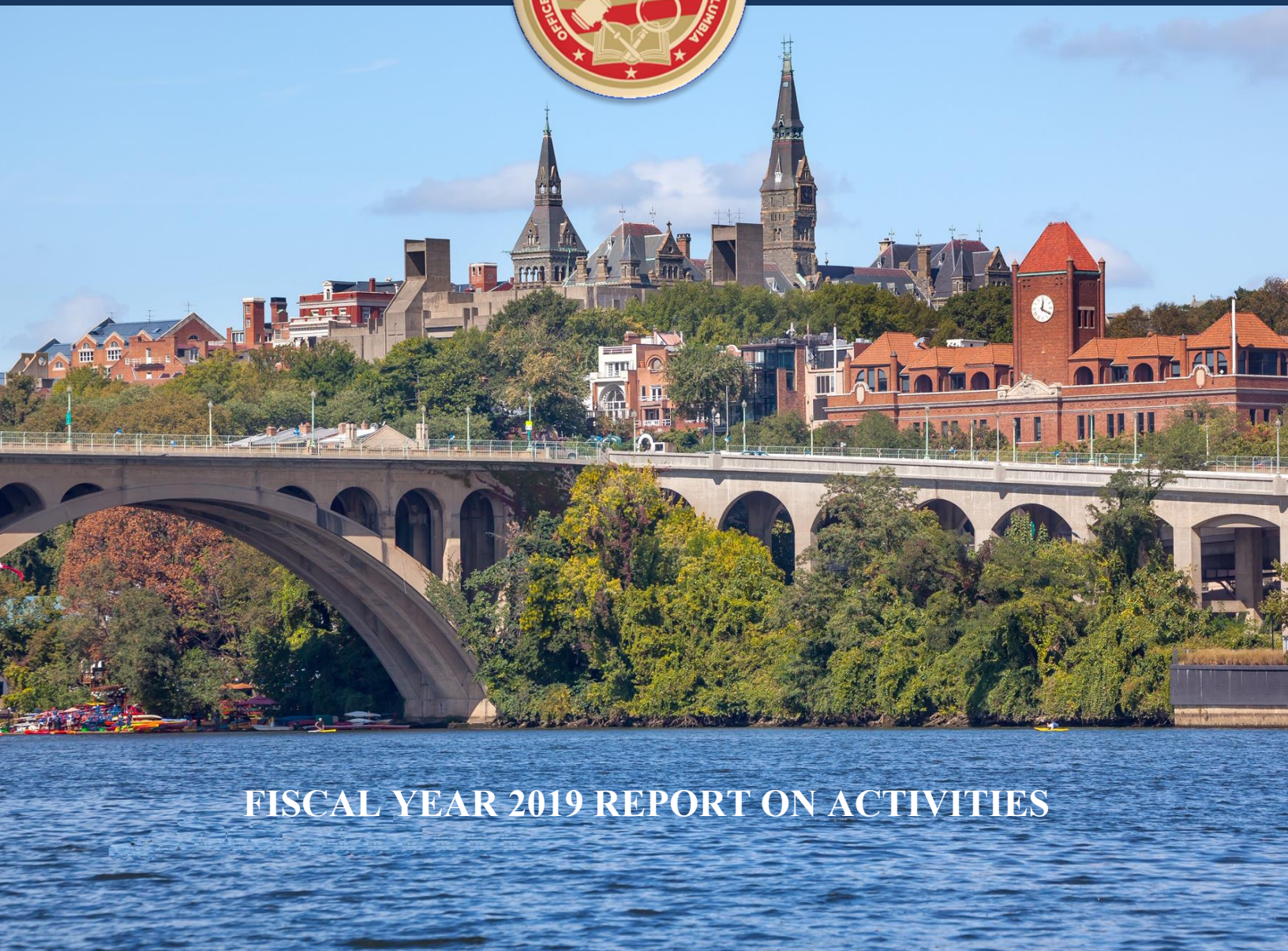


DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL



December 2019



FISCAL YEAR 2019 REPORT ON ACTIVITIES

Guiding Principles

*Workforce Engagement * Stakeholders Engagement * Process-oriented * Innovation
* Accountability * Professionalism * Objectivity and Independence * Communication * Collaboration
* Diversity * Measurement * Continuous Improvement*

Mission

Our mission is to independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
- recommend and track the implementation of corrective actions.

Vision

Our vision is to be a world-class Office of the Inspector General that is customer-focused, and sets the standard for oversight excellence!

Core Values

Excellence * Integrity * Respect * Creativity * Ownership
* Transparency * Empowerment * Courage * Passion
* Leadership



A MESSAGE FROM THE INSPECTOR GENERAL



I am pleased to present this *Annual Report* summarizing the activities of the District of Columbia Office of the Inspector General (OIG) for the reporting period from October 1, 2018, to September 30, 2019. This year marked the OIG's 40th anniversary, but in some ways was a year of firsts for the OIG.

In that regard, I want to highlight some initiatives and recent actions the OIG has undertaken. The OIG's legislative mandate is to promote economy, efficiency, and effectiveness and prevent and detect corruption, mismanagement, waste, fraud, and abuse in District operations and programs, but it is not enough to promote these ideals. The OIG is also required to demonstrate leadership in these areas. To that end, through strategic leadership initiatives this fiscal year, the OIG became a leader among federal, state, and local OIGs. On June 24, 2019, the OIG received the prestigious Progress in Performance Excellence Award from the Senate Productivity and Quality Award for Virginia and the District of Columbia (SPQA). This award recognizes the OIG's accomplishments to create an organizational environment for continuous improvement and transformation to ensure that its performance is as efficient and effective as it can be. The OIG turned that experience into a learning session at the Association of Inspector General's Annual Training Conference in September 2019 to discuss how the DC OIG's journey to continuously improve its operations could help other OIGs reach the same level of performance efficiency and effectiveness.

The OIG also continued to provide leadership by conducting training on Audits, Inspections, Evaluations, and Investigations for the Council of the Inspectors General on Integrity and Efficiency (CIGIE), earning individual awards for several of its staff. In addition, the OIG planned and prepared for what it hopes will become an annual Oversight Symposium for District agency leaders and their respective oversight practitioners. The three goals of the symposium were to: facilitate a shared understanding of oversight responsibilities in the District; create a synergistic oversight environment such that leadership, internal oversight, and external oversight entities are working as a collaborative system; and build oversight capacity through strategic partnerships with agencies to ensure the best oversight work for the District and its residents. Finally, the OIG developed an Internal Control Assessment Program to assess District agencies' internal control maturity levels, and adopt well-articulated and clearly understood standards for organizational internal controls to more proactively identify and mitigate risks of fraud, waste, abuse, corruption, and mismanagement.

While the OIG was establishing itself as a leader among external partners, the OIG also continued its oversight work for the District. The OIG had significant accomplishments overseeing the District's \$14.6 billion operating cost and its delivery of public services. The OIG issued 14 audit and inspection reports with 109 recommendations for improving District programs and operations. These reports identified \$23 million in monetary benefits, including \$14.7 million in questioned costs. The OIG also evaluated 90 percent of 4,042 Hotline contacts within ten (10) days of receipt, opened 112 investigations, and had \$18 million in criminal and civil recoveries.

The OIG's accomplishments during this reporting period reflect the outstanding work performed by hardworking and talented OIG employees. The OIG will build on these accomplishments and continue to provide independent, objective, and impactful oversight of government operations for the District of Columbia and its residents in the years to come.



Daniel W. Lucas
Inspector General

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY OF ACTIVITIES

The OIG is an executive branch agency of the District of Columbia government that conducts independent audits, inspections, and investigations of government programs and operations. The OIG's mission is to promote economy, efficiency, and effectiveness, and to prevent and detect corruption, mismanagement, waste, fraud, and abuse throughout the District government.

D.C. Code § 1-301.115a(f-2) requires the OIG to prepare an annual report summarizing its activities for the preceding fiscal year (FY). The annual report keeps the Council of the District of Columbia, Mayor, and District residents informed of the OIG's significant oversight activities. Please see **Appendix A** for a detailed list of the OIG's statutory requirements.

SIGNIFICANT ACCOMPLISHMENTS – OPERATIONS DIVISION UNITS

The **Audit Unit (AU)** published 7 audit reports with 48 recommendations to improve District agencies' operations and programs; agencies accepted 95 percent of the recommendations. These reports identified \$22.99 million in monetary benefits, including \$14.65 million in questioned costs and \$8.34 million funds put to better use. AU also administered the District of Columbia *Comprehensive Annual Financial Report (CAFR)* contract, which resulted in the publication of 20 contractor-authored reports.

The **Inspections and Evaluations Unit (I&E)** published 7 reports with 61 recommendations for improving the efficiency and effectiveness of municipal services vital to District residents and stakeholders; agencies accepted 80 percent of the recommendations.

The **Investigations Unit (IU)** opened 64 investigations (22 criminal, 2 administrative, 40 preliminary) and closed 121 investigations. IU also issued six administrative referrals related to the cases closed.¹ IU's investigative receivables and recoveries totaled \$4.7 million.

The **Medicaid Fraud Control Unit (MFCU)** processed 1,650 referrals,² and accounted for \$13.4 million in criminal and civil recoveries, including \$198,054 in global and non-global civil recoveries and \$28,389 in total civil and criminal collections. The Unit participated in 10 outreach events designed to increase awareness of the MFCU.

FY 2019 OVERSIGHT OBSERVATIONS

During the FY 2019 activities, the OIG identified instances where internal controls were either absent or not functioning as intended. Internal control is a process or system for assuring reliable financial reporting, compliance with laws, regulations and policies, and achievement of an

¹ IU referred matters to the Board of Ethics and Government Accountability (BEGA), Office of the Attorney General for the District of Columbia (OAG), and District agencies for action deemed appropriate on completed investigations.

² MFCU considers "referrals" to be synonymous as "contacts." For the purposes of external reporting requirements to the U.S. Department of Health and Human Services Office of the Inspector General (HHS-OIG), the MFCU considers a referral to be any contact where a possible lead is provided to MFCU staff, and then MFCU staff undertakes some investigative effort, legal review, or analysis. "Referrals" are not synonymous with "open investigations" or "open cases".

EXECUTIVE SUMMARY

organization's objectives related to operational efficiency and effectiveness. Effective internal controls mitigate risks to organizations. Internal controls may also help an organization prevent fraud or at least detect fraudulent activity sooner, limiting loss to the District. Ultimately, responsibility for developing and maintaining internal control falls to District managers. Given the significance of this responsibility, the OIG makes recommendations to District managers to implement or strengthen the internal control environment. Unaddressed internal control weaknesses put the District at risk for fraud, waste, abuse, corruption, and mismanagement.

The OIG's FY 2019 portfolio of activities with resultant findings and recommendations identified the following common themes of internal control weaknesses:

Inadequate or Non-Existent Policies and Procedures

The OIG continued to observe instances in which District agencies operated without written policies and procedures. A lack of written policies and procedures often leads to an inconsistent or incomplete decision-making process. Comprehensive policies and procedures can help District agencies in ongoing employee development, as well as enhance employee accountability.

