
OIO

Office of Integrity & Oversight

**Government of the District
of Columbia, Office of the
Chief Financial Officer**

**FISCAL YEAR 2018
AUDIT WORK PLAN**

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**Abbreviations and
Acronyms**

ACFO	Associate Chief Financial Officer
CAFR	Comprehensive Annual Financial Report
CFO	Chief Financial Officer
COTR	Contracting Officer's Technical Representa- tive
DCFO	Deputy Chief Financial Officer
District	Government of the District of Columbia
FY	Fiscal Year
HSSC	Human Support Services Cluster
IAD	Internal Audit Division
ITS	Integrated Tax System
MIT	Modernized Integrated Tax System
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OCRO	Office of the Chief Risk Officer
OCTFME	Office of Cable Television Film Music and Entertainment
OFOS	Office of Financial Operations and Systems
OFT	Office of Finance and Treasury
OIO	Office of Integrity and Oversight
OLCG	Office of Lottery & Charitable Games
OPCSFS	Office of Public Charter School Financing and Support
OMB	Office of Management and Budget
OTR	Office of Tax and Revenue
<i>Plan</i>	<i>Work Plan</i>
PEG	Public Education and Government
POC	Point of Contact
SEFA	Schedule of Expenditures of Federal Awards
SOAR	System of Accounting and Reporting
UDC	University of the District of Columbia

FY 2018 WORK PLAN

FOREWORD

This is the Office of Integrity and Oversight (OIO) Fiscal Year 2018 Internal Audit Work Plan (*Plan*) which includes ongoing and planned audits as well as non-audit projects. The ongoing and planned projects are designed to provide a reasonable assurance on the adequacy of established policies and procedures, economy and efficiency of operations, and internal controls for agencies under the purview of the independent Office of the Chief Financial Officer (OCFO).

FY 2018's plan is appropriately focused on high-risk areas and is closely aligned with the OCFO Strategic Plan. I believe our audit engagements and projects will enhance the integrity and reliability of the District's financial management and reporting systems. The OIO is staffed with professional and technically skilled auditors who continually meet the challenges of assessing, monitoring, and improving financial controls and accountability within the District.

I express special thanks to our Chief Financial Officer Jeff DeWitt, Deputy Chief Financial Officer and Chief of Staff Angell Jacobs, Deputy Chief Financial Officers (DCFOs), Associate Chief Financial Officers (ACFOs), and the Chief Risk Officer for their confidence and support of OIO's work.

Respectfully,



Timothy Barry
Executive Director

September 30, 2017

INTRODUCTION

OIO is pleased to present its FY 2018 *Work Plan*. The *Plan* includes descriptions of planned audits and non-audit projects to be conducted during the coming fiscal year. We selected these projects based on risk assessments of programs and issues; input from the OCFO executive staff, agency officials, and other stakeholders.

OIO supports the mission of the OCFO and the *Strategic Plan* issued in FY 2017. The *Strategic Plan* focuses on seven strategic objectives:

- Improve Customer Service,
- Create a Culture of Continuous Improvement,
- Improve Transparency and Quality of Information,
- Manage Risk and Prevent Fraud,
- Implement Quality Financial Systems,
- Develop, Attract and Retain High Quality Employees
- Manage a Fair and Equitable System to Fully Collect District Revenues.

As part of our *Plan*, we have incorporated these seven objectives into our on-going and planned projects. Within the description of each of the audit and non-audit engagements, we included the applicable strategic objective(s). The list of the objectives for each project is not intended to be all inclusive, but we believe highlight the objectives that best align with the overall OIO Internal Audit's objectives.

In assessing the risks facing the OCFO and the District, our work plan has been designed around strategic segments/agencies within the OCFO. In FY 2017, OIO sent risk questionnaires to the Deputy CFO's, Associate CFO's and Executive Directors within the OCFO to get feedback on areas of risk in their respective organizations. We also met with key stakeholders to get their input on the plan. Internally, the OIO Audit Division (IAD) developed audit topics based on our own understanding of risk areas within the OCFO. Based on the feedback we received and audit topics developed by the IAD, we assessed the responses to determine the risk, the impact and the value that the audit would add to the OCFO. Based on this assessment, we developed our risk-based plan. The *Plan* is organized by segments/agencies, which are:

- I. Office of Tax and Revenue (OTR)
- II. Office of Finance and Treasury (OFT)
- III. Office of Lottery and Charitable Games (OLCG)
- IV. Office of Financial Operations and Systems (OFOS)
- V. Regulatory Audits
- VI. OCFO/District-Wide Audit Engagements
- VII. Non-Audit Services

