

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



VIA HARD COPY AND ELECTRONIC MAIL DELIVERY

April 24, 2015


The Honorable Jack Evans
Chairman
Committee on Finance and Revenue
The John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 106
Washington, D.C. 20004

Dear Chairman Evans:

Pursuant to your April 13, 2015, request, I am providing responses to the eight (8) questions asked in advance of the Fiscal Year 2016 Budget Oversight Hearing for the Office of the Inspector General (OIG).

In the event you have any additional questions, please feel free to contact my Communications and Public Relations Specialist, Ms. Jaime Yarussi, at 202-727-5064 or jaime.yarussi@dc.gov; or me at 202-727-2540.

Sincerely,



Daniel W. Lucas
Inspector General

DWL/mnw

Enclosures

cc: Ms. Ruth Werner, Committee Director

1. Please list all program enhancements, technical adjustments, and reductions included within the FY16 budget. Please break down these costs by program. In addition, please provide a narrative description and rationale for each, along with associated dollar amounts and FTEs (if applicable).

Agency Response: The OIG's FY 16 proposed budget request does not include any program enhancements, technical adjustments, or any reductions.

2. Please provide a list of all projects for which your agency currently has capital funds available, or for which capitals funds are requested in FY16. Please include in this list a description of each project, the amount of capital funds available for each project, a status report on each project, and planned remaining spending on the project. If capital funds have been reduced for a given project, please state the effect of the reduction.

Agency Response: The OIG's FY 15 proposed budget does not have any capital-funded projects. There are no capital funds included in the FY 16 proposed budget request.

3. Please provide a list of all space that will be used by the Agency, including: facility name, location, square footage, description, leased/owned designation, rent, and other fixed costs that are included in the cost of rent (utilities, security, etc.). Please note any space changes.

Agency Response:

- (1) Facility name and location:

717 14th Street, N.W., Washington, D.C. 20005-3211
c/o

[REDACTED]

- (2) Square footage: 34,171 rentable square feet (rsf).

- (3) Facility description: Building is general purpose (office). [REDACTED]

[REDACTED]

- (4) Leased/owned designation and rent: The Department of General Services (DGS) leases the office space in 717 14th Street, N.W. for the OIG. [REDACTED]

[REDACTED]

- (5) Other fixed costs that are included in the cost of rent (utilities, security, etc.):

- a. Operating cost (services cost): [REDACTED]

[REDACTED]

- b. Real Estate Taxes: [REDACTED]
- c. Net rental (on a net basis): [REDACTED]
- d. HVAC outside normal working hours: [REDACTED]
- e. Parking: [REDACTED]

(6) Pending space changes/updates in the coming fiscal year:

- a. DGS is currently in negotiations with the property owner to obtain tenant improvements for the 5th floor suite, which would include new carpet and painting. The OIG has also requested improved lighting and cleaning and/or removal of window treatments.
- b. [REDACTED]

4. Will the proposed FY16 budget allow the agency to meet all statutory mandates? If not, please explain.

Agency Response: The proposed FY 16 budget *should* allow the OIG to meet its statutory requirements for the upcoming fiscal year. However, looking beyond FY 16, the OIG is carefully reviewing historic and current funding levels against anticipated future requirements.

As discussed during the FY 14/FY 15 Performance Oversight Hearing, each OIG division is undergoing an internal assessment to determine whether it is performing as efficiently and effectively as possible. While the assessments are still in progress, it appears as if the OIG will not have sufficient resources to meet future demands.

Looking towards the future, the OIG will be undertaking initiatives that require additional funding. This funding is imperative to improve the OIG's execution of its statutory mission.

The OIG is in the process of standing-up a new division, which will be dedicated to evaluating and assessing risk within the District, conducting proactive data mining and analytics, and working with District agencies to implement OIG recommendations in order to affect positive change.

Besides the new programmatic efforts underway, the OIG is evaluating whether its current facility can support its continued operations. [REDACTED]

5. At your FY 14 FY 15 performance oversight hearing you referenced quarterly checks on the 2014 CAFR findings. Please provide a status update on these checks. What, if anything, needs to be addressed for the Fiscal Year 2016 budget?

Agency Response: The OIG, in coordination with the Office of the City Administrator (OCA) and the Office of the Chief Financial Officer (OCFO), has developed a methodology to assess significant deficiency remediation efforts that were identified in the 2014 Comprehensive Annual Financial Report (CAFR).

The OCA will facilitate and provide overall management of agency remediation efforts. Those agencies with significant deficiencies have provided their remediation plans to the Office of Financial Operations and Systems (OFOS) within the OCFO to track remediation progress. When an agency completes all applicable remediation actions, the OCFO's Office of Integrity and Oversight (OIO) will review agency remediation efforts.

Following the OCFO's review, the OIG will conduct a limited-scope engagement to determine overall success of agency efforts. The OIG will test remediation efforts and identify any implementation barriers. This limited-scope engagement will begin in July 2015, to afford agencies adequate time to implement remediation actions. This engagement will ensure complete independence and objectivity in the oversight process, as some agencies involved in the remediation oversight effort are also remediating significant deficiencies. The results of the OIG's limited-scope engagement will be provided to both the Council and the Mayor's office.

There are no budget issues in FY 16 that the OIG finds applicable to this initiative.

6. What is the status of the new contract for the auditors for the CAFR? Please provide the contract number, and any relevant timelines.

Agency Response: The District's FY 15 base year financial statement audit for the CAFR, [REDACTED], is currently before the Council for approval. If approved, the OIG expects a final award by the first week of May 2015.

7. Does your proposed Fiscal Year 2016 budget include funding necessary for the commercial real property tax audit? If not, please confirm this audit will be conducted (and how funded), or please explain why not and what the plan is to conduct this audit.

Agency Response: The FY 16 OIG budget does not include the triennial commercial real property audit, as it is planned for FY 15. The OIG is in discussions with the OCFO to fund the audit; however, if we cannot contract for the audit this fiscal year, we will consider moving it to FY 16.

As background, the OIG must arrange for an independent audit of the Office of Tax and Revenue to examine the district's management and valuation of commercial real property assessments.¹ The OIG will integrate the cost of this audit into future budget requests.

8. I am pleased to see your proposed FY16 budget includes an increase of \$36,365 for training for auditors and investigators. Please describe the types of training, conferences or classes that will be offered with the additional funds.

Agency Response: The OIG plans to increase training for auditors and investigators by \$30,345. The \$36,365 amount is the sum of an increase in training, a \$5,099 increase for supplies used in daily operations, and \$921 to support the local grant match for Medicaid Fraud Control Unit (MFCU) activities.

Historically, the OIG has not had a defined training and development plan for each position type. Beginning in FY 15, the OIG began developing training matrices for all position types, to include both on-the-job and classroom training, in order to ensure uniform staff development. The increase in training fees will not only cover recurrent training, but will also cover additional training to address emergent issues and new developments in combatting fraud, waste, abuse.

Specifically in FY 16, OIG staff members will attend U.S. Department of Agriculture Graduate School courses to obtain instruction in advanced audit techniques and Federal Law Enforcement Training Center courses for criminal and administrative investigation training.

¹ D.C. Code § 47-821 (e) (1) (LEXIS through 2015 legislation).