

Racial Equity

1. In the context of the Office and its mission, what are three areas, programs, or initiatives where you see the most opportunity to address racial inequity?

RESPONSE:

OFFICE OF FINANCE & TREASURY (OFT)

Banking Partners

The Council passed the Child Wealth Building Act of 2021 to address racial inequity. The Act established the Child Wealth Building Program (CWBP) and a District-funded trust for children born and residing in the District with medical coverage provided by Medicaid and whose household incomes do not exceed 300% of the Federal Poverty Level. The CWBP is administered by the Office of the Chief Financial Officer (OCFO), the Department of Human Services (DHS), and the Department of Health Care Finance (DHCF). OCFO's Office of Finance and Treasury (OFT) is fiduciary of the trust. The OCFO negotiated and recently awarded the Child Wealth contract to Citibank. The contract is being offered at "no-cost" for the base year and four option years. The OCFO's ability to acquire this "no-cost" contract lessens the administrative costs, allowing more of the available funding to be directed to the program's intended recipients. For option years 5-9, there is a NTE cost of \$50k per year for system maintenance and hosting.

Wells Fargo Bank, N.A. Wells Fargo has committed to strengthening historically marginalized communities by investing in pathways to economic advancement and generational wealth. In 2023, Wells Fargo, through the Wells Fargo Foundation, invested more than \$34 million in local nonprofit organizations that are dedicated to community and economic development directly in the District. Organizations supported include:

- Building Bridges Across the River; \$200 thousand allocated for housing affordability and access, closing cost assistance and homeownership preparation for Ward 8 residents,
- Coalition for Nonprofit Housing and Economic Development; \$315 thousand for technical assistance to 265 small businesses,
- Junior Achievement; \$200 thousand for student financial literacy training in marginalized communities, and
- Capital Impact Partners; \$100 thousand for 100 District small businesses technical assistance.

In the most recent ranking, Wells Fargo was the number one corporate philanthropist in Greater Washington, D.C., according to the Washington Business Journal.

529 Plans

OCFO is the fiduciary for the District's College Savings Plan ("529 Plan") and Achieving a Better Life Experience ("529A Plan or ABLE Plan"). The College

Savings Plan is a convenient, flexible, and tax-advantaged way for Plan participants to invest for a child's education expenses. Through the ABLE Plan, residents with disabilities can accumulate savings to pay for qualified disability expenses with tax-free distributions.

OCFO partners with the District's 529 and 529A Plan administrator, Ascensus, and provides Plan participants with access to financial planning and investment resources. Fiduciary oversight, financial literacy, and a robust platform of investment options offered by OCFO and Ascensus give participants the opportunity to build savings within the context of their broader life goals.

Financial Literacy

OFT actively participates in the Financial Literacy Council. OFT advises the Council on strategies to promote financial literacy and consults with District residents on retirement planning and saving for education expenses, including college. The full Council meets quarterly. The Associate Treasurer for Asset Management not only supports the full Council but also serves on the Residents Committee. This Committee plans to meet monthly to conduct outreach activities to provide training and familiarize attendees with concepts such as the power of compound interest, the importance of saving, how to save, etc.

OFFICE OF TAX & REVENUE (OTR)

OTR's mission is to collect the proper amount of tax due and correctly account for all revenues, while minimizing the burden on taxpayers and the cost to the government.

Areas, programs, or initiatives that offer opportunity to address racial inequity include:

- **Engage in community outreach and education:** By conducting outreach and offering relevant, helpful, and accessible information to marginalized individuals, OTR can ensure that these individuals learn about their rights and obligations, available tax benefits, and financial empowerment opportunities available to them. Education helps to bridge the knowledge gap that often exists in underserved communities. In addition, outreach programs provide not only information about resources, but also open a channel of communication with OTR on how to receive free tax filing assistance, dispute resolution assistance, and critical information that otherwise may be inaccessible or unknown.
- **Expand communication channels:** Develop a robust, user-friendly digital presence that provides easy access to tax information, filing tools, and live assistance. By directing individuals to the platform of their choice (digital, in-person, self-service, etc.), District taxpayers can have an enhanced customer experience. In addition, by establishing a community feedback mechanism, OTR can better learn about the taxpayer's experience with OTR and suggestions for improvement. This will allow for OTR's communication strategies to be responsive and effective for all District taxpayers.
- **Streamline processes to reduce the administrative burden on underserved communities:** Ensuring that filing procedures for low-income and elderly taxpayers, marginalized communities, and historically

disadvantaged communities are as simple and transparent as possible, OTR can better allow District taxpayers to voluntarily comply with their tax obligations and take advantage of all relief to which they are entitled.

2. Do you think there are any areas/programs where the Office has had success in building racial equity over the past year? What areas or programs?

RESPONSE:

Office of Finance and Treasury (OFT)

OFT added Founders Bank, a community bank that provides lending and banking services in the District, to its portfolio of depository banks. OFT also continues to build its relationship with City First and Industrial Bank. These financial institutions are designated as Minority Depository and Community Development Financial Institution(s) providing lending and deposit services to underserved communities in the District. By actively engaging with local financial institutions, OCFO aims to create opportunities that empower individuals from all backgrounds to work towards a more inclusive financial landscape.

Office of Tax and Revenue (OTR)

- OTR has engaged in significant outreach and education activities over the past fiscal year. Over the course of the previous fiscal year, OTR has increased outreach and education activities by 147%. In the previous fiscal year, OTR engaged in 17 activities; in FY23, OTR engaged in 42 activities. Please reference **Attachment 44-45** for a full list of outreach activities conducted in the previous fiscal year and beginning of the current fiscal year.
 - OTR has implemented a “Plain Language Policy,” and will work to transition notices and other communications using plain language to ensure notices and other communications are understandable by all taxpayers.
3. Consider the demographic data the Office collects, tracks, and evaluates as part of its operations. Do you collect information on race and geographic area? If not, why not?

RESPONSE:

Yes. The agency collects demographic data as part of its operations.

4. Consider one operational data point and one performance data point where you collect race information or could collect race information. How could the Office use this data to inform future programmatic decisions?

RESPONSE:

The agency uses demographic data (i.e. gender, age, ethnicity, race, residency, and handicap) to gain insight into the agency's overall demographic makeup. The data is recorded, converted into metrics, and continuously analyzed. Collected demographic data is used to:

- assess possible disparities in hiring of certain roles, job levels, and departments;
- assist in identifying diverse talent pools;
- develop broader recruitment strategies;
- evaluate differences in employee turnover which could result in the development of improved retention strategies or programs; and
- develop necessary employee development and management training.

The OCFO will continue these efforts to ensure our commitment to hiring and retaining a qualified and diverse workforce.

5. What are two new areas or programs where the Office has significant potential to succeed in building racial equity? Please elaborate on why you chose those two areas.

RESPONSE:

The Office of Tax and Revenue can significantly contribute to building racial equity through two key areas:

- **Offering additional taxpayer education on refundable credits:** This initiative aims to enhance the understanding and accessibility of refundable tax credits, such as the Earned Income Tax Credit (EITC) and the "Schedule H" credit, which are vital tools for supporting low-income and minority families. By providing comprehensive education programs and increasing communications surrounding refundable credits, including by offering workshops, online resources, and community outreach, OTR can ensure that more eligible taxpayers are aware of and benefit from these valuable credits.
- **Streamlining communications with taxpayers:** Recognizing the challenges that some taxpayers face in navigating tax systems, especially those from marginalized communities, this area focuses on making tax assistance user-friendly. Implementing streamlined communication methods, such as multilingual support, easy-to-understand guides and notices, and responsive customer service channels, can significantly reduce barriers faced by taxpayers who might otherwise struggle to comply with tax obligations or claim benefits when they are entitled to them. This proactive approach in communication not only fosters trust and transparency between OTR and taxpayers, but also ensures that tax

systems are fair, equitable and accessible to all, irrespective of their background or socioeconomic status.

These areas demonstrate a commitment to racial equity by directly addressing the challenges faced by underserved communities in the tax system. Through education and improved communication, the Office of Tax and Revenue can make a significant impact in promoting fairness and inclusivity in its services.

6. Consider what a racially equitable District of Columbia would look like. What are three ways the Office's operations would reflect this achievement?

RESPONSE:

The operations of the Office of Tax and Revenue works toward a racially equitable District of Columbia in several key ways:

- **Equitable access to tax services and resources:** OTR will continue to engage in proactive outreach, collaborating with community organizations to ensure that tax information and assistance are accessible in all neighborhoods, particularly those that are underserved. OTR will continue to ensure that the tax process, from filing to enforcement, is fair, equitable, and transparent and does not disproportionately burden any racial or ethnic group.
- **Data-driven decision-making:** OTR will continue to utilize technology and data analytics to monitor and address any disparities in tax collection and services provided, ensuring that policies and practices are fair and equitable.
- **Collaboration with Community Stakeholders:** OTR will continue to foster relationships and build partnerships with community groups, stakeholders, and non-profit organizations that advocate for financial inclusion and empowerment.

Agency Operations

7. Is the Office operating under a full or partial hiring freeze? If so, why?

RESPONSE:

The OCFO is operating under a partial hiring freeze due to budget constraints under agency AT0. The agency has implemented a hiring freeze with waivers allowed for selected critical positions. The freeze along with attrition is needed to address the current projected PS deficit.

8. Please provide a current organizational chart for the Office, including the number of vacant, frozen, and filled full-time equivalents (“FTEs”) in each division or subdivision. Include the names and titles of all senior personnel and the date when the information was collected. Additionally, provide the following:
 - a. An explanation of the roles and responsibilities for each division and subdivision, including specific programs and projects administered by each; and
 - b. A narrative explanation of any changes made during the previous year.

RESPONSE:

Please see **Attachment 8**.

9. Since the COVID-19 public health emergency, employers, including the District government and its agencies, have adjusted to remote work. More recently, some employers have begun implementing hybrid remote work/in-person work schedules. Please describe OCFO’s hybrid/in-person work policy, whether and when the OCFO requires employees to physically be in the office, and whether there are any plans for future adjustments.

RESPONSE:

The OCFO currently permits hybrid work schedules for most of its employees. Depending upon their assignments and respective responsibilities, most OCFO employees are in-office an average of two to three times per week, with a minimum in office requirement of no less than 1 in-office day per pay period. The OCFO plans to review and update its current remote work policy, as appropriate, to remain competitive in the current employment market and ensure that it properly supports the agency’s strategic priorities.

10. Please provide a current Schedule A for OCFO, which identifies each position by program and activity, with the employee’s title/position, salary, fringe benefits, and length of time with the Office. Please note the date when the information was collected. Schedule A should also indicate whether the position is continuing/term/temporary/contract or if it is vacant or frozen.

RESPONSE:

Please see **Attachment 10A** for the OCFO Agency AT0 Schedule A. The column “Hire Date” indicates the date the employee was first hired by the District government. In most cases this will be the date the employee joined the OCFO. The OCFO regularly monitors staffing levels and personal services spending to ensure that agency spending remains within the approved budget. Current PS spending projections exceed budget. As stated above, the agency has instituted a hiring freeze with waivers considered for certain critical positions. The freeze will remain in place as long as necessary. The run date for this year’s report is 2/1/2024.

- a. For each vacant position, state how long the position has been vacant and the status of the OCFO’s efforts to fill the position. Please also indicate whether the position must be filled to comply with federal or local law, and whether there are impediments to the OCFO’s ability to fill those vacancies.

RESPONSE:

See **Attachment 10B**. The vacancies shown are in various stages of the recruitment process and are part of the overall staffing plan that has been approved to fulfill the agency’s mission. In some cases, temporary or term employees have been used to meet resource needs when positions are vacant. No individual vacant position has been designated by law that it must be filled.

- a. Please provide the total number of positions and total number of vacant positions at OCFO as reflected in the Schedule A provided to the Committee during the past three performance oversight question responses.

RESPONSE:

The Schedule A submissions for this year and the past three performance oversight question responses have shown the following:

Date of Report	Total Positions	Vacant Positions
2/1/24	1,065	80
2/7/23	1,061	119
2/11/22	1,046	137
2/22/21	1,028	100

- a. For each filled position, please provide the employee’s length of service with the Office.

RESPONSE:

See **Attachment 10A**. As stated in the response above, the column “Hire Date” indicates the date the employee was first hired by the District government. In most cases this will be the date the employee joined the OCFO.

11. Provide the number of new hires made in Fiscal Years 2022, 2023, and 2024, to date, and the number who were District residents at the time of hiring.

RESPONSE:

In fiscal years 2022, 2023 and 2024, to date, The OCFO hired 140/230/61 employees and 25/44/10 were District residents at the time of hire.

12. Please list all intra-District transfers to or from the Office in Fiscal Years 2023 and 2024, to date. For each transfer, include the following details:
- a. Buyer agency;
 - b. Seller agency;
 - c. Program and activity codes and names in the sending and receiving agencies' budgets;
 - d. Funding source (i.e., local, federal, SPR);
 - e. Description of Memorandum of Understanding ("MOU") services;
 - f. Total MOU amount, including any modifications;
 - g. Whether a letter of intent was executed for Fiscal Years 2022 or 2023, and if so, on what date;
 - h. The date of the submitted request from or to the other agency for the transfer;
 - i. The dates of signatures on the relevant MOU; and
 - j. The date funds were transferred to the receiving agency.

RESPONSE:

Please see **Attachments 12A and 12B.**

13. Please list any additional intra-District transfers planned for Fiscal Year 2024, including the anticipated agency(ies), purposes and dollar amounts.

RESPONSE:

Please see **Attachment 13.**

14. Please list all Memoranda of Understanding ("MOU") executed by OCFO during Fiscal Years 2023 and 2024, to date, as well as any MOUs currently in effect. For each, please provide the execution and termination date.

RESPONSE:

Please see **Attachment 14.**

15. Please list the ways, other than MOU, in which the Office collaborated with analogous agencies in other jurisdictions, with federal agencies, or with non-governmental organizations, during Fiscal Years 2023 and 2024, to date.

RESPONSE:

Office of Finance and Treasury (OFT)

OFT's E-Banking unit collaborates with two federal agencies, United States Department of Agriculture and Food and Nutrition Services, to manage funding for the Supplemental Nutrition Assistance Program (SNAP) and the Electronic Benefits Transfer system.

The Grants Management unit engages with US Department of Treasury's Bureau of the Fiscal Services and the U.S. General Services Administration to ensure that the District is complying with federal regulations governing grant funding.

Financial Operations and Systems (OFOS)

The Office of Financial Operations and Systems (OFOS) conferred with the Governmental Accounting Standards Board (GASB) and other authoritative bodies, as needed, to obtain guidance on technical issues or clarification when interpreting and implementing new standards.

Office of Tax and Revenue (OTR)

The Office of Tax and Revenue (OTR) has an excellent working relationship with IRS Safeguards which ensures the integrity and confidentiality of federal tax information (FTI) used by OTR. As part of that process, a Federal/State Program Coordinator, located within the Office of General Counsel, OTR, coordinates closely with IRS Safeguards. IRS Safeguards performed a physical inspection of OTR between February 28 and March 2, 2023, as part of its triennial program of inspecting all state and local governments using FTI. Consistently, OTR receives very high marks on the safeguarding of FTI in compliance with IRS Publication 1075 setting forth the guidelines for handling and protection of FTI.

In addition, OTR has a state-to-state reciprocal agreement with the State of Maryland to exchange tax information pertinent to each jurisdiction. OTR has an agreement with the U.S. Treasury Department under the Treasury Offset Program (TOP). OTR is a charter member of the Federation of Tax Administrators (FTA), which authorizes the exchange of tax information among its members. OTR is also a charter member of the Multistate Tax Commission (MTC), an intergovernmental state tax agency whose mission is to promote uniform and consistent tax policy and administration among the states.

OTR maintains a relationship with several analogous agencies in other jurisdictions, whereby OTR gathers information on best practices in tax administration. These agencies include the IRS and other state, local, and international revenue authorities. Involvement with several trade associations, such as the FTA and the MTC, allows for training opportunities

and information sharing across jurisdictions. Regular engagement with other District agencies, such as DOB, DSLBD, DHS, and others that relate to areas of common concern, provides an opportunity for OTR to engage with District residents and to ensure that government processes continually improve.

In addition to collaboration with other government agencies and trade associations, OTR works with non-profit organizations regularly. For example, OTR engages in quarterly discussions with AARP and Legal Counsel for the Elderly to address concerns raised by District seniors and has engaged with the Center for Taxpayer Rights in a series of workshops related to taxpayer rights, as well as organizations such as non-profit stakeholders such as Capital Area Asset Builders (CAAB), the DC Fiscal Policy Institute (DCFPI), Catholic Charities, and many others.

In addition to agency-wide meetings with government agencies, trade associations, and non-profit organizations, additional engagement relevant to specific business areas occurs on a regular basis. For example, the Assessment Services Division within the Real Property Tax Administration (RPTA) networks with the National Tax Lien Association and attends conferences. The community consists of representatives from several tax jurisdictions across the nation and tax lien professionals. The objective is to influence and share upcoming legislation, best practices and develop professional networks to enhance the District's tax lien process. Also, the Assessment Services Division in RPTA has established strong collaborative partnerships with the DC Business Improvement Districts (BIDs) and the DC Building Industry Association (DCBIA). Since 2022, OTR has maintained a working relationship with the Small Multifamily Owners Association through dialogue and conferences.

Office of General Counsel (OGC)

- **OGC/WMATA:** The OCFO's Office of the General Counsel (OGC) serves on the DC WMATA Team (Team). The Team is comprised of District government staff who serve as legal and subject matter advisors to the District's WMATA Board members. OGC also works with members of other jurisdictions (Maryland and Virginia) on matters of fiscal concern with the purpose being to ensure WMATA operates fiscally responsibly and efficiently. Matters addressed include review of WMATA's operating and capital budget requests to policies and strategies impacting the fiscal needs for maintenance and improvement of WMATA systems. OGC regularly participates in semi-monthly meetings designed to provide briefings to the current appointed WMATA Board members. The Board briefing meetings are also attended by participants from DDOT and DMOI along with staff representatives from the Mayor's Office and D.C. Council.
- **OGC/DOACD:** OGC advises the District Department of Transportation Assurance and Compliance Division (DOACD) as it works to ensure the District's Department of Transportation (DDOT) architectural and engineering contracts are compliant with the Federal Highway Administration (FHWA) statutory requirements. DOACD maintains a working relationship with FHWA representatives, who review and approve

DOACD's policies, provide DOACD advice for disseminating information and guidance to OCP.

