



**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER**

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**OFFICE OF INTEGRITY AND OVERSIGHT**

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**OCTOBER 2009**

**FINAL REPORT ON REVIEW OF INTERNAL  
CONTROLS OVER ELECTRONIC FUND  
TRANSFERS AND RELATED ACTIVITIES AT THE  
OFFICE OF FINANCE AND TREASURY (OFT)  
FOR THE PERIOD MARCH 31, 2003 TO  
DECEMBER 2008**

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**FOR OFFICIAL USE ONLY**

**Report No.: IA:OFT:2904-C01**

**Report No.: IA: OFT: 2904-C01**

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GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of the Chief Financial Officer

Office of Integrity and Oversight



**MEMORANDUM**

**TO:** Lasana Mack, Deputy Chief Financial Officer/Treasurer  
Office of Finance and Treasury (OFT)

**FROM:** Mohamad Yusuff, Interim Executive Director  
Office of Integrity and Oversight (OIO)

**DATE:** October 27, 2009

**SUBJECT:** Final Report on the Review of Internal Controls Over Electronic Funds Transfers  
and Related Activities at OFT (Report No.: IA:OFT:2904-C01)

Attached for your information and record is the final report on the review of internal controls over wire transfers at the Office of Finance and Treasury (OFT). The Office of Integrity and Oversight's (OIO) internal auditors performed this review as part of our oversight function, and in response to concerns expressed by the Chief Financial Officer. During our review, we took into account the fraud risks identified during Deloitte's Fraud Risk Assessment of OFT operations. In addition, our review was a follow-up to determine whether OIO's audit recommendations made in the report issued on March 9, 2004, had been implemented.

Our review revealed that OFT has adequate internal controls over wire transfer operations; however, we found the following deficiencies, which are not material, but need correction to improve controls over the wire transfer process:

1. Poor retention and maintenance of documentation and records;
2. Wire transfers with no authorizer in the Sungard system;
3. Duplicate wire transfers in Sungard;
4. Lack of a comprehensive contingency plan to ensure business continuity during disasters or unexpected interruptions.

In its response, OFT concurred with the report's findings and recommendations and has taken action or is in the process of taking corrective actions to address the noted deficiencies. We believe that the action taken or proposed, when fully implemented, should satisfy the intent of our recommendations. The full text of the agency response is included as **Appendix 1** to this report. A follow-up review will be conducted within next six (6) months from the date of this correspondence to ensure that the agency's planned actions are implemented efficiently and effectively.

Should you have any questions or need additional information on the final report, please contact me at 442-6433 or Nelson Alli, Interim Director of Internal Audit, at 442-8274.

cc: Natwar M. Gandhi, Chief Financial Officer, Government of the District of Columbia  
Lucille Dickinson, Chief of Staff, OCFO  
Angell Jacobs, Director of Operations, OCFO  
Kathy Crader, Chief Risk Officer, OCFO  
Jeffrey Barnette, Associate Treasurer, OFT  
Sandra Pinder, IT Director, OFT  
Nelson A. Alli, Interim Audit Director, OIO  
Elizabeth Jowi, IT Auditor, OIO

**FINAL REPORT ON  
REVIEW OF INTERNAL CONTROLS OVER ELECTRONIC FUND TRANSFERS  
AND RELATED ACTIVITIES AT THE OFFICE OF FINANCE AND TREASURY (OFT)  
For the Period March 31, 2003 to December 31, 2008**

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**TABLE OF CONTENTS**

Executive Summary	i
Introduction and Purpose	1
Objectives, Scope and Methodology	1
Background	2
Results of Our Review	4
Findings and Recommendations	6-7
1. Poor retention and maintenance of documentation and records	6
2. Wire transfers with no authorizer in the Sungard system	7
3. Duplicate wire transfers in Sungard	7
4. Lack of a comprehensive contingency plan to ensure business continuity during a disaster or unexpected interruptions	8

**Exhibit 1:** Internal Audit Alert on the OFT Business Continuity Plan dated August 5, 2009

**Appendix 1:** Agency Response to Draft Report

**FINAL REPORT ON  
REVIEW OF INTERNAL CONTROLS OVER ELECTRONIC FUND TRANSFERS  
AND RELATED ACTIVITIES AT THE OFFICE OF FINANCE AND TREASURY (OFT)  
For the Period March 31, 2003 to December 31, 2008**