Inconsistent Accountability

For those District agencies with policies and procedures in place, the OIG found instances where they were not followed. A practice of ignoring policies and procedures can be driven by many things, including the need to do things more quickly or produce certain results, the idea that an individual knows better than established guidance, a lack of understanding as to the reason for existing guidance, or a belief that there are no consequences for failure to follow policies and procedures. Failure to follow applicable guidance can result in District residents and stakeholders experiencing inconsistent outcomes in their interactions with the District, possibly exposing the District to liability.

Lack of Relevant and Reliable Data

The OIG found instances of agencies producing data that lacked key aspects of good data quality such as completeness, accuracy, relevancy, reliability, and validity. Without relevant and reliable data, District agencies may make uninformed decisions, as well as be unable to effectively produce insightful analysis, monitor performance, and address risks.

Missing and Incomplete Documentation

The OIG continued to encounter inadequate and incomplete recordkeeping in various programmatic areas to include procurement, assessment and collection of fines, and revenue collection. For example, when a contract file is incomplete, there may be no record of the explanations for important decisions and actions taken. As a result, the District may be found liable should solicitations and contract awards be protested. Further, incomplete financial documentation may result in noncompliance with District or federal regulations, and potentially lost revenue to the District.

EXECUTIVE SUMMARY**BALDRIGE PERFORMANCE EXCELLENCE JOURNEY**

Beginning in early 2015, the OIG began a transformation using the Baldrige Excellence Framework (Baldrige) as its guide. Baldrige is used to help organizations assess their improvement efforts, diagnose their overall performance management system, and identify their strengths and opportunities for improvement. Baldrige uses seven distinct categories to assess an organization: (1) leadership; (2) strategy; (3) customers; (4) measurement, analysis, and knowledge management; (5) workforce; (6) operations; and (7) results.

After several years of focused effort to improve the OIG's organizational performance, in 2019 the OIG submitted an extensive application to the Virginia and District of Columbia U.S. Senate Productivity and Quality Award (SPQA) chapter. The SPQA examiners selected the OIG for a site visit in May 2019, and wrote a detailed feedback report that identified both strengths and opportunities for improvement within the OIG. The SPQA examiners' feedback report and the OIG's application were reviewed by a panel of experienced Baldrige judges, who selected the OIG for the *SPQA Progress Award* in June 2019.

FY 2019 STATISTICAL HIGHLIGHTS

OIG HOTLINE ACTIVITIES	
Contacts ³ Analyzed	4,042
Percentage of Contacts Evaluated within 10 Days of Receipt	90%
Referrals to the Board of Ethics and Government Accountability	5
Referrals to Other District Agencies	49
AUDIT UNIT ACTIVITIES	
Reports Published – OIG Staff	7
Reports Published – Contractors ⁴	20
Recommendations Made – OIG Staff	48
Recommendations Accepted by Agencies	46
Percentage of Recommendations Accepted by Agencies	96%
Total Monetary Benefits	\$22,984,643
Funds Recovered	\$0
Questioned Costs	\$14,645,738
Fund Put to Better Use	\$8,338,905
INSPECTIONS AND EVALUATIONS UNIT ACTIVITIES	
Reports Published	7
Recommendations Made	61

³ The OIG Hotline Program follows Council of the Inspectors General on Integrity and Efficiency (CIGIE) standards by noting all "complaints" as "contacts." This number includes both contacts received through the OIG's Hotline and referrals reviewed by the MFCU. CIGIE is an independent entity established within the federal executive branch to address integrity, economy, and effectiveness issues that transcend individual government agencies and to aid in the establishment of a professional, well-trained and highly-skilled workforce in over 70 federal Offices of Inspector General.

⁴ The 20 reports were issued as a result of the OIG's *Comprehensive Annual Financial Report* (CAFR) audit contract. See Appendix K for a complete list of all contract-authored reports issued in FY 2019.

EXECUTIVE SUMMARY

Recommendations Accepted by Agencies	49
Percentage of Recommendations Accepted by Agencies	80%
INVESTIGATIONS UNIT ACTIVITIES	
Total Investigative Receivables and Recoveries	\$4,657,390
Restitutions, Orders, and Fines	\$4,594,295
Referrals for Civil Recoupment	\$63,095
Investigative Activities	
Investigations Opened	64
Investigations Closed	121
Cases Presented to the USAO ⁵ for Prosecution	18
Cases Accepted by the USAO for Prosecution	12
Convictions	21
Subpoenas Served	22
Significant Activity Reports Issued	13
Civil Referrals to the D.C. Office of the Attorney General	1
Referrals to the Board of Ethics and Government Accountability	3
Referrals to District Agencies (Management Authority)	2
MEDICAID FRAUD CONTROL UNIT ACTIVITIES	
Total Criminal and Civil Recoveries	\$13,373,597
Criminal Recoveries	\$13,068,024
Total Collections (Criminal and Civil)	\$28,389
Global Civil Case Monetary Recoveries	\$79,020
Non-Global Civil Case Monetary Recoveries	\$119,033
Civil Recoveries – Global ⁶	\$79,130
Investigations Opened	
Criminal Fraud Matters Opened	40
Abuse, Neglect, and Sexual Assault Matters Opened	8
Criminal and Civil Resolutions	
Criminal Convictions/Indicted/Charged	18
Civil Resolutions	8

⁵ United States Attorney's Office.

⁶ This category involves any civil case in which the District and other states are party to the litigation. The OIG's Medicaid Fraud Control Unit works global cases jointly with other state Medicaid Fraud Control Units.

ORGANIZATIONAL OVERVIEW

OVERVIEW

This section presents an overview of the OIG’s organizational system and the accomplishments of each division within the agency.

ORGANIZATIONAL SYSTEM

The OIG is organized as a system to ensure full operational capacity while uniquely linking all divisions and units within the agency (see Figure 1 below and **Appendix B** for more detail on the OIG’s overall organization and structure).

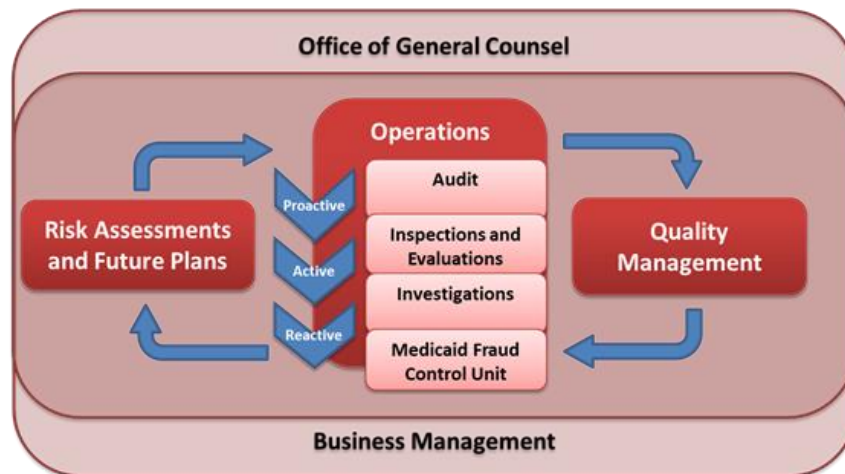


Figure 1: D.C. OIG Organizational Model⁷

OFFICE OF THE GENERAL COUNSEL

The Office of the General Counsel (OGC) ensures all activities undertaken by the OIG comport with laws, rules, regulations, and policies. Further, OGC provides in-house legal services by ensuring OIG operations, activities, and communications conform to applicable legal requirements; rendering forthright and objective legal advice to protect the OIG against legal liability; and advocating the OIG’s legal position in disputes.

RISK ASSESSMENT AND FUTURE PLANNING DIVISION

The Risk Assessment and Future Planning Division (RAFP) evaluates risk related to corruption, mismanagement, waste, fraud, and abuse within the District. RAFP also assists the OIG in building the right capabilities to mine data for insights that will allow the agency to make proactive, knowledge-driven decisions. RAFP leads the development of the OIG’s annual audit and inspection plan, and provides analytical outputs to the Operations Division for action deemed appropriate.

⁷ This organizational model was established in June 2015.

ORGANIZATIONAL OVERVIEW

OPERATIONS DIVISION

The Operations Division consists of four externally-focused units within the OIG.

The **Audit Unit** (AU) conducts audits of District agencies, programs, functions, and activities. In addition, AU monitors and oversees the audit process for the District of Columbia *Comprehensive Annual Financial Report* (CAFR).

The **Inspections and Evaluations Unit** (I&E) conducts inspections and special evaluations that provide decision makers with objective, thorough, and timely evaluations of District government agencies and programs.

The **Investigations Unit** (IU) investigates allegations of misconduct involving violations of District or federal criminal law, civil statutes, regulations, and employee standards of conduct.

The **Medicaid Fraud Control Unit** (MFCU), certified by the U.S. Department of Health and Human Services on March 1, 2000, investigates and prosecutes fraud and abuse in the administration of the Medicaid program. The unit also investigates allegations of abuse, neglect, and theft involving persons who reside in Medicaid-funded facilities or who receive Medicaid-covered services.

QUALITY MANAGEMENT DIVISION

Quality Management Division (QM) ensures all outputs from the Operations Division comply with OIG policies, professional standards, and best practices. QM oversees all OIG activities to maintain a desired level of excellence, while ensuring the OIG's long-term success through customer satisfaction, innovation, and continuous quality improvement. QM also tracks the implementation status of OIG recommendations made to District agencies, manages an agency-wide visual dashboard reporting process, and ensures the timely completion of statutorily-mandated annual performance reports.

BUSINESS MANAGEMENT DIVISION

The Business Management Division (BM) supports the OIG's mission by establishing policies and controls and delivering services to support the goals and objectives of other divisions. BM, the OIG's internal operating division, includes these units and programs: (1) Budget; (2) Facilities; (3) Contracts and Procurement; (4) Information Technology; (5) Human Resources; (6) Administrative Services; (7) Records Management; and (8) Communications and Public Relations. BM ensures all OIG divisions and operational units have tools needed to prevent and detect corruption, mismanagement, waste, fraud, and abuse while ensuring that best practices are followed under regulations, and holds the agency to the same standards of accountability as the OIG expects of other District agencies.

ORGANIZATIONAL HIGHLIGHTS

CORE MISSION AREAS

AUDIT UNIT

The Audit Unit (AU) focuses its resources on programs and initiatives that pose serious challenges and risks for the District. The OIG designs audits to mitigate those risks and assesses the results of budgeted programs to ensure they are achieving expected results. AU conducts performance audits and also monitors, assesses, and reports on the status of an agency's implementation of recommended (and agreed to) corrective actions from prior audits to determine whether actions taken addressed the noted deficiencies. Much of the benefit from audit work is the effective resolution of findings and recommendations. See **Appendix C** for AU's organizational chart and structure.

Comprehensive Annual Financial Report

The OIG is required by law to enter into a 5-year contract with an independent auditor to audit the District's financial statements annually. In FY 2019, the independent auditor, SB & Company LLC, conducted the audit under the 4th and final option year of its 5-year contract.

