGER PRINT RECORDS TO DCTC

RESPONSE: Not disputed as it relates to FY 2005 and 2007. Yes there is a MOU for 2008. Agree with recommendation of future MOU thru OCP.

7. FINGER PRINT FEE COLLECTION PROCESS WAS DEFICIENT IN FISCAL YEARS 2005 THROUGH 2008, HOWEVER, SOME IMPROVEMENTS WERE MADE IN FISCAL YEAR 2009

RESPONSE: Agreed. DCTC has grown from lessons learned as noted in findings related to DCTC improvements. As to recommendation, DCTC does not accept cash and therefore no deposits are all checks and money orders. Administrative officer is always escorted by a uniformed hack inspector when making deposits at the bank that is across the street from agency.

8. DCTC's FY 2009 COLLECTION AND DEPOSIT PROCESSES

RESPONSE: This process has to be explained by the OCFO/OFOS/EDRC. We are awaiting a response. DCTC uses the policies and procedures established by OCFO/OFOS/EDRC. DCTC cannot have a different collection and deposit policy from OCFO.

I hope these responses have helped clear up some misunderstandings, acknowledge some historical deficiencies that have been resolved and expresses DCTC's plan for improvement.

Respectfully submitted,

Leon J. Swain, Jr.
Chairperson
District of Commission Taxicab Commission

MPD – Attachment

The Metropolitan Police Department (MPD) appreciates the analysis performed by the DC Auditor as it encouraged the Department to update the cost reimbursement justification. We have examined the actual costs and actual transaction counts for FY2009. The total net costs were $1,871,495. This amount was spent by MPD to process 34,837 checks of all types. The actual cost per fingerprint background check is therefore $22.56, not $6.50 as MPD previously maintained. We have attached a CFO$olve report for MPD's Records and Fingerprint Units FY2009 budget and actual expenditures.

As you can see the administrative cost was understated by $16.06. This more than compensates for erroneous FBI fee which was overstated by $10.75. MPD will correctly identify the cost components going prospectively on the DCTC Intra-District agreement and any similar agreements. As is shown by these actual costs and transaction counts, MPD charged DCTC less than the actual cost. In turn, the DCTC charged applicants less than the actual cost. Given this, no refund is necessary from MPD to DCTC nor from DCTC to applicants.

MPD will explore the possibility of raising the fee it charges so that the General Fund does not have to subsidize what is meant to be self-funding.

I reference an attachment and it is, well, attached.

mc

Martin Carmody
Chief Financial Officer
Metropolitan Police Department
Consolidated Forensics Lab
Washington DC
202.727.4317