The listing of a particular project in the FY 2018 *Plan* does not necessarily mean that problems exist or guarantee that the engagement will be undertaken. During the year it is not possible to

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plan for all of the potential audits and/or projects that OIO may be requested to perform. For example, during the year OCFO executives may request an audit be initiated within their area of responsibility or the City Council may request an audit be initiated in a specific area of government operations. To accommodate the special requests and other critical issues, OIO may find it necessary to delay or suspend an audit until the resources are available to start or recommence a project. Should OIO consider the modifications to the plan to be significant, we will modify the *Plan* to reflect the additional requests and changed priorities.

THE AUDIT PROCESS

OIO's audit process includes several integrated steps that assist us in accomplishing our objectives. These include the announcement of the audit (engagement memorandum), an entrance conference, an audit survey and fieldwork stage, an exit conference with the agency officials impacted by the audit results, a reporting process, a resolution process, and audit follow-up process. We provided a brief explanation of each of these processes in the following paragraphs.

Engagement Memorandum

Prior to the start of an audit, OIO generally sends an engagement memorandum to the agency head(s) involved with the project. The memorandum includes the audit title, a project number, an outline of the planned objectives, the period covered by the audit, and the planned starting date. Additionally, the memorandum also explains that OIO will hold an entrance conference to provide the appropriate OCFO managers with information about the audit. In some instances, OIO will not send an engagement memorandum. This is done when the audit is on a surprise basis. In those instances, we will send an engagement memorandum to the impacted OCFO officials after the start of the audit.

Entrance Conference

OIO holds an entrance conference with the OCFO senior managers and agency officials of the program whose operations will be audited. At the entrance conference, the auditors will provide detailed explanations of the audit planned objectives, the period of time that will be covered by the audit, the audit methodologies that we may use, and the formal reporting process. If management requested the audit, we discuss the specific areas of interest or problems they have noted. During this meeting OIO encourages the agency officials to bring to the audit team's attention any concerns, ideas, or special circumstances that may impact the audit. Also, we request that the agency provide us with an official point of contact for the audit (POC). The POC is the individual that OIO will: (1) contact to request audit documentation, to arrange interviews and meetings with agency officials and staff, and (2) to provide briefings on the progress of the audit, findings requiring immediate attention, and other issues that need management's attention.

Planning and Fieldwork

The audit begins with the planning process which allows us to gain an understanding of the program, activity or function that is the subject of the audit. We perform some initial walkthrough process, determined by the audit objectives, to discern any areas that we need to focus our audit efforts. Subsequent to the completion of the planning phase, we will determine whether a sufficient basis for additional work exists. If such a determination is made, OIO continues its fieldwork focusing on the areas that we determined warrant the additional testing. The bulk of the audit's fieldwork is performed in this phase. We may request additional and more extensive records and documents from the agency. During this execution phase, we perform detailed examinations and testing, based on our objectives, to determine whether (1) the program, activity, or function is operating efficiently and effectively; (2) the internal controls are functioning as intended; and (3) that the agency is compliant with the applicable laws and regulations. In this phase, the auditors will develop their findings, recommendations, and audit results that form the basis for the written audit report.

The planning and execution phases require the cooperation of the OCFO officials and staff. The auditors may need OCFO officials and staff to: answer questions; provide us with access to records, documentation, and files; and to prepare data (spreadsheets, flowcharts, documents). OIO will keep in mind that the officials and staff of the OCFO agencies need to carry out their regular functions and workload. OIO auditors will conduct its work in a mutually agreed way that will cause minimal disruption to the agency operations.

Keeping OCFO Officials Informed

During the audit, OIO will keep the agency officials advised of any deficiencies or weaknesses we identify. OIO will, through the POC, keep the officials informed of the progress of the audit, and any issues that require the officials' immediate attention.

Audit Exit Conference. After all the audit test work is completed, OIO conducts a formal exit conference with the agency officials. At the exit conference, we summarize the issues, and findings previously provided to the officials through the agency POC, and any additional findings and recommendations we may have subsequently developed. We provide the agency officials with the opportunity to discuss the corrective actions necessary to initiate the recommendations and resolve the findings. This is done with the audit team present at the exit conference. We will encourage the agency to take immediate action, if possible, on the recommendations. OIO will include the substantiated actions taken on the recommendations in the draft and final audit report.

