

Appendix 25 - Investigations

- (25) Please list and describe any ongoing **investigations**, audits, or reports on your agency or any employee of your agency, or any investigations, studies, audits, or reports on your agency or any employee of your agency that were completed during FY 2012 or FY 2013, to date.

Investigations

District of Columbia Office of the Inspector General

Report of Investigation 2009-0178: *Investigation into Allegations that D.C. Water and Sewer Authority and D.C. Department of Health Officials Intentionally or Negligently Misled the Public Regarding Elevated Levels of Lead in the District's Water and the Corresponding Health Impact on District Children*. This investigation was initiated pursuant to a request from two District of Columbia (D.C.) Council Members to determine whether there is a correlation between elevated lead levels in District tap water and lead-poisoned children, and whether D.C. authorities either intentionally or negligently misled the public. (completed March 12, 2012)

DC Water received a complaint from the DC OIG concerning the flooding of a backyard as a result of the removal of a drainage pipe to put in a bike trail. The complaint stated that DC Water extracted water from the yard but the problem continues to occur. (November 10, 2011) This investigation has been completed by DC Water and DC Water is awaiting a response from the DC OIG.

In 2011, a DC Water employee was alleged to be involved in a misappropriation of funds. An internal examination of the misappropriation of funds was conducted by the DC Water Office of the Chief Financial Officer. It was determined that a misappropriation had occurred and the employee acted alone. The OIG was contacted and DC Water Management understands that an investigation is underway.

In 2012, DC Water investigated an allegation of the alleged misappropriation of IT funds and equipment. DC Water referred the matter to the DC OIG. DC Water is awaiting the results of the DC OIG investigation.

DC Water Office of Security Services

For FY 2011 and FY 2012 to date, the Office of Security Services undertook thirteen (13) investigations, three (3) of which overlapped with Human Capital Management. The remaining investigations were the following:

- Theft of DC Water property – five (5) investigations, three (3) of which remain open and two (2) are closed
- Breach of security/disorderly conduct – one (1) investigation which is closed
- Smoke in operational building- one (1) investigation which is closed
- Building security alarm activation/burglary – one (1) investigation which is closed
- Property loss/fire damage- one (1) investigation which is closed
- Employee time fraud – one (1) investigation which remains open

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Office of Labor Relations

There were four EEO cases filed with two being substantiated and disciplinary action taken. Seven workplace violence investigations were initiated. Two of those cases were not substantiated, three are pending arbitration, one resulted in a termination, and a claim against a contractor was disposed by the contracting agency.

Audits

FY2012 External Audit Conducted by DC Water's External Auditor, Bazilio Cobb Associates (BCA).

External audit covered DC Water's financial statements. The audit was completed with no audit exceptions and an unqualified opinion was expressed with respect to DC Water's financial statements.

FY2012 BCA A-133 Audit (Audit of Grants)

External audit of grants was completed with no audit exceptions and an unqualified opinion was expressed with respect to grants.

Completed Internal Audits

Vendor Management - Audit objectives: to assess IT vendor contract management to ensure proper due diligence is practiced prior to contract initiation and upon renewal, and ensure effective procedures are in place to manage IT vendor contracts and monitoring vendor performance. (completed 10-6-11)

Grant Operations - Audit objectives: evaluate the grant application process, the grant project construction and spending process, the grant reimbursement process, and the monitoring and controls activities related to the relevant processes within the grant operations. (completed 10-20-11)

Human Capital Management (HCM) - Audit objectives: 1) determine whether HCM activities are conducted in accordance to DC Water Policies and employment laws and regulations; 2) determine whether physical personnel files are properly secured and restricted to authorized users; 3) determine whether there are procedures in place to ensure that compensation adjustments in the HCM/Payroll system are authorized; and HCM and payroll functions are segregated within the HCM/Payroll system; 4) determine whether there are procedures in place to ensure the accuracy of the data entered into the HCM/Payroll system; 5) determine whether there are procedures in place to ensure job performance is monitored and documented; performance expectations are communicated to employees; and 6) determine whether there are procedures in place to ensure that proper procedures are followed when an employee is terminated and effective measures are performed timely. (completed 11-29-11)