The District of Columbia *Comprehensive Annual Financial Report* (CAFR) contains the District's financial statements and an independent, certified accounting firm's opinion about whether the financial statements were presented fairly and in compliance with generally accepted accounting principles. The report also assesses whether there were instances of noncompliance and/or weaknesses in internal controls that materially affected the District's financial position and operations as of the end of the fiscal year. As part of the CAFR audit process, the independent auditors produce various reports that cover specific District components, funds, and programs. See **Appendix K** for a complete list of reports produced as a result of the CAFR contract.

The OIG established the CAFR Committee (Committee) to monitor and oversee the audit process. The Committee monitors and oversees the reliability and integrity of the Office of the Chief Financial Officer (OCFO) financial reporting process and systems of internal controls for finance, accounting, and legal compliance. It also monitors the performance of the District's independent auditors and facilitates communication among the independent auditors, the Executive Office of the Mayor, the D.C. Council, OCFO, and other District management officials. AU leadership chairs the Committee.

On January 31, 2019, the OIG published the District's FY 2018 CAFR, marking the 22nd consecutive unqualified opinion of the District's financial statements. The independent auditors identified no material weaknesses or significant deficiencies related to the District's financial statements.

Progress and Performance

The OIG audited District agencies and published seven audit reports that identified best practices, process flaws, and internal control weaknesses. The audit reports offered 48

ORGANIZATIONAL HIGHLIGHTS

recommendations to improve operations, address deficiencies, and ensure District agencies operate efficiently and effectively. District agencies accepted 46 (95 percent) of the recommendations offered. These audit reports had considerable impact in terms of funds recovered and improvements in District agencies. Table 1 summarizes AU's FY 2019 performance data.

Audit Unit Activities	FY 2019
Reports Published – OIG Staff	7
Reports Published – Contractors	20
Recommendations Made – OIG Staff	48
Recommendations Accepted by Agencies	46
Percentage of Recommendations Accepted by Agencies	95%
Total Monetary Benefits	\$22,984,643
Funds Recovered	\$0
Questioned Costs	\$14,645,738
Fund Put to Better Use	\$8,338,905

Table 1: Summary of AU FY 2019 Performance Data

Significant Projects

OIG audit reports published in FY 2019 focused on issues related to drinking water safety, procurement, fund accounting, and contracting practices. See **Appendix G** for a complete list of the OIG's FY 2019 audit reports and number of the recommendations for each report.

Highlights from selected FY 2019 audit projects include:

DC Water's Procedures for Monitoring Lead in Drinking Water Could Be Improved, April 4, 2019

DC Water's lead monitoring reports to the EPA showed there were still measurable amounts of lead in the District's drinking water. DC Water and the EPA agreed that the most effective way to minimize exposure to lead was to remove the source(s) of lead. In response to this audit report, the D.C. Council passed and the Mayor signed legislation that provides funding for a lead pipe replacement program for the entire city and includes subsidies for low-income homeowners. DC Water also agreed to update its pipe inventory records so that customers can access the information and determine if they have lead pipes on their property. The OIG made nine recommendations to improve DC Water's water quality testing and oversight procedures to ensure sources of lead are identified and removed from the District's water distribution system.

District Department of Transportation: Contract Solicitation and Management Practices for Transportation Projects can be Improved, April 3, 2019

The OIG found that the District Department of Transportation (DDOT) could reduce the risk of anticompetitive practices and help ensure the District receives the best value for goods and services by performing a more detailed analysis of the procurement process.

ORGANIZATIONAL HIGHLIGHTS

More robust competition for transportation projects may enhance the benefit the District receives from the contracts awarded. The OIG made 10 recommendations focused on enhancing competition, using data more effectively, formalizing cost estimates, and releasing unspent funds upon completion of transportation projects.

OCTO's Oversight of Information Technology Acquisitions Needs Improvement to Ensure the District Realizes Intended Benefits, April 9, 2019

The Office of the Chief Technology Officer (OCTO) did not provide consistent oversight of information technology (IT) acquisitions to ensure the District received the full value and intended benefits. In addition to managing its own IT acquisitions, OCTO is required to review and approve other District agencies' IT requisitions costing over \$25,000. However, OCTO did not always approve other District agencies' IT acquisitions and could not ensure that District agencies purchased IT solutions in an effective and efficient manner without an adequate process to review and approve IT budgets. The OIG made 12 audit recommendations to strengthen the District's controls over project management and processes for reviewing and approving IT budgets and requisitions.

INSPECTIONS AND EVALUATIONS UNIT

The OIG's Inspections and Evaluations Unit (I&E) focused its resources on conducting inspections and evaluations to highlight needs for corrective measures that improve operations, address deficiencies, and ensure compliance with District and federal laws, regulations, and policies. I&E engagements provide senior District government managers with an independent source of facts and analysis about agency performance, program efficiency, and the effectiveness of quality assurance procedures. I&E also conducts contract and grant reviews to: (1) determine whether there are any terms or conditions unfavorable to the District or conflict with best practices or applicable criteria; (2) assess whether parties to the contract/grant have effectively operationalized administration of key terms; and (3) assess whether the District maintains proper oversight of deliverables required by the contract/grant. Such reviews also look for vulnerabilities to fraud, waste, abuse, mismanagement, and inefficiency. See **Appendix D** for I&E's organization chart and structure.

Progress and Performance

The OIG completed 7 inspections and evaluations of the District agencies and published 7 reports that presented 61 recommendations. District agencies accepted 49 (80 percent) of the recommendations offered. Table 2 summarizes I&E's FY 2019 performance data.

Inspections & Evaluations Unit Activities	FY 2019
Reports Published – OIG Staff	7
Recommendations Made	61
Recommendations Accepted by Agencies	49
Percentage of Recommendations Accepted by Agencies	80%

Table 2: Summary of I&E FY 2019 Performance Data

ORGANIZATIONAL HIGHLIGHTS

Significant Projects

I&E projects in FY 2019 focused on operations in the following District agencies: the Department of General Services (DGS); the Department of Consumer and Regulatory Affairs (DCRA); the Office of Contracting and Procurement (OCP); D.C. Public Schools (DCPS); and the Office of the State Superintendent of Education (OSSE). I&E also continued its practice of identifying and reviewing specific District contracts and grant awards for vulnerabilities to fraud, waste, abuse, mismanagement, and inefficiency. See **Appendix H** for a complete list of I&E's FY 2019 reports and the number of recommendations for each report.

Highlights from selected FY 2019 inspection and evaluation projects include:

Department of General Services – Evaluation of the Buzzard Point and St. Elizabeths Solicitations, October 24, 2018

The OIG evaluated procurement practices related to two high profile DGS construction projects: development of the D.C. United soccer stadium site (Buzzard Point); and improvements to the St. Elizabeths East Campus with a focus on redeveloping the site into an entertainment and sports facility. The OIG identified several process points where DGS could improve its procurement administration and oversight practices. The OIG also observed instances where contractor evaluation processes were not consistently applied. As a result, the report presented four observations and seven corresponding recommendations. Central to the report's observations and recommendations was the need for greater transparency and consistency in the District's procurement system.

Department of Consumer and Regulatory Affairs: Civil Infractions Program Lacked a Strong Internal Control Environment, May 1, 2019

The OIG found that the DCRA Office of Civil Infractions (OCI) employees lacked written procedures, job-specific position descriptions, performance standards, and a shared understanding of fundamental practices related to DCRA duties and authority. In addition, DCRA lacked processes for exercising statutory authority designed to compel respondents to comply with notices of infraction (NOIs) and final orders.⁸ Further, DCRA's practice of transferring unpaid NOIs to OCFO's Central Collection Unit⁹ (CCU) was deemed ineffective in light of the latter's practice of not attempting recoupment. The report presented nine recommendations to strengthen DCRA's internal control environment related to the administration and effectiveness of its civil infractions program.

⁸ Examples of which include, among other things, the accrual of interest and suspension of a respondent's license or permit.

⁹ "The mission of the Central Collection Unit is to support the Office of the Chief Financial Officer, Office of Finance and Treasury by enhancing the financial stability of the Government of the District of Columbia through effective and efficient administration of non-tax payment compliance by enforcing the law with fairness and integrity.... The CCU is responsible for collecting virtually all District government related debts with the exception of tax debts collected by the Office of Tax and Revenue, Water and Sewage; and Child Support."

<https://cfo.dc.gov/node/771732> (last visited Oct. 30, 2019)

ORGANIZATIONAL HIGHLIGHTS

On June 25, 2019, Inspector General Lucas testified during a public oversight roundtable convened by the D.C. Council Committee of the Whole to address the report's findings and recommendations.

Office of Contracting and Procurement: District-wide Participation in the Surplus Property Program Could Be Improved, July 22, 2019¹⁰

During this inspection, the OIG found a lack of awareness and underutilization of the OCP surplus property program by District agencies. The OIG also concluded that OCP could improve its oversight and administration of the GovDeals surplus property auction contract. In addition, the OIG found that OCP, in coordination with the OCTO, is well positioned to lead efforts to improve data destruction practices. It is critical that sensitive and/or protected information stored on District surplus electronic devices (e.g., desktops, laptops, cellphones, copiers, scanners) is properly destroyed so that it cannot be accessed and exploited in furtherance of improper or illegal activity. The OIG presented 10 recommendations to OCP to increase District agencies' awareness of the surplus property program and program effectiveness.

D.C. Public Schools: Inspection of the Administration and Oversight of Student Activity Funds, September 30, 2019

The OIG's review of the Student Activity Fund's (SAF) internal control system found weaknesses in control activities. Although OCFO provided timely SAF-related violations through its review of monthly reports, and communicated many violations to school personnel and DCPS Compliance employees via email, 12 SAF-related violations recurred and automatic penalties enumerated in the OCFO Manual were not applied. Additionally, DCPS Compliance identified SAF-related deficiencies through its performance audits but did not conduct adequate follow-up to ensure issues identified were resolved. This lack of follow-up creates an environment where OCFO and DCPS Compliance identify and communicate SAF-related violations to schools, but school personnel are unresponsive.

The report presented five recommendations to help both DCPS and OCFO better define their respective responsibilities for investigating and resolving potential violations of SAF policies and to enhance public visibility of SAF accounts.

INVESTIGATIONS UNIT

The OIG's Investigations Unit (IU) investigates allegations of misconduct involving employee standards of conduct and violations of District or federal criminal law, civil statutes, and regulations. IU reports may include findings and recommendations regarding program weaknesses, contracting irregularities, and other institutional problems discovered as a result of

¹⁰ This engagement was identified as a result of the OIG's [FY 2017 Procurement Practices Risk Assessment](#), which concluded OCP's surplus disposal program was not consistently utilized across the District, which may result in reduced revenue opportunities, increased material obsolescence, and a heightened risk for corruption, fraud, waste, abuse, and mismanagement. D.C. OFFICE OF THE INSPECTOR GENERAL, GOV'T OF THE DISTRICT OF COLUMBIA FISCAL YEAR 2017 PROCUREMENT PRACTICES RISK ASSESSMENT 13-14 (OIG Project No. 16-1-17MA July 2017)

ORGANIZATIONAL HIGHLIGHTS

OIG-initiated complaints or investigations. See **Appendix E** for IU's organizational chart and structure.