- **OLG/MUSL:** The Office of Lottery and Gaming (OLG) collaborates with its counterparts in other jurisdictions in the Multi-State Lottery Association (MUSL) and the North American Association of State and Provincial Lotteries (NASPL). In MUSL, OLG collaborates with its counterparts in other jurisdictions on games, promotions, while sharing best practices and tackling issues collectively to assist with efforts in individual jurisdictions and strengthen and improve the industry as a whole. The Executive Director for OLG serves on the MUSL Board and MUSL Powerball Marketing Committee, as well as the NASPL Internet, Sports betting and Responsible Gaming Committees. Also, OLG's Executive Director oversees the project team that is developing the first multijurisdictional instant Jackpot game of Fast Play type. OLG's management team regularly attends the NASPL annual conference and trade show, exchanges best practices with the lottery colleagues and follows new developments in games, technology, and equipment available for lottery industry.
- **OLG/Relationship with Other States:** OLG's Regulation and Oversight Division (Division) has engaged in a formal information sharing agreement with the regulatory body overseeing sports betting in Virginia to gain insight into licenses' operational and compliance history to assist in due diligence of applicants as well as with ongoing oversight. The Division also works with several other jurisdictions including New Jersey, Pennsylvania, Tennessee, North Carolina, Ohio, and others to identify best practices by other lotteries to continuously improve upon our operations.
- **OLG/FinCen:** The Division also works with the Financial Crimes Enforcement Network (FinCEN, U.S. Administrator of the Bank Secrecy Act) on a variety of issues associated with the regulation of anti-money laundering programs required of sports wagering operators. This includes membership in the Bank Secrecy Act Advisory Group (BSAAG).
- **OLG/NCPG:** In July 2023, the National Council on Problem Gambling (NCPG) held its annual conference in the District. OLG worked closely with NCPG with participation on planning committee and provided resources and general assistance during the conference.
- **OTR/IRS Safeguards:** The Office of Tax and Revenue (OTR) has an excellent working relationship with the IRS Safeguards division which ensures the integrity and confidentiality of federal tax information (FTI) used by OTR. As part of that process, a Federal/State Program Coordinator, located within the Office of General Counsel, OTR, coordinates closely with IRS Safeguards. IRS Safeguards performed a physical inspection of OTR between February 28 and March 2, 2023, as part of its triennial program of inspecting all state and local governments using FTI. Consistently, OTR receives very high marks on the safeguarding of FTI in compliance with IRS Publication 1075 setting forth the guidelines for handling and protection of FTI.

- **OTR/Relationship with Other States:** In addition, OTR has a state-to-state reciprocal agreement with the State of Maryland to exchange tax information pertinent to each jurisdiction. OTR has an agreement with the U.S. Treasury Department under the Treasury Offset Program (TOP). OTR is a charter member of the Federal of Tax Administrators (FTA), which authorizes the exchange of tax information among its members. OTR is also a charter member of the Multistate Tax Commission (MTC), an intergovernmental state tax agency whose mission is to promote uniform and consistent tax policy and administration among the states. OTR maintains a relationship with several analogous agencies in other jurisdictions, whereby OTR gathers information on best practices in tax administration.
- **OTR/Trade Associations:** OTR continues to work with several trade associations, such as the FTA and the MTC, allows for training opportunities and information sharing across jurisdictions. Regular engagement with other District agencies, such as DOB, DSLBD, DHS, and others that relate to areas of common concern, provides an opportunity for OTR to engage with District residents and to ensure that government processes continually improve.
- **OTR/Non-Profit Organizations:** OTR also works with non-profit organizations regularly. For example, OTR engages in quarterly discussions with AARP and Legal Counsel for the Elderly to address concerns raised by District seniors and has engaged with the Center for Taxpayer Rights in a series of workshops related to taxpayer rights, as well as organizations such as CAAB, DCFPI, Catholic Charities, and many others.
- **OTR/Specific Business Areas:** OTR engages in additional engagement relevant to specific business areas on a regular basis. For example, the Assessment Services Division within the Real Property Tax Administration (RPTA) networks with the National Tax Lien Association and attends conferences. The community consists of representatives from several tax jurisdictions across the nation and tax lien professionals. The objective is to influence and share upcoming legislation, best practices and develop professional networks to enhance the District's tax lien process. Also, the Assessment Services Division in RPTA has established strong collaborative partnerships with the DC Business Improvement Districts (BIDs) and the DC Building Industry Association (DCBIA). Since 2022, OTR has maintained a working relationship with the Small Multifamily Owners Association through dialogue and conferences.

16. Please list all task forces or commissions of which the Chief Financial Officer or senior management are members. Where applicable, please list the designee.

RESPONSE:

Board, Commission or Task Force Name	Member/Designee Name
ABLE Trust Program Trustee	Carmen Pigler Merzie Davis
Board of Review for Anti-Deficiency Violations	Angell Jacobs Timothy Barry
Child Abuse and Neglect Prevention Children’s Trust Fund Board of Directors	Carmen Pigler
College Savings Program Trustee	Carmen Pigler Merzie Davis
Community Use of School Facilities Task Force	Paris Saunders
DC Green Bank	Carmen Pigler
DC Housing Authority’s Stabilization and Reform Board	Leroy Clay
DC Retirement Board	Carmen Pigler
DC Tax Revision Commission	Glen Lee
Emergency Preparedness Council	Gilbert Davidson Marshelle Richardson Alok Chadda
Financial Literacy Council	Benedict Richardson
Foreign-Government-Owned Real Property Task Force	Keith Richardson
Multistate Tax Commission	Keith Richardson
Not-for-Profit Hospital Corporation Fiscal Management Board	Angell Jacobs
Open Government Advisory Group	David Tseng
Public Parking Authority of the District of Columbia	Glen Lee
Single Audit Oversight Committee	Timothy Barry
Tobacco Settlement Financing Corporation Board of Directors	Darryl Street
Washington Convention and Sports Authority Board of Directors (Events DC)	Glen Lee
Washington DC Convention and Tourism Corporation Board of Directors (Destination DC)	Carmen Pigler

17. Please list each contract, procurement, and lease (“contract”) executed, extended, or option years exercised by OCFO during Fiscal Years 2022, 2023, and 2024, to date. For each contract, please provide the following information, where applicable:

- a. Name of contracting party;
- b. Contract number;
- c. Contract type (e.g., HCA, BPA, Sole Source, whether exempt from competitive bid, etc.)
- d. Nature of the contract, including end product or service;
- e. Contract’s outputs and deliverables;
- f. Status of deliverables;

- g. Dollar amount of the contract, including amount budgeted and amount actually spent;
- h. Term of the contract;
- i. Whether the contract was competitively bid;
- j. Subcontracting status (i.e., whether the contractor subcontracted any provision of the goods and/or services with another vendor);
- k. Certified Business Enterprise (“CBE”) status;
- l. Division and activity within OCFO utilizing goods and/or services;
- m. Name of OCFO’s contract monitor and results of any monitoring activity; and
- n. Funding source.

RESPONSE:

See **Attachment 17**, which provides the information requested for the contracts that are issued by the OCFO and paid for from the agency’s budget. All of the listed contracts were competitively bid unless otherwise indicated. The listing shows all agency contracts issued in FY 2022, FY 2023 and FY 2024 to date as well as contracts issued previously but still active. The “Dollar Amount of the Contract” indicates the current year value or most recent option period value, including the value of any contract modifications. In some cases, this is a “Not to Exceed” amount. The spending columns reflect spending on the contract in each fiscal year; in some cases, this may exceed the current year’s value due to spending on a prior option period of the contract.

18. Please list all Requests for Proposals (“RFPs”) planned or currently out for solicitation by OCFO and include a brief description of each.

RESPONSE:

1. CFOPD-22-R-004 - Cloud Contact Center as a Service (CCaaS) – This procurement will seek a solution provider and integration contractor(s) to implement and operate a Cloud Based Contact Center as a Service system (CCaaS).
2. CFOPD-23-R-033 - Master Trust Custodian - This procurement will require the Contractor to provide Master Custody Services for the District of Columbia’s Other Post-Employment Benefits Fund, administered by the Government of the District of Columbia, Office of the Chief Financial Officer (OCFO), Office of Finance and Treasury (OFT).
3. CFOPD-23-R-036 - Delinquent Debt Collection Services - This procurement will seek a contractor to provide primary collection services and an accounts receivable system for delinquent debt collection of non-tax debts owed to the Government of the District of Columbia (Scope A). The District will ultimately convert to secondary collection services only (Scope B).
4. CFOPD-23-R-044 - 529 College Savings Plan - This procurement will seek a Contractor to provide bundled services for the D.C. College Savings Plan (the Plan): record keeping, administration and custodial services, investment management, marketing and customer services.
5. CFOPD-24-R-003 - Treasury Management System - This procurement will seek to award a contract to provide, implement and host a SaaS cloud-based Treasury Management System (TMS) with the capabilities to perform cash management, payments, bank relationship management, and investment

functions.

6. CFOPD-24-R-006 - Kiosks with Smart Vault Technology and Cash Management Services - This procurement will seek to award a contract to provide kiosks and maintenance support of kiosks with smart vault technology, including cash management services at various locations throughout the District.
7. CFOPD-24-R-007 - Pre-Paid Debit Card Services - This procurement is for contracting Prepaid Debit Card Services that allow for easily accessible card alternatives to paper checks.
8. CFOPD-24-R-014 - 401(a) and 457 Management Services - This procurement is to seek a Contractor to provide bundled 457(b) Deferred Compensation Plan and 401(a) Defined Contribution Plan management services (i.e. record keeping/administration, communication, a broad investment platform and custodial/trustee services etc.).
9. TBD - Bond Counsel Services – This procurement is for law firms to represent the District in connection with the issuance and sale of municipal securities.
10. TBD - Comprehensive Banking Services - This procurement is for the establishment and maintenance of multiple types of banking services required by the Government of the District of Columbia (District) Office of the Chief Financial Officer (OCFO) Office of Finance and Treasury (OFT).
11. TBD - Dell Servers Upgrade - The OCFO currently utilizes Dell servers for virtual and physical environment. The OCFO is looking for a Contractor to provide Dell servers in support of an upgrade.
12. TBD - Disclosure Counsel - This procurement is for law firms to represent the District in connection with the issuance and sale of municipal securities.
13. TBD - District-Wide Cost Allocation Plan – This procurement is for a vendor to prepare the District of Columbia’s annual Districtwide Central Services Cost Allocation Plan (DWCAP) to include the review and analysis of the District’s programs to reflect the full allowable cost of providing services and the negotiation of reimbursement with the federal government.
14. TBD - Financial Institutions Data Match - This procurement will require the Contractor to provide Financial Institutions Data Matching (FIDM) services to facilitate the identification, location, levy and surrender of tax debtor assets between OTR and financial institutions doing business in the District of Columbia.
15. TBD - IBM Software and Support Services - This procurement is seeking a contractor for IBM Software and Support Services.
16. TBD - Informatica Support & Maintenance - This procurement requires a contractor to provide Informatica software to support multiple Oracle database and systems to maintain the proper level of security and systems required by OCFO.
17. TBD - Lottery Website Design and Hosting Services - This procurement is for a Contractor to provide a full range of digital services including website development, design, execution, hosting, and maintenance for the DC Lottery’s websites as well as strategy and development of its social media platforms.
18. TBD - Preparation of Financial Statements and Audit Services - Auditing Services for 529 Plans - This procurement requires audit services for the 529 DC College Savings Plan (529).
19. TBD - Preparation of Financial Statements for 401,457& 529 – Comp I - This procurement is for accounting services for the DC 529 College Savings

- Plan, 401(a) Defined Contribution Pension Plan, and 457(b) Deferred Compensation Plan (Component I).
20. TBD - Sharp Copier Lease and Maintenance - This procurement is for lease and maintenance of copier machines for OCFO program offices.
 21. TBD - VMWare DR Licenses - This procurement is for a contractor to provide VMWare DR Licenses.
19. Please attach copies of the required annual small business enterprise (“SBE”) expenditure reports for OCFO for Fiscal Years 2023 and 2024, to date.
- a. D.C. Official Code § 2-218.53(b) requires each District agency to submit supplemental information with their annual SBE expenditure report, including: a description of the activities in which the agency engaged to achieve their fiscal year SBE expenditure goal; and a description of any changes the agency intends to make during the next fiscal year to achieve their SBE expenditure goal. Has OLG submitted the required information for Fiscal Year 2023? Please provide a copy as an attachment.

RESPONSE:

See **Attachment 19**, which provides the FY 2023 and FY 2024 to date SBE budget and spending reports for OCFO Agency Code AT0, as recorded in the DSLBD DES system. As shown on the attached, the DES system is not yet showing SBE spending for FY 2024. Also, the DES system is not yet accepting the agency submission of FY 2023 year-end supplemental information. Our agency End-of-Year submission for FY 2023 will be similar to what we submitted for FY 2022, updated with FY 2023 data. The following is the agency submission for FY 2022:

The OCFO is pleased to report SBE spending for FY 2022 at 103.5% of the approved SBE goal. We were able to do so through the determined efforts of our contracts staff and program liaisons. For all procurement requests valued at or below \$250,000, we used CBE vendors if at all possible. We also used CBE vendors on major contracts in both prime contractor and subcontractor roles. We complied with the law regarding CBE subcontracting on major contracts and obtained subcontracting waivers only when necessary.

In FY 2023 we will continue to make CBE spending an agency priority. We will continue our outreach efforts to educate CBE vendor representatives on how to do business with the OCFO and to expand our internal customers’ awareness of the CBE program. We will also work to maintain our positive relationship with the DSLBD. We support their ongoing initiatives to help streamline the reporting process. The DSLBD team has been helpful to us, and we look forward to continued partnership with them.

20. Please provide the Committee with OCFO's SBE goals for Fiscal Years 2022, 2023, and 2024.

RESPONSE:

The OCFO's SBE goal for Fiscal Year 2022 was \$15,829,816.69. The OCFO's SBE goal for Fiscal Year 2023 is currently \$37,706,759.14. This goal is artificially high as final budget adjustment entries have not been processed yet. We have submitted the adjusting information to DSLBD and have spoken with DSLBD staff about it. We expect the final adjusted goal to be exceeded by our actual SBE spending as is our custom. The OCFO's SBE goal for Fiscal Year 2024 is \$16,656,555.29.

21. Please provide a list of OCFO's Financial Advisors as of January 1, 2024 and indicate each contractor's CBE status. OFT

RESPONSE:

As of January 1, 2024, Acacia Financial Group Inc., Estrada Hinojosa & Company, Inc., Frasca & Associates, LLC, Hilltop Securities, Inc., PFM Financial Advisors LLC, Phoenix Capital Partners, and Public Resource Advisory Group were the financial advisory firms supporting OCFO's debt issuance and ongoing debt management.

While none of the firms are currently certified as CBE firms by the Department of Small and Local Business Development (DSLDB), Phoenix Capital Partners, a minority-owned enterprise headquartered in the District, was a certified CBE in 2018.

In addition to Phoenix Capital Partners, Estrada Hinojosa & Company and Acacia Financial Group Inc. are minority and/or women-owned business enterprises.

- a. For Fiscal Year 2024, OCFO indicated that none of the firms it identified as Financial Advisors was a certified CBE. OCFO also responded that in light of the Financial Advisory Contracts expiring starting in March 2025, "Moving forward, the OCFO will continue to work with our partners at DSLBD to try to identify more CBE Financial Advisors and encourage them to respond to future solicitations."

What has OCFO done this year to encourage greater CBE Financial Advisor participation in future solicitations?

RESPONSE:

The OCFO supports the District's CBE program, and the OCFO Office of Contracts (OCFO-OC) meets regularly with our partners at DSLBD to address CBE issues, including expanding CBE contract and subcontract opportunities. In 2018, the OCFO-OC issued the Request for Proposal (RFP)

for Financial Advisors. This was an open, competitive procurement process. Twelve firms responded to the RFP for Financial Advisory Services. One firm that was registered at that time as a CBE firm, Phoenix Capital Partners, responded to the Financial Advisory Services RFP, and they were one of the seven awarded contracts. The contracts for the current pool of financial advisors expire beginning March 2025. The OCFO will continue to work with DSLBD to identify CBE Financial Advisors and encourage them to respond to future solicitations.

22. For Fiscal Years 2023 and 2024, to date, please list any purchase card spending by the Office, including the employee making each expenditure.

RESPONSE:

Please see **Attachment 22A** for FY 2023 and **Attachment 22B** for FY 2024.

23. Please identify all electronic databases maintained by the Office (group by OCFO), including the following:
- a. A detailed description of the information tracked by each system;
 - b. The age of the system and any substantial upgrades that have been made or are planned to the system; and
 - c. Whether the public can access all or part of each system.

RESPONSE:

Please see **Attachment 23**.

24. Please provide a chart showing OCFO's approved budget and actual spending, by division, for Fiscal Years 2023 and 2024, to date. Please explain any variance between fiscal year appropriations and actual expenditures. OMA

RESPONSE:

Please see **Attachment 24A** for FY 2023 and **Attachment 24B** for FY 2024.

25. Please list any reprogramming requests, in or out of OCFO, made during Fiscal Years 2023 and 2024, to date. For each, list the total amount of the reprogramming request, the original purposes for which the funds were dedicated, and the new use of funds. Please describe any impacts to OCFO operations as a result of the reprogramming.

RESPONSE:

Please see **Attachment 25**.

26. Please identify any special purpose revenue ("SPR") accounts maintained, used, or available for use by OCFO during Fiscal Years 2023 and 2024, to date. For each, include the following information:

- a. The revenue source name and code;

- b. The source of funding;
- c. A description of the program that generates the funds;
- d. The amount of funds generated by each source or program in Fiscal Years 2023 and 2024, to date;
- e. Total expenditures of funds, including the purpose for each expenditure, in Fiscal Years 2023 and 2024, to date; and

RESPONSE:

Please see **Attachment 26**.

27. Please provide a list of all projects for which OCFO currently has capital funds available. For each project, please include the following:
- a. A description of the project;
 - b. The amount of capital funds available for the project;
 - c. A status report of the project, including a timeframe for completion and expenditures; and
 - d. Planned remaining spending for the project.

RESPONSE:

BF303C / BF304C / IFSMPC – New Financial System (DIFS)

The OCFO is implementing a new financial system, known as the District Integrated Financial System or DIFS. The DIFS project will move the District from the antiquated technology of SOAR, the legacy accounting system, to a modern technology platform using the Oracle Cloud product suite. The project also includes a new budget system to replace the current Budget Formulation Application (BFA).

Phase 1 of the DIFS project (accounting, reporting and budget execution) went live on 03-OCT-2022, allowing the District to transact on the DIFS system for all of Fiscal Year 2023. Phase 2 of the DIFS project is budget formulation which is currently being developed for implementation. The OCFO will not have access to the full project's funding until FY 2025.

Funding currently available for the DIFS project totals \$29,087,460, which will be used for the budget formulation system and the continued implementation of stabilization/remediation actions.

CIM01 – Capital Infrastructure Plan (Capital Asset Replacement Scheduling System or “CARSS”)

As part of the Fiscal Year 2015 Budget Support Act, the Council included a requirement for the OCFO to develop a Replacement Schedule for Capital Assets and report on it in October of each year. The CFO's Strategic Plan included an initiative to develop a long-range capital financing plan for the District. In order to accomplish the goals of the legislation and the OCFO's Strategic Plan, it became critical to create a centralized database of all District-owned assets and their respective conditions, so that a calculation of the costs to maintain or replace those assets can be performed. To determine the total cost for the District to maintain these assets, and better understand the total capital needs, a comprehensive review of all governmental agencies' capital

and asset maintenance requirements needed to be completed. These needs were analyzed in the District's Capital Asset Replacement Scheduling System, or CARSS. CARSS currently has 100% of all District-owned assets (315,148) included in the database.

CARSS created condition-based expiration dashboards on the District's fleet of 5,000+ vehicles, which illustrated a future replacement cost of roughly \$600 million over a six-year period (FY2025-FY2030). The dashboards visualize the fleet's condition, predicts future expiration, illustrates maintenance costs and provides a six-year replacement plan to maintain the District's fleet in a healthy condition.

As the District's assets grow and evolve so does CARSS. An example of this is the District's goal of achieving net zero fleet emissions by 2050. CARSS was called upon to provide specific vehicle data and predict future expiration of vehicles in order to better assist in the replacement of existing with electric vehicles in the future.

