

For *FY 2012 (10/1/11 to 9/30/12)*, the following audits have been **completed and issued**:

1. ***Audit of Internal Controls Over Undelivered Mail and Address Change Processes at the Office of Tax and Revenue (OIO No. 10-2-26-OTR)**
Status: Final Report Issued in January 2012
**(Posted at the OCFO's website)*

The objectives of the audit were to determine whether: 1) effective internal controls are in place for processing undelivered mail for all OTR functional offices; and 2) effective change controls are in place to provide a reasonable assurance that the address change process is free from errors or fraud.

2. ***Office of Tax and Revenue Filing Season Probe (OIO No. 11-02-04-OTR)**
Status: Final Memorandum Issued in April 2012
**(Posted at the OCFO's website)*

The objective of the memorandum was to determine if controls over the returns processing operation were operating as designed to prevent the release of a fraudulent refund.

3. **Proactive Integrity Survey at the Office of Tax and Revenue's (OTR) Return Processing Administration (RPA) (OIO No. 12-02-01-OTR)**
Status: Final Proactive Integrity Survey Report Issued in July 2012

The objectives for this proactive integrity survey were to determine whether RPA: 1) complied with the applicable laws, regulations, and internal control policies and procedures; and 2) implemented internal control activities to safeguard assets from fraud, waste, and abuse.

4. ***Proactive Integrity Survey on the Out of Statute Refunds at the Office of Tax and Revenue (OTR) (OIO No. 11-02-25-OTR)**
Status: Final Proactive Integrity Survey Report Issued in August 2012
**(Posted at the OCFO's website)*

The proactive integrity survey was designed to determine whether OTR complied with applicable laws and regulations on out of statute refunds.

5. ***Audit of the Office of Tax and Revenue Real Property Tax Administration's Assessment Roll Correction Process and Related Refunds (OIO No. 11-01-23-OTR)**
Status: Final Report Issued in September 2012
**(Posted at the OCFO's website)*

The audit's objectives were to: 1) determine the effectiveness of the system of internal controls for the changes made in the assessment rolls that impact the amount paid for real property taxes; and 2) review the system of internal controls for the refunds issued as a result of changes in the assessment rolls to determine compliance with OTR's *Interim Refund Directive*, dated March 17, 2009.

***NOTE: An earlier version of this report, No. 5 – dated March 15, 2012, is also posted at the OCFO Website.**

6. Audit of the Vendor Center Unit Operations at the Office of Finance and Treasury (OIO No. 11-01-02-OFT)

Status: Final Report Issued in November 2011

The objectives of the audit were to determine: 1) whether the Vendor Center Unit has effective internal controls and is operating efficiently, 2) whether check stocks, cancelled and reissued checks are adequately safeguarded from unauthorized use; and 3) to assess employee compliance with required policies, procedures, and applicable regulations.

7. *Audit of Wire Transfer Processing at the Office of Finance and Treasury (OIO No. 12-01-04-OFT)

Status: Final Report Issued in September 2012

****(Posted at the OCFO's website)***

The objectives of the audit were to: 1) assess the effectiveness of internal controls, policies and procedures related to wire transfers; 2) determine whether wire transactions are accurate properly authorized and adequately documented; and 3) determine whether OFT has implemented recommendations made pursuant to OIO's prior report issued in October 2009 (Report No. IA: OFT: 2904-C01).

8. Proactive Integrity Survey of the District's Gift Card Program (OIO No. 12-02-05-OFT)

Status: Final Proactive Integrity Survey Report Issued in September 2012

The objectives of the survey were to determine whether: 1) District's agencies that participated in the Gift Card Program complied with applicable laws and regulations; and 2) implemented effective internal control procedures to safeguard assets from fraud, waste, and abuse.

9. J.B. Johnson Nursing Center Financial Statements for the period October 1, 2010 to December 13, 2010 (OIO No. 12-02-09-OFOS)

Status: Final Report Issued in March 2012

This financial statement audit was performed by KPMG as part of the closeout of the contract between the D.C. Office of Aging and VMT Long Term Care Management, Inc. The OIO acted as the COTR for this project. The objectives of the audit were to: 1) express an opinion on the financial statements; 2) determine whether expenditures/costs

charged to the Fund were proper; and 3) determine whether internal controls over transactions and financial reporting were adequate.

10. District-Wide Audit of the Purchase Card Program at the Office of Contracting and Procurement (OIO No. 11-02-09-OCFO)

Status: Final Report Issued in April 2012

The objectives of the audit were to determine whether: 1) purchase cards are being used for proper government purposes; 2) transactions were authorized in accordance with established laws, regulations, policies and procedures; 3) there were adequate internal controls over the issuance and use of purchase cards; invoice payments are properly supported and approved; and 4) adequate oversight over card transactions exist at each participating agency.