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## EXECUTIVE SUMMARY

As part of our annual plan and oversight function, and in response to concerns expressed by the Chief Financial Officer, the Office of Integrity and Oversight (OIO) internal auditors performed a review of internal controls over electronic wire transfers at the Office of Finance and Treasury. Our review took into account the fraud risks identified during Deloitte's Fraud Risk Assessment of OFT operations. In addition, our review was a follow-up to determine whether OIO's audit recommendations made on a prior report issued on March 9, 2004, had been implemented. The purpose of our review was to ensure that adequate internal controls are in place over the OFT's wire transfer operations, and also to ensure that prior audit findings are resolved and recommendations are implemented.

The objectives of our review were to:

- Determine whether existing internal controls over wire transfers are adequate and designed to detect and prevent potential fraud and abuse;
- Examine policies and procedures to determine adequacy and effectiveness;
- Assess whether there is proper authorization of outgoing wire transfers;
- Determine accuracy of the electronic fund transfer transactions on a sample basis;
- Determine whether OFT has implemented all the planned corrective actions as stated in the agency response to the report issued on March 9, 2004.

### Results of Review

For our test work, we extracted using ACL software, all wire transfers over 1 million dollars that totaled 5,315 and randomly selected a sample size of 60 wire transfers to review for accuracy, approval authorization and completeness of transactions. The total number of wire transfers processed during the period reviewed was 19,865 (including 17,182 wire transfers processed from FY04 to FY08).

#### Wire Transfers Processed by OFT from FY 2004 to FY 2008

Fiscal Year	Total Amount	Number of Transactions
2004	\$7,563,433,880.29	4,074
2005	\$9,049,742,228.05	4,434
2006	\$6,086,687,876.40	3,222
2007	\$4,833,295,674.62	2,372
2008	\$9,965,406,226.34	3,080
<b>Total</b>	<b>\$37,498,565,885.70</b>	<b>17,182</b>

Source: OFT Cash Management Unit

**FINAL REPORT ON  
REVIEW OF ELECTRONIC FUND TRANSFERS ACTIVITIES AND ITS INTERNAL CONTROLS  
AT THE OFFICE OF FINANCE AND TREASURY (OFT)  
For the Period March 31, 2003 to December 31, 2008**

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Our review revealed that OFT has adequate internal controls over wire transfer operations; however, we found the following deficiencies, which are not material, but need correction to improve controls over the wire transfer process:

1. Poor retention and maintenance of documentation and records;
2. Wire transfers with no authorizer in the Sungard system;
3. Duplicate wire transfers in Sungard;
4. Lack of a comprehensive contingency plan to ensure business continuity during a disaster or unexpected interruptions.

**Recommendations**

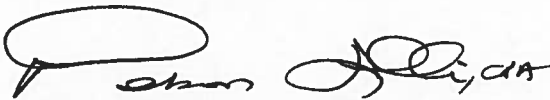
Our recommendations are presented in the respective sections of this report.

**Agency's Response:**

In their response, OFT was in agreement with the report's findings and recommendations. OFT also indicated that they have taken action or are in the process of taking corrective actions to address the noted deficiencies.

**OIO Auditor Evaluation:**

We believe that the actions taken or proposed, when fully implemented, should satisfy the intent of our recommendations. The full text of the agency response is included as **Appendix 1** to this report.



Nelson A. Alli, CPA  
Interim Director, Internal Audit

**FINAL REPORT ON  
REVIEW OF INTERNAL CONTROLS OVER ELECTRONIC FUND TRANSFERS  
AND RELATED ACTIVITIES AT THE OFFICE OF FINANCE AND TREASURY (OFT)  
For the Period March 31, 2003 to December 31, 2008**

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## **INTRODUCTION AND PURPOSE**

As part of our annual plan and oversight function, and in response to concerns expressed by the Chief Financial Officer, the Office of Integrity and Oversight (OIO) internal auditors performed a review of internal controls over electronic wire transfers at the Office of Finance and Treasury. Our review took into account the fraud risks identified during Deloitte's Fraud Risk Assessment of OFT operations. In addition, our review was a follow-up to determine whether OIO's audit recommendations made on a prior report issued on March 9, 2004, had been implemented.

The purpose of our review was to ensure that adequate internal controls are in place over the OFT's wire transfer operations, and also to ensure that prior audit findings are resolved and recommendations are implemented.

