



Deborah K. Nichols  
District of Columbia Auditor  
011:05:LS:gk

## **OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR**

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### **Letter Report: Implementation Status of Auditor Recommendations Pertaining to Audits of Agencies Under the Purview of the Committee on Public Works and the Environment (PW)**

**March 1, 2005**



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March 1, 2005

Honorable Carol Schwartz  
Chairperson  
Committee on Public Works and the Environment  
Council of the District of Columbia  
The John A. Wilson Building  
1350 Pennsylvania Avenue, NW, Suite 111  
Washington, DC 20004

**Letter Report:        Implementation Status of Auditor Recommendations Pertaining to Audits of Agencies Under the Purview of the Committee on Public Works and the Environment (PW)**

Dear Councilmember Schwartz::

Attached for your review is a summary of the implementation status of District of Columbia Auditor recommendations pertaining to audits of agencies under the purview of the Committee on Government Operations. This report reflects the implementation status of recommendations contained in two audits of the District of Columbia Department of Public Works and the Water and Sewer Authority. Additional efforts will be undertaken by my office to verify the accuracy and validity of the information reported by these agencies.

Submitted with this letter report is a matrix for each audit. Each matrix sets forth the findings, recommendations, and the agencies' status of implementing each recommendation. This report covers the following audits of agencies under your Committee's purview that were issued by the District of Columbia Auditor during fiscal years 2002 through 2005 to date:

**FY 2003:**

- DCA0403 \$1 Million Lease and Proposed \$12.5 Million Purchase of 4800 Addison Road: An Example of Misfeasance and Malfeasance, RELEASED: May 15, 2003 (**Department of Public Works**)

**FY 2004:**

- DCA1804 Contract Awarded by the Water and Sewer Authority Was Poorly Monitored and Managed, RELEASED: July 16, 2004 (**Water and Sewer Authority**)

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Councilmember Carol Schwartz.  
March 1, 2005

Our review procedures consisted of staff inquiries as well as a review of the status of recommendations provided by agency management. Our follow-up work is being conducted in accordance with government audit standards established by the Comptroller General of the United States, United States Government Accountability Office.

It is my plan to follow-up on all findings and recommendations to determine whether timely and appropriate corrective actions have been undertaken and fully implemented by the appropriate agencies. I believe that our efforts to ensure timely implementation of recommendations contained in District of Columbia Auditor reports will contribute substantially to the goal of making government work more efficiently, effectively, and economically. Further, we will continuously monitor recommendations that have only been partially implemented or not implemented at all. Our efforts in this particular area will be to assist the affected agency in designing and implementing corrective actions or other solutions to effectively and timely address the deficiency, weakness, or risk found during the audit.

As always, please do not hesitate to contact me at 202/727-3600 should you have any questions.

Respectfully,



Deborah K. Nichols  
District of Columbia Auditor

Attachments as stated

cc: Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR FISCAL YEAR 2003 REPORTS:**

**"\$1 Million Lease and Proposed \$12.5 Million Purchase of 4800 Addison Road:  
An Example of Misfeasance and Malfeasance"**

**RELEASED: May 15, 2003**

**TOTAL RECOMMENDATIONS: 12**

**RECOMMENDATIONS IMPLEMENTED OR CORRECTIVE ACTIONS TAKEN: 9**

**RECOMMENDATIONS PARTIALLY IMPLEMENTED OR IN PROGRESS: 2**

**RECOMMENDATIONS NOT IMPLEMENTED:**

**NO RESPONSE TO RECOMMENDATION: 1**

**FINDING NO. 1: SOLE SOURCE, NONCOMPETITIVE \$998,250 ANNUAL LEASE OF 4800 ADDISON ROAD CIRCUMVENTED COUNCIL REVIEW, LACKED COORDINATION, AND WAS PRINCIPALLY DRIVEN BY NEGATIVE PRESS REPORTS: No Recommendations**

**Subfinding 1:** District Was Forced to Reprogram Funds to Pay Lease and Renovation Costs for 4800 Addison Road

**Subfinding 2:** District Paid \$ 260,919 For the Cost of Renovation Performed by the Owner of 4800 Addison Road Pursuant to a Sole Source