11. Audit of the Inmate Welfare Fund Financial Statements for the Fiscal Year Ended September 30, 2011 (OIO No. 12-01-03 IWF)

Status: Final Report Issued in January 2012

The audit was conducted pursuant to D.C. Code §24-282(e) (2007). The objectives of the audit were to: 1) express an opinion on the financial statements of the Fund; 2) determine whether expenditures/costs charged to the Fund were proper; 3) determine whether internal controls over fund transactions and financial reporting were adequate; and 4) determine whether the Fund is administered in accordance with laws and regulations.

12. Audit of Internal Controls Over the Process of Recording Time and Attendance at the University of the District of Columbia (UDC) (OIO No. 11-02-24-UDC)

Status: Final Report Issued in November 2011

The overall audit objectives were to determine whether UDC established effective internal controls policies and procedures to ensure accuracy and completeness of time and attendance records, and managed its timekeeping and payroll functions in an effective and efficient manner.

For ***FY 2013 (10/1/12 to date)***, the following audits have been **completed and issued**:

1. Audit of Internal Control at the Unclaimed Property Unit (UP) of the Office of Finance and Treasury (OFT) (OIO No. 12-02-11 OFT)

Status: Final Report Issued in December 2012

The objectives of the audit are to determine whether: a) Unclaimed Property Unit (UP) complies with applicable laws, regulations, and internal control policies and procedures; and b) effective internal controls are in place to safeguard assets from fraud, waste, and abuse.

2. ***Audit of the Office of Finance and Treasury's Cashiering Operations (1101 4th Street SW) (OIO No.12-01-08 OFT)**
Status: Final Report Issued in December 2012
** (Posted at the OCFO's website)*

The objectives of the audit were: 1) Assess whether OFT complied with the applicable laws, regulations and internal policies and procedures; 2) Determine whether OFT established internal controls to adequately safeguard assets from fraud, waste, and abuse; and 3) Verify whether OFT adequately monitored cashiering operations.

3. **Audit of the Inmate Welfare Fund Financial Statements for the Fiscal Year Ended September 30, 2012 (OIO No. 13-01-01-IWF)**
Status: Final Report Issued in January 2013

The objectives of the audit were: 1) Express an opinion on the financial statements of the Fund; 2) Determine whether expenditures/costs charged to the Fund were proper; 3) Whether internal controls over Fund transactions and financial reporting were adequate; and 4) Determine whether the Fund is administered in accordance with laws and regulations.

4. **Audit of the Office of Finance and Treasury's Cashiering Operations (301 'C' Street NW Suite 1157 and Georgetown at 301 'C' Street Suite 1036) (OIO No.12-01-15- OFT)**
Status: Final Report Issued in February 2013

The objectives of the audit were: 1) Assess whether OFT complied with the applicable laws, regulations and internal policies and procedures; 2) Determine whether OFT established internal controls to adequately safeguard assets from fraud, waste, and abuse; and 3) Verify whether OFT adequately monitored cashiering operations.

For *FY 2013*, the following audits are **still ongoing**:

1. **Audit of the Customer Service Administration's Adjustment of Taxpayer Accounts (OIO No. 12-01-02 OTR)**
Status: Ongoing

The objective of this audit is to determine whether adequate controls are in place for the accurate, authorized, and timely processing of adjustments to taxpayer accounts.

2. Audit of the Real Property Tax Administration's Management of the Homestead and Senior Citizen Exemptions for Real Property Taxes (OIO No. 12-01-06-OTR)
Status: Ongoing

The objectives of the audit are: 1) Determine whether a system of internal controls with written policies and procedures exists for the Homestead and Senior Citizen programs; 2) Verify that internal controls are in place to ensure that the application is effectively vetted and, where necessary, supporting documentation is maintained; and 3) Determine whether the individuals receiving homestead, senior citizen, or disabled exemptions filed the appropriate documentation and it is vetted by RPTA staff.

3. Follow-up on Prior Year Audit Recommendations at OTR (OIO No. 12-02-13-OTR)
Status: Ongoing

The objective of this follow-up audit is to determine the status of the recommendations included in prior OIO reports.

4. Audit of Delayed Refund Interest Cost (OIO No. 12-02-14-OTR)
Status: Ongoing

The objectives of the audit are: 1) Verify that the system of internal controls over the issuance of tax refunds assures timely processing of refunds and safeguards the District Government's revenues; and 2) Determine whether OTR uses best practices to identify and resolve issues surrounding the delays in processing refunds.

5. Audit of Changes in Real Property Use and Class Codes by the OTR Real Property Tax Administration (OIO No. 13-01-05 OTR)
Status: Ongoing

The objectives of the audits are: 1) Obtain an overall understanding of the use and class code systems employed by OTR RPTA and the impact on the real property's value and tax billing; 2) Determine whether OTR RPTA maintains a functional system of internal controls to ensure that all use and class code changes are appropriately reviewed and approved timely and updated in CAMA; and 3) Verify on a test basis that the use and class changes recorded in CAMA are supported by appropriate documentation.