## **OBJECTIVES, SCOPE AND METHODOLOGY**

The main objectives of our review were to:

- Determine whether existing internal controls over wire transfers are adequate and designed to detect and prevent potential fraud and abuse;
- Examine policies and procedures to determine adequacy and effectiveness;
- Assess whether there is proper authorization of outgoing wires transfers;
- Determine accuracy of the electronic fund transfer transactions on a sample basis;
- Determine whether OFT has implemented all the planned corrective actions as stated in the agency response to report issued on March 9, 2004.

The scope of our review covered the period March 31, 2003 through December 31, 2008. To achieve our objectives, we interviewed relevant employees, reviewed pertinent documentation, obtained data on wire transfers from FY 04 through FY 08 from the OFT Cash Management Unit, and we also review the outcomes of brainstorming and potential risks identified by Deloitte during their Fraud Risk Assessment of OFT operations. We also addressed the concerns of the CFO that unauthorized wire transfers could be misdirected to a different account and later to a third party. In addition, we analyzed the wire transfer data using ACL, a computerized audit tool, to detect any anomalies in the data. We performed a follow-up on status of corrective actions taken by OFT on recommendations made in OIO's prior Report issued on March 9, 2004.

Our review was originally scheduled to start in February 2009, but was postponed to May 2009 due to several other ongoing audits at OFT, which took precedence.

**FINAL REPORT ON  
REVIEW OF INTERNAL CONTROLS OVER ELECTRONIC FUND TRANSFERS  
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## **BACKGROUND**

Public Law 104-8 109 STAT 145 (11) states, in part, that the Chief Financial Officer is responsible for maintaining custody of all public funds belonging to or under the control of the District government. One of the functions of the Office of Finance and Treasury (OFT) is cash management and investment. The OFT Cash Management Unit (CMU) is responsible for transmitting funds electronically on behalf of District agencies and is required to disburse funds only when authorized by a Certifying Officer of the District. The Certifying Officers from the originating agencies are required to certify that all payments submitted to CMU have required supporting documentation and have been reviewed and certified as correct and valid.

### Electronic Fund Transfer Procedures

There are two types of electronic fund transfers:

1. Wire transfers, using the Federal Reserve's Fedwire System; and
2. ACH transfers, using the National Automated Clearing House System

Fedwire transfers are executed in lieu of checks for payment of District obligations and for the transfer of funds between banks and investment accounts. Fedwire transfers are also used in instances where checks are not appropriate or permitted under contractual agreement. There are four sources of Fedwire transfer requests:

- 1) The Office of Financial Operations & Systems (OFOS);
- 2) The Debt Management Unit;
- 3) The Vendor Center; and
- 4) The Electronic Banking Project Analyst.

ACH transfers are used in lieu of checks for payment of District obligations in instances where payment by ACH is mandated.

The CMU staff use the Sungard System to process all repetitive wire transfers. Non repetitive wires used to be initiated in Sungard, but are now processed directly on the online bank system due to changes in the setup requirement by the Bank (Bank of America). The procedures for executing wire transfers vary depending on the source of the request. The following are the main procedures for processing wire transfers:

### Processing and Approval Procedures

Wire transfers are initiated in the Sungard System (Repetitive Wires) or directly to the online banking system (Free Form) by either, the Cash Management Analyst or a Financial Analyst, who inputs all the relevant bank information. Wires are then transferred to the online bank systems where they are released by either the Cash or Investment Manager, or the Associate



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REVIEW OF INTERNAL CONTROLS OVER ELECTRONIC FUND TRANSFERS  
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For the Period March 31, 2003 to December 31, 2008**

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Treasurer, and/or two other designated OFT employees. In addition, all senior OFT officials involved in the authorization process at the bank level are assigned security access devices by the bank requiring two persons to execute a wire, one to approve and the other to release.

When wire transfer requests are received by the CMU, they are executed either, as "Repetitive Wires" or as "Non-Repetitive" (Free Form) wire transfers in the Sungard System.