Progress and Performance

IU opened 64 investigations (22 criminal, 2 administrative, 40 preliminary) and closed 121 investigations. IU also completed six administrative referrals related to the closed cases.¹¹ In addition, the U.S. Attorney for the District of Columbia (USAO) accepted 12 of the 18 criminal cases IU presented for prosecution.¹² Cases resolved in FY 2019 primarily addressed allegations of public corruption, procurement fraud, and financial and general crimes. Table 3 summarizes IU's FY 2019 performance data.

Investigations Unit Activities	FY 2019
Total Investigative Receivables and Recoveries	\$4,657,390
Restitutions, Orders, and Fines	\$4,594,295
Referrals for Civil Recoupment	\$63,095
Investigative Activities	
Investigations Opened	64
Investigations Closed	121
Cases Presented to the USAO for Prosecution	18
Cases Accepted by the USAO for Prosecution	12
Convictions	21
Subpoenas Served	22
Significant Activity Reports Issued	13
Civil Referrals to the D.C. Office of the Attorney General	1
Referrals to the Board of Ethics and Government Accountability	3
Referrals to District Agencies (Management Authority)	2
Search Warrants	26

Table 3: Summary of IU FY 2019 Performance Data

Several Special Agents were recognized for their work at the USAO's Thirty-Seventh Law Enforcement Awards Ceremony. First, an IU Special Agent was recognized for an investigation of an unlicensed contractor who defrauded District homeowners out of hundreds of thousands of dollars related to faulty contracting work and concealed assets from creditors in bankruptcy proceedings. Second, a recently retired IU Special Agent was also recognized for their work on an investigation that led to the successful prosecution of a former District of Columbia Public Schools employee and District contractor who conspired to execute a bid-rigging scheme.

¹¹ IU referred matters to BEGA, OAG, and District agencies for action deemed appropriate on completed investigations.

¹² Charges in those cases included fraud, bribery, and conspiracy to commit bribery, bank fraud, and money laundering.

ORGANIZATIONAL HIGHLIGHTS

Significant Activities

IU conducted the following types of investigations in FY 2019:

- Criminal Investigations
- Civil Referrals
- Administrative Investigations

Summaries of selected FY 2019 investigative activities are detailed below. See **Appendix I** for a list of IU's FY 2019 outcomes available on the OIG website.

Criminal Investigations

When investigative findings indicate criminal conduct, the OIG is required by law to present them to the USAO or the appropriate local agency for prosecutorial action. When a case is accepted by the prosecutorial authority, the investigation proceeds under the guidance and direction of an Assistant U.S. Attorney or local prosecutor.¹³ Investigative findings are also used to determine whether civil action is appropriate in addition to or in lieu of criminal prosecution.

Former District Government Employee Sentenced for Carrying Out Embezzlement Scheme

From June 2017 through November 2018, Gary T. Holliday, former District of Columbia Department of Human Services (DHS) employee, used his access to the DHS computer system to create over 400 fraudulent underpayments totaling more than \$400,000. Mr. Holliday then accessed the fraudulent proceeds by using DHS clients' benefit cards. On February 27, 2019, Mr. Holliday pled guilty to one count of wire fraud, and on August 8, 2019, was sentenced to 18 months in prison, and 2 years of supervised release. Mr. Holliday was also ordered to pay \$404,800.31 in restitution and a forfeiture judgement of \$404,800.31.

Former District Government Employee Sentenced for Fraudulently Issued Benefits

From April 25, 2018, through July 25, 2018, Demetrius McMillan, former DHS employee, used his access to the DHS computer system to authorize approximately 779 fraudulent *Supplemental Nutrition Assistance Program* (SNAP) and *Temporary Assistance for Needy Families* (TANF) underpayments totaling approximately \$1,456,985. In exchange for authorizing these fraudulent underpayments, Mr. McMillan solicited more than \$380,000 in cash kickbacks from the beneficiaries, and accepted at least \$150,000 of those solicitations. Mr. McMillan pled guilty on March 14, 2019, to one count of bribery, and was sentenced on July 17, 2019, to 84 months in prison, 3 years of

¹³ OIG IU investigations often work with other federal law enforcement partners, such as the Federal Bureau of Investigation (FBI) and federal OIGs.

ORGANIZATIONAL HIGHLIGHTS

supervised release. Mr. McMillan was also ordered to pay \$1,456,985 in restitution, and an additional \$150,000 forfeiture money judgement.

Business Owner Sentenced for Bribery

From June 2012 through February 2014, Vashawn Strader paid bribes to Shauntell Harley, a former District of Columbia Office of the State Superintendent of Education (OSSE) employee, to obtain favorable action on government contracts. Mr. Strader pled guilty in July 2017 to one count of conspiracy to commit bribery and was sentenced on October 22, 2018, to 18 months incarceration, 3 years of supervised release. Mr. Strader was also ordered to pay \$308,311 in restitution to OSSE and an identical amount in a forfeiture money judgement.

A Member of the Public Sentenced for Fraud

From February 21, 2012, through February 16, 2013, Thelmiah Lee, a member of the public, submitted fraudulent claims to obtain unemployment compensation benefits, and used personal identifying information of members of the public without consent. Mr. Lee pled guilty on June 18, 2019, to two counts of first-degree identity theft and was sentenced on September 13, 2019, to 36 months incarceration and 3 years of supervised probation for each of the two counts of identity theft. The sentences will run consecutively for a total of 72 months incarceration and 6 years of supervised probation. The court also ordered Mr. Lee to pay \$34,977.00 in restitution.

A Member of the Public Sentenced for Fraud

From July 2014 through February 2017, Robin Jones, a member of the public, submitted fraudulent claims to obtain unemployment compensation benefits. Ms. Jones pled guilty on September 26, 2018, to one count of second-degree felony fraud, was sentenced on December 10, 2018, to 5 years of supervised probation, 9 months incarceration (suspended), and ordered to pay \$21,051 in restitution.

Civil Referrals

When the USAO declines prosecution in a criminal investigation, the OIG can request the OAG to pursue civil recoupment of improperly received funds.

District Government Employees Improperly Received District Government Benefits

In FY 2019, the OIG referred an investigation to the OAG Civil Enforcement Section for civil recoupment action against two former District government employees who misused their official positions to improperly rent athletic fields to private entities for personal gain. The OIG investigation revealed that between 2013 and 2014, the District government employees rented Anacostia High School's athletic fields to the Washington International Sports League and the Washington Prodigy Women's Football Team, and deposited \$63,095 collectively into their personal bank accounts.

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Administrative Investigations

Administrative investigations uncover violations of District laws, policies, and/or regulations and make recommendations, when appropriate, for administrative action against those responsible. The OIG prepares a Report of Investigation (ROI) detailing the findings, and forwards the ROI to the responsible District agency head for action. The OIG's investigative process may also identify program weaknesses, contract irregularities, and other institutional problems that place a District agency at risk for waste, fraud, and abuse.

D.C. Public Schools Chancellor Violated District Out-of-Boundary School Transfer Policy When His Child Transferred Schools

The OIG investigation revealed that the then-DCPS Chancellor violated District policies and procedures when his child transferred to an out-of-boundary school during School Year 2017-2018. On September 10, 2018, the OIG referred this investigation to the Mayor with the following recommendations: (1) take action deemed appropriate regarding the substantiated allegation of misconduct; and (2) review all policies and procedures relevant to the placement and transfer of students to ensure they are clear, consistent and effective, such that they do not conflict with the intended purpose of such guidance.

On October 8, 2018, the Mayor responded and stated that she took action regarding the first recommendation. Regarding the second recommendation, the Mayor stated that her office was working with OSSE and DCPS to make sure that policies for the lottery and any mid-year transfers were clear and communicated to employees.

MEDICAID FRAUD CONTROL UNIT

The OIG's Medicaid Fraud Control Unit (MFCU) is the single identifiable entity within the District of Columbia responsible for investigating and prosecuting healthcare providers that defraud the Medicaid program. In addition to provider fraud, MFCU also investigates misuse of patient funds and criminal abuse of persons who reside in Medicaid-funded healthcare facilities (such as hospitals, nursing homes, and residences for adults with cognitive disabilities or mental illness). The Secretary of the U.S. Department of Health and Human Services (HHS) annually recertifies MFCU and exercises oversight over its performance and compliance with federal requirements. See **Appendix F** for MFCU's organizational chart and structure.

Progress and Performance

MFCU received 1,650 referrals¹⁴ ranging from reports of changes in the condition of nursing home residents, to allegations of serious assaults and provider fraud. The overwhelming majority (1,593) pertained to patient abuse or neglect, and only 8 referrals were sufficient to open an

¹⁴ MFCU considers "referrals" to be synonymous as "contacts." For the purposes of external reporting requirements to the HHS-OIG, MFCU considers a referral to be any contact where MFCU staff undertakes some investigative effort, legal review, or analysis.

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investigation. Meanwhile, 57 referrals alleged Medicaid fraud, leading MFCU to open 40 investigations. MFCU also participated in multiple non-global civil cases, leading to the recovery of \$119,033 for the District. In addition, MFCU received \$79,020 in recoveries from global civil settlements for the District.

MFCU's current open cases include criminal fraud and civil investigations. MFCU also monitors hundreds of *qui tam* cases¹⁵ and makes determinations along with the OAG as to whether to intervene. As of September 2019, MFCU was monitoring approximately 640 *qui tam* cases. Table 4 summarizes MFCU's FY 2019 performance data.

Medicaid Fraud Control Unit Activities	FY 2019
Number of Fraud Cases Opened	40
Number of Abuse, Neglect, or Sexual Assault Cases Opened	8
Criminal Convictions/Indicted/Charged	18
Global and Non-Global Civil Dispositions	8
Criminal Recoveries	\$13,068,024
Total Collections (Criminal and Civil)	\$28,389
Global Civil Case Monetary Recoveries	\$79,020
Non- Global Civil Case Monetary Recoveries	\$119,033
Civil Recoveries – Global Cases	\$79,130

Table 4: Summary of MFCU FY 2019 Performance Data

In FY 2019, MFCU staff participated in outreach efforts to heighten public awareness of the OIG and MFCU. MFCU's conducted outreach with public and private sector organizations that support and provide services to District residents. MFCU's outreach included the *Mayor's 8th Annual Senior Symposium*, and the *Mayor's 20th Annual Senior Holiday Celebration*. MFCU staff also worked directly with assisted living facilities such as North Capitol at Plymouth, Model Cities Senior Wellness Center, and the Center for the Blind and Visually Impaired.

MFCU participated in monthly meetings with the Department of Health Care Finance (DHCF) and several other external partners who have an organizational interest in preventing and deterring healthcare fraud. These include the FBI, USAO, other Offices of Inspectors General, Managed Care Organizations, the Department on Disability Services, and the District of Columbia Office on Aging.