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Risk Management - Audit objectives: 1) assess the effectiveness of the risk management process; 2) determine whether outside expertise is obtained to properly identify risk, outline options to mitigate risk, and brokerage firms are providing adequate guidance, documentation and performing within their contractual obligations; 3) determine whether DC Water has obtained sufficient insurance coverage to address insurable risk; and 4) assess the adequacy of reporting and review procedures relative to processing liability claims. (completed 2-7-12)

Payroll – Audit objectives: 1) verify that effective payroll processes and operations are in place and functioning properly; 2) ensure that payroll data is properly approved and recorded; 3) ensure that payment of earnings, withholding of employee payroll taxes, and payment of special benefits are accurately calculated and properly authorized; 4) ensure that DC Water is in compliance with employment tax filing requirements; and 5) ensure that payroll transactions are properly accounted for in the General ledger. (completed 2-12-12)

IT Operating and Business Application - Audit objectives: 1) to evaluate and test the effectiveness of processing controls built into and around key operating and business applications (i.e. Lawson) to ensure data integrity is preserved and reporting includes accurate and complete data; and 2) evaluate various change management, access and security, and computer operations controls in order to assess the security, confidentiality, and availability of data stored within and utilized by key DC Water operating and business applications. (completed 2-15-12)

Maintenance Services - Audit objectives: evaluate the policies, procedures, and practices in place to ensure that the Department of Maintenance Services is in compliance with applicable regulations (e.g., Clean Water Act); and ensure the department has the appropriate tools to monitor maintenance activity and effectively achieve its mission. (completed 4-18-12)

Customer Service – Audit objectives: 1) Evaluate the effectiveness of customer service operations as it relates to current practices with regard to compliance with established policies and procedures; 2) evaluate controls in place relative to issues pertaining to the resolution of complaints/problems; 3) evaluate timeliness of responding to inquiries, training of staff and monitoring of on-going activity with the use of reports and metrics; and 4) ensure that customer water usage is being accurately captured and recorded for billing purposes. (completed 4-26-12)

IT Governance – Audit objective: to identify the existing practices, evaluating, and testing the effectiveness of DC Water's IT governance function to ensure there are processes in place to mitigate critical risks in the IT environment. (completed 5-10-12)

Accounts Payable – Audit objectives: 1) ensure that the Accounts Payable department maintains adequate policies and procedures and standard operating procedures; 2) ensure that the Accounts Payable department has proper segregation of duties between the Accounting Technicians and the Vendor Master File Specialist; 3) ensure that accounts payable transactions are processed in a timely manner; 4) ensure that accounts payable transactions are accurately recorded in Lawson; 5) ensure that accounts payable transactions are properly supported and approved prior to payment processing; 6) ensure that accounts payable transaction, correctly recorded in Lawson, are getting processed and paid by the Treasury department; and 7) verify that the Accounts

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Payable department's performance is tracked and monitored by DC Water management. (completed 5-16-12)

Warehouse Operations – Audit objectives: evaluate the management of the operations to make certain the goals and objectives of the department were being met, which included the use of appropriate tools to monitor warehouse activity, efficient use of staff resources and compliance with existing policies and procedures. (completed 6-20-12)

Permit Operations – Audit objectives: 1) ensure that the Permit Operations department maintains adequate policies and procedures and standard operating procedures; 2) ensure that payments received are sufficiently controlled and monitored; 3) ensure that processing of permit applications is accurately recorded and supported; 4) ensure that permit transactions are processed in a timely manner; and 5) ensure that proper segregation of duties exist within the Permit Operations Department. (completed 7-11-12)

Capital Projects – Audit objectives: 1) Ensure that activities relative to Capital Projects are in compliance with the Authority's policies and procedures and any applicable regulations; 2) evaluate overall effectiveness and efficiency of managing Capital Projects, including both the construction contracts and the engineering contracts; 3) ensure that files are appropriately documented to support relevant activity and compliance with the contract; and 4) assess the level of management and oversight. (completed 8-9-12)