Draft Audit Report. OIO prepares the draft audit report which includes any comments or concerns raised at the exit conference by the agency officials. OIO sends the draft report to the agency head responsible for implementation of the recommendations. Usually, we request the agency official to whom the draft report is addressed, to provide us with a written response to the draft document within two weeks from the date of the draft report. OIO requests that the response to the draft report's recommendations include: the actions taken or

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planned by the agency and the projected dates for completion of any uncompleted actions. When appropriate, alternative solutions can be proposed by the agency.

Final Report. After receipt of the agency's written response, OIO will analyze the response and consider the impact of any alternative solutions presented by the agency. OIO will summarize the response to the individual recommendations in the body of the report. The agency's full response is included as an appendix to the report. The report is distributed to the CFO, the DCFO/Chief of Staff, Chief Risk Officer, and the agency head, to whom the recommendations are addressed. OIO's final reports are also published on the OCFO's website.

Audit Follow-up. The agency officials are responsible for taking the corrective actions that they have agreed to in their responses to individual audit reports. Periodically, OIO will conduct follow-up audits or incorporate follow-up of prior year recommendations in the audit to verify that the agreed upon corrective actions have been taken and the recommendations implemented and effective in correcting the cause of the finding in the report.

**FY 2018
PLANNED PROJECTS**

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AGENCY/AREA:	Office of Tax and Revenue
TITLE:	Audit of Converted Business Tax Accounts from ITS to MITS
OBJECTIVES:	The overall objective of the audit is to determine whether the balances converted into Modernized Integrated Tax System (MITS) are accurate and valid.
JUSTIFICATION:	Taxes provide the majority of operational funding for the District of Columbia. To ensure proper collection of revenues, accurate taxpayer account data in the District's tax system is crucial. Implementation of the Modernized Integrated Tax System (MITS) commenced in FY 2016 with the conversion of Individual Income Taxes and the majority of business related taxes in FY 2017. The conversion of data to a new system is inherently high risk.
STRATEGIC OBJECTIVES:	Implement Quality Financial Systems; Improve Transparency and Quality of Information; Create a Culture of Continuous Improvement and Effectively Manage Risk

AGENCY/AREA:	Office of Tax and Revenue
TITLE:	Audit of Internal Controls over the Office of Tax and Revenue Collections Division Enforcement Actions
OBJECTIVES:	The overall objectives of the audit are to determine whether: (1) the Collections Division is in compliance with Federal and District Government statutes and regulations related to the collection of debts; and (2) adequate internal controls exist over the enforcement action process.
JUSTIFICATION:	Maintaining an effective and efficient collection process for delinquent taxpayers is critical to ensuring that all possible revenues are collected. As of September 30, 2016, the District reported that it had tax receivables of \$380,407,000 (net). ¹ The Collection Division is tasked with the responsibility of ensuring that all of the District Government's taxpayers file timely returns and pay the proper amount of tax, regardless of the amount owed. The Collections Division has the authority to use certain enforcement actions such as levies, liens, seizures/sales, trust fund recovery assessments and liability offsets to collect the taxes due. This area was deemed high risk by the Treasury Inspector General for Tax Administration (TIGTA) due to its inherent risk.
STRATEGIC OBJECTIVES:	Improve Customer Service; Effectively Manage Risk to Prevent Fraud and Losses; Manage a Fair and Equitable System to Fully Collect District Revenues

¹ This amount is from the FY 2016 Comprehensive Annual Financial Report and is composed of real property taxes in addition to business and individual tax debts. The Collections Division is not responsible for the collection of delinquent real property taxes.

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AGENCY/AREA:	Office of Tax and Revenue
TITLE:	Audit of Internal Controls over the Office of Tax and Revenue Collections Division Outsourcing Program
OBJECTIVES:	The overall objectives of the audit are to determine whether outsourced collections are accounted for and posted to taxpayer's accounts timely.
JUSTIFICATION:	As part of their collection efforts, the OTR uses an outside collection agency to collect taxes that are older and smaller balances so that internal efforts can be focused on newer high dollar debts. As of September 30, 2016, the District reported that it had tax receivables of \$380,407,000 (net). ² This area was deemed as a high risk area by the Treasury Inspector General for Tax Administration due to its inherent risk and noted internal control weaknesses during our audits within the Compliance Administration.
STRATEGIC OBJECTIVES:	Improve Customer Service; Manage Risk and Prevent Fraud; Manage a Fair and Equitable System to Fully Collect District Revenues