Funding currently available for the CARSS project totals \$348,474.

EQ9ATC and CSP10C –IT Upgrades

This project supports the OCFO's central IT system infrastructure, including the composite hardware, software, network resources and services required for the existence, operation and management of an enterprise IT environment. It allows the delivery of IT solutions and services to our employees and citizens. It covers capital investments associated with systems enhancements and includes life-cycle replacement of OCFO network appliances and servers.

One major IT upgrade is currently planned for our Customer Service operations. The OCFO is implementing a new omnichannel, client engagement set of tools that will enable a higher level of Client service. Multi-channel capabilities will include voice, email, fax, chat, social media and SMS. We are awarding a cloud solution contract with a goal of going live with the new system following the filing deadline for 2024 individual income taxes in April 2025.

Another system upgrade provides a mobile data collection system for property assessors. This upgrade aims to improve the productivity of assessors, reduce the cost of gathering data for each property, integrate seamlessly with the Computer Aided Mass Appraisal (CAMA) System and improve data integrity with automated checks. The contract for implementing the system was awarded in November 2023 and will go live in early FY 2025.

Additional initiatives included in this project include the completion of our migration of systems to the Reston data center including our NetBackUp replacement and SAN, new servers, implementation of data loss prevention services and disaster recovery services as well as implementation of an improved service desk system.

Funding currently available for the IT Upgrades project totals \$2,658,205.

CSPO8C – Integrated Tax System Modernization (MITS/MRPTS) Core21 Upgrade Project

OTR uses an agency-wide system called the Modernized Integrated Tax System (MITS) to administer all the District’s individual, business, and real property taxes. MITS is also used to support the taxpayer-facing online portal at MyTax.DC.gov, which has successfully digitized most taxpayer interactions between OTR/OCFO and the public.

As part of OTR’s quest for continuous improvement, and to remain “best in class” with its technology and services, OTR is currently in the midst of upgrading MITS to the latest version offered by GenTax. Upgrading from VB.net (visual basic, an object-oriented programming language) to C# allows OTR to receive the most up-to-date upgrades, updates, and service enhancements offered and offers OTR the greatest functionality in administering District taxes.

On September 29, 2023, OTR implemented Service Pack S12m. We are now in the process of upgrading to version Core21, which will allow OTR to deliver better services to taxpayers and tax administrators, and has these objectives:

- Convert, verify, test, and deploy active site business objects from VB.NET to C#
- Implement Vault Service for tokenization of sensitive data elements
- Convert payments from Traditional Payments to Managed Payments
- Replace current payment web request functionality on MyTax with Payment Authorization
- Improve user experience with usability enhancements including replacement of help mode with contextual help, sidebar navigation search, dashboard redesign and 360 tabs.
- Deliver system training including refresher training and changes to Core21 Upgrade

The Project timeline is as follows:

Core21 Dates Phase	Start Date	End Date
Preparation	October 2, 2023	December 1, 2023
Definition & Development	December 4, 2023	July 26, 2024
Foundation	January 2, 2024	March 29, 2024
Testing	June 3, 2024	September 27, 2024
Training	June 3, 2024	December 20, 2024
Roll out	September 27, 2024	September 29, 2024
Production Support	September 30, 2024	December 31, 2024

GO LIVE September 30, 2024

We are continuing with the task of converting, verifying, testing, and deploying active site business objects. As of January 26, 2024, we have completed the conversion of 65% of the business objects from VB.net to C# and have begun to test.

Funding currently available for the MITS Core21 upgrade project totals \$2,861,753.

28. Please provide a complete accounting of all federal grants received in Fiscal Years 2023 and 2024, to date.

RESPONSE:

The OCFO does not have any federal grants awarded directly to the agency. However, the administrative costs of food stamps distribution through debit cards is covered by the Supplemental Nutrition Assistance Program (SNAP) awarded to the Department of Human Services (DHS). Expenses are recorded for this activity in fund 4020002 within the OCFO's Office of Finance and Treasury. An annual MOU is signed between the OCFO and DHS for grant funding to be allocated to OCFO to support this. For these grant funded activities, a total of \$675,000 was budgeted and expensed in FY 2023. For FY 2024, the budget amount is \$875,000; no expenditures have yet been recorded.

29. Please provide an update on actions taken in Fiscal Years 2023 and 2024, to date, to continue implementation and further evaluation of elements of the OCFO Strategic Plan, including significant changes in management and customer service initiatives. Please provide your answer in chart form. An example is provided below.

Strategic Initiative	Actions Taken in FY 2023	Actions Planned/Scheduled for FY 2024

RESPONSE:

Please see **Attachment 29**

30. Please provide the amount collected for Combined Reporting Fiscal 2023 (Tax Year 2022) returns and explain how this compares to the Fiscal Year 2022 (Tax Year 2021) returns.

RESPONSE:

The majority of D20 Combined Reporting taxpayers filed extensions. In 2022, 3,599 of these filers requested an extension. Of these, 241 still have not filed their 2022 tax return. As a result, the number of TY2022 combined reporting filings is expected to rise throughout calendar year 2024.

****D-20 Corporation Franchise Tax.***

Year	*D20 Combined Count	Tax Paid
2021	3,749	429,380,678.51
2022	3341	285,199,528.33

The figures above will vary slightly based on fluctuations in filed returns and other system adjustments.

****D-30 Unincorporated Business Franchise Tax**

Year	**D30 Combined Count	Tax Paid
2021	84	18,404,900.27
2022	85	5,382,613.87

31. Please provide a breakdown of sales tax collections, by type, during Fiscal Years 2021, 2022, and 2023.

RESPONSE:

Estimated Sales Tax Base, Collections and Transfers by Sales Tax Type (\$ thousands)

FY 2023	Retail*	Medical Marijuana	Soda	Restaurants	Liquor	Rental Vehicles	Hotels**	Parking	Total
Taxable Sales	14,492,033	37,161	109,960	5,536,427	445,546	153,071	2,259,303	420,257	23,453,759
General Sales Tax Collection (Gross)	869,522	2,230	8,797	553,643	45,668	15,690	350,348	75,646	1,921,543

** A tax rate change was implemented on April 1, 2023, increasing the hotel tax rate from 14.95 to 15.95

FY 2022	Retail*	Medical Marijuana	Soda	Restaurants	Liquor	Rental Vehicles	Hotels	Parking	Total
Taxable Sales	14,705,484	37,155	97,485	4,206,455	475,492	161,222	1,654,813	356,512	21,694,619
General Sales Tax Collection (Gross)	894,879	2,229	7,799	420,646	48,738	16,525	247,395	64,172	1,702,383

FY 2021	Retail	Medical Marijuana	Soda	Restaurants	Liquor	Rental Vehicles	Hotels	Parking	Total
Taxable Sales	12,395,857	30,293	79,592	2,555,362	497,281	162,424	584,309	223,828	16,528,947
General Sales Tax Collection (Gross)	743,751	1,818	6,367	255,536	50,971	16,648	87,354	40,289	1,202,736

32. Please describe how the expiration of pandemic-era federal relief funds will impact revenue estimates for Fiscal Years 2024, 2025, and 2026.

RESPONSE:

After the COVID-19 pandemic emergency ended in May 2023, the amount of federal funding available to states for relief efforts decreased. As per the latest data from the Bureau of Economic Analysis (BEA), the District of Columbia received \$164.3 million in the first quarter of FY 2023. This money was used for direct payments, such as economic impact payments and advanced child tax credits, as well as for expanded unemployment insurance and the paycheck protection program (PPP). This money helped to keep the personal income levels of District residents from decreasing by 0.2 percentage points. We do not yet have data for subsequent quarters, but the upshot is that absent this boost, we expect FY 2024-2026 growth in personal income to be slower without the stimulus of the pandemic-era federal

relief funds. This, in turn, lowers growth in business and individual income tax revenue. We have already factored in the slower growth in our current revenue forecast.

33. Please list all regulations for which the Office is responsible for oversight or implementation by chapter and subject heading, including the date of the most recent revisions.

RESPONSE:

- Title 1, Chapter 4, Freedom of Information, January 7, 2005
- Title 1, Chapter 9, Audit Standards for Governmental Organizations, Programs, Activities, and Functions, February 14, 1986
- Title 1, Chapter 11, Guidelines of the Board of Review for Anti-Deficiency Violations, May 11, 2007
- Title 1, Chapter 17, District of Columbia – Payment to Vendors (This also includes the Quick Payment Act regulations), November 18, 1988
- Title 1, Chapter 48, Investment of Public Funds: Repurchase Agreements, September 6, 1985
- Title 6, Chapter B26, Defined Contribution Pension Plan, May 1, 2020
- Title 9, Chapter 1, Income and Franchise Taxes, December 10, 2021
- Title 9, Chapter 2, Inheritance and Estate Taxes, April 18, 1997
- Title 9, Chapter 3, Real Property Taxes, October 13, 2023
- Title 9, Chapter 4, Sales and Use Taxes, May 14, 2021
- Title 9, Chapter 5, Tax on Recordation of Deeds, September 2, 2022
- Title 9, Chapter 6, Real Property Transfer Tax, February 9, 2018
- Title 9, Chapter 7, Personal Property Tax, April 26, 2019
- Title 9, Chapter 8, Motor Vehicle Fuel Tax, April 18, 1997
- Title 9, Chapter 9, Taxation of Motor Fuel Consumed by Interstate Buses, April 18, 1997
- Title 9, Chapter 10, Cigarette Taxes, April 18, 1997
- Title 9, Chapter 11, Qualified High Technology Company, May 1, 2020
- Title 9, Chapter 30, Disposition of Unclaimed Property, April 18, 1997
- Title 9, Chapter 31, Foreclosure Sale of Real Property, November 1, 1968
- Title 9, Chapter 35, Gross Receipts Tax, September 25, 1987
- Title 9, Chapter 37, Estate Tax, April 18, 1997
- Title 9, Chapter 38, Central Collection Unit, March 1, 2013
- Title 9, Chapter 39, Shared Responsibility Payment, February 7, 2020
- Title 9, Chapter 40, Tax Amnesty Program, April 18, 1997
- Title 9, Chapter 41, Toll Telecommunication Service Tax, April 7, 1989
- Title 9, Chapter 42, General Administration, March 23, 2012
- Title 9, Chapter 43, District of Columbia Child Trust Fund, proposed regulations published on December 23, 2022
- Title 9, Chapter 44, Bulk Sales, May 26, 2017
- Title 9, Chapter 99, Definitions, August 3, 1990
- Title 30, Lottery, November 10, 2023
- Title 31, Chapter 11, Public Vehicles for Hire Consumer Service Fund, January 25, 2019

34. Please identify any statutory or regulatory impediments to the OCFO's operations.

RESPONSE:

- a. There are two significant statutory impediments to the OCFO's operations relating to the need for modernizing the District's tax laws. The first impediment relates to income tax withholding tables and raises both statutory and regulatory impediments. D.C. Code § 47-1812.08 requires employers to deduct and withhold tax on employee wages and sets forth the method by which the withholding amount is calculated. With regard to the calculation, § 47-1812.08 expressly prohibits using the standard deduction as an allowance to calculate employee withholding. As a result, historically, OTR published instructions and withholding tables based on the number of personal exemptions claimed by an employee which was consistent with how withholding was calculated by the Internal Revenue Service (IRS). However, the Tax Cuts and Jobs Act of 2017 suspended personal exemptions directly at the federal level and, indirectly, at the District level, thus rendering the calculation of employee withholding based on personal exemptions obsolete. The IRS then transitioned to calculating withholding based on the standard deduction, but OTR has been unable to do so because of the express prohibition against using the standard deduction in § 47-1812.08. Moreover, OTR does not have authority to craft a workable alternative method for the calculation of withholding through regulations because § 47-1812.08, uniquely, grants regulatory authority to the D.C. Council and not to the Chief Financial Officer.

- b. The second impediment relates to correcting the discrepancy in the payment dates of real property taxes. D.C. Code § 47-811 imposes a due date of September 15th for the second half real property tax bill, while the first half bill is due on March 31st. In both cases, interest accrues on the day following its respective due date. The problem is programming interest cycles that vary depending on which period the tax became delinquent with interest being assessed twice per month (i.e., on the 1st day and on the 16th day). Payment due dates on the tax bill for previous periods cannot be synchronized on the same bill, since the real property tax bill provides 30 days to pay. Having a two-track interest cycle within a single month creates confusion for the taxpayer and significant administrative issues. This also results in problems with tax sale redemptions since full payment is required and calculating interest adjustments twice a month creates obstacles for the redemption process when the amount owing is changing frequently. The issues are alleviated when both due dates occur at the end of the respective months, i.e., March 31st and September 30th.

35. Please explain the impact on OCFO and the District of Columbia of any legislation passed at the federal level during the past year, to date, that significantly affects agency operations or revenue collections.

RESPONSE:

**Option to Choose Residence or Domicile for Servicemember or Spouse:
Veterans Auto and Education Improvement Act of 2022**

The Veterans Auto and Education Improvement Act of 2022, Public Law 117-333, became law on January 5, 2023. The law changed existing provisions under the Servicemembers Civil Relief Act, Public Law 108-189, approved December 19, 2003 (SCRA) on the election of state residency for tax purposes for military servicemembers and the servicemember's spouse. Under the SCRA, the servicemember and civilian spouse may each retain their home state for tax purposes. Under the new law, the servicemember and civilian spouse may elect to use a location for purposes of taxation from the following options:

- the residence or domicile of the servicemember,
- the residence or domicile of the spouse, or
- the permanent duty station of the servicemember.

The change permits service members and their spouses the flexibility to select which residence or domicile they would like to use for tax purposes. This may affect the collection of revenue by the District depending on which residence or domicile is elected. While 2023 tax return data is not available, the attached report (link) analyzing 2022 demographics indicates that the number of active-duty personnel in the District is about 8,983. Thus, the federal statutory change could have a significant effect. <https://download.militaryonesource.mil/12038/MOS/Reports/2022-demographics-report.pdf>

36. Please list and describe any ongoing investigations, audits, or reports of the OCFO or any employee of the Office; or any investigations, studies, audits, or reports of the OCFO or any employee of the OCFO completed during Fiscal Year 2023 and Fiscal Year 2024, to date. Where application, please include links for any audits or reports available.

RESPONSE:

Internal Audit Division - Completed Audits (through 1/31/2024)

FY 2023

- Audit of Internal Controls over the OPRS Processing of Time Reporting for OCFO Employees. *Status: Final Report Issued October 2022*

The overall objective of our audit was to evaluate whether OPRS has designed adequate internal controls to identify and resolve time and reporting exceptions accurately and timely. We provided three (3) recommendations in this report.

- Audit of the OPCSFS Direct Loan and Credit Enhancement Statement of Revenues and Expenditures for FY 2021 *Status: Final Report Issued January 2023*

The objectives of the Audit were to: (a) express an opinion on the Statement of Revenue and Expenditures of the Fund; and (b) determine whether expenditures/costs charged to the Fund were proper and authorized. No recommendations were provided in this report.

- Audit of the Inmate Welfare Fund Financial Statements for the Fiscal Year Ended September 30, 2022. *Status: Final Report Issued January 2023*

The objectives of the Audit were to: a) express an opinion on the financial statements of the Fund; b) determine whether expenditures/costs charged to the Fund were proper; c) determine whether internal controls over fund transactions and financial reporting were adequate; and d) determine whether the Fund is administered in accordance with laws and regulations. No recommendations were provided in this report.

- Audit of Internal Controls Over Unclaimed Property *Status: Final Report Issued January 2023*

The objectives of the audit were to determine: (1) whether the Unclaimed Property Unit complies with applicable laws, regulations, and OCFO policies; and (2) effective internal controls are in place to safeguard assets from fraud, waste, and abuse. We provided four (4) recommendations in this report.

- Audit of Internal Controls over Kiosk Operations *Status: Final Report Issued April 2023*

The objectives of our audit are to determine whether the Office of Finance and Treasury (OFT): (1) accounts for kiosk cash and credit card receipts properly; and (2) maintains adequate internal controls over kiosk operations. We provided eight (8) recommendations in this report.

- Audit of the New Columbia Statehood Fund Statement of Revenues and Expenditures for FY 2022. *Status: Final Report Issued March 2023*

The audit objectives were to: (1) express an opinion on the Statement of Revenue and Expenditures of the Fund; and (2) determine whether expenditures/costs charged to the Fund were proper and authorized. No recommendations were provided in this report.

- Audit of the Revenue and Expenditure Report of the OPCSFS Direct Loan and Credit Enhancement Fund as of September 30, 2022. *Status: Final report Issued September 2023*

The audit objectives were to: (1) express an opinion on the Statement of Revenue and Expenditures of the Fund; and (2) determine whether expenditures/costs charged to the Fund were proper and authorized. No recommendations were provided in this report.

- Audit of Internal Controls over the Office of the Chief Financial Officer's (OCFO) Information Technology (IT) Equipment – Cell Phones and Tablets Phase I *Status: Final Report Issued September 2023*

The objective of our audit was to assess the efficiency and effectiveness of the OCFO's controls over the acquisition, inventory, and deployment of cell phones and tablets. This phase of the audit focused on acquisition and inventory management. We provided five (5) recommendations in this report.

FY 2024

- Audit of Internal Controls over the Office of the Chief Financial Officer's (OCFO) Information Technology (IT) Equipment – Cell Phones and Tablets Phase II *Status: Final Report Issued October 2023*

The objective of our audit is to assess the efficiency and effectiveness of the OCFO's controls over the acquisition, inventory, and deployment of cell phones and tablets. This phase of our audit focused on the Buyback Program. No recommendations were provided in this report.

- Audit of the Office of Finance and Treasury Central Collections Unit (CCU) Debt Collection Process *Status: Final Report Issued November 2023*

The objectives of the audit were to determine whether: 1) internal controls over internal debt collection are proper; and 2) the Collections contractor is compliant with the debt collection contract. We provided four (4) recommendations in this report.

- Audit of the Inmate Welfare Fund Financial Statements for the Fiscal Year Ended September 30, 2023 *Status: Final Report Issued January 2024*

The objectives of the Audit were to: a) express an opinion on the financial statements of the Fund; b) determine whether expenditures/costs charged to the Fund were proper; c) determine whether internal controls over fund transactions and financial reporting were adequate; and d) determine whether the Fund is administered in accordance with laws and regulations. We provided two (2) recommendations in this report.

Internal Audit Division – Ongoing Audits

- Audit of the OTR Audit Case Selection Process

The objectives of our audit are to: (1) evaluate the case management process for audits and examinations; and (2) follow-up on prior OIO audit recommendations.

- Audit of Internal Controls over Adjustments at OTR

The objective of our audit is to determine whether adjustments are adequate and properly supported.

- Audit of Internal Controls over the Stop Payment and Returned Check Process

The objectives of our audit are to determine whether: (1) effective internal controls are in place over the stop payment and returned check process and (2) returned checks are processed in accordance with Unclaimed Property requirements.

- Audit of Internal Controls over Cashiering Operations-St. Elizabeth Campus

To determine whether the Office of Finance and Treasury (OFT) maintained adequate internal controls over cashiering operations at the St. Elizabeth Campus

- Audit of the Office of Lottery and Gaming (OLG) Information Technology (IT) Asset Tracking Process

The objectives of the audit are to: (1) determine whether effective internal controls are in place to ensure the Office of Lottery and Gaming's IT Asset Tracking Process is properly established, maintained, and operating in accordance with applicable laws, regulations, policies, and procedures; and (2) assess whether the tracking is done effectively and efficiently.

