



OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

717 14TH STREET N.W., SUITE 900

WASHINGTON, D.C. 20005

TEL. 202-727-3600 • FAX: 202-724-8814

Deborah K. Nichols
District of Columbia Auditor

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**Auditor's Review of Compliance With
Certified Business Enterprises Requirements
Pursuant to the Compliance Unit
Establishment Act of 2008**

May 11, 2010

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EXECUTIVE SUMMARY

PURPOSE

Pursuant to Section 455 of Pub. L. No. 93-198¹, and the Compliance Unit Establishment Act of 2008 (the Act), the Office of the District of Columbia Auditor (Auditor) established an Economic Development Compliance Unit within its office. The unit is responsible for monitoring and reporting on compliance matters relating to real estate development transactions involving real estate and real estate development projects previously owned and managed by the former Anacostia Waterfront Corporation (AWC) and the National Capital Revitalization Corporation (NCRC). Management of these projects, under the former stewardship of the AWC and NCRC, was transferred to the Office of the Deputy Mayor for Planning and Economic Development (DMPED) in October 2007. With the passage of the Act, the Council of the District of Columbia (Council) empowered the Auditor to evaluate compliance requirements for the AWC and NCRC development projects transferred to DMPED. This report deals exclusively with the compliance requirement pertaining to contracting with and procuring goods and services with Certified Business Enterprises (CBE).

CONCLUSION

Most, if not all, of the activity on the real estate projects examined for this audit occurred prior to the transfer of oversight responsibilities to DMPED. The Auditor recognizes that DMPED cannot be held accountable for the actions of the AWC and the NCRC, nor for the actions of the relevant District agencies responsible for oversight processes in the past. Nonetheless, it is beneficial to identify past deficient practices to avert similar occurrences in the future.

As owner of District properties which will be developed in the future DMPED will share responsibility with other District agencies to ensure that CBE procurement requirements are met by the developers chosen. Since June 2008, the Department of Small and Local Business Development (DSLBD) had been responsible for ensuring that CBE compliance requirements were met.²

¹ See section 455 (b) of the District of Columbia Home Rule Act, approved December 24, 1973 (Pub. L. No. 93-198, 87 Stat. 803); D.C. Code §1-204.55 (b) (2001) which states: "The District of Columbia Auditor shall each year conduct a thorough audit of the accounts and operations of the government of the District in accordance with such principles and procedures and under such rules and regulations as he [she] may prescribe." See also, section 455 (c) of the District of Columbia Home Rule Act, as amended, approved December 24, 1973, (87 Stat. 803, D.C. Code §1-204.55 (c) (2001) which states: "The District of Columbia Auditor shall have access to all books, accounts, records, reports, findings and all other papers, things, or property belonging to or in use by any department, agency, or other instrumentality of the District government and necessary to facilitate the audit."

² Pursuant to the Department of Small and Local Business Amendment Act of 2009, effective October 1, 2009, these compliance-monitoring functions were transferred to the Office of the D.C. Auditor.

Our audit found that DSLBD had inadequate processes in place to monitor the CBE expenditures of developers in the District. DSLBD gave monitoring of these expenditures a low priority and resources devoted to recordkeeping and oversight were very limited and little effort was made to develop efficient processes for these functions.

As a result, compliance was very spotty. Of the five projects chosen for testing, only two had met their CBE spending goals. Developers at the other three projects had pledged an aggregate of \$35.6 million towards CBE contractors and other businesses. However, they only spent \$20.3 million with CBEs. As a result, at least \$15 million in potential CBE opportunities for District businesses were lost.

Furthermore, because of poor recordkeeping and compliance oversight processes at DSLBD, it is likely that over \$1 million in payments that were claimed to have been made to CBEs were not, in fact, made to companies that had valid CBE designations at the time those payments were made.

Prior to August 2007, there were no enforcement provisions contained in the laws concerning CBE expenditure requirements. The Auditor notes that changes have been made to the laws which govern CBE commitments for District agencies and procurements made with District funds or by companies that otherwise have received financial benefits from the District. Most importantly, developers must now make binding commitments to spend 35% of their budget with CBEs. These changes to the law should make it easier to hold developers accountable in the future.