AGENCY/AREA:	Office of Tax and Revenue
TITLE:	Audit of the OTR Customer Service Administration Adjustment Process
OBJECTIVES:	The objectives of this audit are to determine whether: (1) CSA maintained a system of internal controls that safeguarded the District's assets and assures reliable documentation for the changes made in the taxpayer's accounts; (2) CSA complied with the applicable laws, regulations, policies and procedures related to changing taxpayer accounts and issuing a refund to the taxpayers; and (3) prior recommendations were implemented.
JUSTIFICATION:	Our last audit of the CSA Adjustment process was completed and issued on May 29, 2013 and covered FY 2011. The audit revealed three internal control weaknesses and provided 11 recommendations. Since the time of our audit which focused on the Integrated Tax System (ITS), the OTR implemented a new tax system, the Modernized Integrated Tax System (MITS). This audit will focus on adjustments completed in the MITS system.
STRATEGIC OBJECTIVES:	Improve Customer Service; Manage Risk to Prevent Fraud

² This amount is from the FY 2016 Comprehensive Annual Financial Report and is composed of real property taxes in addition to business and individual tax debts. The Collections Division is not responsible for the collection of delinquent real property taxes.

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AGENCY/AREA:	Office of Tax and Revenue
TITLE:	Audit of the OTR's Management of the Homestead Exemption Program
OBJECTIVES:	The objectives of this audit are to determine whether: (1) the program is administered in accordance with laws, regulations, policies and procedures; (2) internal controls over the program are adequate; and (3) prior audit recommendations were implemented.
JUSTIFICATION:	OIO performed an audit of the program in FY 2012 and it revealed the program required improvement. We noted that the Homestead Unit did not have an effective program to identify ineligible participants in the homestead and senior citizen relief programs. As a result of the deficiencies noted, we provided the Homestead Program with 11 recommendations.
STRATEGIC OBJECTIVES:	Improve Customer Service; Manage Risk to Prevent Fraud

AGENCY/AREA:	Office of Finance and Treasury
TITLE:	Audit of Internal Controls over OFT Pension Fund Operations
OBJECTIVES:	The objectives of the proposed audit are to: (1) determine OFT's compliance with applicable laws and regulations governing the Districts pension plans; and (2) assess the effectiveness of internal controls.
JUSTIFICATION:	OIO conducted an audit of OFT's Pension Funds Operations in FY 2014 and made recommendations for improvements in internal controls. Since the audit, OFT has moved the administration of the Pension Funds to a new Administrator. A follow-up audit is needed to determine whether OFT has implemented the recommendations and continues to improve internal controls.
STRATEGIC OBJECTIVES:	Create a Culture of Continuous Improvement and Manage Risk to Prevent Fraud

AGENCY/AREA:	Office of Finance and Treasury
TITLE:	Audit of Internal Controls at the OFT's Cashiering Operations
OBJECTIVES:	The objectives of the proposed audit are to: (1) determine whether OFT has adequate internal controls in place over the new cashiering operations; and (2) follow-up on internal controls deficiencies identified in our previous report and by the Independent Public Accountant, Regis & Company.
JUSTIFICATION:	OIO reviews cashiering operations on an annual basis to provide reasonable assurance that proper internal control policy and procedures are in place to prevent and detect misappropriation of the District's funds.
STRATEGIC OBJECTIVES:	Create a Culture of Continuous Improvement; Manage Risk to Prevent Fraud

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AGENCY/AREA:	Office of Lottery and Charitable Games
TITLE:	Follow-up Audit of Internal Controls over the OLCG Instant Ticket Inventory Process
OBJECTIVES:	The objectives of this audit are to: (1) determine whether OLCG has adequate internal controls in place over the instant tickets inventory process and (2) assess the current inventory methods of receiving, distributing and tracking processes of instant tickets at OLCG
JUSTIFICATION:	The OLCG instant ticket process was identified as a significant deficiency in the FY 2014 independent auditor's report. OLCG advised this matter was remediated and new measures were put in place to prevent retail agents from ordering excessive amounts of tickets.
STRATEGIC OBJECTIVES:	Improve Customer Service; Create a Culture of Continuous Improvement