A MFCU Special Agent was recognized at the USAO's Thirty-Seventh Law Enforcement Awards Ceremony. The award was in recognition of the Special Agent's investigation of a durable medical equipment company owner that ultimately resulted in a guilty plea, forfeiture of bank accounts containing \$7 million, forfeiture of a luxury car, and the placement of a *lis pendens* on seven real properties.

¹⁵ Qui tam cases consist of lawsuits filed by private entities under the False Claims Act on behalf of governments including the District.

ORGANIZATIONAL HIGHLIGHTS

Significant Activities

MFCU conducted the following types of investigations in FY 2019:

- Criminal Investigations
- Civil Investigations

Summaries of selected FY 2019 investigative activities in MFCU are detailed below. See **Appendix J** for a list of MFCU's FY 2019 outcomes available on the OIG website.

Criminal Dispositions

WaveCare, Waveney Blackman

On July 25, 2018, Waveney Blackman, the sole owner, registered agent, and Chief Executive Officer of WaveCare Health Services, LLC (WaveCare), a durable medical equipment business pleaded guilty to one count of Health Care Fraud (18 U.S.C. § 1347). According to admissions made as part of Blackman's plea agreement, WaveCare billed the District Medicaid program over \$9.8 million for expensive wound care products that her company never purchased or provided to District Medicaid beneficiaries. On March 13, 2019, Ms. Blackman was sentenced to 42 months in prison and 36.5 months of supervised probation with a restitution amount of \$9,412,394.68.

Civil Dispositions

Beatrice Ashaolu

On August 6, 2019, Beatrice Ashaolu entered into a consent judgment with the District in the Superior Court for violating the False Claims Act, and was ordered to pay \$35,393 in restitution.

ORGANIZATIONAL HIGHLIGHTS

ENABLING MISSION AREAS

This section presents the roles, responsibilities, and FY 2019 accomplishments of the OIG's organizational components supporting its core mission areas. The section also presents significant hearings, testimonies, external awards, and meetings with oversight bodies that occurred during the reporting period.

RISK ASSESSMENT AND FUTURE PLANNING DIVISION (RAFP)

RAFP consists of the Hotline Program and the Data Analysis Unit (DAU). RAFP is the focal point of the OIG's Strategic Goal to *proactively identify and reduce vulnerabilities that could lead to corruption, fraud, waste, abuse, and mismanagement that impacts the District of Columbia*. RAFP works across OIG operational units to provide a unified view of District operations; identify and prioritize risks; assist in identifying audits, inspections, and investigations; and to eliminate duplicative efforts and provide focus for the OIG's limited resources.

Hotline Program

The OIG Hotline Program serves as the single point for intake and initial analysis of allegations of corruption, fraud, waste, abuse, and mismanagement within District government operations and programs. The Hotline Program receives allegations from multiple sources, to include phone calls, email, fax, postal mail, and walk-in complaints. The Hotline Program also reviews and analyzes all allegations to determine the appropriate actions to take for resolution.

During FY 2019, the Hotline Program received 2,392 complaints,¹⁶ referred 54 complaints to other District or federal agencies, assisted 304 complainants with the proper avenue of redress to remedy their issues, and recommended 64 complaints for investigation or inclusion in the OIG's *FY 2020 Audit and Inspection Plan*. During this period, the Hotline Program determined on a course of action within 10 days of receipt of a complaint 90 percent of the time.

Data Analysis Unit (DAU)

The DAU is the primary data analytics operation for the OIG, with a mission to provide analytical case support to ongoing investigations, audits, and inspections and to proactively identify risk and instances of corruption, fraud, waste, abuse, and mismanagement throughout the District government.

¹⁶ Complaints were previously referred to as *contacts*.

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During FY 2019, the DAU provided analytical case support for 18 OIG investigations, identified risk areas throughout the District government in support of the OIG Risk Committee,¹⁷ and completed 10 proactive projects with 40 percent leading to the initiation of an investigation, audit, or inspection.

BUSINESS MANAGEMENT DIVISION (BM)

BM ensures all OIG operational divisions and units have the tools needed to prevent and detect corruption, mismanagement, waste, fraud, and abuse, while ensuring that District rules and regulations are followed. BM helps facilitate agency-wide initiatives in these ways:

- Providing safe and secure working environments.
- Providing necessary tools for our staff to accomplish OIG goals.
- Recruiting highly qualified and motivated staff.
- Providing high-quality administrative support services to all OIG components.
- Ensuring the OIG engages in contact with the media, community, and other external stakeholders.
- Ensuring the OIG budget is linked to strategic goals and objectives, and followed per District rules and regulations.
- Ensuring all OIG staff members have the technology needed to complete their mission and goals in the most time-effective and resource-efficient manner.
- Ensuring all records for the OIG are maintained, archived, and destroyed in accordance with its approved records retention schedule.

BM facilitated these initiatives in FY 2019:

Strategic Public Relations and Communications

In FY 2019, the Communications and Public Relations Unit developed the OIG's Strategic Public Relations and Marketing Plan. This plan has two goals: (1) increase customers using OIG services; and (2) enhance the OIG's reputation through strategic public relations campaigns to shape the way customers think of its work. The OIG began or completed these initiatives in furtherance of these goals:

- Developed OIG 101 for District employees.
- Developed training on the OIG's mission and purpose (similar to OIG 101) for the following customer groups: residents/taxpayers; media; vendors; and focus groups.
- Attended District events and distributed OIG materials.
- Capitalized on opportunities for positive narratives about the OIG's work.
- Engaged a contractor to complete a full website redesign.

¹⁷ The OIG Risk Committee, consisting of RAFP and Operations Units, prepares the OIG's Annual Audit and Inspection Plan and conducts a systemic review and evaluates risks to the District. These risks are identified through an iterative process that includes: feedback received from elected officials; survey responses from District agency leaders and Council staff; a comprehensive review of District agency budget and performance information; analysis of OIG hotline contacts; and coordination with other District oversight practitioners.

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- Began linking the OIG website to social media pushes to redirect visitors.
- Began production of a training video for District employees and residents highlighting 40 years of OIG work on behalf the District.

Additionally, the OIG continued its outreach initiatives from FYs 2017 and 2018, including, attending public meetings, participating in training for District agencies, and presenting to vulnerable populations in the District's communities. The OIG also hosted an international delegation from the Islamic Republic of Pakistan at the request of the Office of the Mayor.

Facility Relocation

The OIG collaborated with the DGS in FY 2018 to move the OIG to a more appropriate facility in support of its law enforcement mission. This initiative continued successfully into FY 2019.

Assets Management

The OIG engaged a consultant to help develop an internal asset tracking system – the purpose of which is to ensure that assets are purchased, tagged, tracked, utilized, and disposed of efficiently and effectively. This is a multi-unit effort among the OIG's Records Management, Information Technology, Facilities Management, and Investigations Units. This effort will allow the OIG to monitor and manage its assets using a systems approach. The benefits to the OIG, in increased productivity and efficiency, place it in a better position to increase the return on investment.

QUALITY MANAGEMENT DIVISION (QM)

The OIG established QM to ensure that agency operations are:

- Adhering to internal control policies, procedures, and standards.
- Complying with professional and quality standards of performance.
- Carried out economically, efficiently, and effectively.

In supporting the OIG's mission, QM employs a systemic process of: (1) involving all OIG employees in innovation, customer satisfaction, and continual improvement of work processes, products, and services to ensure the OIG's long-term success; (2) maximizing the efficiency, effectiveness, transparency, and accountability of OIG operations to maintain the desired level of excellence; (3) ensuring OIG work processes provide timely, high-quality products that promote improvement in District government programs and operations; (4) collaborating with all divisions to define, track, and report performance measures for each strategic objective; (5) implementing an effective visual performance metrics dashboard to facilitate data-driven, fact-based decision-making; (6) coordinating peer reviews for the Audit, Inspections and Evaluations, and Investigations Units to provide a formal, objective assessment of their operations; and (7) conducting benchmarking studies to determine how the Audit, Inspections and Evaluations, and Investigations Units compare to those of other OIGs.

ORGANIZATIONAL HIGHLIGHTS

QM develops and utilizes best practices for government oversight to ensure:

- The OIG budget is linked to the agency's strategic goals and objectives.
- OIG resources are targeted to address high-risk areas identified by RAFFP.
- High-quality products and services are delivered to OIG stakeholders.
- Stakeholder feedback on the quality of OIG products is obtained and used for continual improvement.
- The best employees are recruited, trained, retained, and motivated.

QM accomplished the following in FY 2019:

- Issued 11 quality assurance reports with 53 recommendations for improvement and a 94 percent agreement rate.
- Issued two continuous improvement process reports, including a root cause analysis of the OIG's document production process.
- Updated, analyzed, and reported monthly metrics from the OIG recommendations tracking database maintained by QM.
- Collected, analyzed, and disseminated a monthly key performance indicators (KPIs) tracker to OIG divisions and units for internal and external reporting purposes.
- Engaged OIG management personnel and staff in identifying and developing new performance metrics for their units and divisions.
- Initiated the development of a District-wide internal control assessment framework and tools using technology for deployment in FY 2020.

SIGNIFICANT HEARINGS AND TESTIMONIES

- The Inspector General (IG) testified before the Committee of the Whole on the *Fiscal Year 2018 Comprehensive Annual Financial Report (CAFR)* (February 4, 2019).
- The IG testified before the Committee on Government Operations at its Fiscal Year 2018 Performance Oversight Hearing. The IG provided the Committee an overview of the OIG's FY 2018 performance and outlined plans for the remainder of FY 2019 (February 28, 2019).
- The IG testified before the Committee on Government Operations at its Fiscal Year 2020 Budget Oversight Hearing. The IG provided testimony on the OIG's proposed FY 2020 budget and outlined the OIG's budget request in terms of personal and non-personal services funding requirements (April 8, 2019).
- The IG testified before the Committee of the Whole at its Public Oversight Roundtable concerning the OIG's report *Department of Consumer and Regulatory Affairs: Civil Infractions Program Lacked a Strong Internal Control Environment* (June 25, 2019).

SIGNIFICANT MEETINGS WITH OVERSIGHT BODIES

- The IG met quarterly with the Mayor, Council Chairman, and the City Administrator. During those meetings, the IG provided District leaders with an overview of ongoing projects, solicited feedback on future projects, and discussed any other matters of interest.