- Repetitive Wire Transfers: Repetitive wire transfers are inputted into a pre-approved permanent template with information, such as the account number, routing and transfer number of the third party recipient/beneficiary for repetitive use. These types of wire transfers are frequent transfers to bank accounts that have been designated in the original authorization agreements. The account number and routing and transfer codes (repetitive codes) are locked and cannot be changed. The only item that can be changed is the dollar amount.
- Non-Repetitive Transfers: These types of transfers, also called "Free Form wires," are used infrequently to transfer funds to bank accounts that are not designated in the original authorization agreements. In this case, the account number, routing and transfer number, and dollar amount are entered each time the wire is processed.
- There is a two-person requirement for all approvals and execution of wire transfer to reduce the possibility of errors and irregularities. These control mechanisms require a dual approval in both Sungard and in the various online banking systems (Bank of America, Wachovia, etc.) before the wires are released to the banks for execution.

#### Current Key Controls

- Approvals in Sungard  
Wire transfers are initiated in Sungard either by a Cash Management Analyst, or by, a Financial Analyst. Another Cash Management Analyst or a Financial Analyst, who is not the initiator of the wire, must approve and convert the wire transfer to the online bank system for release.
- Release of wire to the Bank  
Wire transfers are released through the online banking systems of the various banks. Generally, the Cash and Investment Manager and the Assistant Treasurer are the only ones authorized to release wires for payment. However, a number of OFT personnel are also approved by the banks to authorize and release wires to the bank for execution.
- Sungard Interface with SOAR  
All wire transactions in the Sungard System are converted through a batch file to SOAR on a daily basis and reconciliation of all the wire transfers is performed by the CMU staff.

**FINAL REPORT ON  
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AND RELATED ACTIVITIES AT THE OFFICE OF FINANCE AND TREASURY (OFT)  
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**RESULTS OF OUR REVIEW**

During our review, we took into account the outcomes of brainstorming and potential risks identified by Deloitte during their Fraud Risk Assessment of OFT operations. We also addressed the concerns of the CFO that unauthorized wire transfers could be misdirected to a different account and later to a third party. Based on the controls currently in place at OFT, we have reasonable assurance that unauthorized transfers would be difficult to execute because in order for that to take place, it would entail collusion between OFT staff and the bank's officials.

For our test work, we extracted all wire transfers over 1 million dollars, which totaled 5,315 and randomly selected a sample size of 60 wire transfers to review for accuracy, approval authorization and completeness of transactions. The total number of wire transfers processed during the period reviewed was 19,865 (including 17,182 wire transfers processed from FY04 the FY08). In addition, we analyzed the wire transfer data using ACL, a computerized audit tool, to detect any anomalies in the data. During the period FY 2004 to FY 2008, OFT reported that they processed wire transfers amounting to approximately \$37.5 billion as shown in the **Table 1** below.

**Table 1**

**Wire Transfers Processed by OFT from FY 2004 to FY 2008**

Fiscal Year	Total Amount	Number of Transactions
2004	\$7,563,433,880.29	4,074
2005	\$9,049,742,228.05	4,434
2006	\$6,086,687,876.40	3,222
2007	\$4,833,295,674.62	2,372
2008	\$9,965,406,226.34	3,080
<b>Total</b>	<b>\$37,498,565,885.70</b>	<b>17,182</b>

Source: OFT Cash Management Unit

**Table 2** below, reflects our follow-up review on status of OFT corrective actions taken on findings and recommendations made on OIO internal auditors' report issued on March 9 2004.

OFT has taken corrective action on 4 out of the 8 findings cited. We were unable to determine the status of corrective action for 1 finding due to lack of documentation.

**FINAL REPORT ON  
REVIEW OF INTERNAL CONTROLS OVER ELECTRONIC FUND TRANSFERS  
AND RELATED ACTIVITIES AT THE OFFICE OF FINANCE AND TREASURY (OFT)  
For the Period March 31, 2003 to December 31, 2008**