AGENCY/AREA:	Office of Financial Operations and Systems (OFOS)
TITLE:	Agreed-Upon Procedures between the Office of Financial Operations and Systems (OFOS) and the Office of Integrity and Oversight (OIO) Regarding the FY 2018 Quarterly Independent Monitoring of SOAR Journal Entries
OBJECTIVES:	The objectives of the agreed-upon procedures engagement are to determine whether: (1) journal entries posted and approved by the same OCFO employees are valid and correct; and (2) effective internal controls are in place to compensate for the risk posed by lack of separation of duties.
JUSTIFICATION:	This quarterly agreed-upon procedures engagement was requested by the Office of Financial Operations and Systems (OFOS) as a result of internal control deficiencies reported by the external auditor in FYs 2013 and 2014. The external auditor recommended that management should implement an ongoing independent monitoring over the journal entries posted and approved by the same OCFO employees.
STRATEGIC OBJECTIVES:	Manage Risk to Prevent Fraud and Create a Culture of Continuous Improvement

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AGENCY/AREA:	Regulatory Audit
TITLE:	Audit of the Inmate Welfare Fund Financial Statements for the Fiscal Year Ended September 30, 2017
OBJECTIVES:	The objectives of the audit are to: (1) express an opinion on the financial statements of the Fund; (2) determine whether expenditures/costs charged to the Fund were proper; (3) determine whether internal controls over Fund transactions and financial reporting were adequate; and (4) determine whether the Fund is administered in accordance with laws and regulations.
JUSTIFICATION:	This audit is required pursuant to D.C. Code § 24-282. Section 24-282 (e) states, in pertinent part: The Fund shall be subject to annual audits scheduled by the Office of the Chief Financial Officer, which shall be submitted to the Council no later than February 1 of each year. The scope of audit shall include an examination of the Department's use of Fund profits, including stocking the commissaries, low bond releases, providing inmate clothing upon release, and funding transportation costs for the inmate after release. The audit reports shall be submitted to the Council and the Mayor.
STRATEGIC OBJECTIVES:	Improve Transparency and Quality of Information

AGENCY/AREA:	Regulatory Audit
TITLE:	Audit of the New Columbia Statehood Fund Statement of Revenues and Expenditures for the Fiscal Year Ended September 30, 2017
OBJECTIVES:	The objectives of the audit are to: (1) express an opinion on the Statement of Revenues and Expenditures; (2) determine whether expenditures/costs charged to the Fund were proper; (3) determine whether internal controls over Fund transactions and financial reporting were adequate; and (4) determine whether the Fund is administered in accordance with laws and regulations.
JUSTIFICATION:	This audit is required pursuant to D.C. Law 20-271, which states: "All revenues and expenses of the New Columbia Statehood Fund shall be audited annually by the Chief Financial Officer, who shall transmit the audit to the Mayor and the Council. The expenses of the annual audit shall be defrayed by the New Columbia Statehood Fund."
STRATEGIC OBJECTIVES:	Improve the Transparency and Quality of Information

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AGENCY/AREA:	Regulatory Audit
TITLE:	Compilation of the Office of Public Charter School Financing and Support Statement of Revenues and Expenditures for the Fiscal Year Ended September 30, 2016
OBJECTIVES:	The objectives of the compilation are to: (1) express an opinion on the Statement of Revenues and Expenditures of the Fund and (2) determine whether the Fund is administered in accordance with laws and regulations.
JUSTIFICATION:	Pursuant to Public Law 108-335 which states: "The Office of the Chief Financial Officer shall conduct an annual audit of the funds expended by the Office and provide an annual financial report to the Mayor, the Council of the District of Columbia, the Office of the District of Columbia Treasurer and the Committees on Appropriations of the House of Representatives and Senate for these funds showing, by object class, the expenditures made and the purpose thereof."
STRATEGIC OBJECTIVES:	Improve the Transparency and Quality of Information

AGENCY/AREA:	Regulatory Audit
TITLE:	Compilation of the Office of Public Charter School Financing and Support Statement of Revenues and Expenditures for the Fiscal Year Ended September 30, 2017
OBJECTIVES:	The objectives of the compilation are to: (1) express an opinion on the Statement of Revenues and Expenditures of the Fund; (2) determine whether the Fund is administered in accordance with laws and regulations.
JUSTIFICATION:	Pursuant to Public Law 108-335 which states: "The Office of the Chief Financial Officer shall conduct an annual audit of the funds expended by the Office and provide an annual financial report to the Mayor, the Council of the District of Columbia, the Office of the District of Columbia Treasurer and the Committees on Appropriations of the House of Representatives and Senate for these funds showing, by object class, the expenditures made and the purpose thereof."
STRATEGIC OBJECTIVES:	Improve the Transparency and Quality of Information