ORGANIZATIONAL HIGHLIGHTS

- Throughout FY 2019, the IG met with other Inspectors General during monthly CIGIE meetings. By statute, the OIG is required to adhere to CIGIE quality standards.¹⁸
- Throughout FY 2019, the IG and other OIG leaders met with members of the USAO for the District of Columbia. The purpose of these meetings was to: (1) identify opportunities to synergize the agencies' respective oversight missions; and (2) manage ongoing joint cases. The OIG is required to report matters to the USAO when there are reasonable grounds to believe a violation of federal or District criminal law has occurred.¹⁹
- The OIG and BEGA leaders met monthly during FY 2019 to discuss matters of mutual interest and resolve any oversight overlap. District employees are required to “immediately and directly report credible violations of the District Code of Conduct and violations of [Chapter 18 of the District Personnel Manual (DPM)]” to BEGA, the OIG, or both.²⁰
- On October 5, 2018, the OIG hosted a delegation from the Islamic Republic of Pakistan. The OIG shared with the Pakistani delegates how it addresses risks of fraud, waste, abuse, and mismanagement in District government, and left them with best practices to consider incorporating in their daily activities.
- On March 6, 2019, the IG presented an overview of the OIG to District managers during Mayor Bowser's Managers Summit 2019. The IG's presentation is available on the OIG website.
- On September 24-27, 2019, the IG participated in the annual Association of Inspectors General (AIG) Board Meeting and Training Conference. During the Conference, the IG conducted a presentation entitled “Measuring OIG Success.” This presentation was attended by over 80 federal, state, and local inspectors general.

EXTERNAL AWARDS AND RECOGNITION

- On June 26, 2019, two OIG leaders graduated from the District's Executive Leadership Program.
- On June 24, 2019, the OIG received the Progress in Performance Excellence Award from SPQA.
- On September 24, 2019, two current OIG special agents and a retired OIG special agent were recognized by the USAO at the Thirty-Seventh Law Enforcement Awards Ceremony for their work on three separate investigations, which resulted in successful prosecution by the USAO.
- On September 26, 2019, an OIG leader graduated from the District's Certified Public Manager Program.
- On October 17, 2019, two OIG leaders were recognized by CIGIE for their work as adjunct instructors in CIGIE's Audit, Inspection, and Evaluation Academy during FY 2019.

¹⁸ D.C. Code § 1-301.115a (b)(1) (Supp. 2018).

¹⁹ *Id.* § 1-301.115a(f).

²⁰ DIST. OF COLUMBIA DEP'T OF HUMAN RESOURCES, ELECTRONIC DISTRICT PERSONNEL MANUAL (DPM) § 1801.1, <https://edpm.dc.gov/> (last visited Nov. 13, 2019).

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APPENDICES

APPENDIX A – SELECTED OIG STATUTORY REQUIREMENTS

D.C. Code § 1-301.115a(f-2) requires the OIG to prepare an annual report, by December 1st each year, summarizing its activities during the preceding fiscal year. This legislation also outlines the OIG’s purpose and specific responsibilities.

PURPOSE

- Section (a-1)(1) “Conduct and supervise audits, inspections[,] and investigations relating to the programs and operations of District government departments and agencies, including independent agencies;”
- Section (a-1)(2) “Provide leadership and coordinate and recommend policies for activities designed to promote economy, efficiency, and effectiveness and to prevent and detect corruption, mismanagement, waste, fraud, and abuse in District government programs and operations . . .”
- Section (a-1)(3) “Provide a means for keeping the Mayor, Council, and District government department and agency heads fully and currently informed about problems and deficiencies relating to the administration of these programs and operations and the necessity for and progress of corrective actions.”

RESPONSIBILITIES

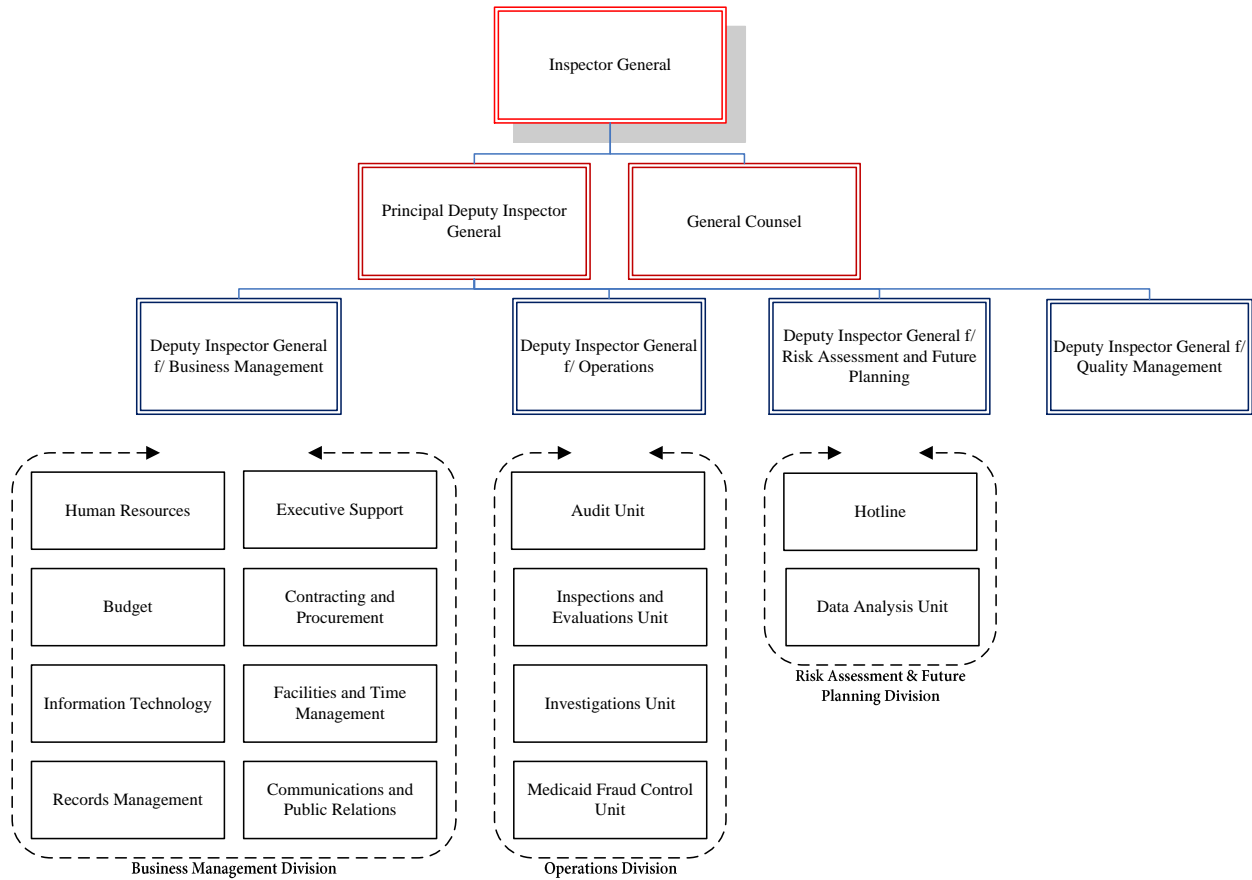
- Section (a)(3)(A) “Conduct independent fiscal and management audits of District government operations; ”
- Section (a)(3)(C) “Serve as principal liaison between the District government and the U.S. [Government Accountability] Office; ”
- Section (a)(3)(D) “Independently conduct audits, inspections, assignments, and investigations [requested by the Mayor] . . . and any other audits, inspections[,] and investigations [deemed] necessary or desirable in the Inspector General’s judgment;”
- Section (a)(3)(E) “Annually conduct an operational audit of all procurement activities carried out pursuant to this chapter . . .;”
- Section (a)(3)(F)(i) “Forward to the appropriate authority any report, as a result of any audit, inspection[,] or investigation conducted by the office, identifying misconduct or unethical behavior . . .”

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- Section (a)(3)(F)(ii) “Forward to the Mayor, within a reasonable time of reporting evidence of criminal wrongdoing to the Office of the U.S. Attorney or other law enforcement office, any report regarding the evidence, if appropriate; ”
- Section (a)(3)(H) “Pursuant to a contract described in [Section (a)(4) below], audit the complete financial statement and report on the activities of the District government for [the] fiscal year . . .”
- Section (a)(3)(I) “Not later than 30 days before the beginning of each fiscal year . . . and in consultation with the Mayor, the Council, and the Authority, establish an annual plan for audits to be conducted . . . during the fiscal year . . .”
- Section (a)(3)(J) “[C]onduct investigations to determine the accuracy of certifications made to the Chief Financial Officer . . . of attorneys in special education cases brought under the Individuals with Disabilities Education Act in the District of Columbia.”
- Section (a)(4)(A) “[E]nter into a contract with an auditor who is not an officer or employee of the [OIG] to . . . [a]udit the financial statement and report described in paragraph (3)(H) . . . for [the] fiscal year . . .”
- Sections (d)(1) & (2) “[C]ompile for submission to the . . . Mayor and the Council . . . at least once every fiscal year, a report setting forth the scope of the Inspector General’s operational audit, and a summary of all findings and determinations made as a result of the findings. [The report shall include] any comments and information necessary to keep . . . the Mayor and the Council informed of the adequacy and effectiveness of procurement operations, the integrity of the procurement process, and adherence to provisions of this chapter.”
- Section (f) “[R]eport expeditiously to the Attorney General whenever the Inspector General has reasonable grounds to believe there has been a violation of Federal or District criminal law.”
- Section (f-5) “A peer review of the [OIG’s] audit, inspection[,] and investigation sections’ standards, policies, procedures, operations, and quality controls shall be performed no less than once every 3 years by an entity not affiliated with the [OIG]. Any final report shall be distributed to the Mayor [and] the Council . . .”

APPENDICES

APPENDIX B – OIG ORGANIZATIONAL CHART

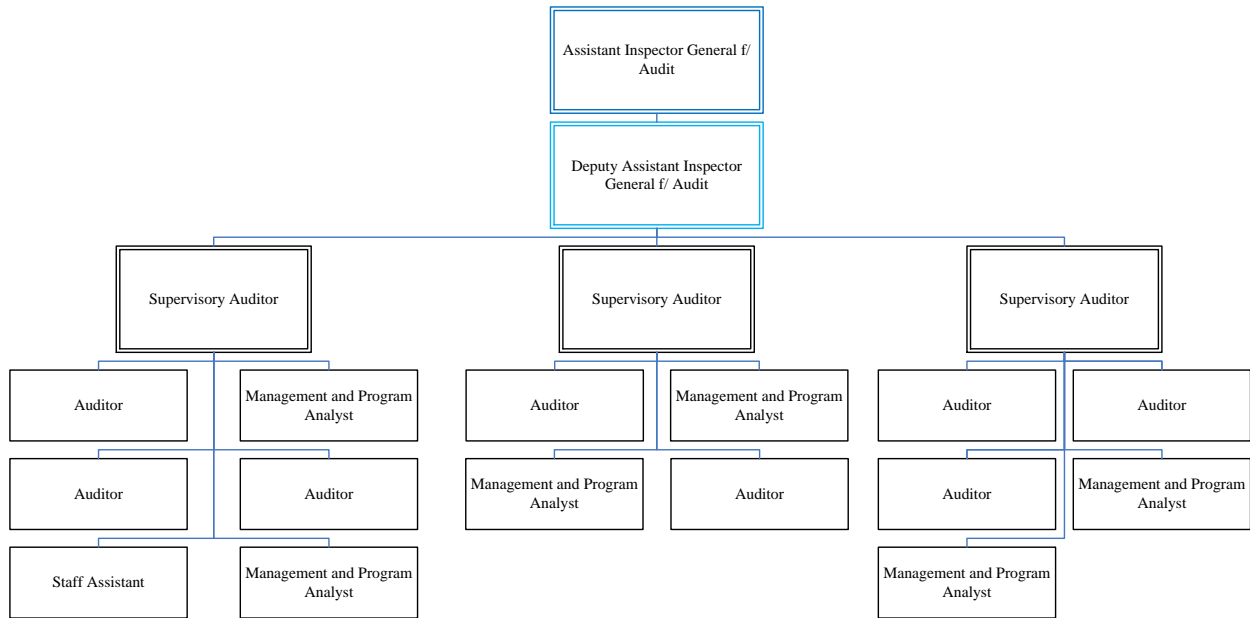


Organizational Structure

The OIG is led by the Inspector General, who is immediately supported by the Principal Deputy Inspector General and the General Counsel. The Principal Deputy Inspector General oversees the day-to-day operations of the OIG and provides leadership and direction to the OIG’s four Deputy Inspectors General. The Deputy Inspectors General each lead a specific division, which comprise the system by which the OIG has been arranged to execute its mission. The General Counsel oversees the Office of the General Counsel and provides leadership and direction to the OIG’s Deputy and Associate General Counsel.