**Table 2  
Status of Corrective Action of Prior Audit Findings**

Follow-up Finding	Status of Corrective Action
Finding # 1: Lack of Proper Approval of Wire Transfers	Due to lack of documentation OIO was not able to determine status of corrective action. We also found wires with no authorizer in the Sungard System. (See our Current Finding 1 and 2)
Finding # 2: Lack of Adequate Supporting Documentation for Wire Transfers Processed	Corrective action not taken by OFT (Finding 1)
Finding # 3: Inadequate Restrictions of Users Access Privileges in Sungard	Action has been taken by OFT to restrict user's access privileges.
Finding # 4: Use of Unassigned Users Identification Numbers (User IDs) By Personnel	Unassigned user IDs have been eliminated except for the polling ID which is required for Sungard to function properly. Access to this ID is restricted.
Finding # 5: Duplicate Wire Transfers Recorded in Resource IQ2	OIO found 48 duplicate wire transactions which OFT corrected during the reconciliation process. (See finding 3)
Finding # 6: Certain Relevant Information required in the Repetitive Wire Templates were not Completely Filled Out	OFT stated that this deficiency occurred when Sungard used a dial-up system to connect to the bank system. Currently Sungard uses a web-based system and has been upgraded. In addition, Sungard is now interfaced with SOAR, and reconciliation is performed to correct any errors.
Finding # 7: History of Audit Trail Report Purged Daily by the System	OFT is currently in the process of implementing an audit trail that capture all user access to files.
Finding # 8: Lack of Contingency/Remote Backup Plan	OFT has a Remote Backup Plan but does not have a comprehensive contingency plan. (Finding # 4)

In general, our review found that OFT has adequate internal controls over wire transfer operations; however, we found the following deficiencies where improvements need to be made to strengthen internal controls:

1. Poor retention and maintenance of documentation and records;
2. Wire transfers with no authorizer in the Sungard system;
3. Duplicate wire transfers in Sungard;
4. Lack of a comprehensive contingency plan to ensure business continuity during a disaster or unexpected interruptions.

**FINAL REPORT ON  
REVIEW OF INTERNAL CONTROLS OVER ELECTRONIC FUND TRANSFERS  
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For the Period March 31, 2003 to December 31, 2008**

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## **FINDINGS AND RECOMMENDATIONS**

### ***1. Poor Retention and Maintenance of Supporting Documentation***

During our review, we requested that OFT provide us with supporting documentation for 60 randomly selected wire transfers. OFT was only able to provide supporting documentation for 50% of the requested sample. OFT personnel informed us that some of the supporting documentation had been archived. We were informed by the CMU staff that it was impossible to retrieve these records from the archive because they were not labeled, and therefore would be difficult to locate. The supporting documentation that was provided was mainly for wire transfer transactions during FY 2008. The Records Retention Schedule contained in Appendix C of the CFO Policy and Procedures Manual requires that accounting records be retained for 3 years after close of the fiscal year before being sent to the archives.

We also noted that there was no consistency in the types of support needed for wire transfers. For example, some wires only had a wire request as supporting documentation. This lack of documentation resulted in our inability to determine whether all the wire transfers selected were processed.

#### **Recommendations:**

We recommend that OFT:

1. Adhere to the record retention policy as cited in Appendix C of the CFO Policy and Procedures Manual and retain documents on site for 3 years after the close of the fiscal year.
2. Determine what documents should constitute supporting documentation for wire transfers and consistently keep those documents in the files.
3. Consider implementing electronic scanning of supporting documents.

#### **Agency's Response**

OFT agrees with the recommendation to adhere to the record retention policy. OFT will improve the archiving process and better document the files held in retention. OFT is currently reviewing options to electronically scan all supporting wire transactions and the affiliated support.

#### **OIO Auditor Evaluation**

We believe that OFT's planned action satisfies the intent of our recommendation, and when fully implemented should remediate the deficiency identified.

**FINAL REPORT ON  
REVIEW OF INTERNAL CONTROLS OVER ELECTRONIC FUND TRANSFERS  
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**2. *Wire Transfers With No Authorizers in the Sungard System***

We found 241 wire transfers that did not have an authorizer in the Sungard System as required by the OFT Wire Transfer Procedures. All wire transfers require processing by two persons, an initiator and an approver. The 241 wire transfers only showed an initiator. Although the wire transfers were further approved in the online bank system by senior OFT staff, the procedures were not followed. During our discussion with OFT personnel, we were informed that this may have occurred during the time when the Sungard System was being upgraded. However, we were not able to verify this. We selected 8 of the 242 wire transfers for review and found that they had been approved by senior OFT personnel in the online bank system. We believe that not following required wire processing procedures could lead to errors not being detected or misappropriation of funds.

**Recommendation:**

We recommend that OFT take action to ensure that procedures are followed consistently by all staff to mitigate errors or other actions that could lead to loss of funds. If training is needed in this context, then it should be provided.