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AGENCY/AREA:	OCFO/District-Wide
TITLE:	Audit of Internal Controls over the Gift Card Program at Selected Agencies of the Human Support Services Cluster (HSSC)
OBJECTIVES:	The objectives of this audit are to: (1) determine if recommendations were implemented from our report issued in November 2015; (2) determine if agencies that were not previously selected for the HSSC complied with applicable laws and regulations.
JUSTIFICATION:	In our prior audit we reviewed specific programs within the Department of Youth Rehabilitation Services, Child and Family Services Agency, Department of Human Services. We issued six recommendations to address the deficiencies identified in the audit. The HSSC agreed with the recommendations and stated that they took the necessary actions to address the findings; therefore, we will perform testing to ensure the implementation of corrective actions.
STRATEGIC OBJECTIVES:	Manage Risk to Prevent Fraud; Create a Culture of Continuous Improvement

AGENCY/AREA:	OCFO/District-Wide
TITLE:	Follow-up Audit of the Internal Controls over the University of the District of Columbia (UDC)'s Student Loan Transactions
OBJECTIVES:	The objectives of the audit are to (1) determine whether UDC has implemented the recommendations made in our prior audit; and (2) determine whether unclaimed refunds for student loans are valid and correct.
JUSTIFICATION:	Student loans are used to pay for UDC's tuition and fees. At the end of our previous audit, there were significant amounts of unclaimed checks returned to the University due to incorrect students' addresses. Some of these unclaimed checks are probably not valid claims as most of the UDC students would not leave such refund amounts unclaimed for a long period of time (more than six months).
STRATEGIC OBJECTIVES:	Manage Risk to Prevent Fraud; Create a Culture of Continuous Improvement

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AGENCY/AREA:	OCFO/District-Wide
TITLE:	Audit of Physical and Logical Access Controls of OCFO Systems
OBJECTIVES:	The objectives of this audit are to: (1) determine whether access to OCFO systems and controlled areas are granted and revoked in accordance with current policies and procedures; and (2) assess whether the current internal controls are adequate to protect OCFO property and systems.
JUSTIFICATION:	Best practices require that access to OCFO areas and IT resources and services be controlled by a combination of user identification (authentication) and user role assignment (authorization) process. An audit in this area has not been conducted by OIO and prior CAFR audit findings have shown that access to systems is not always being properly monitored.
STRATEGIC OBJECTIVES:	Create a Culture of Continuous Improvement and Manage Risk to Prevent Fraud

AGENCY/AREA:	OCFO/District-Wide
TITLE:	Proactive Survey of the OCIO's Compliance with Policies related to the Computer Desktop Patching Process
OBJECTIVES:	The proactive survey objective is to review the OCIO's existing policies and to conduct walk-throughs of the actual patching process to determine the "root cause" for non-compliance and whether corrective actions have been taken by OCIO.
JUSTIFICATION:	Computer security is of the highest priority in Government and private entities. In previous external audits, it was found that all computers were not properly patched and new policies have been implemented to address this issue. To ensure the OCFO systems are up to date and adequately secured, routine patching should be conducted.
STRATEGIC OBJECTIVES:	Create a Culture of Continuous Improvement; Improve Transparency and Quality of Information

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AGENCY/AREA:	Non-Audit Services
TITLE:	Follow-up Procedures of the FY 2017 Independent Auditor's Report on Internal Control over Financial Reporting and the Comprehensive Annual Financial Report (CAFR) Management Letter
OBJECTIVES:	The objectives of this follow-up are to: (1) monitor the agencies progress in addressing problems noted in the Management Letter and Internal Control Compliance reports issued by the external auditors; (2) determine whether findings have been satisfactorily resolved or are still outstanding; and (3) perform test work to ensure that the agency is actually addressing those findings.
JUSTIFICATION:	The Office of Financial Operations and Systems obtains corrective action plans from effected agencies to mitigate the deficiencies identified by external auditors. The OIO provides an independent verification that actions were implemented as stated.
STRATEGIC OBJECTIVES:	Create a Culture of Continuous Improvement

AGENCY/AREA:	Non-Audit Services
TITLE:	Risk Assessment of the UMC Financial Operations
OBJECTIVES:	The overall objective of this risk assessment is to walk through the new processes and identify vulnerable areas and risks.
JUSTIFICATION:	The UMC/OCFO recently took over new processes and gained additional staff. With the new processes and staff there may be additional risks that were not considered. OIO will gain an understanding of the areas and identify additional potential projects.
STRATEGIC OBJECTIVES:	Create a Culture of Continuous Improvement