**Subfinding 3:** Arrangement with OPM's Former Deputy Director

**Subfinding 4:** District Decides to Purchase 4800 Addison Road for \$12.5 Million

**Subfinding 5:** OPM Attempted to Purchase 4800 Addison Road Without Funding Having Been Appropriated

**FINDING NO. 2: OFFICE OF THE CHIEF FINANCIAL OFFICER PROVIDED A DEFECTIVE AND INADEQUATE FISCAL IMPACT STATEMENT FOR THE PURCHASE OF 4800 ADDISON ROAD: No recommendations.**

**FINDING NO. 3: OPM OFFICIALS FAILED TO EXERCISE DUE DILIGENCE IN ATTEMPTING TO ENTER INTO AN AGREEMENT TO PURCHASE 4800 ADDISON ROAD: No recommendations.**

**Subfinding 1:** Competitive Procedures Were Not Used In Acquiring Initial Appraisals of 4800 Addison Road or 438 Massachusetts Avenue, NW

**Subfinding 2:** Former Deputy Director of OPM Provided False and Misleading Information to Appraisers to Inflate Appraised Value for 4800 Addison Road

**Subfinding 3:** Agreement of Purchase and Sale Indicated Properties to be Transferred "AS IS" Notwithstanding Extraordinary Assumption

**Subfinding 4:** Contained in Appraisal Regarding Fire Damage

**Subfinding 5:** Addison Road Property May Not Be Available for the District's Use as Intended

**Subfinding 2:** Former Deputy Director of OPM Provided False and Misleading Information to Appraisers to Inflate Appraised Value for 4800 Addison Road

**Subfinding 3:** Agreement of Purchase and Sale Indicated Properties to be Transferred "AS IS" Notwithstanding Extraordinary Assumption

**Subfinding 4:** Contained in Appraisal Regarding Fire Damage

**Subfinding 5:** Addison Road Property May Not Be Available for the District's Use as Intended

**FINDING NO. 4: PROPOSED STRUCTURED TRANSACTION WAS NOT IN THE DISTRICT'S BEST FINANCIAL INTEREST DUE TO INADEQUATE PLANNING, COORDINATION AND OVERSIGHT: No recommendations.**

**Subfinding 1:** District Lost Almost \$1 Million In Revenue During FY02 Due to Inability to Tow Vehicles to Addison Road

**Subfinding 2:** New Appraisals for 4800 Addison Road and the Firehouse Found Substantially Lower Value for 4800 Addison Road and

**Subfinding 3:** Substantially Higher Value for 438 Massachusetts Avenue, NW

**Subfinding 4:** District Did Not Use Competitive Procedures to Determine the Firehouse's Highest and Best Use

**FINDING NO. 5: OPM’S INEPT MANAGEMENT AND LACK OF ADEQUATE OVERSIGHT CREATED POOR INTERNAL CONTROL ENVIRONMENT OVER REAL PROPERTY DISPOSAL AND ACQUISITION PROCESSES**

**Subfinding 1:** Director of OPM Failed to Exercise Command and Control of Subordinate

**Subfinding 2:** Deputy Director of OPM May Have Been Subject to Improper Influence and Conducted a Private Business With an Off-Shore

**Subfinding 3:** Bank Using District Equipment and Facilities

**Subfinding 4:** Purchase and Sale Agreement May Have Authorized Broker’s Fees to be Paid to the Same Firm That Performed the Appraisals

RECOMMENDATIONS	STATUS OF IMPLEMENTING RECOMMENDATION FROM OAG, DPW, AND OCFO	STATUS OF IMPLEMENTING RECOMMENDATION FROM OPM LETTER DATED 2/17/05
<p>The Director of OPM’s claimed lack of knowledge and management oversight of the former Deputy Director’s leasing and purchase activities, among other deficiencies noted throughout this report that were the direct responsibility of the OPM Director necessitate his immediate termination as the District’s Chief Property Management Officer and Director of the Office of Property Management for misfeasance and malfeasance in those positions.</p>		
<p>The responsibility for obtaining and overseeing the performance of appraisal services for the acquisition of real property by lease and purchase as well as the disposal of surplus District real property should be reassigned to a qualified entity within the District government other than the Office of Property Management and Office of the Deputy Mayor for Planning and Economic Development in order to remove the potential for conflict of interest and to ensure the integrity of appraisal results.</p>		<p>“OPM currently follows all procurement regulations in obtaining the services of Appraisers; and follows all District regulations in the disposing of surplus property. We strongly feel that these functions are a part of the whole real estate transaction process, and should remain under the purview of the District’s Chief Property Management Officer. As these responsibilities are outlined in OPM’s charter, it would require an amendment to the legislation creating and guiding the operations of OPM.”</p>
<p>The Mayor and Chief Property Management Officer must develop and implement a multi-year facilities need, use and maintenance plan and strategy</p>		<p>“This plan is being created under the direction of the City Administrator’s Office. A Facilities Assessment Team was created in the fall of 2003 to develop a needs and use plan for all District facilities. OPM</p>