**Agency's Response**

OFT has worked with the CIO group and SunGard staff to remedy the inconsistent recording of wire authorization in the system. However, as noted in OIO's review, all wires and electronic fund transfers have required and do require two staff members to complete approval and release, notwithstanding this SunGard issue.

**OIO Auditor Evaluation**

We believe that action taken by OFT in collaboration with the CIO group and SunGard staff satisfies the intent of our recommendation and should remediate the deficiency identified.

**3. *Duplicate Wire Transfers in Sungard***

We identified 48 duplicate wire transfers that occurred during fiscal years 2003 and 2006. We were informed that the duplicates in FY 2003 occurred during the upgrade of Sungard and were a system error and that the wires had not been converted to the banking system. The duplicates found were also noted in the previous review conducted by OIO in 2004. We were also informed that the duplicate in FY 2006 was a transfer between accounts that had been corrected during the reconciliation process. Although testing confirmed that the amounts had not been recorded twice and the wires were not consummated, these duplicates should be removed from the Sungard data to ensure that the information in Sungard accurately reflects transactions that occurred.

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**Recommendation**

We recommend that the OFT work with the Software developers to clean the data and remove all duplicates from the system memory.

**Agency's Response**

OFT has worked with the CIO group and SunGard staff to remedy the inconsistent data and duplication issues with the system.

**OIO Auditor Evaluation**

We believe that the action taken by OFT in collaboration with the CIO group and SunGard staff should satisfy the intent of our recommendation, and when fully implemented should remediate the deficiency identified.

**4. *Lack of a Comprehensive Contingency Plan to Ensure Business Continuity during Disasters or Unexpected Interruptions***

During our review we noted that OFT had a business continuity plan that had not been updated since 2005. The plan also did not include a comprehensive contingency plan to ensure business continuity in case of unforeseen interruptions. In addition, the plan did not address essential components required in a business continuity plan, and there was no evidence that any testing was done to determine if the plan functioned as required. We issued an Internal Audit Alert on the matter on August 5, 2009 (Exhibit 1) and made the following recommendations.

**Recommendations:**

We recommend that OFT in conjunction with the CIO take immediate action to do the following:

- 1) Assess the criticality and sensitivity of computerized operations and identify supporting resources;
- 2) Take steps to prevent and minimize potential damage and interruptions;
- 3) Develop and document a comprehensive contingency plan which includes both disaster recovery and business continuity; and
- 4) Periodically test the contingency plan and adjust it as appropriate.

**Agency's Response**

OFT began the process to improve the overall Business Continuity and Disaster Recovery Plan. Currently steps have been taken to ensure that all funding transactions continue even in the event of an unforeseen interruption. OFT, working in conjunction with CIO, will enhance the overall plan during FY 2010.

**FINAL REPORT ON  
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**OIO Auditor Evaluation**

Action taken and planned by OFT in collaboration with the CIO should satisfy the intent of our recommendation, and when fully implemented should remediate the deficiency identified.

**FINAL REPORT ON  
REVIEW OF INTERNAL CONTROLS OVER ELECTRONIC FUND TRANSFERS  
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**EXHIBIT**

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**Exhibit 1: Internal Audit Alert on the OFT Business Continuity Plan dated  
August 5, 2009**



GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of the Chief Financial Officer

Office of Integrity and Oversight



**MEMORANDUM**

**TO:** Lasana Mack, Deputy Chief Financial Officer  
Office of Finance and Treasury

**FROM:** Mohamad Yusuff, Acting Executive Director  
Office of Integrity and Oversight

**DATE:** August 5, 2009

**SUBJECT:** Internal Audit Alert on the OFT Business Continuity Plan (IA:OFT:2910-M12)

At the request of the District's Chief Financial Officer, the internal auditors of the Office of Integrity and Oversight (OIO) conducted a review of wire transfer operations to ensure that there are proper safeguards in place to mitigate risks of fraud or misappropriation of District funds. The purpose of this internal audit alert is to notify you of observations that our internal auditors noted during our ongoing review of wire transfer operations.

**Background**

The Office of Finance and Treasury (OFT) is charged with managing essential operations that are crucial for continued operations of the District. Wire transfers and other Treasury operations depend on electronically maintained information and therefore losing the capability to process or retrieve this information can significantly affect OFT's ability to accomplish its mission. Any disruption in the delivery of services due to unforeseen circumstances may result in lost or incorrectly processed data, which can cause financial loss. Given these severe implications, it is crucial that the following plans and procedures are in place:

1. Procedures for protecting information resources and minimizing risks of unplanned interruptions; and
2. Recovery Plan to ensure continuity of operations and recovery of critical financial information systems should interruptions or unusual circumstances occur.