ONGOING PROJECTS

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OCFO/District Wide	25. Audit of the Office of Cable Television, Film, Motion Picture and Entertainment Operations for Fiscal Years 2015 and 2016 [Job Code 17-01-09A OCTFME]	25
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AGENCY/AREA:	Office of Tax and Revenue
TITLE:	Audit of Internal Controls over Real Property Tax Administration Adjustments [Job Code 17-01-16 OTR]
OBJECTIVES:	The overall objective of the audit is to determine whether adjustments are properly supported, authorized, and posted to taxpayer accounts.
JUSTIFICATION:	The Assessment Services Division has an adjustment unit that is responsible for entering adjustments to property accounts on behalf of the administration. Adjustments can be due to, but not limited to, billing errors and posting errors. Adjustments are inherently high risk and should be audited on a routine basis.
STRATEGIC OBJECTIVES:	Improve Customer Service; Effectively Manage Risk to Prevent Fraud and Losses

AGENCY/AREA:	Office of Tax and Revenue
TITLE:	Audit of Internal Controls over the File Transfer, Recordation and Balancing at the Office of Tax and Revenue [Job Code 17-01-19 OTR]
OBJECTIVES:	To determine whether: (1) internal controls over the receipt of taxes and fees from external files are adequate and operating effectively in accordance with established policies and procedures and (2) payments and returns from outside sources are posted accurately to taxpayer's accounts.
JUSTIFICATION:	Currently, 90% of the payments received by OTR are processed by lockbox operations. The lockbox operations transmits files to OTR electronically which are then downloaded to the Integrated Tax System. OIO has not looked at the process used to ensure that the information on the files balance to the information downloaded to accounts.
STRATEGIC OBJECTIVES:	Improve Customer Service; Effectively Manage Risk to Prevent Fraud and Losses

AGENCY/AREA:	Office of Finance and Treasury
TITLE:	Audits of Internal Controls over iNovah Transaction Processing [Job Code 17-01-15 OFT]
OBJECTIVES:	The objectives of the audit are to evaluate transactions processed through iNovah and determine whether: (1) they were processed in accordance with established policies and procedures, (2) voided transactions were properly justified and approved, (3) whether the agency is using a standardized methodology to assign account numbers, and (4) prior audit recommendations were implemented.
JUSTIFICATION:	The iNovah system interfaces with the Districts financial systems to automatically update the financial records and is used through the District cashiering locations. A prior audit of cashiering operations identified unjustified and unapproved voided transactions and inconsistent assignment of account numbers in iNovah that resulted in undercharges of license fees, and made iNovah's audit query capabilities ineffective.
STRATEGIC OBJECTIVES:	Improve Customer Service; Create a Culture of Continuous Improvement; Effectively Manage Risk to Prevent Fraud and Losses

FY 2018 WORK PLAN

AGENCY/AREA:	Office of Finance and Treasury
TITLE:	Audits of Internal Controls at the Office of Finance and Treasury's Cashiering Operations [Job Code 17-01-17 OFT]
OBJECTIVES:	The objectives of the proposed audit are to: (1) determine whether internal controls implemented over the new cashiering operations such as Kiosks, and Gift Cards are adequate; and (2) follow-up on internal controls deficiencies identified in our previous report and by the Independent Public Accountant, Regis & Company.
JUSTIFICATION:	OFT Cashiering Operations took on new responsibilities related to Kiosk operations and Gift Cards custody and distribution. The controls over these operations have not been assessed for design adequacy and proper implementation. This audit will provide reasonable assurance that proper internal control policies and procedures are in place to prevent and detect misappropriation of the District's funds.
STRATEGIC OBJECTIVES:	Create a Culture of Continuous Improvement; Effectively Manage Risk to Prevent Fraud and Losses

AGENCY/AREA:	Office of Financial Operations and Systems
TITLE:	Agreed-Upon Procedures between the Office of Financial Operations and Systems (OFOS) and the Office of Integrity and Oversight (OIO) Regarding the FY 2017 Quarterly Independent Monitoring of SOAR Journal Entries [Job No. 17-01-21 OFOS]
OBJECTIVES:	The objectives of the agreed-upon procedures engagement are to determine whether: (1) journal entries posted and approved by the same OCFO employees are valid and correct; and (2) effective internal controls are in place to compensate for the risk posed by lack of separation of duties.
JUSTIFICATION:	This quarterly agreed-upon procedures engagement was requested by the Office of Financial Operations and Systems (OFOS) as a result of internal control deficiencies reported by the external auditor in FYs 2013 and 2014. The external auditor recommended that management should implement an ongoing independent monitoring over the journal entries posted and approved by the same OCFO employees.
STRATEGIC OBJECTIVES:	Effectively Manage Risk to Prevent Fraud and Losses, and Create a Culture of Continuous Improvement