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APPENDIX C – AU ORGANIZATIONAL CHART AND STRUCTURE

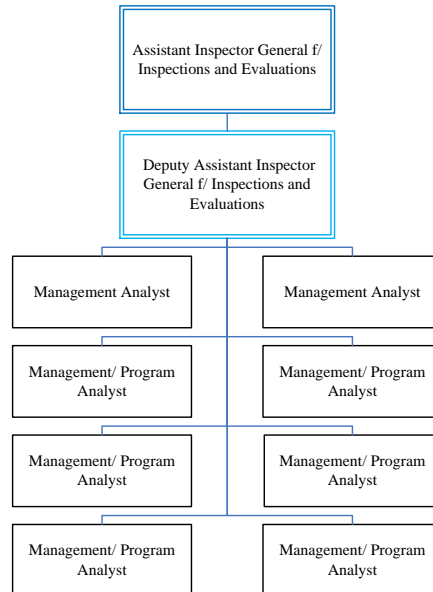


Organizational Structure

The Assistant Inspector General for Audits (AIGA), the Deputy Assistant Inspector General for Audits (DAIGA), and three Supervisor Auditors manage the AU. The AIGA sets policy; the DAIGA provides leadership and direction for AU; and Supervisory Auditors supervise the day-to-day projects and activities of audit staff. Organization for branch staffing is according to tactical operational needs, which gives AU the flexibility to respond to unexpected requests while matching staff and projects based on need.

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APPENDIX D – I&E ORGANIZATIONAL CHART AND STRUCTURE

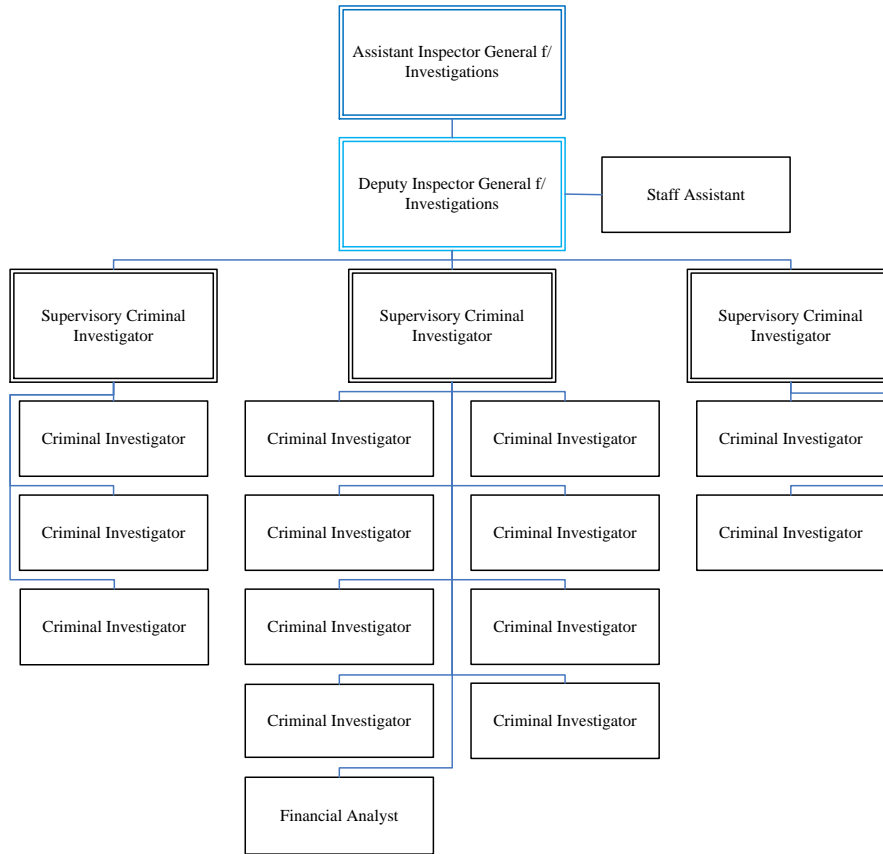


Organizational Structure

I&E is managed by the Assistant Inspector General for Inspections and Evaluations (AIGIE), and the Deputy Assistant Inspector General for Inspections and Evaluations (DAIGIE). The AIGIE sets policy and project priorities and provides leadership and direction to the unit. The DAIGIE manages the unit's day-to-day operations and administrative activities, coordinates management analysts' project activities, identifies and delivers professional development opportunities, and monitors and evaluates each analyst's performance.

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APPENDIX E – IU ORGANIZATIONAL CHART AND STRUCTURE

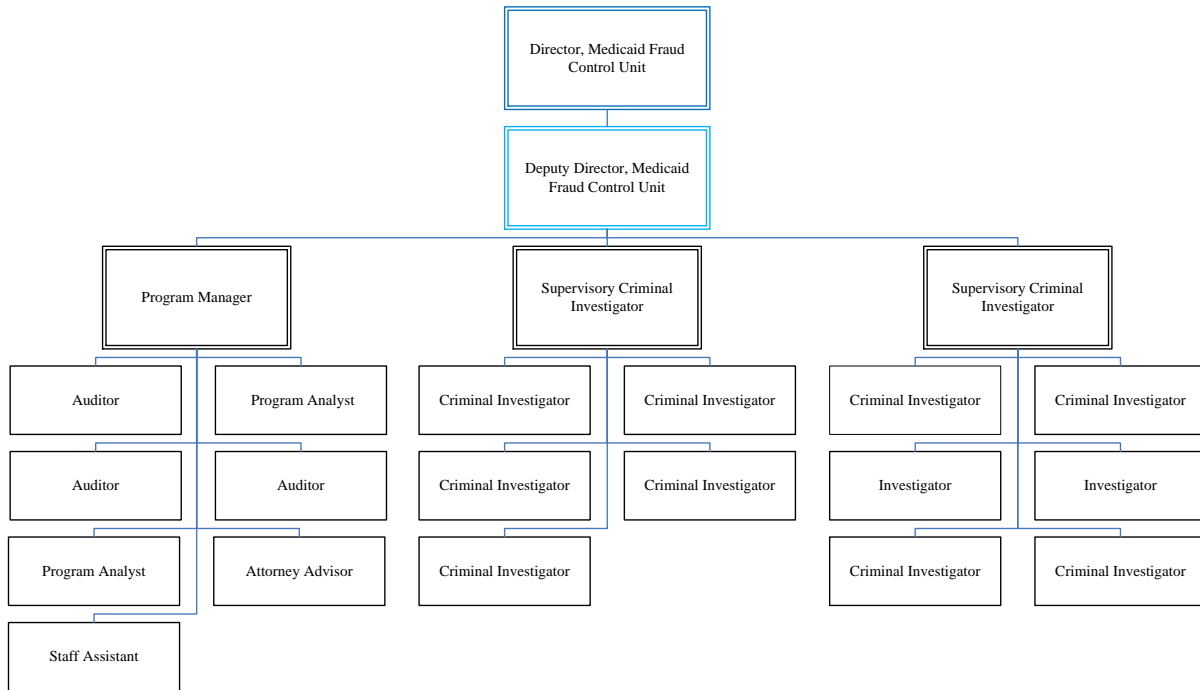


Organizational Structure

The Assistant Inspector General for Investigations (AIGI), the Deputy Assistant Inspector General for Investigations (DAIGI), and three Supervisory Special Agents manage IU. The AIGI sets policy and provides leadership for the unit. The DAIGI supervises the Supervisory Special Agents, estimates workloads, and outlines anticipated problems to be resolved and investigative objectives. Supervisory Special Agents supervise criminal investigators’ day-to-day activities.

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APPENDIX F – MFCU ORGANIZATIONAL CHART AND STRUCTURE



Organizational Structure

The Director, Deputy Director, two Supervisory Special Agents (SSAs), and a Supervisor Program Manager manage MFCU. The Director provides leadership and direction for the unit, including establishing the unit’s goals and operational policies under the OIG’s strategic framework. The Deputy Director supervises the unit’s two SSAs and Program Manager. The SSAs oversee the day-to-day activities of two investigative teams, and the Program Manager supervises the team composed of an attorney-advisor, auditors, program analysts, and staff assistants.

APPENDICES

APPENDIX G – FY 2019 AUDIT REPORTS AND RECOMMENDATIONS²¹

Agency	Title	Report Date	Number of Recommendations
OAG & OCFO	Audit of the Income and Expenditures of the Attorney General Restitution Fund for the Period October 1, 2017, Through June 30, 2018; OIG No. 18-1-21CB	10/23/2018	4
OCA	District of Columbia Agencies' Fund Reprogramming Practices: Opportunities Exist to Improve the District's Process to Track Fund Reprogramming Activities; OIG No. 17-1-20MA	11/06/2018	7
DGS & OCFO	Audit of the West End Library and Fire Station Maintenance Fund for the Period of October 1, 2016, through June 30, 2018; OIG No. 18-1-22MA	11/16/2018	6
DDOT	Contract Solicitation and Management Practices for Transportation Projects can be Improved; OIG No. 18-1-02KA	04/03/2019	10
DC Water	DC Water's Procedures for Monitoring Lead in Drinking Water could be Improved; OIG No. 18-1-04LA	04/04/2019	9
OCTO	OCTO's Oversight of Information Technology Acquisitions Needs Improvement to Ensure the District Realizes Intended Benefits; OIG No. 18-1-19TO	04/09/2019	12
Multiple Agencies	Audit of OIG Prior Year Recommendations; OIG No. 2019-01-001MA	04/15/2019	0 ²²

²¹ This table only includes those audit engagements executed by OIG staff. Audits performed by contracted firms are not included in this table.

²² The OIG did not make any recommendation to District agencies for this audit engagement.