The Federal Information Security Management Act (FISMA) and Best Practices require that each entity implement an information security program that includes "plans and procedures to ensure continuity of operations for information systems that support the operations and assets of the agency.

As part of our ongoing review of wire transfer operations at OFT, we reviewed the current Business Continuity and Disaster Recovery Plan and noted the following deficiencies, which should be addressed.

- The plan has not been updated since December 2005 and contains names of prior OFT employees;
- The plan does not include essential components required in a business continuity plan;
- There is no evidence that any testing or drill was done to determine if the plan works as required; and
- No evidence of Memorandum of Understanding (MOU) between OFT and OCTO to assure recovery of financial information should interruptions or unusual circumstances occur.

**Recommendations:**

We recommend that OFT in conjunction with the Chief Information Officer take immediate steps to do the following:

- 1) Assess the criticality and sensitivity of computerized operations and identify supporting resources;
- 2) Take steps to prevent and minimize potential damage and interruptions;
- 3) Develop and document a comprehensive contingency plan which includes both disaster recovery and business continuity;
- 4) Periodically test the contingency plan and adjust it as appropriate; and
- 5) Establish a MOU with the Office of the Chief Technology Officer on each departmental role and responsibility.

If you have any questions, please contact me at 442-8240.

cc: Natwar M. Gandhi, Chief Financial Officer  
Lucille Dickinson, Chief of Staff, OCFO  
Angell Jacobs, Director of Operations, OCFO  
Jeffrey Barnette, Associate Treasurer, OFT  
Sandra Pinder, IT Director, OFT  
Mohamad K. Yusuff, Director of Internal Audit, OIO  
Nelson A. Alli, Senior Audit Manager, OIO  
Elizabeth Jowi, Senior Auditor, OIO

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**APPENDIX**

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**Appendix 1: Agency Response to Draft Report**

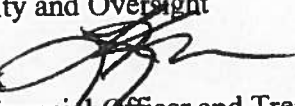
GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of the Chief Financial Officer

Office of Finance and Treasury



**MEMORANDUM**

**TO:** Mohamad Yusuff, Acting Director  
Office of Integrity and Oversight

**FROM:** Lasana K. Mack   
Deputy Chief Financial Officer and Treasurer

**DATE:** October 15, 2009

**SUBJECT:** Response to Draft Report on the Review of Internal Controls Over  
Electronic Funds Transfers and Related Activities at OFT (Report No.:  
IA:OFT:2904-C01)

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This correspondence is to provide comments on the draft report transmitted by the Office of Integrity and Oversight on September 25, 2009 entitled "Draft Report on the Review of Internal Controls Over Electronic Funds Transfers and Related Activities at OFT." The format of the response is to address each of the specific recommendations and considerations contained in the draft report.

Each of the recommendations contained in the OIO report, immediately followed by the response of the Office of the Chief Financial Officer (OCFO), Office of Finance and Treasury (OFT) to each Recommendation, are as follows:

1. Poor Retention and Maintenance of Supporting Documentation

OFT agrees to the recommendation to adhere to the record retention policy. OFT will improve the archiving process and better document the files held in retention. OFT is currently reviewing options to electronically scan all supporting wire transactions and the affiliated support.

2. Wire Transfers with No Authorizers in the SunGard System

OFT has worked with the CIO group and SunGard staff to remedy the inconsistent recording of wire authorization in the system. However, as noted in OIO's review, all wires and electronic fund transfers have required and do require two staff members for complete approval and release, notwithstanding this SunGard issue.

**3. Duplicate Wire Transfers in SunGard**

OFT has worked with the CIO group and SunGard staff to remedy the inconsistent data and duplication issues within the system.

**4. Lack of Comprehensive Contingency Plan to Ensure Business Continuity during Disasters or Unexpected Interruptions**

OFT has begun the process to improve the overall Business Continuity and Disaster Recovery plan. Currently steps have been taken to ensure that all funding transactions would continue even in the event of an unforeseen interruption. OFT, working in conjunction with CIO, will enhance the overall plan during FY10.

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