FY 2018 WORK PLAN

AGENCY/AREA:	OCFO/District-Wide
TITLE:	Office of Cable Television Film Music and Entertainment (OCTFME) Operations for FYs 2015 and 2016 [Job Code 17-01-09A OCTFME]
OBJECTIVES:	The objectives of the audit were to determine whether: (1) franchise agreements including PEG funds were administered in accordance with laws and regulations; (2) purchase card transactions were made in accordance with regulations; (3) contracts were administered in accordance with policies and procedures; and (4) film incentives funds were used in accordance with laws and regulations.
JUSTIFICATION:	The agency requested a full review of their operations due to a transition in the agency's mission and leadership in FY 2016. This office has not had an in-depth review of their operations and wants to ensure that all processes are in line with laws and regulations
STRATEGIC OBJECTIVES:	Create a Culture of Continuous Improvement and Effectively Manage Risk to Prevent Fraud and Losses.

AGENCY/AREA:	Non-Audit Services
TITLE:	Review of the Business Risk Self-Assessment Process at the Office of Tax and Revenue [Job Code 17-03-12 CRO]
OBJECTIVES:	The overall objective of this verification is to determine whether the tests conducted by the OTR personnel are performed in accordance with the program guidance and to identify opportunities for additional training on internal controls.
JUSTIFICATION:	The Office of the Chief Risk Officer (OCRO) established the self-assessment internal control program at the Office of Tax and Revenue to test controls on a monthly/quarterly basis to ensure that controls are functioning as designed. The verification by OIO will provide additional assurance, that the conclusions reached in testing are proper and adequately supported.
STRATEGIC OBJECTIVES:	Create a Culture of Continuous Improvement; Improve Transparency and Quality of Information

CONTRACT ADMINISTRATION

FY 2018 WORK PLAN

CONTRACT NO.:	CFOPD- 16-C-014: Single Audit Services FY 2015-FY 2019
TITLE:	Single Audit Coordination of the District's FY 2015- FY 2019 Single Audit Contract
OBJECTIVES:	The objectives of this project are to: (1) prepare the FY 2016 Schedule of Expenditures of Federal Awards (SEFA) for submission to the external auditors in accordance with the requirements as outlined in the Uniform Grant Guidance and the Federal Audit Clearinghouse Data Collection Form for Single Audit Submission; (2) prepare the Summary Schedule of Prior Audit Findings and Management Corrective Action Plan for submission to the external auditors; (3) follow-up on single audit issues, including alerting agencies on the consequences for not providing the requested documentation to the external auditors; (4) follow-up on Cognizant Federal Agency and other Federal Grantor Agencies communications on the Single Audit findings; and (5) prepare for the Single Audit reporting phase close-out, including submission of the Federal Form – SF-SAC (Data Collection Form) to the Federal Audit Clearinghouse. (6) Fulfill the functions of the COTR for the Single Audit contract including: (1) monitoring the independent accountants conducting the audit; (2) assisting in resolution of the issues impacting the Single Audit with the contactors, Single Audit Committee, and the agencies who are recipients of the grant funding. This project does not produce a specific report for the oversight function. It is critical to the management of the contract.
JUSTIFICATION:	The Single Audit is mandated by law for agencies that receive federal financial assistance. The OCFO is responsible for the contracting of the required Single Audit of the District's Federal grant funds. OIO was tasked with the responsibility of acting as the COTR for this contract.
STRATEGIC OBJECTIVES:	Improve Transparency and Quality of Information

FY 2018 WORK PLAN

**Summary of Planned and Ongoing Projects
Fiscal Year 2018**

Segment/Agency	Ongoing as of Oct. 1, 2017	FY 2018 Projects		
		Mandatory	Planned	Total
Office of Tax and Revenue	2		5	7
Office of Finance and Treasury	2		2	4
Office of Lottery and Charitable Games			1	1
Office of Financial Operations and Systems	1		1	2
Regulatory Audits		4		4
OCFO/District-Wide Engagements	1		4	5
Non-Audit Services	1		2	3
Total	7	4	15	26

Note: Mandatory Audits are required by statute or regulation.