APPENDICES

APPENDIX H – FY 2019 INSPECTION AND EVALUATION REPORTS AND RECOMMENDATIONS

Agency	Title	Report Date	Number of Recommendations
OCA & DGS	Office of the City Administrator (OCA), Department of General Services (DGS): Evaluation of the Buzzard Point and St. Elizabeths Solicitations; OIG No. 19-101AM0	10/24/2018	7
DCRA	Department of Consumer and Regulatory Affairs (DCRA): Civil Infractions Program Lacked a Strong Internal Control Environment; OIG No. 19-I02CR	05/01/2019	9
DCPS	District of Columbia Public Schools (DCPS): Internal Controls Need Improvement to Assure Compliance with Grading, Attendance, and Community Service Requirements; OIG No. 19-104GA	06/04/2019	25
OCP	Office of Contracting and Procurement (OCP): District-Wide Participation in the Surplus Property Program Could Be Improved; OIG No. 19-1-03PO	07/22/2019	10
DCPS	District of Columbia Public Schools (DCPS): Follow-Up of D.C. Public Schools Emergency Response Planning and Readiness; OIG No. 16-1-0076GA	09/19/2019	0 ²³
DCPS & OCFO	District of Columbia Public Schools (DCPS): Inspection of the Administration and Oversight of Student Activity Funds; OIG No. 19-1-05GA	09/30/2019	5
OSSE & DCPS	Office of the State Superintendent of Education (OSSE), District of Columbia Public Schools (DCPS): Evaluation of Enrollment, Residency Verification, and Tuition Agreement Procedures at Duke Ellington School of the Arts for the School Year 2018-2019; OIG No. 19-1-06GD	09/30/2019	5

²³ The update requested that DCPS provide the OIG additional information by November 1, 2019. Following receipt and analysis of this information, the OIG expects to make recommendations to DCPS pertaining to this project.

APPENDICES

APPENDIX I – SELECTED FY 2019 INVESTIGATIONS UNIT OUTCOMES²⁴

Agency Involved	Press Release/Significant Activity Report Title	Date
DCHR	Former Government Consultant Indicted on Federal Charges In Bribery and Fraud Scheme	12/21/2018
DOES	Significant Activity Report: Member of the Public Sentenced for Defrauding the Department of Employment Services (DOES)	01/03/2019
DOES	Significant Activity Report: Member of the Public Sentenced for Defrauding the Department of Employment Services (DOES)	01/07/2019
DHS	Former District Government Employee Pleads Guilty To Carrying Out Embezzlement Scheme	02/27/2019
DHS	Former District Government Employee Pleads Guilty to Scheme Involving Over \$1.4 Million in Fraudulently Issued Benefits	03/14/2019
DCPS	Significant Activity Report: Former DCPS Employees Sentenced for Defrauding the Government	03/20/2019
DOES	Significant Activity Report: Member of the Public Sentenced for Submitting Fraudulent Claims to Obtain Unemployment Compensation Benefits While Employed	04/10/2019
DSLBD	Jury Finds Local Businessman Guilty of Fraud In Bidding for DC Government Contracts	04/12/2019
DOES	Significant Activity Report: Member of the Public Sentenced to 10 months of Incarceration and Restitution for Felony Fraud for Submitting Fraudulent claims to Obtain Unemployment Compensation Benefits While Employed	04/18/2019
DOES	Significant Activity Report: Member of the Public Sentenced to 8 Months Incarceration and Restitution for Fraudulently Obtaining Unemployment Benefits	04/22/2019
OCFO	Four Men Indicted in Schemes to Corrupt and Defraud District of Columbia's Office of Tax and Revenue	05/23/2019
OTR	Additional Taxpayer Indicted in Schemes to Corrupt and Defraud District of Columbia's Office of Tax and Revenue	70/11/2019

²⁴ This Table does not capture the entirety of IU's FY 2019 investigative outcomes, only those outcomes that resulted in a Press Release or Significant Activity Report.

APPENDICES

Agency Involved	Press Release/Significant Activity Report Title	Date
DHS	Former District Government Employee Sentenced to 84 Months in Prison for Scheme Involving Over \$1.4 Million in Fraudulently Issued Benefits	07/17/2019
OCF	D.C. Government Contractor Sentenced to 6 Months for Making Illegal Conduit Campaign Contributions to D.C. Council Candidates	07/22/2019
DHS	Former District Government Employee Sentenced to 18 Months for Carrying Out Embezzlement Scheme	08/08/2019
DCHR	Former Government Consultant Pleads Guilty to Bribery and Fraud Scheme	08/29/2019
DOES	Significant Activity Report: Member of the Public Sentenced for Fraud	09/04/2019
DOES	Significant Activity Report: Member of the Public Sentenced for Identity Theft	09/30/2019

APPENDICES

APPENDIX J – SELECTED FY 2019 MEDICAID FRAUD CONTROL UNIT OUTCOMES²⁵

Press Release Title	Date
Two Maryland Women Arrested on Federal Charges Alleging They Defrauded D.C. Medicaid Program	10/24/2018
Maryland Woman Charged With Health Care Fraud	12/18/2018
Owner of DC-Based Durable Medical Equipment Company Sentenced to 42 Months in Prison For Role in \$9.8 Million Medicaid Fraud Scheme	03/13/2019
District of Columbia Physician Indicted for Alleged Role in \$12.7 Million HealthCare Fraud Scheme	08/02/2019
Former Personal Care Aide Pleads Guilty to Health Care Fraud	08/08/2019
Former Dentist Pleads Guilty to Health Care Fraud	09/13/2019

²⁵ This Table does not capture the entirety of MFCU's FY 2019 investigative outcomes, only those outcomes that resulted in a Press Release.

APPENDICES

APPENDIX K – FY 2019 CONTRACTED REPORT²⁶

Agency	Title	Report Date	Number of Recommendations
Multiple Agencies	The District of Columbia's Comprehensive Annual Financial Report (CAFR) for Year Ended September 30, 2018	01/31/2019	0
DDOT	District Department of Transportation (DDOT) Highway Trust Fund Financial Statements FY 2017 and 2018	01/31/2019	0
DC Lottery	For the District of Columbia Lottery and Charitable Games Control Board Financial Statements and Management's Discussion and Analysis (With Report of Independent Public Accountants) for Fiscal Years Ended September 30, 2018	01/31/2019	0
OCFO	District of Columbia 529 College Savings Program Trust Participant and Administrative Funds Financial Statements and Management's Discussion and Analysis for the Fiscal Year Ended September 30, 2018	01/31/2019	0
UDC	University of the District of Columbia (UDC) Basic Financial Statements (With Report of Independent Public Accountants) for Fiscal Years Ended September 30, 2018 And 2017	01/31/2019	0
Events DC	Washington Convention and Sports Authority (dba Events DC) Financial Statements and Management's Discussion and Analysis (With Report of Independent Public Accountants) for Fiscal Years Ended September 30, 2018 and 2017	01/31/2019	0
Multiple Agencies	District of Columbia E911/E311 Fund Financial Statements With Reports of Independent Public Accountants for Fiscal Years Ended September 30, 2018 and 2017	01/31/2019	0
HBX	Health Benefit Exchange Authority (HBX) Financial Statements (With Reports of Independent Public Accountants) for Fiscal Years Ended September 30, 2018 And 2017	01/31/2019	0
DCHFA	District Of Columbia Housing Finance Agency (DCHFA) Financial With Independent Auditor's Report for Fiscal Years Ended September 30, 2018 And 2017	01/31/2019	0

²⁶ All FY 2019 contractor-authored reports are deliverables from the OIG's CAFR contract.

APPENDICES

Agency	Title	Report Date	Number of Recommendations
DCHD	Home Purchase Assistance Program Fund Financial (With Report of Independent Public Accountants) for Fiscal Years Ended September 30, 2018 And 2017	01/31/2019	0
OCFO	Other Post-Employment Benefits Fund Financial Statements With Reports of Independent Public Accountants for Fiscal Years Ended September 30, 2018 And 2017	01/31/2019	0
OCFO	District of Columbia Teachers' and Police Officers and Firefighters' Retirement Funds Financial Statements and Schedules (With Independent Auditors' Report) for Fiscal Years Ended September 30, 2018 And 2017	01/31/2019	0
OCFO	District of Columbia Tobacco Settlement Financing Corporation Financial Statements With Independent Auditors' Report for Fiscal Year Ended September 30, 2018	01/31/2019	0
OCFO	Unemployment Compensation Fund Financial Statements With Reports of Independent Public Accountants for Fiscal Years Ended September 30, 2018 And 2017	01/31/2019	0
UMC	Not-For-Profit Hospital Corporation United Medical Center (UMC) Financial Statements (With Reports of Independent Public Accountants) for Fiscal Years Ended September 30, 2018 And 2017	01/31/2019	0
Multiple Agencies	Government of the District of Columbia: Best Practices Recommendations for Fiscal Year 2018	02/22/2019	1
Multiple Agencies	Government of the District of Columbia: Management Recommendations for FY 2018	02/06/2019	7
DDOT	Highway Trust Fund Management Recommendation Letter	03/14/2019	1
UMC	Not-for-Profit Hospital Corporation United Medical Center (UMC) Management Recommendations for Fiscal Year (FY) 2018	03/11/2019	2
DDOT	District Department of Transportation (DDOT): Report on the Examination of the District of Columbia's Highway Trust Fund Forecast Statements (FYs 2019-2023)	05/31/2019	0

DISTRIBUTION LIST

DISTRIBUTION LIST

The Honorable Muriel Bowser, Mayor, District of Columbia, Attention: Betsy Cavendish
(via email)

Mr. Rashad M. Young, City Administrator, District of Columbia (via email)

Mr. Barry Kreiswirth, General Counsel, City Administrator, District of Columbia (via email)

The Honorable Phil Mendelson, Chairman, Council of the District of Columbia (via email)

The Honorable Kenyan McDuffie, Chair Pro Tempore, Council of the District of Columbia

The Honorable Anita Bonds, At-Large Councilmember, Council of the District of Columbia

The Honorable David Grosso, At-Large Councilmember, Council of the District of Columbia

The Honorable Elissa Silverman, At-Large Councilmember, Council of the District of Columbia

The Honorable Robert C. White, At-Large Councilmember, Council of the District of Columbia

The Honorable Brianne K. Nadeau, Ward 1 Councilmember, Council of the District of Columbia

The Honorable Jack Evans, Ward 2 Councilmember, Council of the District of Columbia

The Honorable Brandon T. Todd, Ward 4 Councilmember, Council of the District of Columbia

The Honorable Mary M. Cheh, Ward 5 Councilmember, Council of the District of Columbia

The Honorable Charles Allen, Ward 6 Councilmember, Council of the District of Columbia

The Honorable Vincent C. Gray, Ward 7 Councilmember, Council of the District of Columbia

The Honorable Trayon White, Sr., Ward 8 Councilmember, Council of the District of Columbia

Mr. John Falcicchio, Chief of Staff, Executive Office of the Mayor (via email)

Ms. LaToya Foster, Director, Office of Communications, Executive Office of the Mayor (via email)

Ms. Nyasha Smith, Secretary to the Council (via email)