<p>within 90 days of the date of this report. This plan should project the real property needs, both leases and purchases, of the District government, including the projected benefits and costs and appropriations necessary for acquiring the needed interests in real property. The Auditor will assess the compliance status of this recommendation at the end of the 90-day period.</p>		<p>plays a lead role on this team and in the creation of the District's Master Facilities Plan."</p>
<p>All appraisals for real property needed by the District government should be procured in strict compliance with the Procurement Practices Act of 1985, as amended, and Title 27 of the District of Columbia Municipal Regulations.</p>		<p>"OPM currently follows the PPA for appraisal procurements."</p>
<p>All planned relocations of District government facilities and operations must be accompanied by a thorough cost-benefit analysis taking into consideration all material, operational, and other direct costs as well as indirect costs such as anticipated lost revenues likely to be incurred in relocating District government facilities and operations.</p>	<p><b>Letter dated February 10, 2005 from Herbert Tillery, Deputy Mayor for Operations:</b> "All current appraisals procured by OPM are procured in compliance with the Procurement Practices Act and Title 27 of the DCMR. OPM utilizes several mechanisms to procure appraisal services. For single property appraisals, OPM obtains a minimum of three bids from qualified individuals. This procurement parallels a typical small purchase under \$25,000. For multi-property appraisals (such as the land acquisitions for the new baseball stadium), OPM is utilizing the Brooks Act procedures outlined in Title 27, whereby a panel interviews qualified firms and the contracting officer negotiates a price with the firm deemed most qualified. Both of these methods are consistent with Title 27."</p>	<p>"This is done as a requirement of the Real Estate Review Committee ("RERC"). The RERC was established under Mayoral Order in the fall of 2003 to review all real estate transactions, including agency relocations. OPM submits these analyses to the RERC, as required under the rules."</p>

<p>The Director of the Office of Property Management, with the assistance of the Office of Contracting and Procurement, must competitively procure all construction renovation, or rehabilitation services to be performed on District government owned or leased facilities after a formal solicitation. Alternative methods of procurement should only be utilized where fully and adequately justified in writing and where such method of procurement is demonstrably in the best interest of the District government. Further, all payments for such services must be processed through the District's System of Accounting and Reporting (SOAR).</p>	<p><b>Letter dated February 10, 2005 from Herbert Tillery, Deputy Mayor for Operations:</b> Construction services in the District of Columbia are procured using two methods. Larger construction projects are competed using an RFP process; smaller projects make use of IDIQ (Indefinite Delivery/Indefinite Quantity) contracts. IDIQ contracts themselves are competed in the same way as RFPs, but the individual tasks that are assigned under the contract are not competed. Both of these methods of procurement are managed by the Office of Contracting and Procurement and are consistent with the requirements of DCMR Title 27.</p>	<p>"OPM currently follows all procurement regulations in obtaining construction contracts, and all vendors are paid via SOAR. Commission pool accounts are no longer created on behalf of OPM and managed outside of the District's system of financial record."</p>
<p>Prior to attempting to purchase an interest in real property, the Mayor, Deputy Mayor for Operations, City Administrator, Chief Property Management Officer, and the Corporation Counsel should certify that they have reviewed all assessments, evaluations, opinions, fiscal impact statements, appraisals, and all agreements or other documents relating to or effecting such purchase, and specifically state in a writing signed by all parties and supported by written findings that the proposed purchase is in the best interests of the District government.</p>	<p><b>Letter dated February 10, 2005 from Herbert Tillery, Deputy Mayor for Operations:</b> The District's Real Estate Review Committee was established by mayoral order and is tasked with reviewing and approving all proposed real estate transactions whereby the District procures real property, disposes of real property, or enters into a lease agreement with a private landlord. The Committee is comprised of representatives from the Office of the Deputy Mayor for Operations, the Office of the Deputy Mayor for Planning and Economic Development, the Office of Property Management, the Office of the Chief Financial Officer, the Office of Finance and Resource Management,</p>	<p>"OPM submits these documents to the RERC. This is done as a requirement of the Mayoral [Order] established Real Estate Review Committee."</p>