Internal Security Division

FY 2023 began with a balance of 13 misconduct investigations from the prior fiscal year. An additional 74 misconduct investigations were opened between October 1, 2022, and January 31, 2024. During the aforementioned period, a total of 77 cases were closed.

Fiscal Year 2023 began with a balance of 41 background investigations from the prior fiscal year and an additional 573 background investigations were opened between October 1, 2022, and January 31, 2024. During the aforementioned period, a total of 563 cases were closed, leaving a balance of 51 cases.

The 563 closed background investigations consist of the following:

<i>Closed Background Investigations</i>	<i>Number of Cases</i>
New Employees	291
Incumbents	103
Contractors	168
Interns	1
Total	563

37. Please list all recommendations identified by the Office of the Inspector General, DC Auditor, or other federal or local oversight entities during the previous three years and provide an update on actions taken to address these recommendations. If the recommendation has not yet been implemented, please explain why.

RESPONSE:

The following reports were issued in FYs 2021-2024 as of January 31, 2024, to date with recommendations to the OCFO.

Inspector General Reports

- Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (22-1-25AT), Issued November 30, 2022
- Audit of the OCFO Tax Abatement Program (20-1-02 AT), Issued December 3, 2021
- Audit of the West End Library and Fire Station Maintenance Fund (20-1-01MA-(b)), Issued November 19, 2020

DC Auditor Reports

- The District’s FY 2022 Annual Comprehensive Financial Report Mischaracterized the Relationship Between the District and the D.C. Housing Authority January 4, 2024
- D.C. Lacked Unified System to Track, Reduce Settlements & Judgements, Issued December 7, 2020

• OFFICE OF INSPECTOR GENERAL RECOMMENDATIONS

Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (22-1-25AT), Issued November 30, 2022	
Recommendation	Status
<p><i>Recommendation 1.</i> We recommend that RPAD management develop a plan for periodically inspecting properties so there is reasonable assurance that property characteristics data are up to date. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 2</p>	<p>The OCFO agreed with the recommendation. RPAD began implementing this recommendation in January 2023. RPAD developed a property inspection plan for a three-year cycle to visit and update CAMA property record cards with updated photos of improvements on each commercial property, especially those that have not sold or have permit work issued. The plan is a continuous cycle that allows all properties to be visited at least once in three years. The plan also includes utilizing other tools like aerial imagery provided by EagleView. OTR has awarded a contract for Mobile Assessment Technology that will enhance the fieldwork of appraisers because it integrates with the CAMA system. Each appraiser has properties assigned to them which they utilize the "Field Visit Log" [See Exhibit A] and update in CAMA to report status and progress of implementing this recommendation.</p>
<p><i>Recommendation 2.</i> We recommend that RPAD reconfigure</p>	<p>The OCFO disagreed with the recommendation in 2016 and continues to</p>

the CAMA system to begin recording sale qualifications with respect to sales-ratio study purposes as well as validations with respect to modeling purposes. This recommendation is repeated from OIG Report No.16- 1-14AT *Evaluation of the District of Columbia Government's Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)* Recommendation 3

disagree. RPAD's primary use with respect to sale information is to help analyze and develop the appropriate capitalization rates for the various types and classes of commercial properties where the income approach to value is employed as the primary indication of value. RPAD collects and analyzes as much data as possible to ensure its analysis reflects the activity in the market. However, the number of sales of various types of commercial properties rarely meet levels that would allow for meaningful assessment to sales ratio studies. RPAD considers all appraiser-qualified sales suitable for both modeling and sales-ratio studies. RPAD sees no substantial benefit to reconfiguring our systems to support validating sales differently for the two different purposes. Sales are so rare and so critical to the income approach analysis that RPAD goes to great lengths to thoroughly research a sale before it must be disqualified.

Recommendation 3.
We recommend that RPAD not use code 07 unless there is convincing documentation that the sale was "speculative." This

The OCFO disagreed with the recommendation. RPAD stats show that in the last five years 147 (3%) of 4,761 commercial sales are coded 07. There are many legitimate reasons

recommendation is repeated from OIG Report No.16- 1-14AT *Evaluation of the District of Columbia Government's Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)* Recommendation 4.

for an appraiser to code a sale 07, and RPAD does not believe it is an issue that warrants attention. The “speculative” code is defined as, “Sale is unqualified; the prime motivation of purchaser is quick profit through resale either before or after renovation. While these types of transactions tend to be below market value, they may represent market value and may be coded 01 (market), provided that the physical attributes of the sale represent the condition at the time of the sale, and the assessor believes the transaction represents an arms-length sale. When the property characteristics have changed subsequent to the sale, the sale must be unqualified.” When an appraiser selects this code, he or she is convinced that the sale is speculative. This is easily made manifest when: 1) the property has a renovation permit associated with it, or, 2) the appraiser notes on-going construction, or, 3) the property characteristics in our records have recently been improved on the property, or, 4) the property located in a neighborhood experiencing transition, or, 5) the buyer is a known speculator.

<p>Recommendation 4. We recommend that RPAD seek to require I&E submissions before the assessment notice deadline by seeking the appropriate legislative remedy. This recommendation is repeated from OIG Report No.16-1-14AT Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017) Recommendation 8.</p>	<p>The OCFO agreed with the recommendation. RPAD has provided and mandated annual electronic filing of I&E. The legislative authority to change the assessment calendar is beyond RPAD's authority. However, RPAD and OTR leadership continue to seek avenues to work with the D.C. legislative body to implement this recommendation.</p>
<p>Recommendation 5. Crowe recommends that RPAD implement a global review process for ratio study results. These ratio studies should be properly conducted and included as a part of the valuation process. Final appraised values should not be approved until quality standards are met. Key internal stakeholders and valuation team leaders should regularly review market movements and ratio study results together. RPAD should</p>	<p>The OCFO disagreed with the recommendation. RPAD adheres to appraisal industry standards and best practices and adopted the International Association of Assessing Officers (IAAO) standards in the assessment process in the District of Columbia. However, these IAAO standards are advisory, and the adaptation is not “one-size-fits-all”. RPAD agrees that a formal review process that enhances the existing valuation process benefits the assessment division's overall goal. Therefore, the RPAD leadership team will begin to conduct a</p>

<p>examine every step of the commercial valuation process for the various property types and sub-market areas to look for components, practices, and factors that may lead to appraised values that are below market value</p>	<p>quarterly review of sales and other market and submarket valuation matrices starting April 1, 2023. The results of the reviews will guide the annual reassessment exercise adopted for the three levels of property assessment appeals when necessary.</p>
<p><i>Recommendation 6a.</i> Crowe recommends that RPAD do a thorough review of data quality, valuation practices, and valuation models in the identified strata. Specifically: a) We recommend that RPAD further improve the valuation of office buildings by reviewing property data for accuracy and consistency and by building data analysis skills. Because capitalization rates are so critical to value determination and office sales are relatively scarce, office sales should be thoroughly researched, and consideration should be given to expanding sample sizes through use of prior year sales time-adjusted to the valuation date. Again, building data analysis skills will help, and continuing</p>	<p>The OCFO partially agreed with the recommendation and has taken corrective action to remediate this recommendation. Time-adjusting sales can introduce more speculation than is necessary, so we carefully analyze prior years' sales to determine their reliability when adopting them for current-year studies. Likewise, the market analysts and RPAD management team meet quarterly to review sales and valuation data points like market rent, market vacancy, and capitalization rate to ensure the integrity of commercial properties assessment utilizing the income approach.</p>

to check capitalization and other income rates with those reported in industry publications and services will provide additional support. This recommendation is repeated from OIG Report No.16-1-14AT *Evaluation of the District of Columbia Government's Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)* Recommendation 11

Recommendation 6b(i).
 We recommend that RPAD develop and vet a plan for valuing retail properties at market value consistent with other properties in the District. This could be accomplished by phasing in increases over a 2- or 3-year period. The plan should include consideration of whether: i) The nine market areas used for offices are adequate for retail properties. Although the situation may well be different in the District, retail market areas or neighborhoods usually follow

The OCFO disagreed with the recommendation. The District of Columbia does not have retail destinations independent of the existing/identified nine commercial markets. While it is true that retail market areas usually follow traffic-pattern or pedestrian-friendly/walkable street fronts, the uniqueness of the commercial markets in the District of Columbia is that neighborhoods with high retail corridors are within these commercial markets. Therefore, RPAD does not need to segregate the retail submarket further from the existing commercial market or the "office market," according to

<p>traffic corridors more than offices do. Again, while this may well not apply in the District, it would be prudent to consider whether retail areas should be defined separately from office areas.</p>	<p>the auditors.</p>
<p>Recommendation 6b(ii). Additional space types, easily accommodated in the CAMA system, would be helpful. One example is restaurants. Current rent tables provide a separate rate for restaurant spaces but do not distinguish between fast-food and full service restaurants. Although appraisers can apply adjustments for "tenant appeal," standardizing rates creates consistency and lessens the need for individual property adjustments. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government's Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 12</p>	<p>The OCFO disagreed with the recommendation. RPAD continues to focus on identifying those value characteristics that the market deems significant and appropriate in establishing accurate values across property types and sub-categories. For example, RPAD believes that the current retail model captures all subcategories of retail properties in the CAMA valuation model. However, RPAD's commitment is to continue to find better ways to develop property assessments in the District of Columbia. If in the future, a specific sub-category of properties lends itself to a separate or unique valuation model, RPAD will revise its current model to accommodate those sub-categories.</p>

Recommendation 7.

We recommend that RPAD adopt procedures for valuing air rights and add them to the ARM and/or Employee Handbook. This recommendation is repeated from OIG Report No.16-1-14AT *Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)* Recommendation 10

The OCFO agreed with the recommendation. RPAD has created and uses the value allocation worksheet [See exhibit B & C] and has conducted training on operating the Air-Right value allocation worksheet. RPAD no longer considers superfluous areas like elevator shafts, staircases, and vents as part of economic utility space—these are in total useable air rights areas. The policies and procedures for air-rights are still evolving, but the valuation worksheet is now part of RPAD documentation, which will become part of future Assessor Reference Material. The TY 2025 publication will have a section on air-rights valuation when it goes to press in March 2024. RPAD created a committee to develop policies and procedures for air right lots.

Recommendation 8.

Crowe recommends that RPAD use at least 3 years and preferably 5 years of commercial property sales in valuation and sales ratio studies. Statistical modeling should be used to produce time trends that adjust all sales to the effective date of the reassessment.

The OCFO agreed with the recommendation. RPAD market analysis for commercial valuation already considers three years of sales. RPAD recognizes that the “time-trend” or adjustment is rooted in prediction based on an observed pattern that even when limited sales may compel the use of multiple years, the time-trend may be opposed to the current or existing market

	<p>reality at the time of reassessment. The volatility of the commercial real estate market in recent years, particularly in the District of Columbia, requires statistical modeling that better reflects current market conditions. Therefore, RPAD will continue to consider three-year sales; all or most weight will be on the most recent year leading to the reassessment because of the market dynamics in the District of Columbia.</p>
<p><i>Recommendation 9.</i> We recommend that RPAD begin reporting ratio study statistics with respect to assessed values on the roll at the time of sale rather than, or in addition to, assessed values anticipated to be enrolled later, as are currently reported. This recommendation is repeated from OIG Report No.16- 1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 16</p>	<p>The OCFO disagreed with the recommendation. RPAD disagreed with this recommendation in 2016 and continues to disagree. Ratio studies are conducted for a variety of purposes. In this context, the ratio report measures assessment quality by looking at the most recent reassessment program and comparing the results of that effort to actual market conditions. It is contrary to the purpose of the report to use current year values when the intent is to demonstrate the proposed year assessment quality. The introduction to the report clearly states that the OTR uses the proposed year reassessments compared to the 12 months of sales immediately preceding</p>

	<p>the valuation date. Please note that the Assessor Reference Materials (ARM) includes a section where proposed assessments are compared to both current and proposed year values. Additionally, RPAD management annually uses internal "going-in" ratio reviews to compare values to the current market in the District of Columbia and determine the need to adjust values up or down.</p>
<p>Recommendation 10. We recommend that RPAD transition to computing and reporting ratio statistics by property type and market area. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government's Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 17</p>	<p>The OCFO agreed with the recommendation. There have been very few sales in recent times and the events in commercial real estate market result in less meaningful data to extract useful ratios that are consistent with IAAO standards. OTR has always produced annual market ratio studies and statistics. However, we have started producing quarterly market ratio studies by submarket and property type for internal review. This quarterly analysis started in April of 2023.</p>
<p>Recommendation 11. We recommend that RPAD begin to adopt a standard-accepted trimming rule while performing ratio studies in accordance with</p>	<p>The OCFO disagreed with the recommendation. As discussed in response to recommendation #3, our primary use of qualified commercial property sales is to help develop and support the</p>

<p>Appendix B of the IAAO Standard on Ratio Studies rather than the arbitrary ratio boundaries of 0.40 to 1.60 presently employed. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government's Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 18</p>	<p>various matrices and capitalization rates used in the income approach to valuation. RPAD contends that its established trim range is not arbitrary and, most importantly, is sufficiently large, and few if any, ratios are excluded. Only the most extreme outliers are excluded in this trimming range, as would be appropriate. The trimming range and its use in our study remained consistent over the years. RPAD does not intend to modify this methodology.</p>
<p>Recommendation 12: We recommend that RPAD take steps to compute and, when appropriate, publish confidence intervals for important statistics. This would enable readers to judge whether an apparent success or failure is more likely to reflect a fluke of small samples rather than a real problem with the appraisals. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government's Management and Valuation of Commercial Real Property</i></p>	<p>The OCFO agreed with the recommendation. This recommendation is fully implemented. RPAD published confidence intervals in the TY 2023 Ratio Studies and recently acquired SPSS software package with the syntax for confidence interval and Price Related Bias iteration which allows future reporting of the statistic.</p>

<p><i>Assessments (Issued April 10, 2017)</i> Recommendation 19</p>	
<p><i>Recommendation 13:</i> We recommend that RPAD begin to compute and, when appropriate, publish PRBs. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 20</p>	<p>The OCFO disagreed with the recommendation. The price-related differential (PRB) is currently measuring vertical inequity. The price-related bias test is one of several additional tools to measure this bias. In our experience, adequate sales exist in our residential inventory to make a price-bias test meaningful when values are generated from our CAMA system, which applies RPAD’s sales calibrated cost approach. For example, “economies of scale” may cause or introduce systemic errors in CAMA valuation models. However, in the valuation of commercial properties, where the income approach is the primary indicator of value, those limitations rarely, if ever, occur. As a result, the marginal square foot of rentable area is identical to the first square foot. Commercial properties are much more heterogeneous than residential properties, making interpreting a price-related bias (PRB) test challenging. Therefore, we must see the merit of computing the PRB for the</p>

	<p>commercial property before publishing it in the ratio study report.</p>
<p>Recommendation 14. We recommend that RPAD begin to produce statistical graphics to facilitate quick comprehension of patterns not immediately observable from numeric tables. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 21</p>	<p>The OCFO agreed with the recommendation. Until the District has a statistically significant increase in the number of sales, the number of sales in the reporting year is too low to produce a reliable chart. However, sales are thoroughly researched and qualified before their use in model calibration.</p>
<p>Recommendation 15. We recommend that RPTA produce a USPAP-compliant mass appraisal report based on the ARM. The report would blend procedural narratives with statistical data on valuation parameters such as rents, expense ratios, and capitalization rates. The aim is to make public more evidence of the credibility of assessments. The recent additions related to residential</p>	<p>The OCFO agreed with the recommendation. RPAD will be producing a USPAP compliant Mass Appraisal Report for TY 2025 assessment. The report will be authored on or before April 30, 2024.</p>

and residential land valuation provide a template for changes that would be desirable in the discussion of commercial valuation procedures. This recommendation is repeated from OIG Report No.16-1-14AT *Evaluation of the District of Columbia Government's Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)* Recommendation 22

Recommendation 16.

We recommend that efforts continue to improve how RPTA defends assessments under appeal. This can be done by:

- Continuing to monitor the quality of its valuation performance as it already does via its appeals tracking system, recognizing that a superior measure of performance is found in assessment to sales price ratio studies.
- Augmenting its efforts to manage its appeal/litigation management system, with attention not only to monitoring conditional

The OCFO disagreed with the recommendation. The appeals tracking is fully operational in the Modernized Integrated Tax System (MITS). MITS has capabilities to track calendar workflow and archive documents. In addition, MITS can monitor conditional liabilities, workflow, and the storage/archiving of all appeal-related papers and various communications and interactions of all the professionals involved in managing the appeal/litigation process. Any effort to disincentivize recurring and nuisance appeals requires legislative changes or enactment.

<p>liabilities and calendar related workflows, but also to the management of related documents and professional services. • Considering whether to advocate for a redress in the appeal incentives from a gametheoretic perspective, either by advocating for an increase in the cost to property owners of filing an appeal, perhaps on a recurring basis to spur their prompt resolution, or by adopting social pressures rather than, or in addition to, economic incentives to address the situation. This recommendation is repeated from OIG Report No.16-1-14AT Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017) Recommendation 23</p>	
<p>Recommendation 17. Crowe recommends expanding HR Business Partner support of OTR’s organizational</p>	<p>The OCFO disagreed with the recommendation. OTR is currently supported by a designated HR Business Partner that is the point</p>

<p>structure, workload statistics, performance measures, compensation requirements, staffing levels, training, qualifications, and staff development functions</p>	<p>of contact for all HR related matters. The HR Business Partner meets with OTR leadership and management on a consistent basis to ensure the agency has the talent and resources to achieve its business goals. In weekly meetings, leadership is apprised of any relevant information related to HR processes and/or policy interpretations, and given the opportunity to discuss any talent management needs such as compensation requirements, staffing levels, training, qualifications, etc.</p>
<p><i>Recommendation 18.</i> Additionally, we recommend that RPTA adopt measures to link operational activities to its organizational strategic plan and mission. In addition, key human resources metrics, such as Yield Ratios (ratio of offers to acceptance, interview-to-offer ratio, invitations-to-interview ratio, advertisements, or contacts-to-applicant ratio), should be established. RPTA personnel should compile an effective set of financial measures and operational measures (on</p>	<p>The OCFO disagreed with the recommendation. RPAD’s position is that the Yield Ratios should be separate and distinct from the strategic and operational goals of the division. While those goals can include assuring that quality candidates are selected, any metrics related to the recruitment and hiring process are not within the purview of RPAD. The division is committed to establishing quantifiable strategic and operational goals for FY23. These will be completed by the end of the first quarter.</p>

customer satisfaction, internal processes, and the RPTA's innovation and improvement activities) that will put RPTA's strategy and vision at the center of its operations. This tool would drive its personnel to adopt behaviors and invest in actions that are critical to arrive at strategic and operational goals and align them toward an overall vision. This recommendation is repeated from OIG Report No.16-1-14AT *Evaluation of the District of Columbia Government's Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)* Recommendation 32

Recommendation 19.

Crowe recommends reinstating the monetary award component of the OCFO Incentive and Performance Recognition Award Program and training the Chief Appraiser and Supervisory Appraisers to recognize and reward these contributions.