IT Help Desk & Computer Operations – Audit objectives: to identify the existing practices, evaluating, and testing the effectiveness of DC Water's Help Desk function; and assess various DC Water computer operations processes and controls to ensure procedures are consistently and correctly applied to the storage and processing of DC Water data. (completed 10-5-12)

Biosolids Operations – Audit objectives: 1) ensure that monthly reconciliations of the allocation of costs between DC Water and Washington Suburban Sanitary Commission (WSSC) are being performed consistently and being appropriately documented since implemented in the previous Biosolids Audit (FY2010); 2) Evaluate overall effectiveness and efficiency of the Biosolids process, including checking scale calibration to ensure accuracy; 3) examine the monthly Biosolids Oversight Committee Meeting minutes to identify whether any areas for concern were properly addressed; and 4) review the prior certification report (issued by DEKRA Certification October 2011) to determine whether reportable items were sufficiently addressed. (completed 10-5-12)

On-Going Internal Audits

Purchasing-Card – Audit objectives: 1) evaluate the policies, procedures, and practices in place to ensure that the P-card activities were in compliance with DC Water policies and procedures; and 2) ensure there are appropriate tools to monitor P-card activity efficiently and effectively.

Chemicals Purchasing – Audit objectives: to determine the accuracy and propriety of costs incurred relative to the procuring of various chemical used in the treatment process, along with an assessment of compliance with applicable laws and regulations.

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Regulatory Compliance – Audit objectives: to assess DC Water’s ability to effectively meet the necessary reporting requirements and deadlines, and to communicate relevant regulatory changes to the applicable parties

Cashier at Remote Sites – Audit objectives: assess the operational controls around the acceptance and processing of customer payments at remote locations, as well as to evaluate the physical controls in and around each of the facilities at which payments are accepted and DC Water personnel are staffed.

Fleet Management – Audit objectives: 1) evaluate the processes and controls relative to the management of the Fleet operations; 2) review the processes relative to the purchase and disposal of vehicles; 3) review the management and oversight of truck routing, driver activity, fuel purchase and consumption; and 4) determine whether physical security is adequate to effectively safeguard fleet vehicles.

Investment & Cash Management – Audit objectives: 1) assess the controls pertaining to compliance with the Board approved investment strategy; 2) review the controls around DC Water bank accounts, including access to the accounts, the processes to monitor cash flows; and 3) evaluate whether the abilities of individuals to transfer cash, write checks, initiate and release electronic payments are adequately segregated.

Reports

District of Columbia Office of the Inspector General

OIG No. 12-1-08LA - *District of Columbia Water and Sewer Authority Financial Statements and Independent Auditors’ Report For the Years Ended September 30, 2011, and 2010*. On March 9, 2012, DCOIG transmitted this financial audit report to Mayor Gray and Chairman Brown, prepared by Thompson, Cobb, Bazilio & Associates.

Mayor’s Task Force Report On The Prevention Of Flooding In The Bloomingdale Area

This report was published in December 2012. The report identifies the causes of surface flooding and sewer backups that occurred in Bloomingdale and LeDroit Park during July and September 2012, provides recommendations on short, medium, and long term mitigation measures, including the methodology which led to those recommendations, and summarizes these issues within a regulatory, economic, and social context.

U.S. EPA Region III and DDOE FY 2011 Blue Plains NPDES Inspection

On August 2, 2012, U.S. EPA Region III issued the FY 2011 Blue Plains NPDES Inspection report. The primary purpose of the inspection was to determine the accuracy and reliability of the facility’s self-monitoring and reporting programs in accordance with the facility’s NPDES permit number DC0021199. No concerns or issues were observed.

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2012 Cost of Services Study

Historically, DC Water has performed a Cost of Service Study (COS Study) every three years. The FY 2012 COS Study was conducted and completed by Raftelis Financial Consultants, Inc. (RFC). The COS Study reviews the equity and sufficiency of DC Water rates and rate structures periodically in accordance with the rate-setting policies of the Board of Directors.

2012 Fire Protection Costs of Service Study

The FY 2012 Fire Protection Cost of Service Study (COS) was conducted and completed by Amawalk Consulting Group LLC. to assess the appropriate level of cost recovery required from the District government for maintenance, repairs and upgrades of the District's public fire hydrant system.