the Office of Contracting and Procurement, and the Office of the Attorney General. Among other tasks, in conducting its review of proposed real estate transactions the Committee is responsible for reviewing all relevant appraisals, reviewing proposed disposition and lease agreements, and ensuring funding certifications are in place to cover all costs related to proposed transactions. The Committee, which meets twice monthly, maintains minutes and under the Chair's signature advises parties on the Committee's decision regarding proposed transactions. The overarching goal of the Committee is to ensure that proposed real estate transactions comply with District law and are in the best interest of the District government and its citizens.

**Letter dated February 16, 2005 from Robert J. Spagnoletti, Attorney General, OAG:**

Pursuant to Mayor's Order 2003-161 a Real Estate Review Committee has been established comprised of the following representatives (or their delegees) *sic.* the Office of the Office of the Deputy Mayor for Operations, the Office of the Dep. Mayor for Planning and Economic Development, the Office of Property Management, the Office of the Chief Financial Officer, the Office of Finance and Resource Management, the Office of Contracting and Procurement, and OAG.

	<p>That Committee reviews all real estate acquisitions in excess of \$500,000.00 and all real estate dispositions for a term in excess of 1 year. The Committee is responsible for reviewing the relevant documents concerning the transaction. OAG continues to review such transactions for legal sufficiency. It has recently prepared proposed regulations to be published for public comment. The Committee makes a written determination of whether to approve or disapprove the transaction, considering, <i>inter alia</i>, the interests of the District government.</p>	
<p>The Mayor, City Administrator, Deputy Mayor for Operations, Deputy Mayor for Planning and Economic Development, and Chief Property Management Officer should develop and adopt for the District government written procedures and guidelines mandating and prescribing detailed processes and benchmarks to ensure an adequate degree of planning and coordination whenever economic development initiatives will displace or substantially impact any aspect of District government facilities or operations.</p>	<p><b>Letter dated February 10, 2005 from Herbert Tillery, Deputy Mayor for Operations:</b> As indicated in the response to Recommendation #3, the Real Estate Review Committee is tasked with reviewing and approving all proposed real estate transactions. This includes ensuring that a proper level of coordination occurs when a real estate transaction - whether for operational, economic development, or other purposes - is proposed.</p>	<p>"OPM is in the process of preparing and updating these documents. The Administrator of our Facility Management Division is tasked with drafting such documents by fiscal year end."</p>
<p>The former Deputy Director of OPM repay the District government \$20,000 paid from the Commission Pool for appraisal services that were improperly authorized and appraisal results that were based on false and misleading information provided by him. If the former Deputy Director fails or refuses to voluntarily repay these funds, the Office of the Corporation Counsel should initiate the appropriate legal measures to obtain these funds.</p>	<p><b>Letter dated February 10, 2005 from Herbert Tillery, Deputy Mayor for Operations:</b> As has been reported separately by the OAG in their response to you, the former Deputy Director has not yet voluntarily made restitution to the District. The OAG has, however, initiated a number of actions against parties involved in the transactions that were the subject of the Auditor's review.</p>	<p>"As this is an active criminal case, OPM plays no part in retrieving these funds. A court date has been scheduled."</p>

	<p><b>Letter dated February 16, 2005 from Robert J. Spagnoletti, Attorney General, OAG:</b> "The former Deputy Director has not yet made voluntary restitution. OAG has initiated a number of actions against the various parties involved in the transactions that were the subject of this request, including the former Deputy Director. In addition the U.S. Attorney has brought several criminal charges against him to which he has pled guilty but awaits sentencing. Restitution remains an element of recovery in all these pending actions."</p>	
<p>The executive branch establish a credible process under which a suitable site for the District's vehicle impoundment operation can be located.</p>	<p><b>Letter dated February 10, 2005 from Herbert Tillery, Deputy Mayor for Operations:</b> The District has successfully relocated its impoundment operation from 4800 Addison Road to District-owned property at Blue Plains. The transfer of this function from a leased site to a District-owned site has <i>resulted</i> in significant lease cost savings to the District. Not only was the District able to eliminate a \$1 million annual lease payment, but the Department of Public Works is now enjoying certain synergies by locating both short-term and long-term impoundment in the same location.</p> <p><b>Letter dated January 28, 2005 and rec'd on February 8, 2005 from Wm. O. Howland, Jr. Director, DPW:</b> "Beginning in 2003, the Executive established a multi-agency team charged with identifying an in-town alternative to the Addison Road impoundment lot. Selection criteria included location, size, condition of the property, and cost. Several properties were identified, but all were either claimed by another DC agency or bought by the private sector for development. In September 2004, DPW</p>	<p>"OPM assisted the Department of Public Works in relocating from the Addison Road location to Blue Plains."</p>