Nonetheless, DMPED and other District agencies responsible for CBE procurement, monitoring and enforcement will have to be very careful in the future to learn from the poor processes used in the past. Without improved processes, the District government will continue to fall short of its stated goal of bringing economic opportunities to the small and local businesses that need them the most.

MAJOR FINDINGS

1. Oversight processes for CBE expenditures and goals were inadequate.
2. Potential CBE opportunities totaling over \$15 million missed.
3. Potential invalid CBE payments in excess of \$1 Million were made to non-CBE vendors.

PURPOSE

Pursuant to Section 455 of Pub. L. No. 93-198¹, and the Compliance Unit Establishment Act of 2008 (the Act), the Office of the District of Columbia Auditor (Auditor) established an Economic Development Compliance Unit within its office. The unit is responsible for monitoring and reporting on compliance matters relating to real estate development transactions involving real estate and real estate development projects previously owned and managed by the former Anacostia Waterfront Corporation (AWC) and the National Capital Revitalization Corporation (NCRC). Management of these projects, under the former stewardship of the AWC and NCRC, was transferred to the Office of the Deputy Mayor for Planning and Economic Development (DMPED) in October 2007. With the passage of the Act, the Council of the District of Columbia (Council) empowered the Auditor to evaluate compliance requirements for the AWC and NCRC development projects transferred to DMPED.

OBJECTIVE, SCOPE AND METHODOLOGY

Under the provisions of the Act, there are seven areas of compliance that DMPED must ensure are followed for each real estate development project. The seven areas of compliance are identified in Appendix A. The Act requires the Auditor to monitor and report on specific compliance matters related to real estate development transactions and agreements which were transferred to DMPED by the AWC and NCRC.

While the Act contained seven compliance requirements, this report deals exclusively with the compliance requirement pertaining to contracting with and procuring goods and services from Certified Business Enterprises (CBEs). Specifically, D.C. Code, Section 1-301.181 states, in part, that the Compliance Unit's audit should focus on (among others) the following:

Requirements related to contracting with, and procuring goods and services from, Certified Business Enterprises pursuant to the Small, Local, and Disadvantaged Business Enterprise Development and Assistance Act of 2005, effective March 2, 2007 (D.C. Law 16-33; D.C. Official Code § 2-218.01 et seq.) ("SLDBE Assistance Act").

Based on the above compliance requirement, our objective for this audit was to determine whether adequate processes were in place to ensure that all applicable Certified Business Enterprises (CBE) requirements were met.

¹ See section 455 (b) of the District of Columbia Home Rule Act, approved December 24, 1973 (Pub. L. No. 93-198, 87 Stat. 803); D.C. Code §1-204.55 (b) (2001) which states: "The District of Columbia Auditor shall each year conduct a thorough audit of the accounts and operations of the government of the District in accordance with such principles and procedures and under such rules and regulations as he [she] may prescribe." See also, section 455 (c) of the District of Columbia Home Rule Act, as amended, approved December 24, 1973, (87 Stat. 803, D.C. Code §1-204.55 (c) (2001) which states: "The District of Columbia Auditor shall have access to all books, accounts, records, reports, findings and all other papers, things, or property belonging to or in use by any department, agency, or other instrumentality of the District government and necessary to facilitate the audit."

The Act was passed in June 2008, but many of the active legacy projects that DMPED acquired from the AWC and NCRC were either completed by June 2008, or had progressed far into the construction phase of the project by that date. While the Act stated that audits would commence after the completion of a project, the Auditor believes that this statement is inconsistent with the intent of the legislature and several provisions within the Act, which contemplate ongoing compliance monitoring. Therefore, the Auditor re-issued the audit announcement letter on March 4, 2009, an action that subsequently led to the expansion of the audit scope pursuant to the Auditor's general authority under Section 455 of Pub. L. No. 93-198, as cited above. With this action, the Auditor would have the authority to review all AWC and NCRC projects, regardless of whether the project start or end dates preceded June 2008.

The Land Disposition and Development Agreement (LDA) is the contractual vehicle that the AWC and NCRC used to convey the terms and conditions of each real estate development project. Some of these LDAs date back to the 1990s and beyond. Our audit scope included the terms and conditions outlined in each LDA signed prior to the passage of the Act in 2008.