AY09 Records and Fingerprinting Budget and Expenditures

Approp Fund	PCA	PCA Title	Comp Source Group Title	Comp Object	Comp Object Title	Approp Act	Expend Act	Available Balance
0100	54140	RECORDS BRANCH	REGULAR PAY - CONT FULL TIME	0111	CONTINUING FULL TIME	$3,193,904.48	$3,454,752.71	($260,848.23)
			REGULAR PAY - CONT FULL TIME			**$3,193,904.48**	**$3,454,752.71**	**($260,848.23)**
			ADDITIONAL GROSS PAY	0131	SHIFT DIFFERENTIAL	$0.00	$8,411.91	($8,411.91)
				0135	HOLIDAY PAY	$0.00	$17,355.52	($17,355.52)
				0136	SUNDAY PAY	$0.00	$3,126.22	($3,126.22)
				0175	LONGEVITY PAY	$0.00	$59,218.82	($59,218.82)
			ADDITIONAL GROSS PAY			**$0.00**	**$88,112.47**	**($88,112.47)**
			FRINGE BENEFITS - CURR PERSONNEL	0141	GROUP LIFE INSURANCE	$0.00	$4,290.10	($4,290.10)
				0142	HEALTH BENEFITS	$0.00	$373,400.16	($373,400.16)
				0143	UNIFORM ALLOWANCE	$0.00	$1,157.13	($1,157.13)
				0147	MISC FRINGE BENEFITS	$333,154.18	$0.00	$333,154.18
				0148	RETIREMENT CONTRIBUTION - FICA	$0.00	$80,826.86	($80,826.86)
				0152	RETIREMENT CONTRIBUTION - CIVIL SERVICE	$0.00	$69,926.91	($69,926.91)
				0154	OPTICAL PLAN	$0.00	$5,336.08	($5,336.08)
				0155	DENTAL PLAN	$0.00	$13,984.30	($13,984.30)
				0156	EXTRA HEALTH BENEFITS	$0.00	$2,317.14	($2,317.14)
				0157	PREPAID LEGAL	$0.00	$6,411.76	($6,411.76)
				0158	MEDICARE CONTRIBUTION	$0.00	$40,376.49	($40,376.49)
				0159	RETIREMENT	$0.00	$61,617.89	($61,617.89)
				0160	DC METRO BENEFITS	$0.00	$8,036.25	($8,036.25)
				0161	DC HEALTH BENEFIT FEES	$0.00	$11,453.76	($11,453.76)
			FRINGE BENEFITS - CURR PERSONNEL			**$333,154.18**	**$679,134.83**	**($345,980.65)**
			OVERTIME PAY	0133	OVERTIME PAY	$0.00	$98,595.17	($98,595.17)
			OVERTIME PAY			**$0.00**	**$98,595.17**	**($98,595.17)**
					Subtotal PS:	$3,527,058.66	$4,320,595.18	($793,536.52)
			SUPPLIES AND MATERIALS	0201	OFFICE SUPPLIES	$0.00	$38,027.69	($38,027.69)
				0210	GENERAL	$0.00	$0.00	$0.00
				0214	PHOTO SUPPLIES	$0.00	$0.00	$0.00
			SUPPLIES AND MATERIALS			**$0.00**	**$38,027.69**	**($38,027.69)**
			OTHER SERVICES AND CHARGES	0405	MAINTENANCE AND REPAIRS - MACH	$0.00	$266,027.00	($266,027.00)
				0407	MAINTENANCE AND REPAIRS - OTHER	$0.00	$21,925.00	($21,925.00)
				0408	PROF SERVICE FEES AND CONTR	$47,500.00	$110,919.36	($63,419.36)
				0410	OFFICE SUPPORT	$455,230.00	$0.00	$455,230.00
				0415	JUDGEMENTS, INDEMNITIES	$0.00	$99,410.14	($99,410.14)
			OTHER SERVICES AND CHARGES			**$502,730.00**	**$498,281.50**	**$4,448.50**
					Subtotal NPS:	$502,730.00	$536,309.19	($33,579.19)
		RECORDS BRANCH TOTAL				$4,029,788.66	$4,856,904.37	($827,115.71)
	54150	FINGERPRINTING ANALYSIS	REGULAR PAY - CONT FULL TIME	0111	CONTINUING FULL TIME	$1,989,167.68	$1,477,863.90	$511,303.78
			REGULAR PAY - CONT FULL TIME			**$1,989,167.68**	**$1,477,863.90**	**$511,303.78**

AY09 Records and Fingerprinting Budget and Expenditures

Approp Fund	PCA	PCA Title	Comp Source Group Title	Comp Object	Comp Object Title	Approp Act	Expend Act	Available Balance
			ADDITIONAL GROSS PAY	0131	SHIFT DIFFERENTIAL	$0.00	$45,498.69	($45,498.69)
				0135	HOLIDAY PAY	$0.00	$38,102.82	($38,102.82)
				0136	SUNDAY PAY	$0.00	$34,625.73	($34,625.73)
			ADDITIONAL GROSS PAY			**$0.00**	**$118,227.24**	**($118,227.24)**
			FRINGE BENEFITS - CURR PERSONNEL	0141	GROUP LIFE INSURANCE	$0.00	$1,158.44	($1,158.44)
				0142	HEALTH BENEFITS	$0.00	$84,922.82	($84,922.82)
				0147	MISC FRINGE BENEFITS	$213,835.53	$0.00	$213,835.53
				0148	RETIREMENT CONTRIBUTION - FICA	$0.00	$78,077.01	($78,077.01)
				0152	RETIREMENT CONTRIBUTION - CIVIL SERVICE	$0.00	$25,923.85	($25,923.85)
				0154	OPTICAL PLAN	$0.00	$1,588.50	($1,588.50)
				0155	DENTAL PLAN	$0.00	$4,215.48	($4,215.48)
				0157	PREPAID LEGAL	$0.00	$1,150.80	($1,150.80)
				0158	MEDICARE CONTRIBUTION	$0.00	$19,010.28	($19,010.28)
				0159	RETIREMENT	$0.00	$53,395.24	($53,395.24)
				0160	DC METRO BENEFITS	$0.00	$2,900.00	($2,900.00)
				0161	DC HEALTH BENEFIT FEES	$0.00	$3,061.67	($3,061.67)
			FRINGE BENEFITS - CURR PERSONNEL			**$213,835.53**	**$275,404.09**	**($61,568.56)**
			OVERTIME PAY	0133	OVERTIME PAY	$0.00	$63,024.70	($63,024.70)
			OVERTIME PAY			**$0.00**	**$63,024.70**	**($63,024.70)**
			SUPPLIES AND MATERIALS	0201	OFFICE SUPPLIES	$0.00	$0.00	$0.00
				0210	GENERAL	$0.00	$0.00	$0.00
			SUPPLIES AND MATERIALS			**$0.00**	**$0.00**	**$0.00**
			OTHER SERVICES AND CHARGES	0408	PROF SERVICE FEES AND CONTR	$0.00	$0.00	$0.00
			OTHER SERVICES AND CHARGES			**$0.00**	**$0.00**	**$0.00**
		FINGERPRINTING ANALYSIS TOTAL				$2,203,003.21	$1,934,519.93	$268,483.28
LOCAL FUND COMBINED TOTAL						$6,232,791.87	$6,791,424.30	($558,632.43)
0700	54140	RECORDS BRANCH	OVERTIME PAY	0133	OVERTIME PAY	$0.00	$39,500.00	($39,500.00)
			OVERTIME PAY			**$0.00**	**$39,500.00**	**($39,500.00)**
			OTHER SERVICES AND CHARGES	0408	PROF SERVICE FEES AND CONTR	$289,200.00	$271,424.50	$17,775.50
			OTHER SERVICES AND CHARGES			**$289,200.00**	**$271,424.50**	**$17,775.50**
			OTHER CHARGES AND SERVICES	4600	INTRA-DISTRICT REVENUE	$0.00	$0.00	$0.00
			OTHER CHARGES AND SERVICES			**$0.00**	**$0.00**	**$0.00**
		RECORDS BRANCH				**$289,200.00**	**$310,924.50**	**($21,724.50)**
	0700					**$289,200.00**	**$310,924.50**	**($21,724.50)**
INTRA-DISTRICT TOTAL						$289,200.00	$310,924.50	($21,724.50)
ALL ELEMENTS, ALL FUNDING SOURCES						$6,521,991.87	$7,102,348.80	($580,356.93)