	<p>vacated the Addison Road lot and consolidated its impoundment operations at the Blue Plains Impoundment and Storage lot, resolving the immediate need for additional vehicle impoundment capacity."</p>	
<p>The Director of the Department of Public Works perform an analysis of the costs incurred by DPW in operating a vehicle impoundment lot at 4800 Addison Road in comparison with conducting the same operation at the Brentwood site. The analysis should be detailed and take into consideration the lowest level of costs, including the costs of towing each impounded vehicle to Addison Road and to Brentwood, the length of time to tow impounded vehicles to Addison Road and Brentwood from different parts of the City. The analysis should also include labor, equipment, fuel, and maintenance costs, at a minimum, for a one-year period.</p>	<p><b>Letter dated January 28, 2005 and rec'd on February 8, 2005 from Wm. O. Howland, Jr. Director, DPW:</b> "DPW conducted the requested analysis in August 2003. Briefly, the analysis reveals that the difference between the operating costs of Addison Road and Brentwood Road was less than \$135,000, except for the cost of rent. The analysis also discussed at length that a centrally located vehicle impoundment lot was key to the success of the District's rush hour enforcement service. DPW is still seeking one or more impoundment facilities near to the central business district and major commuter arterials. I [Mr. Howland] have attached a copy of the analysis for your review. I trust that this information meets all your outstanding issues with regard to the subject audit report."</p>	
<p>The Office of the Chief Financial Officer adhere to Council Rule 443 in preparing fiscal impact statements. Fiscal impact statements should be sufficiently detailed financial analyses of the impact of legislation on the revenues and budget of the District government rather than vague perfunctory missives that serve no legitimate use.</p>	<p><b>Letter dated February 11, 2005 from Dr. Natwar M. Gandhi, CFO:</b> "Fiscal impact statements convey the effect a measure would have on current and subsequent year fiscal year budgets. As referenced in your report, Council Rule 443 requires fiscal impact statements to include a general statement of the effects the legislation will have on operating and capital budgets as well as a quantitative estimate of the expenditures needed to implement the measure. It also requires an identification of the revenues and funds available from existing revenue sources if the measure is to be implemented in the current year, a statement on the extent to which current appropriations are available, and an identification of specific funding</p>	

sources for future years. As a matter of procedure this Office has developed standard language for all fiscal impact statements to indicate our conclusions. Accordingly, all fiscal impact statements begin with a general statement that "Funds are sufficient in the FY (appropriate fiscal year) budget and financial plan", or where funds are not available, "Funds are not sufficient in the FY (appropriate fiscal year) budget and financial plan". In the latter case, the impact statement provides an estimate of the needed expenditures or revenue costs. Our fiscal impact statements also include a section which discusses funding sources and costs and includes a table of future year budget impacts where appropriate. This has been the procedure this Office has followed for the past several years. I believe this approach complies with the requirements of Council Rule 443. Your audit report specifically took issue with the language in the "Conclusion" paragraph of the impact statement, stating that the language used was "vague" and not sufficiently detailed enough to inform the Council of the resolution's fiscal impact.

Albeit brief, the July 1, 2002, fiscal impact statement identified the cost to the District of purchasing the property and the source of funds. The statements in the "Financial Plan Impact" section were based on information available to the OCFO that proceeds were available from the sale of District property at New York Avenue to the federal Bureau of Alcohol, Tobacco and Firearms for the purchase of 4800 Addison Road, and that the Office of Property Management was seeking budget authority for that purpose. In cases where the OCFO determines that funds are available in the District budget and that

