



District of Columbia

CAFR Council Presentation

February 3, 2021

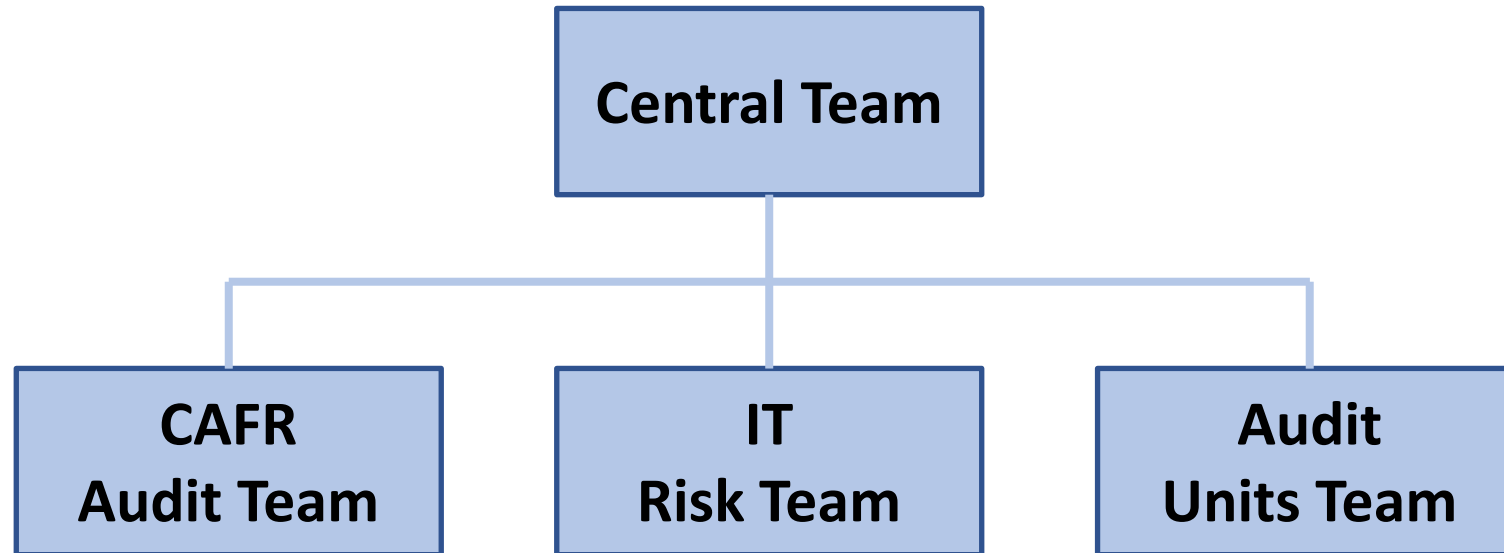


McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS

Summary of the Results

- ✓ Issued an unmodified opinion on the CAFR financial statements
- ✓ Issued unmodified opinions on the other entities we audited
- ✓ Discovered no instances of material fraud
- ✓ Identified no material weaknesses in internal control
- ✓ Received full cooperation from management
- ✓ Have no passed adjustments that we considered to be material to the financial statements

McConnell & Jones LLP CAFR Audit Team



Audit Units

Audited by McConnell & Jones:

- ✓ University of DC
- ✓ Unemployment Compensation Fund
- ✓ Not-for-Profit Hospital Corporation
- ✓ Office of Lottery and Gaming
- ✓ Health Benefit Exchange Authority
- ✓ DC Other Postemployment Benefit Fund
- ✓ DC Home Purchase Assistance Program Fund 0602
- ✓ DC E911/E311 Fund
- ✓ DC Highway Trust Fund
- ✓ Washington Convention and Sports Authority

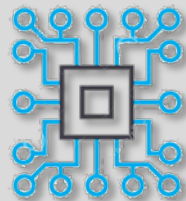
Other Audit Units

Audited by 3rd Party Auditors:

- ✓ DC Housing Finance Agency - CohnReznick
- ✓ DC Section 529 College Savings Program Trust – BCA Watson Rice, LLP
- ✓ DC Retirement Board – BCA Watson Rice, LLP
- ✓ DC Tobacco Settlement Financing Corporation – BCA Watson Rice, LLP
- ✓ DC Green Finance Authority – SB & Company, LLC
- ✓ DC 401(a) Defined Contribution Plan – F.S. Taylor & Associates, P.C.
- ✓ DC 457(b) Deferred Compensation Plan – F.S. Taylor & Associates, P.C.