The OCFO agreed with the recommendation. The OCFO has implemented several monetary systems to reward the ongoing contributions of OCFO employees. The OCFO implemented an annual award ceremony in which all staff's contributions are recognized and selected staff are awarded monetary compensation. The OCFO was unable to

	<p>host its annual event due to the operational and financial impact of the global COVID pandemic. However, we were able to offer a one-time bonus of 3.5% to recognize staff performance in FY22. Additionally, staff consistently receive career-ladder promotion opportunities allowing them to receive a grade promotion and pay increase when meeting performance expectations. All employees are awarded within grades increases either annually or bi-annually, and management is also allowed to reward performance by offering Tangible Item Awards (gift certificates, discounted parking, or transportation reimbursement) and Time Off Awards.</p>
<p><i>Recommendation 20.</i> RPAD should develop formal policies and procedures to assign responsibility for tracking and monitoring the implementation status for recommendations.</p>	<p>The OCFO agreed with the recommendation. The monitoring and tracking of the implementation of the audit recommendation will ultimately be in MITS. The Core-21 MITS update project shall establish the monitoring. However, RPAD continues to track KPIs, which is central to the audit recommendation, in a monthly report with an Excel sheet. The Excel sheet is housed in a shared folder on the OTR network.</p>

Recommendation 21.

We recommend that RPTA establish an Office of Quality Assurance, Best Practices, and Innovation to: (a) conduct random and regular independent assessments of quality in all core processes; (b) assess performance against best practices; (c) study the commercial real property assessment practices of state and local government entities across the United States; and (d) engage in process innovation to enhance service delivery. This Office should report directly to the Director of RPTA and report yearly to the District's CFO. This recommendation is repeated from OIG Report No.16-1-14AT *Evaluation of the District of Columbia Government's Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)* Recommendation 28

The OCFO disagreed with the recommendation. RPAD consistently adheres to IAAO standards and practices to maintain best practices in carrying out its assessment duties. In 2019, IAAO awarded the District of Columbia Certificate of Excellence in Assessment Administration. The certificate is how IAAO recognizes governmental units and individuals involved with property assessments that integrate industry best practices Unlike the States Assessment Administrations, which have oversight over County Assessment offices, The District of Columbia is an "all-in-all" assessment jurisdiction; that is, the administration and oversight of the assessment office in the District is the responsibility of the Government of the District of Columbia. In addition to the OIG's review, OCFO Risk Officer has established periodic risk controls and evaluation of RPAD functions. The OIG audit and the Risk Officer control tests are direct oversight of RPAD's business functions independent of RPAD. Also, the OCFO's Office of Integrity and Oversight conducts periodic audits

	<p>of the assessment division to ensure the unit's adherence to its written policies and procedures. Furthermore, extensive internal and external appraiser training and the Assessment Education Certification Program (AECP) provides all appraisers with industry best practices. These combined efforts ensure that RPAD focuses on quality in its assessments and service delivery.</p>
<p>Recommendation 22. RPAD monitor and retain documentation to support their progress against key performance indicators. This recommendation is repeated from OIG Report No.16- 1-14AT <i>Evaluation of the District of Columbia Government's Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 30</p>	<p>The OCFO agreed with the recommendation. RPAD produces monthly KPI reporting in Excel, which is saved in a folder on the OTR network.</p>
<p>Recommendation 23. We recommend that RPTA develop a structured staff development and training program that is based on the following: • An organizational analysis; and • A</p>	<p>The OCFO partially disagreed with the recommendation. The OCFO currently conducts a job analysis before posting of all vacant positions and recruitments are based on the knowledge, skills, and abilities</p>

<p>job analysis of KSA for each function. Also, RPTA should clearly articulate training goals for each individual and establish criteria by which the effects of training can be measured. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government's Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 34</p>	<p>(KSA) to successfully perform the function of the position. Additionally, OCFO annually develops and updates the Individual Development Plan for each of its employees which outlines the employee's career goals and determines a path to advancement. The OCFO also offers targeted job specified training, as well as other development courses to allow employees to gain expertise and advance in their careers.</p>
<p>Recommendation 24. We recommend that RPAD implement the following: • A review of the staff qualifications be performed in accordance with IAAO standards. This review should be performed on an annual basis. • A training program be developed to ensure all staff are appropriately trained, qualified, and certified</p>	<p>The OCFO agreed with the recommendation. The AECF program has been reactivated. The AECF committee agreed that candidacy for all participants now starts in January with the cycle concluding in December every year. Two training courses have been scheduled for February and March 2024. Other instructor-led classes are planned for the year.</p>
<p>Recommendation 25. Crowe recommends retaining a compensation consulting firm with public and private sector and/or commercial appraisal</p>	<p>The OCFO disagreed with the recommendation. The OCFO Office of Human Resources regularly conducts job pricing by comparing market pay and internal pay through the analysis of position</p>

<p>compensation expertise to ensure relevant compensation data is considered when market-pricing commercial appraiser positions.</p>	<p>requirements. The OCFO uses reputable compensation surveys and other compensation information resourced directly from competitors. Further, the OCFO’s ongoing review of compensation data of applicants is used to ensure that it is maintaining an appropriate pricing level for these positions.</p>
<p>Recommendation 26. Crowe recommends clarifying the equivalent work experience policy for commercial appraiser hiring decisions by adding consistent work experience equivalency language to Commercial Appraiser grade 12 and 13 job descriptions and informing the appropriate HR and OTR practice stakeholders. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 35.</p>	<p>The OCFO disagreed with the recommendation. The OCFO Office of Human Resources (OHR) worked in collaboration with the assessment administration to conduct a job analysis for the Commercial Appraiser position. That collaboration effort resulted in the development of a position description and minimum qualifications that are used and reviewed prior to beginning any recruitment search. The OCFO has not found that applicants are having difficulty with the language used when advertising for our position openings: “Four (4) years of progressive experience performing related duties and responsibilities such as: assessing the market value and conducting inspections of residential and/or commercial properties; collecting/analyzing</p>

	<p>data on new and unique properties with complex characteristics; reviewing appraisal reports to ensure property values are estimated accurately and objectively; resolving property value problems; and providing training to lower level staff. In addition, successfully completing IAAO courses 101, 102, 112, and 300 or equivalent is required.”</p>
<p>Recommendation 27. We also recommend the OCFO provide the revised job descriptions to commercial appraisers, as required by the Master Agreement noted in the Criteria. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i></p>	<p>The OCFO agreed with the recommendation. The OHR will ensure that employees within RPTA are issued a current copy of their position description within thirty days of the issuance of these responses.</p>
<p>Recommendation 28. We recommend that RPTA design, document, and implement effective succession and contingency plans. This will ensure seamless continuity of RPTA strategy and operations in</p>	<p>The OCFO agreed with the recommendation except for the succession plan program being “embodied within the position description for each role”, and this effort is underway. OHR has updated position descriptions and has created</p>

<p>the event of an unanticipated vacancy in either role. The succession plans should be approved by senior management. To ensure accountability, responsibility for this key program should be embodied within the position description for each role. Key metrics should be designed to monitor and evaluate the program periodically. This recommendation is repeated from OIG Report No.16- 1-14AT <i>Evaluation of the District of Columbia Government's Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 36</p>	<p>associated minimum qualifications for all positions within RPTA. Further, a recruitment strategy for unanticipated vacancy's within RPTA is in place. OHR has identified specific recruitment resources to target appropriate applicants, established pipelines of passive candidates, and have a dedicated sourcing support that partners with RPTA's assigned OHR Business Partner to ensure the onboarding of appropriate staff as quickly as possible.</p>
<p>Recommendation 29. Additionally, Crowe recommends that the OCHRO develop a written succession plan for the Chief Appraiser position and reinstating the Deputy Chief Appraiser and/or creating a Commercial Unit Manager role to provide additional leadership development</p>	<p>The OCFO disagreed with the recommendation that there are limited leadership development opportunities. RPAD previously added two new units to the existing four appraisal units. The impetus for the additional units was [in part] to establish property type specialization for each appraisal unit; allow unit supervisors to have better oversight of unit activities by reducing</p>

<p>opportunities for Supervisory Appraisers and reduce the number of direct reports to the Chief Appraiser. This recommendation is substantially similar and repeated from <i>OIG Report No.16-1-14AT Evaluation of the District of Columbia Government's Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 27</p>	<p>the number of direct reports from initial average of ten staff to now average of six staff. Supervisory appraisers are working managers. They are responsible for administrative and technical operations of the unit. Senior Appraisers provide guidance and training to staff appraisers but are not responsible for their administrative supervision.</p>
<p>Recommendation 30. We also recommend that an organizational structure impact analysis be conducted when appropriate to ensure the OTR organization structure is aligned to OCFO 2017-2021 Strategic Plan revisions when the plan is updated. This recommendation is repeated from <i>OIG Report No.16-1-14AT Evaluation of the District of Columbia Government's Management and Valuation of Commercial Real Property Assessments (Issued April 10,</i></p>	<p>The OCFO agreed with the recommendation. As in the past, the OCFO will ensure that RPTA's operations and tactical plans align with the OCFO's strategic objectives and initiatives when the plan is updated.</p>

<p>2017) Recommendation 24</p>	
<p>Recommendation 31. Crowe recommends implementing an HR Business Partner driven process to gather and analyze OTR hiring practice stakeholder feedback on a periodic and event-driven basis. We also recommend adding hiring practice effectiveness and stakeholder experience HR KPIs</p>	<p>The OCFO disagreed with the recommendation. The OCFO currently has an HR Business Partner driven process that gathers and analyzes OTR stakeholder feedback on a consistent basis. OTR leadership meets weekly with a designated HR Business Partner to discuss the agency’s recruitment and staffing levels, talent management processes, and hiring feedback to provide OTR with the most highly qualified candidates. In addition, a Key Performance Indicator (KPI) metrics report has been developed, which is used by the respective HR Business Partner to inform all OTR recruitment and hiring actions. This process ensures OTR is consistently provided with prompt and efficient HR service delivery related to hiring.</p>
<p>Recommendation 32. Crowe recommends gathering and analyzing OTR hiring practice stakeholder feedback regarding fostering vital interpersonal relationships and information networks, providing</p>	<p>The OCFO disagreed with the recommendation. OCFO has implemented several processes to ensure all employees are provided with a seamless onboarding experience. The OCFO has implemented a New Hire Orientation process that ensures all new hires understand</p>

<p>a sense of organizational culture, and determining how well employees understand their new jobs and related expectations on a periodic and event-driven basis. We also recommend HR KPIs include hiring practice effectiveness and stakeholder experience metrics</p>	<p>the history of the OCFO, our organizational culture and SMARTER values, as well as relevant information related to their jobs. Feedback is solicited via a New Hire Orientation survey and is assessed to continuously improve HR service delivery and the employee experience. In addition, OHR conducts 30-, 60-, and 90-day check-in sessions with all new staff to ensure a smooth transition and to assist in data driven decision making.</p>
<p><i>Recommendation 33.</i> Crowe recommends expanding HR Business Partner responsibilities to include guidance and support of OTR hiring practices. We also recommend monthly reviews of current and projected hiring needs, hiring process status, HR KPI results, potential improvements, lessons learned, and identification and resolution of current or emerging hiring practice issues. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government's Management and Valuation of</i></p>	<p>The OCFO disagreed with the recommendation. OHR not only reviews RPTA's current and future needs monthly, but we hold weekly meetings with the administration to assess their ongoing needs, identify opportunities for improvement, and solicit feedback. OHR is proactive in its approach to RPTA's recruiting and hiring as we have established recruitment sources, developed a pipeline of potential candidates, and have established relationships with the organizations such as the IAAO.</p>

<p><i>Commercial Real Property Assessments (Issued April 10, 2017) Recommendation 37</i></p>	
<p>Audit of the OCFO Tax Abatement Program (20-1-02 AT) Issued December 3, 2021</p>	
<p>Recommendation</p>	<p>Status</p>
<p><i>Recommendation 1.</i> Develop or adopt a methodology such as OMB Circular No. A-94 revised to conduct prospective analyses, including calculating net present value of tax abatement requests. (p. 7).</p>	<p>The OCFO disagreed with the recommendation. The TAFE Law states the financial analysis to be prepared by the OCFO in D.C. Official Code § 47-4701(b)(1)(F), shall include “a review and analysis of the financial condition of the recipient of the proposed exemption or abatement.” This is commonly known as a “but for” analysis. A TAFE must reflect, absent a financial subsidy from the District, whether the subject project is financially viable. Preparation involves reviewing and validating a pro forma real estate analysis provided by the applicant, as described above. A discounted cash flow analysis focused on the return requirements of a project’s equity investors is the most appropriate evaluation tool for this analysis, rather than the identification of the District’s costs or benefits. Therefore, within the context of the TAFE Law, OCFO</p>

	<p>is not required to conduct prospective analyses that would necessitate calculating the net present value of tax abatements. Therefore, net present value analysis and adopting the valuation methodology of OMB Circular No. A-94 is not applicable.</p>
<p><i>Recommendation 2.</i> Develop or adopt a methodology such as OMB Circular No. A-94 revised to conduct prospective analyses, including developing a discount rate policy. (p. 7)</p>	<p>The OCFO disagreed with the recommendation. Within the context of the TAFAs Law, OCFO is not required to conduct prospective analysis that would necessitate determining the present value of future cash flows to the District. Therefore, developing a discount rate policy, and adopting methodology such as OMB Circular No. A-94 is not applicable.</p>
<p><i>Recommendation 3.</i> Develop or adopt a methodology such as OMB Circular No. A-94 revised to conduct prospective analyses, including performing a sensitivity analysis. (p. 7).</p>	<p>The OCFO disagreed with the recommendation. Within the context of the TAFAs Law, OCFO is not required to conduct prospective analysis, including sensitivity analysis. Therefore, developing sensitivity analysis, and adopting methodology such as OMB Circular No. A-94 is not applicable.</p>
<p><i>Recommendation 4.</i> Develop a plan for conducting a periodic retrospective cost-benefit analysis of individual tax abatements, and for</p>	<p>The OCFO disagreed with the recommendation. The TAFAs Law does not require a retrospective economic cost-benefit analysis. OCFO will continue to provide retrospective</p>

<p>the tax abatement program overall, to obtain reasonable assurance that the program creates economic value for the District. (p. 7).</p>	<p>evaluation of certain tax abatements and expenditures through the tax preference studies prepared in accordance with DC Law 20-155.</p>
<p>Recommendation 5. Develop procedures to conduct periodic formal training for analysts responsible for performing TAFAs. (p. 9)</p>	<p>The OCFO disagreed with the recommendation. EDF has established policies and procedures outlining the TAFE Law and the necessary analysis required to complete a TAFE. These policies and procedures are reviewed annually as required by OCFO. Beyond established policies and procedure, EDF professionals are engaged day-to-day with the Washington metro real estate market and the dynamics of financial markets in general.</p>
<p>Recommendation 6. Develop procedures to conduct periodic comparison of estimated cash flows to actual cash flows to consider the financial feasibility of proposed projects as the D.C. Code requires. (p. 9).</p>	<p>The OCFO disagreed with the recommendation. For the purposes of evaluating development projects, financial feasibility is considered prospectively, at the time of the analysis, based on the project's identified funding sources and the budgeted cost to develop the project. This is consistent with real estate investment practices. It would be in the purview of the Council to decide whether to make legislatively authorized abatements and exemptions contingent upon continued documentation that the</p>

	abatement or exemption is financially necessary.
<p>Recommendation 7. Develop procedures to ensure the fiscal needs of the beneficiary are calculated, documented, maintained, and reported consistently. (p. 9).</p>	<p>The OCFO agreed with the recommendation and completed corrective actions to address the recommendation.</p>
<p>Recommendation 8. Develop procedures to analyze and validate the financial value of subsidies when the public policy objectives of abatement are to create economic values for the community as the D.C. Code requires. (p. 10).</p>	<p>The OCFO disagreed with the recommendation. The TAFE Law does not require OCFO to provide an analysis of the financial value of community benefits, nor does it require such a policy objective be considered for most TAFAs. The Exemption and Abatements Information Requirements Act of 2011, as amended and found in D.C. Official Code § 47-4701 (the TAFE Law), requires that a TAFE include only a “summary of the proposed community benefits to be provided by the grantee of the exemption or abatement...” and requires no further analysis of this information by OCFO. The Draft Report’s assertion, that “OCFO is required to consider the public policy objective of the abatement” contradicts the TAFE Law.</p>
<p>Recommendation 9. Develop procedures for reviewing and validating the</p>	<p>The OCFO agreed with the recommendation. OCFO’s revised procedures are found in</p>

<p>TAFAs and all applicants' information and assumptions to ensure conclusions are consistent with an objective set of criteria. (p. 11).</p>	<p>OCFO Policies and Procedures Manual 94001005.10, updated 4/1/2022.</p>
<p>Recommendation 10. Develop procedures to monitor tax abatement recipients' compliance with the annual certification requirements set forth in D.C. Code § 47-4702(a). (p. 13)</p>	<p>The OCFO agreed with the recommendation. With the implementation of MRPTS in 2020 and additional SQR's (system revision request) after its launch, OTR's efforts to monitor compliance and execute enforcement actions have been greatly enhanced including the removal of an exemption or abatement for non-compliance. Exempt Property Use Reports are now filed online through the Mytax.dc web portal. Online filing requirements enable MRPTS to monitor the filing of reports and provide OTR with the information needed to determine whether a tax exemption or abatement should be removed for failure to comply.</p>
<p>Recommendation 11. Develop procedures to enforce the requirements set forth in D.C. Code § 47-4702(b) by terminating the abatement for failure to certify the use of a property annually. (p. 13).</p>	<p>The OCFO agreed with the recommendation. With the implementation of MRPTS in 2020, the system automatically revokes exemptions and abatements for failure to file the annual report by the April 1 deadline, enforcing the annual filing requirement.</p>
<p>Recommendation 12. Develop a plan to</p>	<p>The OCFO agreed with the recommendation.</p>

<p>establish and assign personnel responsibilities and authority to effectively coordinate and share TAFAs supporting information within OCFO and with other District agencies that monitor community benefits, including DHCD and DOES. (p. 13).</p>	<p>OCFO's revised procedures responsive to this recommendation are found in OCFO Policies and Procedures Manual 94001005.10, updated 4/1/2022. OCFO has maintained a list of contacts with whom to share relevant TAFAs and requested supporting information in our shared files, and also maintains documentation of contact in our shared files.</p>
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Audit of the West End Library and Fire Station Maintenance Fund (20-1-01MA (b) Issued November 19, 2020

Recommendation	Status
<p><i>Recommendation 1.</i> Enhance the CAMA system to maintain a complete listing of all new buildings constructed on Lots 836, 837, and 855 in Square 37.</p>	<p>The OCFO disagreed with the recommendation. The CAMA system contains every parcel of land in the District and there is a unique identifier in the system for each development in the District which facilitates the history of the lots to be maintained. To create a listing of all new or existing buildings for the subject lots would require the input of a specific criterion in the CAMA system unique to the development. Hence, the request for information to identify new or existing buildings on the subject lots would have to be clearly expressed by the requestor so that the correct query can be input into CAMA. Based on this information, enhancements to the</p>

	<p>system are not warranted. (This recommendation was deemed closed by the OIG in their FY 2021 annual audit of the Fund, issued September 2021.)</p>
<p><i>Recommendation 2.</i> Update RAA’s policy and procedures to periodically update the listing of buildings constructed on Lots 836, 837, and 855 in Square 37.</p>	<p>The OCFO agreed with the recommendation and took corrective actions to address the recommendation. (This recommendation was deemed closed by the OIG in their FY 2021 annual audit of the Fund, issued September 2021.)</p>
<p><i>Recommendation 6.</i> Adjust the Maintenance Fund balance to correct the overstatement by transferring \$155,165 in deed transfer and recordation taxes from the Maintenance Fund into the District’s General Fund.</p>	<p>The OCFO agreed with the recommendation and took corrective actions to address the recommendation. (This recommendation was deemed closed by the OIG in their FY 2021 annual audit of the Fund, issued September 2021.)</p>