	<p>authority is being requested to use the funds, such information is indicated in fiscal impact statements as was done in this case. The fiscal impact statement stated that the funds had "not yet been allocated to the Office of Property Management" and that a request was being made to fund the purchase. Since your audit report was issued, the OCFO has submitted over 400 fiscal impact statements to the Council; some are fairly simple while others are more detailed, depending on the complexity of the legislation. In my judgment, these statements have met the requirements of the Home Rule Act and Council Rule 443. In the future, should draft reports reference the operations of the Office of the Chief Financial Officer, we would appreciate an opportunity to comment on the draft report."</p>	
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**OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR FISCAL YEAR 2004 REPORTS:**  
**"CONTRACT AWARDED BY THE WATER AND SEWER AUTHORITY WAS POORLY MONITORED AND MANAGED"**  
**RELEASED: JULY 16, 2004**

<b>Management agreed with 7 recommendations:</b> <b>Management disagreed with 1 recommendation.</b> <b>Management believes it is already in compliance with 1 recommendation</b>		
<b>FINDING NO. 1: WASA OFFICIALS FAILED TO MONITOR UMI'S PERFORMANCE</b>		
<b>Subfinding 1:</b> The Services OBG Was Contracted to Perform Duplicated Some of the Services That WASA Paid UMI to Perform <b>Subfinding 2:</b> Employees of WASA's MOD Could Have Performed the Services That OBG Was Paid to Perform <b>Subfinding 3:</b> Lack of Adequate Monitoring Resulted in WASA Not Paying UMI According to Contract Specifications During the Contract Period		
<b>RECOMMENDATIONS</b>	<b>STATUS OF IMPLEMENTING RECOMMENDATION</b>	<b>EXPLANATION FOR RECOMMENDATIONS THAT HAVE NOT BEEN IMPLEMENTED</b>
WASA's Contracting Officer and Technical Representative must ensure that all contracts awarded by WASA are properly monitored and contractors are held accountable for work performed. All monitoring efforts must be properly documented.	<b>Letter from dated January 24, 2005 Jerry N. Johnson, General Mgr., WASA:</b> "We agree with this recommendation, and believe that WASA's internal processes provide reasonable assurance that we meet this objective."	
WASA's Procurement Manager refrain from awarding more than one contract with essentially the same scope of services unless a valid justification for duplication is set forth in a written Determination and Findings Statement.	<b>Letter from dated January 24, 2005 Jerry N. Johnson, General Mgr., WASA:</b> "We agree with this recommendation, and believe that WASA's internal processes provide reasonable assurance that we meet this objective."	
<b>FINDING NO. 2: WASA OFFICIALS FAILED TO ENFORCE UMI'S ONE YEAR GUARANTEE AND WARRANTY UNDER THE CONTRACT</b>		
<b>RECOMMENDATIONS</b>	<b>STATUS OF IMPLEMENTING RECOMMENDATION</b>	<b>EXPLANATION FOR RECOMMENDATIONS THAT HAVE NOT BEEN IMPLEMENTED</b>
Within 90 days of the date of this report, WASA's CFO and Customer Service Manager for the MOD review completed work orders for repairs made on the same meters by WASA and UMI to determine if the repairs made by WASA staff were within the one-year guarantee and warranty period and duplicated repairs made by UMI. Where		<b>Letter from dated January 24, 2005 Jerry N. Johnson, General Mgr., WASA:</b> "We disagree with this recommendation, as we noted in our response to your report.. The basis for our disagreement is contained in our response to Finding 5 on pages 13-14 in the back of your report [DC Auditor Report].