6. Audit of Internal Controls over Compliance Administration's Adjustments of Taxpayer Accounts (OIO No. 13-01-07 OTR)
Status: Ongoing

The objectives of the audit are to determine: 1) Effective internal controls are in place to ensure accuracy, authorization, and documentation of Compliance Administration's adjustments of taxpayer accounts; and 2) Effective internal

controls are in place to provide reasonable assurance that Compliance Administration maintains effective inventory management over adjustments of taxpayer accounts

7. Audit of OFT's Check Verification Process and Collection on Dishonored Checks (OIO No.12-02-10-OFT)

Status: Ongoing

The objectives of the audit are to: 1) assess the effectiveness of policies and procedures related to check verification and handling of dishonored checks; and 2) determine the adequacy of internal controls over check verification and collection process.

8. Follow-up on Prior Year Recommendations at OFT (OIO No. 12-02-13-OFT)

Status: Ongoing

The objective of this follow-up audit is to determine the status of recommendations included in prior OIO reports.

9. Audit of the D.C. Lottery & Charitable Games Control Board (DCLB) Operations (OIO No.11-02-28-DCLB)

Status: Ongoing

The objectives of the audit are to determine: 1) Compliance with applicable laws, regulations and governmental policies and procedures; 2) Effectiveness and efficiency of agency operations; 3) Establishment of internal controls to safeguard funds from fraud, waste, and abuse; and 4) Relevance and reliability of information.

10. Follow-Up Review on District Agency's Implementation of Corrective Actions Relating to the FY 2011 Single Audit (OMB Circular A-133) (OIO No. 13-03-05 SA)

Status: Ongoing

The objective of this review is to follow-up with agency AFOs/Program Managers on the implementation status of corrective actions on the FY 2011 Single Audit Findings which are to be submitted with the FY 2012 Single Audit report no later than June 30, 2013.

FY 2012 Office of Integrity and Oversight (OIO) Criminal and Administrative Investigations

Fiscal year 2012 began with a balance of 10 open cases from the prior year (FY2011). An additional 80 cases were opened during the fiscal year. A total of 70 cases were closed, leaving a balance of 20 cases.

<i>Alleged Violation or Other Complaint</i>	<i>Number of Cases Closed</i>
Failure to Report Off-Duty Arrest	1
Fraud	12
Theft/Embezzlement	2
Offer/Receipt of Gratuity	4
Unprofessionalism in the Workplace	3
Misuse of Government Property	4
Unauthorized Procurement/Disclosure	2
False Statement/Report	4
Time and Attendance	6
Conflict of Interest	8
Bribery	2
OIG Complaints/Referrals to OIO*	14
OIO Complaints/Referrals to OIG**	6
Other Employee Misconduct***	2
Total	70

* This category lists the number of complaints the Office of the Inspector General (OIG) referred to OIO for appropriate action. Many of the OIG referrals included issues raised by taxpayers that concerned their particular tax matters and did not warrant an investigation by OIO. After review, OIO referred these issues to senior management at the Office of Tax and Revenue (OTR) for appropriate action and when required, OTR provided a response which OIO submitted to the OIG.

** This category lists the number of complaints the OIO referred to the OIG concerning alleged violations of criminal statutes.

*** This category lists the number of complaints alleged against employees that are not categorized above i.e., violations of policy and procedures.

FY 2012 OIO Background Investigations

During FY 2012, in addition to the 57 cases on hand, OIO received 322 requests to conduct background investigations. OIO closed 330 background investigations of which 51 were referred to the OCFO Human Resources office for suitability determination, in view of questionable or derogatory information.

Of the 51 cases referred to Human Resources for suitability determination, 3 employees were terminated, 2 were suspended, 1 resigned, 23 were counseled, 5 are pending action, and no action was taken against 17.

Taxes, credit and criminal record issues were the most frequent basis for referring cases for a suitability determination.

FY 2013 Office of Integrity and Oversight (OIO) Criminal and Administrative Investigations

Fiscal year 2013 began with a balance of 17 cases from the prior fiscal year. An additional 26 cases were opened during the year to date. A total of 23 cases were closed, leaving a balance of 20 cases.

<i>Alleged Violation or Other Complaint</i>	<i>Number of Cases Closed</i>
Fraud	3
Theft/Embezzlement	1
Offer/Receipt of Gratuity	2
Misuse of Government Property	1
Unauthorized Procurement/Disclosure	
False Statement/Report	1
Time and Attendance	1
Sexual Harassment	1
Bribery	1
OIG Complaints/Referrals to OIO*	3
OIO Complaints/Referrals to OIG**	2
Employee Misconduct***	7
Total	23

FY 2013 (to Present) OIO Background Investigations

During FY 2013, in addition to the 54 cases on hand, OIO has received 66 requests to conduct background investigations. OIO closed 105 background investigations of which

19 were referred to Human Resources for suitability determination in view of questionable and/or derogatory information.

Of the 19 cases referred to Human Resources for suitability determination, 3 employees were terminated, 5 were counseled, 5 are pending action, and no action was taken on 4 employees.