DC AUDITOR RECOMMENDATIONS

The District’s FY 2022 Annual Comprehensive Financial Report Mischaracterized the Relationship Between the District and the D.C. Housing Authority (Management Alert Report) Issued January 4, 2024	
Recommendation	Status
<p>Recommendation 1. The OCFO should recognize DCHA as a component unit and then proceed to determine the specific GASB requirements for reporting DCHA’s financial information in the District’s financial statements, based on reasonable judgments about the nature and significance of the relationship between the District and DCHA</p>	<p>The OCFO did not concur with the recommendation. The OCFO completed a thorough review and analysis of the DCHA in accordance with GASB requirements. This analysis resulted in DCHA being considered a related organization and not a component unit of the District. The position paper detailing the analysis and conclusions was provided to the OIG and the external auditors, McConnell and Jones (MJ), for review and consideration. MJ agreed with the analysis completed by the OCFO.</p>
<p>Recommendation 2. In accordance with GASB standards, the OCFO should include financial information of DCHA in the appropriate portions of the District’s financial statements and ACFR for FY 2023. Alternatively, if the OCFO determines that DCHA’s financial information cannot be included because the information is incomplete or unaudited, and if doing so is consistent with statutory and contractual requirements to prepare the District’s financial statements in accordance with generally accepted</p>	<p>The OCFO did not concur with the recommendation. In accordance with GASB Standards, the financial transactions of a related organization is not included in the primary government’s financial statements. Based on the OCFO’s analysis and conclusions, DCHA should not be reported in the financial statements of the District. The analysis and conclusions were provided to the OIG and the external auditors, McConnell and Jones (MJ). MJ agreed with the analysis completed by the OCFO. The District has disclosed the reporting relationship (related organization) of DCHA in the footnotes to the financial statements (Note 1).</p>

<p>accounting principles,66 then the OCFO should qualify the ACFR’s assertion that the District’s financial statements were prepared in accordance with GASB standards</p>	
<p>D.C. Lacked Unified System to Track, Reduce Settlements & Judgements issued December 7, 2020</p>	
<p>Recommendation</p>	<p>Status</p>
<p>Recommendation 2. OCFO should work with OCTO and other agency partners (such as ORM) to facilitate the classification and reporting of personnel-related settlements and judgements (i.e., backpay, leave restoration) within the payroll system and the District’s accounting system so that all of the personnel-related settlements and judgements are captured to strengthen the District’s ability to monitor, report on, and reduce future risks. OCOF should ensure this functionality is built into the District Integrated Financial System (DIFS), its new accounting platform, which will replace the System of Accounting and Reporting (SOAR).</p>	<p>The OCFO agreed with the recommendation. (The DC Auditor deemed this recommendation was implemented in their report, <i>Seventy-One Percent of Auditor Recommendation in Place or in Progress</i>, issued February 3, 2022.)</p>
<p>Recommendation 4. The OCFO should amend its Policies</p>	<p>The OCFO agreed with the recommendation. (The DC Auditor deemed this</p>

<p>and Procedures Manual to address the need for consistency in recording settlement and judgement payments in SOAR and train current OCFO staff, including AFOs, on the requirements.</p>	<p>recommendation was implemented in their report, <i>Seventy-Seven Percent of Auditor Recommendation in Place or in Progress</i>, issued February 9, 2023)</p>
<p>Recommendation 6. ORM, OCFO, and OAG should jointly implement SOPs with clear agency responsibilities as needed to govern the processing, handling, and reporting of S&Js from the S&J Fund to facilitate compliance with the statutory requirements of D.C. Code § 2-402 and strengthen critical information sharing. This includes procedures for reclassifying expenditures when the S&J Fund is used for unanticipated expenditures.</p>	<p>The OCFO agreed with the recommendation. In an updated response provided to the DC Auditor in November 2023, the OCFO indicated all settlement payments related to OAG and ORM are recorded in accordance with OCFO policies, and this has also been executed in the new financial system (DIFS). There are currently queries in DIFS that allow the partner agencies to review the expenditures related to settlements and judgments. Also, this fiscal year OCFO-OFOS will provide a written communication to ensure all Associate and Deputy CFOs are reminded to ensure that settlements are paid against the appropriate G/L expense account(s) 7013020 for Backpay settlements and 7131016 for non-personnel related settlements.</p>

38. Please list all settlements entered into by OCFO, or by the District on behalf of OCFO, in Fiscal Years 2023 or 2024, to date. Include the parties' names, the amount of the settlement, and, if related to litigation, the case name and a brief description of the case. If unrelated to litigation, please describe the underlying issue or reason for the settlement (e.g., administrative complaint).

RESPONSE:

None

39. Please describe the Office’s procedures for investigating allegations of sexual harassment or misconduct committed by or against its employees. List and describe any allegations received in Fiscal Years 2023 and 2024, to date, and indicate whether those allegations have been resolved.

RESPONSE:

Allegations of sexual harassment or misconduct are promptly and thoroughly investigated. If an investigation finds credible evidence that substantiates the allegation, appropriate disciplinary action is taken against the offender. There has been one allegation received in Fiscal Years 2023 and 2024, to date. The matter has been resolved.

40. Please list any administrative complaints or grievances that OCFO received in Fiscal Years 2023 and 2024, to date, broken down by source. Describe the process used to respond to any complaints and grievances received and any changes to Office policy or procedure that have resulted. For any complaints or grievances that were resolved in Fiscal Years 2023 or 2024, to date, describe the resolution.

RESPONSE:

The OCFO resolves grievances as outlined in the Collective Bargaining Agreement between the District of Columbia Government and the labor organizations representing Compensation Units 1 and 2. There have been no OCFO Policy changes and/or updates resulting from any filed grievances. In fiscal year 2023 and to date in fiscal year 2024, there has been one grievance filed and the agency is awaiting a response from union representatives.

41. Please provide a list of all studies, research papers, reports, and analyses the Office requested, prepared, or contracted for during Fiscal Years 2023 and 2024, to date, and state the status and purpose of each study.

RESPONSE:

The table below reflects the studies prepared, requested, and contracted by EDF during FY 2023 and FY 2024 to date by OFT.

<u>Analysis</u>	<u>Purpose</u>	<u>Status</u>
Armed Forces Retirement Home Payment-in-Lieu-of-Taxes (PILOT) Underwriting Analysis	Financial and market analysis and revenue projections prepared by independent consultant, contracted by EDF, in support of Armed Forces Retirement Home PILOT application review.	Completed
Bryant Street Phase II Tax Increment Financing (TIF) Underwriting Analysis	Financial and market analysis and revenue projections prepared by an independent consultant, contracted by EDF, in support of Bryant Street Phase II TIF application review.	Completed

Skyland Phase II Tax Increment Financing (TIF) Underwriting Analysis	Financial and market analysis and revenue projections prepared by an independent consultant, contracted by EDF, in support of Skyland Phase II TIF issuance discussions.	Completed
DC Water/Yards West Payment-in-Lieu-of- Taxes (PILOT Underwriting Analysis)	Financial and market analysis and revenue projections prepared by an independent consultant, contracted by EDF, in support of the DC Water/Yards West PILOT application review.	Completed
Northeast Heights Tax Increment Financing (TIF) Underwriting Analysis	Financial and market analysis and revenue projections prepared by an independent consultant, contracted by EDF, in support of Northeast Heights TIF application review.	Completed
Unified Economic Development Budget Report FY2023	The Unified Economic Development Budget Report provides information on how economic development dollars were allocated in the District during the prior fiscal year, aggregated by type of incentive, granting body/agency, and ward.	In progress
Union Market Coverage Analysis	Market analysis and revenue projections prepared by an independent consultant to confirm the project's compliance with the District's debt service coverage requirements in support of an anticipated bonds issuance in 2024.	In progress
Union Market Appraisal	Appraisal and valuation services prepared by an independent consultant to meet closing requirements in support of an anticipated bonds issuance in 2024.	In progress
Union Market Financial Advisor Services	Transaction management, debt structuring, and other services required as the designated financial advisor to the District in support of an anticipated note issuance in 2024.	In progress
Nationals Ballpark Revenue Bonds Prepayment Financial Analysis	Financial analysis prepared by an independent consultant in support of optionally prepaying portions of the 2006A-1, A-2, and B-1 Nationals Ballpark Revenue Bonds.	Completed

- a. Please also identify/reference the tax preference analyses performed in Tax Year 2023 and what is under review for Tax Year 2024.

RESPONSE:

District of Columbia Tax Expenditure Evaluation report (annual) under Title VII, Subtitle N of the Fiscal Year 2015 Budget Support Act of 2014, provides for evaluations and performances of all tax expenditure projects in the District of Columbia. In 2021, Income Security and Social Policy, and in February 2022, the last five-year cycle reports, Health, Education and Employment, were published. ORA published the second five-year cycle of evaluations by conducting the Housing Tax Expenditure Review (<https://ora-cfo.dc.gov/node/1686396>), which was published in October 2023

and has finished the Environment, Transportation, Tax Administration, and Equity Provisions, which is under the final review.

During FY 2024, ORA will evaluate its second five-year review of The Economic Development Tax Expenditure report.

- b. Please provide a copy of the agency's most recent OTR Ratio Report.

RESPONSE:

Please see **Attachment 41b**.

42. Please provide a list of all reporting requirements for which OCFO is responsible. For each, include links to access the most recent report.

RESPONSE:

The OCFO's Regulatory Compliance Reporting Matrix contains 64 reporting requirements (**Attachment 42**). Some of the reports are posted on the Council website. For Council Period 25, these six reports were published on LIMS:

- CFO25-0001

Final Report: Audit of the Inmate Welfare Fund Financial Statements for FY 2022

January 26, 2023: Introduced by Chairman Mendelson

- CFO25-0002

The Office of Chief Financial Officer (OCFO): Fiscal Year (FY) 2022 Annual Comprehensive Financial Report (ACFR) Summary Sheet

February 1, 2023: Introduced by Chairman Mendelson

- CFO25-0003

District of Columbia Unified Economic Development Budget Report: Fiscal Year (FY) 2022 Year-End

March 1, 2023: Introduced by Chairman Mendelson

- CFO25-0004

Audit of the New Columbia Statehood Fund Revenues and Expenditures Report for Fiscal Year Ended September 30, 2022

March 23, 2023: Introduced by Chairman Mendelson

- CFO25-0005

Report on the Audit of the Direct Loan and Credit Enhancement Fund's Revenue and Expenditure Report for the Fiscal Year Ended September 30, 2022

September 26, 2023: Introduced by Chairman Mendelson

- CFO25-0006

Certification of Ballpark Fees for Fiscal Year 2023

November 15, 2023: Introduced by Chairman Mendelson

43. Please provide the following information about the OCFO website:

- a. How often it is updated;
- b. How often content on department pages is reviewed or updated; and
- c. Any plans for updates, upgrades, or improvements.

RESPONSE:

- a. **How often it is updated;**

The OCFO website undergoes continuous review and is updated as needed.

- b. **How often content on department pages is reviewed or updated; and**

As the need arises, OCFO departments make changes and updates to their website presentations and are encouraged to review their entire website regularly.

- c. Any plans for updates, upgrades, or improvements.

The OCFO is constantly seeking opportunities to enhance the user experience of our web pages, making it simpler for both residents and businesses to navigate.

In FY23, OTR introduced “landing pages” for critical programs, which are linked by QR codes to notices that are sent out directly to taxpayers. These program landing pages provide additional information that is specific to that program or request. (An example for the “Nonfiler” program is available here: [Information Request for Non-Filed Period | otr \(dc.gov\)](#).) OTR currently plans on rolling out a landing page for each of the major programs to provide tailored information for taxpayers.

OTR is currently reviewing the website to simplify materials and regroup information to ensure that the website provides information clearly and is designed in an intuitive format. OTR is also working with OCTO to apply best practices and ensure continuity of content management and design.

44. Please provide an overview of OCFO’s customer outreach over the past year, including outreach to senior citizens, businesses, and residents, and state whether the outreach is virtual or in-person.

RESPONSE:

OTR engages in robust customer outreach, including outreach to senior citizens, businesses, and residents. OTR conducts both in-person and virtual outreach. **Attachment 44-45** details topics, dates, locations/delivery method, purpose, presenter, organizers/partner organizations, and the approximate number of participants (not including replays for virtual sessions). The attachment lists the array of outreach activities OTR has engaged in, covering a vast range of topics including:

- Taxpayer rights
- Refundable credits
- Clean Hands

- General business licensing requirements
- Short-term rentals
- Upcoming tax changes

In addition, OTR engages in regular outreach with partner organizations and is always open to finding new ways to connect with those that we serve.

Please see **Attachment 44-45**.

45. Please list or explain any community outreach programs that OTR has conducted to educate low-income residents and small businesses about tax relief programs.

RESPONSE:

OTR is committed to providing education for the District’s low-income residents and small business communities on available programs related to credits and other benefits that may be available to them. **Attachment 44_45** includes a list of outreach programs that OTR conducted on these topics, including:

- Participating in Mayor Muriel Bowser’s Tax Season Kickoff to answer questions about the EITC
- Multiple discussions regarding the EITC and other refundable tax credits
- Sessions on low-income housing credits
- Sessions on OTR’s Office of the Taxpayer Advocate and how it can assist DC taxpayers at no cost
- Offering general, in-person assistance and support at community events
- Offering many sessions, both in-person and virtual, to answer questions for small businesses

46. Please provide the number of commercial and residential real properties that have been late in paying their taxes and have been penalized for paying their taxes late. Please include the amount owed and a breakdown of the data by Ward.

RESPONSE:

The chart below shows data for commercial real properties.

WARD	COUNT	AMOUNT DUE
1	237	\$10,536,731.32
2	401	\$56,491,132.82
3	100	\$10,500,824.13
4	184	\$3,511,409.06
5	330	\$19,911,032.43
6	287	\$21,873,039.97
7	211	\$3,198,880.38
8	151	\$10,339,278.91
Total:	1,901	\$136,362,329.02

The chart below shows data for residential real properties.

Residential Properties		
WARD	COUNT	AMOUNT DUE
1	2622	\$20,344,982.03
2	3850	\$32,141,983.87
3	3245	\$28,181,049.59
4	3357	\$21,211,981.34
5	3722	\$22,926,975.59
6	2757	\$21,470,547.96
7	4278	\$14,508,704.01
8	2748	\$11,184,583.32
Total:	26,579	\$171,970,807.71

47. Please provide an updated Debt Statement chart including the District’s General Obligation Bonds, Income Tax Secured Revenue Bonds, Certifications of Participation, Tax Increment Financing and Payment-in-Lieu of Taxes debt, and any other tax-supported debt.

RESPONSE:

Please see **Attachment 47**.

48. The Office of Economic Development and Finance (“EDF”) advises the CFO on Tax Increment Financing (“TIF”) agreements. Please provide a list of all active TIF deals entered into by the District and provide the estimated tax revenues needed to cover debt repayment. Please also provide a comparison between the actual tax revenues collected on each of these deals and EDF’s anticipated revenue estimate.

RESPONSE:

The following table provides the incremental tax revenues collected in FY23 on each TIF project with debt outstanding, and the estimated incremental tax revenues to be collected in FY24. Actual FY24 real property projections are not yet available. Therefore, tax increment for FY24 is based on ORA’s FY23 revenue projection.

Project	FY 2023	FY 2024
Bryant St	1,495,558	1,667,410
Convention Center Hotel	16,279,907	13,505,930
Gallery Place	9,607,627	9,454,229
Georgia Ave CVS (Special Retail and Great Streets)	120,982	125,666
O Street Market	3,492,025	3,558,620
Skyland	1,144,478	1,469,604
Reunion Square	0	0
SE Federal Center (Foundry Lofts & The Yards) PILOT	\$9,759,616	11,393,103
SW Waterfront/The Wharf	40,295,972	48,511,781
Verizon Center	8,372,509	8,409,378
Union Market	0	0

49. Please provide a description of all active or anticipated development projects in Fiscal Years 2023 and 2024, to date, that have received TIF agreements. For each project, please include:
- a. The TIF Area;
 - b. The developer;
 - c. A description of the project’s TIF debt;
 - d. CBE participation in the project; and
 - e. The associated community benefit commitment.

RESPONSE:

In FY23 and FY24 to date, there were no new or amended TIF agreements, Development and Finance Agreements (DFA), executed. DFAs are executed after the legislative authorization of a new TIF project.

50. Please provide the number of Tax Abatement Financial Analyses (“TAFAs”) OCFO performed in Fiscal Years 2023 and 2024, to date.
- a. How many negative TAFAs did the agency issue in Fiscal Years 2023 and 2024, to date?
 - b. Please provide a list of businesses or entities whose application received a negative TAFA in Fiscal Years 2023 and 2024, to date.
 - c. D.C. Code § 47–4701 outlines the requirements for tax abatement analyses. Does OCFO consider methodology that is not codified when issuing a negative TAFA?

RESPONSE:

In FY23 and FY 2024 to date, OCFO prepared, finalized, and distributed eight TAFAs. Below is a list of TAFAs prepared, summarizing the applicant and findings. Six of the 8 published TAFAs received a negative finding (described below as “no”), meaning that the abatement or exemption was not financially necessary. EDF did not consider methodology not codified in DC Code 47-4701 when preparing TAFAs.

Bill No.	Applicant/Property Address	Findings: Is the Abatement or Exemption Financially Necessary?
24-0894	Whitman-Walker entities/St. Elizabeths East Campus	No
24-0930	Volunteers of America, Inc./100 Potomac Ave. SW	No
24-0935	University of the District of Columbia (UDC)/4225 Connecticut Avenue NW	No
24-1089	Howard University/500 Harvard Street NW	No
25-0183	Society for Science/1719 & 1723 N Street NW	No

25-0240	United Negro College Fund/1805 & 1815 7 th Street NW	No
25-0281	Grace Covenant Church of DC Inc./3100 18 th Street NE	Yes
25-0428	Kappa Alpha Psi Fraternity, Inc./1708 S Street NW	Yes

51. D.C. Code § 1-301.157 requires the CFO to evaluate and publish annually a report on tax incentives. Please provide an update on the status of this reporting requirement and provide a link to the most recently published report.

RESPONSE:

District of Columbia Tax Expenditure Evaluation report (annual) under Title VII, Subtitle N of the Fiscal Year 2015 Budget Support Act of 2014, provides for evaluations and performances of all tax expenditure projects in the District of Columbia. In 2021, Income Security and Social Policy, and in February 2022, the last five-year cycle reports, Health, Education and Employment, were published. ORA published the second five-year cycle of evaluations by conducting the Housing Tax Expenditure Review (<https://ora-cfo.dc.gov/node/1686396>), which was published in October 2023 and has finished the Environment, Transportation, Tax Administration, and Equity Provisions, which is under the final review.

During FY 2024, ORA will evaluate its second five-year review of The Economic Development Tax Expenditure report.

52. Please provide the status of all contracts related to the Central Collections Unit (“CCU”), including contracts issued, pending, or awaiting approval.