Our Audit Approach

Our approach focuses more on areas of greatest risks by analyzing audit risks, setting materiality thresholds based on audit risk analysis, and developing audit programs that allocate a larger portion of audit resources to high-risk areas. During your audit, we also determine effectiveness and adequacy of your internal controls for ensuring proper financial accountability, efficient operations, and compliance.



IT AUDIT

Evaluate controls over the IT environment and use data extraction software, where applicable, to audit transactions through your financial information system.

Fiscal Year 2020 Audit Risks

- ✓ IT Risk
 - ✓ Migrating to Remote Work Environment
- ✓ COVID-19
 - ✓ Overall Impact on District Operations
 - ✓ Unemployment Compensation Fund
 - ✓ Other New Grant Programs
- ✓ Expanded Use of Emergency Procurements

Significant Changes in the Future

- ✓ GASB Statement No. 87: Accounting for Leases – Issued (Effective Fiscal Year Ending September 30, 2021)
- ✓ GASB Financial Reporting Model – Project
- ✓ GASB Revenue and Expense Recognition - Project

Summary of Prior Year Findings and Mgt Recommendations

Entity	Prior Year Status					
	Recommendations			Best Practices		
	Total Number	Resolved	Not Fully Implemented	Total Number	Resolved	Not Fully Implemented
Home Purchase Assistance Program	1	-	1	-	-	-
University of the District of Columbia	1	1	-	-	-	-
Washington Convention and Sports Authority	2	2	-	-	-	-
Not-For-Profit Hospital Corporation	3	-	3	2	-	2
District of Columbia Lottery and Charitable Games Control Board	1	1	-	1	1	-
Teachers' Retirement Fund and Police Officers and Fire Fighters' Retirement Fund	1	-	1	3	-	3
Office of Chief Technology Officer	1	-	1	1	-	1
DC Government	4	2	2	-	-	-

Summary of Current Year Recommendations

Agency	Reference #	Title of Recommendation	Management's Response
District of Columbia Public Schools (DCPS)	General Government 2020-1	Frequency of Payroll Clean-up Process	Agrees
District of Columbia Public Schools (DCPS)	General Government 2020-2	Approval on Notification of Personnel Action Forms	Agrees
Department of General Services (DGS)	General Government 2020-3	Controls Over Compliance with the Quick Payment Act of 1984 Were Not Operating Effectively	Agrees
Office of Chief Financial Officer (OCFO)	General Government 2020-4	Controls Over Authenticator Management Password-based Authentication Were Not Operating	Agrees
Office of Chief Financial Officer (OCFO)	General Government 2020-5	Controls Over Reviews of Information Security Policies and Procedures Were Not Operating Effectively	Agrees
Office of Chief Financial Officer (OCFO)	General Government 2020-6	Controls Over Least Privilege Review of User Privileges Were Not Operating Effectively	Agrees
Office of Chief Financial Officer (OCFO)	General Government 2020-7	Controls Provide Reasonable Assurance That Employees Receive Proper Security Awareness Training	Agrees
Department of Employment Services (DOES)	General Government 2020-8	Controls Over Reviews of Information Security Policies and Procedures Were Not Operating Effectively	Agrees
Department of Employment Services (DOES)	General Government 2020-9	Controls Over Terminated User Access Are Ineffective	Agrees