appropriate, WASA's CFO should require UMI to refund amounts it received for faulty repairs that were again repaired by WASA staff.		
<b>FINDING NO. 3: WASA OFFICIALS DID NOT VERIFY WHETHER EMPLOYEES USED BY UMI WERE THOROUGHLY EXPERIENCED OR QUALIFIED</b>		
<b>RECOMMENDATIONS</b>	<b>STATUS OF IMPLEMENTING RECOMMENDATION</b>	<b>EXPLANATION FOR RECOMMENDATIONS THAT HAVE NOT BEEN IMPLEMENTED</b>
WASA's contracting officer and technical representative should ensure that contractors adhere to all contract provisions. When contract provisions require the contractor to use thoroughly experienced workers, the contracting officer and technical representative must develop a process to ensure that this provision is met.	<b>Letter from dated January 24, 2005 Jerry N. Johnson, General Mgr., WASA:</b> "We agree with this recommendation, and believe that WASA's internal processes provide reasonable assurance that we meet this objective."	
<b>FINDING NO. 4: UMI DID NOT TEST AND DATA LOG THE NUMBER OF METERS REQUIRED BY THE CONTRACT</b>		
<b>RECOMMENDATIONS</b>	<b>STATUS OF IMPLEMENTING RECOMMENDATION</b>	<b>EXPLANATION FOR RECOMMENDATIONS THAT HAVE NOT BEEN IMPLEMENTED</b>
WASA's contracting officer and technical representative must monitor all contracts awarded by WASA to ensure that the contractor complies with all contract requirements.	<b>Letter from dated January 24, 2005 Jerry N. Johnson, General Mgr., WASA:</b> "We agree with this recommendation, and believe that WASA's internal processes provide reasonable assurance that we meet this objective."	
<b>FINDING NO. 5: UMI MAY NOT HAVE MAXIMIZED REVENUE FROM METER REPAIRS: No recommendations.</b>		
<b>Subfinding 1:</b> Daily Average Consumption (DAC) Increased for Approximately 50% of the Meters Repaired by UMI		
<b>FINDING NO. 6: WASA'S CONTRACT WITH UMI DUPLICATED DUTIES OF WASA'S MOD</b>		
<b>RECOMMENDATIONS</b>	<b>STATUS OF IMPLEMENTING RECOMMENDATION</b>	<b>EXPLANATION FOR RECOMMENDATIONS THAT HAVE NOT BEEN IMPLEMENTED</b>
WASA's Procurement Manager develop and implement rules and regulations for contracting out services or activities performed by WASA employees and privatizing day-to-day operations of the Blue Plains Wastewater Treatment plant. These regulations should address the displacement of employees as well as procedures for determining and documenting projected cost	<b>Letter from dated January 24, 2005 Jerry N. Johnson, General Mgr., WASA:</b> "We believe we have complied with all contracting out requirements contained in our union agreements—we complied with those requirements for the contract that was audited. Additional information explaining our position is contained in our response to your [DC Auditor] finding 10 on pages 17-19 in back of your report. We have also agreed to	

savings and increased efficiencies that should be achieved through contracting out or privatization.	update our procurement regulations since they were first adopted by our Board of Directors in 1999. We plan to complete a comprehensive review and update of the procurement regulations in FY 2005, and would include the clarifications recommended by the Auditor at that time."	
<b>FINDING NO. 7: UMI TRAINING PROVIDED TO WASA'S MOD STAFF DID NOT RESULT IN STAFF CERTIFICATION</b>		
<b>RECOMMENDATIONS</b>	<b>STATUS OF IMPLEMENTING RECOMMENDATION</b>	<b>EXPLANATION FOR RECOMMENDATIONS THAT HAVE NOT BEEN IMPLEMENTED</b>
WASA's customer service manager for MOD should ensure that each WASA employee trained by UMI receives the appropriate certification	<b>Letter from dated January 24, 2005 Jerry N. Johnson, General Mgr., WASA:</b> "We agree with this recommendation and distributed certificates of completion of training, as recommended by the Auditor, on September 15, 2004, copies of which were included in the employees' personnel files."	
<b>FINDING NO. 8: ALL METERS UMI OBTAINED FROM WASA WERE NOT INSTALLED AND UMI DID NOT ACCOUNT FOR THEM</b>		
<b>RECOMMENDATIONS</b>	<b>STATUS OF IMPLEMENTING RECOMMENDATION</b>	<b>EXPLANATION FOR RECOMMENDATIONS THAT HAVE NOT BEEN IMPLEMENTED</b>
WASA's CFO and Customer Service Manager of MOD review inventory records and invoices submitted by UMI to ensure that UMI installed all of the meters obtained from WASA's inventory. If all of the meters were not installed, WASA officials must ensure that the meters were either returned to WASA or that UMI paid WASA for the meters.	<b>Letter from dated January 24, 2005 Jerry N. Johnson, General Mgr., WASA:</b> "We agree with this recommendation. On August 18, 2004, we adjusted UMI Invoice No. 44, in the amount of \$23,552, to settle the missing meter issue, as identified in our response to Finding 12 on page 20 in the back of [Auditor's] report."	
WASA's CFO determine whether UMI representatives adequately reimbursed WASA for 39 meters obtained from WASA's inventory and apparently installed at various locations in the D.C. WASA service area.	<b>Letter from dated January 24, 2005 Jerry N. Johnson, General Mgr., WASA:</b> "We agree with this recommendation and completed our review before the Auditor's report was issued in July 2004. We documented that WASA was adequately reimbursed by UMI in our response to Finding 4 on page 13 in the back of your report."	