RESPONSE:

OMA

The OCFO has an active contract with Harris & Harris Ltd. to provide delinquent debt collection services for the Central Collections Unit (CCU). The contract provides the CCU with a system of record and a third-party collection agent for all District debt types. The contract was awarded on May 21, 2019, and is pending an extension of the term. There are no other active or pending contracts awaiting approval at this time that are related to the CCU.

OFT

The current contract for collection services expires in May of 2024. OCFO-OC issued a Request for Proposal (RFP) in September of 2023. The RFP has two scopes of work. Scope “A” will allow a third-party to act as the collection agent for the District (similar to the current system). In Scope “B”, the third-party agent will transition to the role of secondary collections agent, with CCU becoming the primary, in-house, collection agent. The secondary collections agent will be assigned accounts deemed uncollectable by the in-house collection team after 180 days.

OCFO-OC received responses in December 2023. OCFO-OC deemed all proposals received “non-responsive”. Currently, OFT is seeking a one-year extension of the existing contract to allow time for OCFO-OC to issue a revised RFP.

Concurrent with the collection agent RFP, CCU is reviewing software to establish an omni-channel in-house collection system.

53. Please provide an update on the implementation of the Child Wealth Building Act of 2021. Please include for the Committee a timeline of next steps on the implementation schedule for the remainder of Fiscal Year 2024.

RESPONSE:

The Child Wealth Building trust was funded with an initial contribution in fiscal year 2022 and subsequent contributions were made in fiscal years 2023 and 2024. Contributions to date total \$17.3 million. Interest earned on these contributions was \$196 thousand as of January 1, 2024. The Fund is invested in high quality government securities with limited risk, ensuring the District’s ability to meet the Program’s obligations in the future.

On August 21, 2023, OCFO-OC issued an RFP soliciting prospective vendors to develop an Information Management System (IMS) to facilitate OCFO, DHS, and DCHF’s management of the Program. The IMS will also allow Program participants to access information regarding the value of their distribution and other Program information.

On February 2, 2024, OCFO-OC awarded the IMS to Citibank, N.A. In accordance with contract terms, Citibank shall provide an IMS platform for the Program that will be functional within six months of the effective date of the contract, contingent upon the District providing program information and data to Citibank in a timely manner.

54. Please provide a summary update on the Professional Development Program, which was postponed until after the rollout of the District’s new integrated financial system.

RESPONSE:

The OCFO developed and rolled out an Administrative Development Program (ADP) in September 2022, just two months prior to the rollout of the District’s new integrated financial system. And, because the new system involved many changes to our processes, procedures, and possibly how employees will perform their jobs, we conducted an agency-wide training needs assessment. As a result, the following nine courses are being designed under the Professional Development Program:

About the OCFO: We all know the OCFO works like a well-oiled machine, but few of us know how. In this course, you will learn the functions of the OCFO: who we are, what we do and how we do it. Additionally, you’ll get some insight into our accomplishments and key achievements.

An In-Depth Review of OCFO Personnel Policies and Procedures: Personnel Policies and Procedures play an important part in how we run our business. This course will dive into the OCFO Personnel Policy and Procedures Manual. We will review the general provisions to gain a better understanding and learn to apply the policies and procedures to our daily activities.

Collaboration & Teamwork: In this course, you will learn the differences between collaboration and teamwork, examine the 8 pillars of a successful team, and apply specific skills as a team member. You will understand the Goals, Roles & Responsibilities, Process & Procedures, and Interpersonal skills (GRPI) to diagnose trouble spots and explore collaboration tools that help teams work together efficiently.

Continuous Improvement for Professionals: A Continuous Improvement culture instills a desire to become better and strive for excellence. This course will describe how to foster a culture of continuous improvement and detail the benefits associated with embracing continuous improvement as part of daily work activities. It will highlight the significance and advantages of incorporating SMARTER values in the workplace and include strategies to demonstrate these characteristics.

Critical & Analytical Thinking: Analytical thinking and critical thinking are essential problem-solving skills in business, leadership, decision-making, and growth. You will learn the differences between analytical and critical thinking, characteristics of both, and barriers you will overcome when it comes to developing your thinking. This course will help learners identify and develop their skills using a systematic approach to problem solving.

Mastering Effective Communication: In this dynamic and comprehensive course, we delve into the world of effective communication, particularly in a professional setting. Discover the theories of Communication Accommodation Theory (CAT) and learn how they can enhance your workplace interactions.

Navigating Personal and Professional Change: Embrace change with confidence in our interactive course, "Navigating Personal and Professional Change". This course imparts a thorough understanding of personal reactions to change, exploring a wide spectrum of changes from personal to societal, and the internal and external factors that drive them. Equip yourself with effective strategies to steer through change, harness opportunities, and foster resilience, leading by example to inspire others.

Unleashing Your Potential: Developing a Growth Mindset: Explore the power of mindsets in our comprehensive course designed to enhance personal and professional growth. You will learn to distinguish between fixed and growth mindsets and understand their profound impact on performance within the OCFO. You will be encouraged to critically evaluate your personal mindset, challenge any fixed beliefs, and apply techniques to foster a growth mindset.

What it Means to be Empowered: Empowerment is the ongoing process of building confidence and influencing yourself and others. This course will help you take the initiative, solve problems, and suggest improvements within the sphere of your responsibility and authority. You will be provided with the

tools, training, resources, encouragement, and motivation you need to perform at the optimum level.

55. Please provide an update on the District Integrated Financial System (DIFS) project.

Phase 1 of the DIFS project (accounting, reporting, and budget execution) went live on 03-OCT-2022, allowing the District to transact on the DIFS system for all Fiscal Year 2023.

Phase 2 of the DIFS project (budget formulation) has started and system requirements have begun. Given that the funds provided were in both FY24 and FY25, the implementation timeline is still being developed.

DIFS ERP (Oracle Financial Cloud) was utilized throughout FY 2023 to account for and report on business events/transactions and the data captured by the system was used to compile the District's FY 2023 financial statements, which have been audited by independent public accountants and found to be free of material misstatement (clean audit opinion). As with any new financial system, through daily use of the system, needed changes and/or "fixes" have been identified. The DIFS Support Center (comprised of functional and technical staff) works diligently to address and resolve any concerns raised by system users and to ensure the timely and successful upgrade and maintenance of the system. Further, areas of enhancements have been identified and will be reviewed and considered for implementation based on risk, level of effort, and resources available.

56. Does OCFO anticipate any disruptions caused by DIFS issues to the District's Annual Comprehensive Financial Report for Fiscal Year 2024?

RESPONSE:

No, the OCFO does not anticipate any disruptions.

57. In February 2023, the City Administrator raised urgent concerns about the state of the DIFS system, specifically, issues regarding the delay and accuracy of payments system, the reliability of realtime account balances, and the availability of comprehensive financial reporting.

a. Have all the identified issues been addressed?

RESPONSE:

Yes, the identified issues have been addressed. Payments are being made timely, real-time balance issues have been addressed and comprehensive financial reporting is available.

b. Were any other issues identified by City Administrator since the February 2023 letter?

RESPONSE:

No

- c. If yes, what were the new issues?

RESPONSE:

N/A

- d. What issues remain outstanding and unresolved?

RESPONSE:

The OCFO continues to work with the users to improve the use and functionality of the system. One key area is reporting. We have worked with the agencies to improve the expense reimbursement process and have provided training, office hours and demonstrations to users regarding business processes. The DIFS Support Center works diligently to address and resolve any concerns raised by the system users and ensure the timely and successful upgrade of the system. Further, areas of enhancements have been identified and will be reviewed and considered for implementation based on risk, level of effort, and resources available.

58. On or about June 2023, Deloitte concluded its multi-year engagement for the implementation of DIFS. Has OCFO conducted a review of Deloitte's performance related to its implementation of DIFS? If so, please produce all reports and correspondence on this topic, including internal email exchanges, regarding from July 1, 2022 through present.

RESPONSE:

After go-live, the OCFO issued a Notice of Deficiency to Deloitte in January 2023, based on evidence of implementation gaps. From January through May of 2023, Deloitte worked to mitigate the identified deficiencies. In May of 2023, the OCFO issued the District's Response to Deloitte's Performance Deficiencies Response (District's Response) in which the OCFO indicates that it reviewed and accepted Deloitte's mitigation of the previously outlined deficiencies and determined that no further action was required. As required by OCFO procedures, the OCFO prepared a final past performance evaluation (PPE) of Deloitte to include in the formal closeout package to the Office of Contracts. The Notice of Deficiency, the District's Response, and the PPE are attached **(Attachments 58a-c)**

59. In May 2023, OCFO submitted to Council for approval a new proposed contract (CA25-0164), which included a proposed fit-gap analysis to assess the implementation of DIFS. Please produce all reports generated to date by the vendor.

RESPONSE:

Please see **Attachment 59**.

60. In September 2023, the Office of the Inspector General issued a letter closing out the *Audit of the District Integrated Financial System* (OIG No. 22-1-28AT). Please address the issues identified and recommendations made in the letter.

RESPONSE:

Please see **Attachment 60**.

61. In November 2023, OCFO submitted to Council for approval an option-year exercise contract (CA25-0513), which extended the independent verification and validation contract overseeing the DIFS implementation. Please produce all reports generated by the vendor in Fiscal Years 2023 and 2024.

RESPONSE:

Please see **Attachment 61**.

62. As part of the Fiscal Year 2024 Budget, Council restored \$15 million in capital funds specifically to fund implementation of an Oracle budget module. Please provide an update on how OCFO intends to utilize those funds in Fiscal Year 2024 and a timeline for deployment for the budget module.

RESPONSE:

The OCFO implemented an interim budget system and has begun to identify the system requirements to reinitiate Phase II of the originally planned DIFS budget module. Given that the funds provided were in both FY 2024 and FY 2025, the implementation timeline is still being developed.

63. Please provide an update on the Replacement Schedule for Capital Assets and the Capital Asset Replacement Scheduling System (“CARSS”) model.

RESPONSE:

The District’s asset management system, the Capital Asset Replacement Scheduling System (CARSS), contains a detailed inventory of all District-owned assets, including land, buildings, roads and streets, vehicles, and equipment. This system provides the basis for developing the District’s capital improvements plan (CIP) as part of the annual budget process and determines the cost of deferred maintenance for current assets.

The OCFO utilized CARSS to produce its 2023 Long-Range Capital Financial Plan report in October, as is legislatively required, to report on the state of the District’s assets and unfunded capital needs. The report identified those capital needs that were unable to be funded during the FY 2024-2029 CIP and provided a plan by which those unmet capital needs, including deferred maintenance, could be funded as soon as 2033.

Key highlights of the 2023 Long-Range Capital Financial Plan report include:

- \$14.08 billion of total capital needs identified; approximately \$10.51 billion of

those needs are funded in the FY 2024 - 2029 CIP.

- \$3.57 billion of unfunded capital needs remain during the 6-year CIP period, up from \$3.54 billion last year, of which approximately \$1.40 billion is deferred maintenance.
- Analysis shows that unmet capital needs can be funded as early as FY 2033, if the District commits 16.8% of its general fund budget to capital projects (12% to support debt service on borrowings and an average of approximately 4.8% on pay-as-you-go cash funding) and no additional capital projects are added before addressing currently identified unmet needs. If additional capital projects are added, the timeline to catch up with unmet needs could be extended significantly.
- The District has a comparatively lower cost of borrowing compared to its peers due to strong bond ratings: Aaa/AA+/AA+ by Moody's, S&P and Fitch, respectively. However, continued high interest rates, due to macroeconomic factors and current Federal Reserve policy, could impact future borrowing capacity.
- Challenges to executing this plan include a potential US recession triggered by continuously tight monetary policy by the Federal Reserve, a federal government shutdown with disruptions to the local economy and persistently elevated borrowing costs due to 'higher-for-longer' interest rates. District-specific risks include continued high rates of remote work, especially amongst the federal workforce, an accelerated decline in federal employment, a stalled population recovery, and additional funding requirements from the District to address WMATA's projected operational funding deficit.
- The nation's capital remains in an enviable position compared to its peers to navigate these challenges and address its infrastructure needs due to prudent financial management policies (including very strong reserves and highly funded pension and OPEB liabilities), a state-of-the-art asset management system, and a resilient local economy.

64. Please provide an update on the Real Property Tax Administration Electronic Income & Expense ("I&E") Report system, including the number of users as compared to number of filers, any updates to the Tax Year 2023 season, and any updates to changes made to the apartment model to better reflect the impact of subsidized and rent controlled apartments, as well as improvements to the website.

RESPONSE:

Income and Expense (I&E) report mandatory electronic filing began in TY 2019, and it has matured into a stable system after many enhancements. The I&E reporting system is fully implemented in OTR's system (MITS) and public access for taxpayers is available through the MyTax.DC.gov portal. An electronic I&E filing summary is listed in the table below:

Items	TY 2020	TY 2021	TY 2022	TY 2023	TY 2024
<i>I&E Request Letters Mailed</i>	8685	10368	9472	9635	9747
Apartment I&E Received	1728	1753	1663	1731	1764
Commercial I&E Received	3918	4369	4175	4312	4201
Hotel/Motel Received	135	141	126	137	134
Total Received	5781	6263	5964	6180	6099

Please Note: OTR accounts for mandatory filers by individual Square Suffix and Lot (SSL). A property owner may file I&E for multiple lots on a single form, especially for One-Economic Unit properties (a single property/development on more than one lot). This accounts, in part, for the difference in the number of I&E requested and the total received. There are also property owners that fail to file.

Modifications to the I&E apartment form reported in prior years are still consistent with the methodology for data extraction to value subsidized apartments. No additional changes are currently needed. OTR continues to fine tune apartment classification using the International Association of Assessing Officers (IAAO) industry standard for apartment classification (Class A, B and C), as opposed to prior years using “high rise” and “low rise” to classify these units. The apartment income valuation model uses actual rents collected to value affordable rental units, as opposed to the market rent for the apartment unit.

65. Please provide an update on implementation of any new technology for field work and Real Property Tax Appeal Commission (“RPTAC”) hearings.

RESPONSE:

A contract was awarded in November 2023 for implementation of the Mobile Data Collection system. This system will allow real property assessors to use hand-held technology to make updates to property attributes and update the characteristics of a property while in the field. The project is expected to “go live” in November 2024. Implementation of this new system will have the following impact after launch:

- Improved productivity of property field assessors with mobile data collection system available on iPad (reducing paper and printing, and more efficient use of staff time).
- Reduced cost of gathering data for each property.
- Seamless integration with Computer Aided Mass Appraisal (CAMA) System and improved data integrity with automated checks.

66. Please provide a status update of any internal reviews of private alleys going to tax sale. In response to this question during the Fiscal Year 2022-2023 Performance Oversight period, OCFO stated that the new private alley identifier launched in 2021 was working as intended. Please provide an update on this this and how many sales have gone through successfully due to this.

RESPONSE:

The identifier continues to work as intended to prohibit the sale of private alleyways from going to tax sale. Besides the existing population flagged already in the tax database, our office remains vigilant on updating any additional tax accounts on a case-by-case basis. In 2023, OTR has conducted two tax sales (July 2023 and December 2023) and successfully excluded the known population of the private alleyways. As an additional check, OTR maintains partnerships with DDOT to identify and designate private alleyways

in the tax database.

67. Please provide an update on the Appraiser Education and Certification Program for real property tax appraisal staff. Please discuss any changes the Office made to the program in Fiscal Years 2023 and 2024, to date.

RESPONSE:

The Appraisal Education Certification Program (AECP) continues to be a critical source of continuing education program for OTR appraisers. The outbreak of COVID-19 pandemic stopped appraisers from attending the annual Advanced Assessor School in Virginia. The AECP program now provides in-house courses and instructor-led classes. The following courses have been completed since 2022:

- Uniform Standards of Professional Appraisal Practice (USPAP)
- GIS/CAMA - GIS technologies, high-definition imagery, modeling and valuation and implementation within the CAMA system
- Possessory Interest Valuation seminar
- Developed Uniformed Air Right Lots -Valuation Worksheet for new development.
- Mass Appraisal of Commercial Properties
- Residential and Commercial Building Cost Analysis
- Techniques for a Good Expert Witness
- New Construction – Blueprints to Draw Inspections
- Statistics, Modeling and Finance for Real Estate Appraisers
- Valuation of Hotels (Seminar)

68. Please discuss your working relationship with the Real Property Ombudsman in the Department of Aging and Community Living.

RESPONSE:

OTR's Real Property Administration works closely with the Real Property Ombudsman in DACL to ensure that any concerns related to the administration of real property tax in the District are promptly addressed. OTR's Real Property team has a good working relationship with the Ombudsman and maintains a positive and constructive relationship with that office. Managers in OTR's Real Property Tax Administration's Assessment Services Division work regularly with the Ombudsman's office to ensure that all responses are timely and that resolutions are effective.

69. For each tax relief program listed below, please provide the status of the program, and note whether it is still offered. If the program is not active, please explain why. Additionally, include a comparison between the number of eligible filers and the number that utilize each program. For programs that are underutilized, please describe any efforts by OCFO to increase awareness or otherwise encourage residents to take advantage of them.

- a. Assessment Cap Credit
- b. First-time Homebuyer in DC Recordation Tax Reduction
- c. Historic Properties

- d. Limited-Equity Cooperative (“LEC”)
- e. Lower Income Homeownership Tax Abatement
- f. Lower Income, Long-Term Homeowners Income Tax Credit
- g. Property Tax Deferral programs for all homeowners including low-income homeowners and low-income senior homeowners
- h. Real Property Tax Exemptions for non-profit organizations
- i. Resale Restricted Properties
- j. Senior or Disabled Owner Real Property Tax Relief
- k. Small Retailer Property Tax Relief Credit

RESPONSE:

- a. Assessment Cap Credit
 - The program is ongoing. For TY 2023, 42,138 properties benefited from the Assessment CAP Credit.
- b. First-time Homebuyer in DC Recordation Tax Reduction
 - The program is ongoing. For TY 2023, 1,513 property owners participated in the program.
 - Number of approved applications: 1,513
 - Total recordation tax due: \$9,024,918.21
 - Total recordation tax paid: \$4,912,579.85
 - Taxpayer’s total saved/benefit: \$4,112,338.36
- c. Historic Properties
 - The program is ongoing. Annually, OTR mails courtesy notifications for 30,225 properties included with the annual Assessment Notices to the property owners.
- d. Limited-Equity Cooperative (“LEC”)
 - The program is ongoing. There are 47 COOP properties. The DC Housing Authority can identify how many filed under LEC
- e. Lower Income Homeownership Tax Abatement
 - The program is ongoing. Participant count is 1,149.
- f. Lower Income, Long-Term Homeowners Income Tax Credit
 - The program is ongoing. As of January 2024, there have been 23 filings.
 - Filings allowed credits is 13 with \$757.00 and 10 filings disallowed.
- g. Property Tax Deferral programs for all homeowners including low-income homeowners and low-income senior homeowners
 - The program is ongoing. The participation is at 179 property owners.
- h. Real Property Tax Exemptions for non-profit organizations
 - The program is ongoing. Non-profit organizations are spread across multiple exemption types such as libraries, religious facilities, educational facilities, charitable organizations, hospitals, cemeteries, etc. Approximately 2,200 properties are impacted.
- i. Resale Restricted Properties
 - The program is ongoing. The total of 632 properties are impacted.
- j. Senior or Disabled Owner Real Property Tax Relief
 - The program is ongoing. The total of 19,212 properties are benefiting from the tax relief program.
 - Senior Tax Relief: 18,502 properties impacted
 - Disabled Tax Relief: 710 properties impacted
- k. Small Retailer Property Tax Relief Credit

- The program is ongoing. Total participants 701 with total filing of \$2,700,042.10.