Summary of Current Year Recommendations

Agency	Reference #	Title of Recommendation	Management's Response
Department of Employment Services (DOES)	General Government 2020-10	Controls Over Security Awareness Training and Policy Acknowledgment Procedures Were Not Operating Effectively	Agrees
Office of Contracting and Procurement (OCP)	General Government 2020-11	Controls Over Emergency Procurement Are Not Operating Effectively	Disagrees
Not-For-Profit Hospital Corporation	UMC 2020-1	Controls Over Data Center- Fire Suppression System Not in Working Order	Agrees
Not-For-Profit Hospital Corporation	UMC 2020-2	Controls Over Effective Periodic Access Review	Agrees
Not-For-Profit Hospital Corporation	UMC 2020-3	Controls Over Timely Removal of Terminated Employee	Agrees
University of the District of Columbia	UDC 2020-1	Controls Over Periodic Access Review Does Not Appear to be Operating Effectively	Agrees
University of the District of Columbia	UDC 2020-2	Controls Over Performing Vulnerability Scans on a Timely Basis Appears Not to be Operating Effectively	Agrees
Washington Convention and Sports Authority	WCSA 2020-1	Controls Over A Well-Defined Policy and Procedure Over Frequency of a Periodic Access Review Appears Not to be Designed Appropriately	Agrees

Summary of Current Year Recommendations

Agency	Reference #	Title of Recommendation	Management's Response
Teachers' Retirement Fund and Police Officers and Fire Fighters' Retirement Fund	DCRB 2020-1	Prior Year Finding (Significant Deficiency)	Agrees
Teachers' Retirement Fund and Police Officers and Fire Fighters' Retirement Fund	DCRB 2020-2	Untimely Preparation of Auditable Financial Statements (Significant Deficiency)	Agrees
Teachers' Retirement Fund and Police Officers and Fire Fighters' Retirement Fund	DCRB 2020-3	Improper Valuation of Limited Partnership Investments (Significant Deficiency)	Agrees

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Required Communications

Required Communications

1. Auditor's Responsibilities Under Generally Accepted Auditing Standards (GAAS)

The financial statements are the responsibility of management. Our audit was designed in accordance with auditing standards generally accepted in the United States of America, and provide for reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

2. Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by management are described in the notes to the financial statements.

3. Auditor's Judgments About the Quality of Accounting Principles

We discuss our judgments about the quality, not just the acceptability, of accounting principles selected by management, the consistency of their application, and the clarity and completeness of the financial statements, which include related disclosures.

We have reviewed the significant accounting policies adopted by the District of Columbia (the District) and have determined that these policies are acceptable accounting policies.

Required Communications (continued)

4. Audit Adjustments

We are required to inform the District's oversight body about adjustments arising from the audit (whether recorded or not) that could in our judgment either individually or in the aggregate have a significant impact on the entity's financial reporting process. We also are required to inform the District's oversight body about unadjusted audit differences that were determined by management to be individually and in the aggregate, immaterial.

There were no proposed adjustments that individually or in the aggregate had a significant effect on the District's financial reporting process.

5. Fraud and Illegal Acts

We are required to report to the District's oversight body any fraud and illegal acts involving senior management and fraud and illegal acts (whether caused by senior management or other employees) that cause a material misstatement of the financial statements.

Our procedures identified no instances of fraud or illegal acts.

Required Communications (continued)

6. Material Weaknesses in Internal Control

We are required to communicate all significant deficiencies in the District's systems of internal controls, whether or not they are also material weaknesses.

There were no material weaknesses noted during the audit.

7. Other Information in Documents Containing Audited Financial Statements

None.

8. Disagreements with Management on Financial Accounting and Reporting Matters

None.

9. Serious Difficulties Encountered in Performing the Audit

None.

10. Major Issues Discussed with Management Prior to Acceptance

None.

Required Communications (continued)

11. Management Representations

We received certain written representations from management as part of the completion of the audit.

12. Consultation with Other Accountants

To our knowledge, there were no consultations with other accountants since our appointment as the District's independent auditor.

13. Independence

As part of our client acceptance process, we go through a process to ensure we are independent of the District. We are independent of the District.

14. Non-Attest Services Performed

None.

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Questions Open Dialogue