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER

Cyril Byron, Jr.
Associate Chief Financial Officer
Economic Development and Regulation

Deborah K. Nichols
District of Columbia Auditor
717 14th Street N.W.
Suite 900
Washington, DC 20005

Dear Ms. Nichols:

I have received the draft report summarizing the results of the audit of the DC Taxicab Commission Assessment/Commission Fund. The Economic Development and Regulation Cluster (EDRC) of the Office of the Chief Financial Officer provides financial management services to the DC Taxicab Commission. Our responses to the recommendations pertaining to financial management are set forth below.

Finding 4. DCTC failed to submit annual spending plans for FYs 2005 and 2008 to Council for use of monies in the commission fund as required by District law.

> **Recommendation 1.** DCTC's Executive Director must ensure that all future spending plans are approved by the DC Council.
>
> **Response:** We agree with the Auditor's recommendation. There was legislation that requires the submission of a separate spending plan to the DC City Council to present planned expenditures. While DCTC failed to submit this supplemental spending report at no time has the DC Taxicab Commission executed funds without Council approval. The Council and Congress approves DCTS's budget on an annually. It should also be noted that effective FY 2009, the Council no longer requires the second spending plan as required in previous years. The second spending plan submitted duplicates the processes already completed during the annual budget review process.
>
> **Recommendation 3.** Throughout the fiscal year, DCTC's Budget Officer carefully monitor and track DCTC'S spending to determine whether spending is in accordance with the approved spending plan and make the necessary modification to comply with the approved plan.

Response: We agree with the Auditor's recommendation. The Budget Officer will continue to monitor and ensure that DCTC's spending is in accordance with approved budgets and agency spending plans.

Finding 5. DCTC authorized services totally $22,684.03 without the benefit of valid written contracts.

Recommendation 2. DCTC's Administrative Officer in conjunction with EDRC's Accounts Payable Director must ensure that vendors, who satisfactorily provide goods and services and submit a proper invoice for payment, are paid within 30 calendar days (if a specific payment date and not established by contact) excluding legal holidays in accordance with the District's Quick Payment Act.

Response: We agree with the Auditor's recommendation.

Recommendation 3. DCTC's Administrative Officer in conjunction with EDRC's Accounts Payable Director determine whether vendors are owed interest payments as a result of their late payments. Vendors who are owed interest should be immediately paid any amounts owed to them.

Response: We agree with the Auditor's recommendation.

Recommendation 4. EDRC's Associate Chief Financial Officer, immediately reimburse the Commission Fund $48,000 that was improperly charged to the Commission Fund instead of the Fingerprinting fund during FYs 2005 and 2006. Further, DCTC's Administrative Officer must ensure that in the future, the fingerprint charges are correctly charged to the Fingerprint Fund and not the Commission Fund.

Response: We disagree with the Auditor's recommendation. Legislation authorizing expenditures from the Fingerprinting Fund, DC Code, Section 50-323(b), was established in FY 2007. There is no legislative authority to make expenditures or refunds from the fingerprinting fund for Fiscal Years 2005 and 2006.

cc: Leon Swain, Taxicab Commissioner
Martin Carmody, AFO MPD
Doris Benson, Budget Officer DCTC

Sincerely,

Cyril Byron, Jr.
Associate Chief Financial Officer.

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