70. For Tax Years 2020, 2021, 2022, and 2023, where applicable, please provide data that measure the outcome of the real property tax relief programs listed in question 60 for low-income property owners and senior citizens in the District. Please provide the data in a chart that includes income and Ward.

- a. Please provide the number of applications or forms for tax relief programs received.
- b. Please state the number of people or businesses that filed for each tax relief program and their corresponding wards.

RESPONSE:

- a. Please provide the number of applications or forms for tax relief programs received.

RESPONSE:

- On average, OTR receives 1,400-1,500 Senior Tax Relief and 60-65 Disabled Tax Relief applications annually. Ward numbers are not available. Income is not tabulated for system query, therefore, not available.

- b. Please state the number of people or businesses that filed for each tax relief program and their corresponding wards.

RESPONSE:

Please see **Attachment 70b**.

71. Regarding Exempt Property Use filings for the April 1, 2023, and April 1, 2024, deadline:

- a. How many properties were required to file under D.C. Official Code § 47-4702?
- b. How many properties were required to file under D.C. Official Code § 47-1007?
- c. How many properties eligible for an exemption did not file by the deadline?
- d. How many properties requested an extension?
- e. Are there any properties still outstanding (i.e., properties that did not file by the deadline or request an exemption)? If so, please provide the name, address, ward, and square and lot number.
- f. How many properties had their status revoked? Please provide the name, address, ward, and square and lot number for each.
- g. Please provide an update on offering an e-filing solution to this filing.

RESPONSE:

Exempt Property Use Report (FP 161) filing notice letters are sent through MITS to exempt property owners annually, in January, (RPAD sent 3,167 regular SSLs, and 11 Possessory Interest account letters on January 9, 2024) with a filing due date of

April 1, 2024. Applications not received by April 1, are assessed a \$250 penalty, and MITS sends another letter to non-filers during the week of April 1, after which the non-filing properties go to taxable status, and 2nd half tax bill is generated and mailed to the non-filer.

Oversight Question	Regarding FP-161 filing for Calendar Year 2021 that was due April 1, 2022	Regarding FP-161 filing for Calendar Year 2022 that was due April 1, 2023
71.a. How many properties were required to file under D.C. Official Code § 47-4702?	2,804	2,953
71.b. How many were required to file under D.C. Official Code § 47-1007?	2,804	2,953
71.c. How many properties eligible for an exemption did not file by the deadline?	947	758
71.d. How many properties requested an extension?	10	4
71.e. Are there any properties still outstanding (i.e. that did not file by the deadline or request an exemption)? If so, please provide the name, address, ward, and square and lot number.	243	132
71.f. How many properties had their status revoked (include name, address, ward, and square and lot number)?	243	132

72. Please provide an update on OCFO’s strategies for addressing delays in the application process for administrative real property tax exemptions due to incomplete applications.

RESPONSE:

The three strategies OTR implemented to expediate the processing of incomplete applications are working as designed. They are:

- First, when requesting information, we are now allowing no more than 45 days to produce the information. If the applicant is having trouble obtaining the necessary additional information OTR will work with them, but if the applicant does not contact OTR within 45 days after the request for information, the application is processed as is.
- Second, when contacting an applicant to conduct the required physical inspection, if OTR does not receive a response after three attempts to schedule the inspection, the application is processed as is.
- Third, for properties that are not actively being used for the proposed exempt purpose, if after 6 months there is no progress (actual construction, plans,

permits, contracts with architects, etc.), those applications are being processed as is as well.

The online exemption property-use report application filing through MyTax.DC.gov continues to enhance the efficiency of the filing and processing of real property tax exemption.

73. For Tax Years 2021 and 2023, provide a chart with the number of stand-alone Schedule H returns submitted and the number denied, broken down by Ward and the range of adjusted gross income (“AGI”). Please include filing status, age, and the amount of property tax credit received.

RESPONSE:

* NOTE: Data compiled is for TY2021 and TY2022; unable to provide for TY2023 as season begins 01/29/2024.

<i>Response compiled from data as of 1/22/2024</i>			
<i>Please note, since stand-alone Schedule H returns are filed without D-40 returns, there are no filing statuses to report.</i>			
Schedule H Return Totals			
Stand-alone Schedule H Returns in TY 2021 and TY 2022			
	<i>Submitted</i>	<i>Denied</i>	<i>Credit Amount Claimed*</i>
<i>2021</i>	<i>470</i>	<i>8</i>	<i>\$470,714.34</i>
<i>2022</i>	<i>541</i>	<i>16</i>	<i>\$571,552.48</i>

See **Attachment 73a-d**.

74. Please provide a neighborhood assessment breakdown, for all four property classes of real property tax assessments completed in Fiscal Years 2023 and 2024, and identify which classes saw a decline.

RESPONSE:

Please see **Attachment 74**.

75. Please describe any active real property tax programs available for class 3 vacant real property.
- a. Please provide the amount in real property tax revenue collected from class 3 and 4 real properties during Tax Years 2019, 2020, 2021, and 2023, broken down by Ward.

RESPONSE:

Please see **Attachment 75a**.

76. Regarding data tracked related to Clean Hands Certification. Please provide an update on each of the following requests:

- a. From March 1, 2022, to present, data of how many requests were received, how many requests were deemed compliant, and how many were deemed non-compliant, on a month-by-month basis;
- b. From March 1, 2022, to present, data that tracks how often the Clean Hands requirements leads to a payment plan arrangement, on a month-by-month basis; and
- c. From March 1, 2022, to present, data of how many requests were from businesses, how many of such requests were compliant and noncompliant, and the average liability of the noncompliant requests.

RESPONSE:

- a. From March 1, 2022, to present, data of how many requests were received, how many requests were deemed compliant, and how many were deemed non-compliant, on a month-by-month basis;

See **Attachment 76a.**

- b. From March 1, 2022, to present, data that tracks how often the Clean Hands requirements leads to a payment plan arrangement, on a month-by-month basis; and

From March 1, 2022 to January 31, 2024 1,588 taxpayers (individuals and businesses) submitted a payment for the entire balance of debt owed within 7 days of being denied a Certificate of Clean Hands.

See **Attachment 76b.**

- c. From March 1, 2022, to present, data of how many requests were from businesses, how many of such requests were compliant and noncompliant, and the average liability of the noncompliant requests.

OTR does not track demographic information for Clean Hands. OTR also does not track business or professional license statistics for Clean Hands requests. From March 1, 2022 to December 31, 2023, OTR has received 126,185 Certificate of Clean Hands requests from individuals and businesses. Of those requested, 84,036 were deemed compliant and 42,149 were deemed non-compliant at the time of the request. When accounting for outliers, the average liability for a CCH denial is \$12,954.93.

77. Please provide an update regarding any analysis conducted for your office by the sports arena/stadium consultant.

RESPONSE:

OCFO routinely engages firms with specific expertise to advise on financial matters beyond the agency's normal operations. OCFO engaged HVS Convention, Sports & Entertainment Facilities Consulting (HVS CSE) to:

- enhance the OCFO's understanding of how professional sports venues are financed throughout the country;
- compare Monumental Sports & Entertainment (MSE) request for District funding of Capital One Arena renovations to requests for public funding of similar venues in other jurisdictions;
- consider the reasonableness of MSE's request in light of state/local government funding of construction and/or renovation of professional sports venues nationally.

The information provided by HVS CSE was to enhance OCFO's understanding of sports facility financing. No definitive, or final, report regarding financing professional sports venues or related assets within the District was prepared.

78. Please describe how the OCFO engages with other District agencies about their financial management and operations. How would those agencies benefit from increased oversight and engagement by OCFO?

RESPONSE:

The current depth and breadth of the OCFO's engagement and oversight of District agencies is quite extensive. The OCFO has established an entire infrastructure to ensure the effective and efficient management and oversight of the District's financial operations at both the city and agency levels. Central Financial Operations, which are led by Deputy CFOs, provide city-wide financial management functions such as ensuring a balanced budget and financial plan; managing all cash and investments and issuing all debt; keeping the District's "books" and ensuring that all financials are properly accounted for and all transactions are properly recorded; develop revenue estimates that set the available resource level for the budget, and analyze the fiscal impact of all permanent legislation; and ensuring the full and fair collection of tax revenue. At the appropriation level, Associate CFOs have oversight of the financial operations within a given appropriation title or cluster such as Health and Human Services or Public Safety and Justice. Reporting to them are agency fiscal officers, assigned to manage and maintain the financial operation of each individual agency. Associate CFOs, agency fiscal officers and their staffs function as strategic financial advisors to agency program directors and their staffs on a daily basis, providing acceptable financial solutions and ensuring that the integrity of the financial operation is consistently maintained while supporting them in achieving their agencies' missions. All financial staff, whether at the central or agency level, are independent from program management in the exercise of their financial oversight of agency operations and serve at the pleasure of the independent CFO. This structure, along with the sound financial policies and practices implemented, has led to consistently superlative financial results.

79. DC Code § 1-204.24a(e) says the CFO shall appoint the heads of certain subordinate offices, after consultation with the Mayor and Council. Please list all appointees from the previous year and describe the process of hiring for these subordinate offices.

- a. How was the position advertised, where, and for how long?
- b. How many candidates were considered for the role?

RESPONSE:

There were no newly appointed heads of subordinate offices as listed in DC Code § 1-204.24a(e) during the previous year.

80. Please provide an update on the status of the School Modernization Project, including a chart that describes the budget amount, actual expenditures, and the reason for each expenditure, for Fiscal Years 2021, 2022, 2023, and 2024, to date.

RESPONSE:

The School Modernization project continues to be within approved allotment and authority budget balances. The expenditures are for active modernization and small capital (Stabilization projects) needed to support the School Modernization project/program. The attached report (**Attachment 80**) shows each project, by name (description), along with the budget, and expenditures (various years).

81. There have been recent reports that OTR is issuing debt collection notices on debt that may qualify for relief under the “Street Vendor Advancement Amendment Act of 2023.” Has OTR issued a stay for debt owed by individual vendors?

RESPONSE:

OTR works one-on-one with individuals who are seeking a hold on collection based on their individual circumstances. Currently, OTR does not receive information from DLCP regarding applicants for Street Vendor Amnesty. As such, vendors must reach out individually to request a suspension of collection activity. OTR has made a policy decision to place a collection hold on taxpayer accounts that are applying for Amnesty and has recalled all liabilities associated with Street Vendor debt from outside collection agencies. Notwithstanding our current policy decision, OTR’s interpretation of the legislation is that there is no provision in the Street Vendor Advancement Act that indicates a collection stay must be placed on OTR Collection activities during the pendency of the Amnesty.

- a. How do you plan to work with the Department of Licensing and Consumer Protection on the implementation of the program moving forward

RESPONSE:

DLCP and OTR have held several planning meetings for the Street Vendor Amnesty program. OTR created and published Street Vendor

FAQs with the help and support of DLCP and were published on the MyTax.DC.gov website. In addition, DLCP has shared informational language for their website and FAQs with OTR for review and comment.

Going forward, OTR has created a resource account (DCStreetVendorTaxAmnesty@dc.gov) to provide street vendors with the opportunity to ask questions about the abatement process. OTR is currently collaborating with DLCP to have training sessions in which staff from both OTR and DLCP can collaborate and train each other on agency processes. These information/training sessions will also provide a platform to communicate areas of concern, communicate additional training needs and provide transparency between the agencies. These steps will serve to support both agencies in their respective roles of administering the Street Vendor Amnesty Law as well as providing clearer guidance to the Street Vendors population in their efforts to apply for the program. OTR looks forward to all opportunities to join DLCP in education and outreach events in which OTR can participate and engage with the community.

82. When debt is referred to a collection agency, is that a contract with OTR, or is the debt sold to the collector?

RESPONSE:

Office of Finance and Treasury (OFT)

CCU is responsible for the collection of delinquent debt, claims, permits, licenses, and fees due to the District other than taxes and child support. CCU contracts with a collection agency to collect certain debt. All debt of the District remains the debt of the District, and is never sold to a third party. When CCU refers debt to the contractor, they collect debt on behalf of the District and earn a commission on successful collection efforts.

Office of Tax and Revenue (OTR)

OTR has two collection agency contracts with outsourced vendors, RSI Enterprise and Pioneer Credit Recovery, Inc. OTR does not sell its debt to outside vendors. OTR maintains ownership of all tax information and vendors are subject to all DC protection and confidentiality laws and OTR Policies and Procedures.

83. For each year between Fiscal Years 2013 and 2023, please provide the following information:
- a. Number of residential properties for which the agency sent a notice of tax sale.
 - b. Number of residential properties that proceeded to tax sale.
 - c. Number of residential properties that proceeded to tax sale where the amount owed was below \$7,500.
 - d. Number of residential properties for which the homeowner sought forbearance from tax sale because they owed less than \$7,500 and they

received the homestead deduction.

- e. Number of residential properties for which the homeowner sought forbearance from tax sale because they owed less than \$7,500 and they received the homestead deduction, and the request was granted.
- f. Number of residential properties for which the homeowner sought forbearance from tax sale because they owed less than \$7,500 and they received the homestead deduction, and the request was denied. If the answer is not zero, please provide the reasons for denial of these forbearance requests.
- g. Number of residential properties for which the homeowner sought forbearance from tax sale where the amount owed exceeded \$7,500 or where they did not receive the homestead deduction.
- h. Number of residential properties for which the homeowner sought forbearance from tax sale where the amount owed exceeded \$7,500 or where they did not receive the homestead deduction and the request was granted.
- i. Number of residential properties for which the homeowner sought forbearance from tax sale where the amount owed exceeded \$7,500 or where they did not receive the homestead deduction and the requested was denied; and
- j. Number of residential properties that proceeded to tax sale where the homeowner redeemed prior to an action being filed in Superior Court.

RESPONSE:

For question g, regarding data for 2021, the decision to only offer Class 3 and 4 properties for sale came after some forbearance applications had been received and processed. Because no residential properties were offered for sale at the 2021 Annual Tax Sale, the number of forbearances received for that period is not a reflection of actual residential property liens offered for sale.

See **Attachment 83a-j**.

84. What was the cost of sending out notices of tax sale to residential property owners in Fiscal Year 2023?

RESPONSE:

Total cost of sending tax notices in FY2023: \$1,836.50

85. How much revenue did the agency collect in each year between Fiscal Years 2013 and 2023 after sending initial tax sale notices to owners of residential properties?

RESPONSE:

Revenue on Residential Properties After Tax Sale Notices Sent

Year	Collected Amount
2013	\$18,538,818.60
2014	\$10,671,208.15
2015	\$11,191,452.82
2016	\$13,661,508.24
2017	\$8,774,776.59
2018	\$6,394,550.34
2019	\$7,001,689.57
2020	N/A <i>No Tax Sale- Pandemic</i>
2021	\$41,057,744.55
2022	\$23,997,252.04
2023	\$13,413,625.16

86. How much revenue did the agency collect in each year between Fiscal Years 2013 and 2023 after sending a second tax sale notice to owners of residential properties?

RESPONSE:

Revenue on Residential Properties After Second Courtesy Notices Sent (till date)

Year	Cumulative Collected Amount
2013	\$18,528,150.54
2014	\$10,671,208.15
2015	\$11,172,767.29
2016	\$13,646,181.81
2017	\$8,767,203.38
2018	\$6,367,926.76
2019	\$6,976,009.95
2020	N/A <i>No Tax Sale- pandemic</i>
2021	\$29,794,849.64
2022	\$17,392,796.18
2023	\$7,275,072.87

87. How much revenue did the agency collect in each year between Fiscal Years 2013 and 2023 after the annual July tax sale of residential properties.

RESPONSE:

Revenue on Residential Properties After SALE (till date)

Year	Cumulative Collected Amount
2013	\$18,511,285.80
2014	\$10,603,525.76
2015	\$11,172,467.29
2016	\$13,590,551.71
2017	\$8,740,715.47
2018	\$6,356,925.92
2019	\$6,969,408.35
2020	N/A <i>No Tax Sale- pandemic</i>
2021	\$27,279,689.53
2022	\$13,477,639.46
2023	\$4,483,884.81

88. What is the Office doing to collect tax delinquencies, currently over \$2.5 million, owed by animal care and control contractor Humane Rescue Alliance on the 1022 M Street SE lot, which was purchased by HRA with a \$5 million grant from the DC government?

RESPONSE:

OTR denied the real property exemption application on January 23, 2024. OTR had been working with the property owner as it attempted to make plans to develop the property for exempt use. Such plans never materialized. OTR moved forward with deciding the application based on the available information, which did not warrant an exemption. Real property taxes are due, and if not paid the property will enter the tax sale process for collection.

See **Attachment 88**.

Committee Recommendations

The Committee made the following policy and operating budget recommendations to the agency in its Fiscal Year 2024 Budget Report. Please provide an update on how the agency has addressed the Committee’s recommendations.

1. The Committee encourages OCFO to increase transparency around how the Office certifies the Committee’s proposed adjustments to the Mayor’s Proposed Fiscal Year Budget and Financial Plan.

RESPONSE:

During a given budget formulation cycle, Council's proposed capital and operating budget adjustments to the Mayor's proposed budget as submitted to the Council for approval are received by the Office of Budget and Planning (OBP) from the Council's Office of the Budget Director. OBP reviews these proposed changes to make certain that the adjustments will not result in an unbalanced budget and financial plan. Working with the relevant Agency Fiscal Officer and other OCFO staff members, proposed budget adjustments are vetted to ensure that: 1) funds are available if a reduction is necessary to ensure that the adjustments are sustainable throughout the financial plan; 2) The proposed changes do not violate local and/or federal laws and/or any approved Fiscal Impact Statements; 3) One-time increases are just that; and, 4) All proposed changes are sufficiently funded in the budget and financial plan if they are increases. Further, we consider any other known factors deemed relevant to our consideration at the time we receive these requests.

2. The Committee recommends the OCFO consider how to improve transparency, public engagement, and accountability across agency operations.

RESPONSE:

In carrying out its mandated responsibilities, the OCFO works diligently and consistently to accurately and objectively report the District's financial position. We produce reports, studies, and analyses to offer transparent and precise data to the public, Congress, the District's elected officials, rating agencies, investors, and independent auditors. We hold ourselves accountable to all these parties and prioritize safeguarding the District's financial well-being. We actively engage in community outreach and appear in multiple forums each year to inform and assist taxpayers and other constituents.

3. The Committee encourages the Office to increase the number of the District residents it hires.

RESPONSE:

The OCFO is committed and continues to work to increase our visibility to DC residents. With dedicated effort, we manage and maintain a LinkedIn recruitment page that has grown to over 18,000 followers (compared to 15,000 in February of 2023), with more than 50% of those followers residing in the DC region, thereby, increasing our reach to DC residents. The OCFO attended the DCHR Summer Hot Jobs Event where we connected with over 200 District residents who met with our recruitment staff to better understand our recruitment process, discuss vacant positions, and apply to our openings. We optimize our applicant tracking system to identify DC resident applicants and use this information to solicit interest and increase our DC resident talent pool. In addition, we utilize various recruitment tools/platforms that are designed for outreach efforts in DC metropolitan area, connecting the OCFO with local community organizations to post our jobs and build our DC talent community.