Scope Impairment

The audit entrance conference was held in February 2009. However, the Auditor temporarily ceased activity with DMPED on March 19, 2009. On that date, the Deputy Mayor refused to allow the Auditor unrestricted and complete access to the legacy AWC and NCRC documents that DMPED maintains. Additional attempts to access these documents had been unsuccessful and, through the Office of the Attorney General (OAG), DMPED refused to allow the Auditor unrestricted access to the documents needed to address the objectives of the audit. This position violates the independence standards that all audit organizations must operate under. Those standards, promulgated by the Comptroller General of the United States, are contained in the Government Auditing Standards, and published by the Government Accountability Office. By refusing to allow unrestricted and complete access to the legacy AWC and NCRC documents that DMPED maintains, DMPED and the OAG created scope impairment. In the intervening timeframe since March 19, 2009, the Auditor performed work at other District agencies that have been involved with AWC and NCRC projects. Accordingly, the Auditor worked with agency officials at the Department of Small, Local, and Disadvantaged Businesses (DSLDB), Department of Employment Services, Department of the Environment, and the District Department of Housing and Community Development. The Auditor also conducted interviews with staff of these agencies, and requested and evaluated documents and data germane to the review.

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

BACKGROUND

DMPED is charged with executing the District's economic development strategy. Their mission includes encouraging growth and investment across the District, providing and preserving affordable housing, attracting high quality retail to neighborhoods and the center city and revitalizing the District's waterfronts. DMPED's goal is for the District to become a world-class, globally competitive city. DMPED brings federal, nonprofit and private partners together to expand the District's tax bases, attract and retain businesses of all sizes, bring good-paying jobs for residents, and strengthen the business climate.

The Council established the NCRC in 1998 as an independent corporate instrumentality of the District of Columbia government "to retain and expand businesses located within the District, attract new businesses to the District, and induce economic development and job creation by developing and updating a strategic economic development plan for the District; providing incentives and assistance; removing slum and blight; and coordinating the District's efforts toward these ends." D.C. Code §§ 2-1219.02 *et seq.* (repealed). The Council gave the NCRC broad powers including the power to lease, purchase, acquire, hold, manage and improve real property, along with the power to make and perform contracts. D.C. Code § 2-1219.15 (repealed).

Similarly, in 2004, the Council established the AWC as an independent corporate instrumentality of the District of Columbia to develop, redevelop, and revitalize the Anacostia Waterfront, with largely the same broad powers granted to the NCRC. D.C. Code §§ 2-1223.01 *et seq.* (repealed).

Both the NCRC and AWC operated until October 1, 2007, when their authorizing statutes were repealed by the enactment of the Fiscal Year 2008 Budget Support Act of 2007, D.C. Law 17-20 ("Budget Support Act").² The Budget Support Act provided that title to all real property belonging to the NCRC, the AWC, or any of its subsidiaries would vest and be titled in the name of the District. *Id.* §§ 2171(1) and 2172(1). All "property, records and unexpended balances of appropriations, allocations and other funds available" to the NCRC, AWC, or any of its subsidiaries were transferred to the Mayor. *Id.* §§ 2171(2) and 2172(2).

² Section 2163 of the Budget Support Act provides that "[t]he National Capital Revitalization Corporation Act of 1998, effective September 11, 1998 (D.C. Law 12-144; D.C. Official Code § 2-1219.01 *et seq.*) is repealed." Section 2164 of that same Act provides that "[t]he Anacostia Waterfront Corporation Act of 2004, effective December 7, 2004 (D.C. Law 15-219; D.C. Official Code § 2-1223.01 *et seq.*) is repealed."

RESULTS OF AUDIT

Overview

The findings in this report, which identify past inadequate processes, are presented in a “Lessons Learned” format. The Auditor has taken this approach for two overriding reasons.

First, and as noted, DMPED acquired the projects formerly managed by the AWC and NCRC. Since most of the activity on the real estate projects occurred prior to the transfer of oversight responsibilities to DMPED, the Auditor focused on evaluating both the District’s performance and the developer’s performance prior to the dissolution of the AWC and NCRC. Thus, while the Auditor recognizes that DMPED cannot be held accountable for the actions of the AWC and the NCRC, nor for the actions of District agencies responsible for oversight processes in the past, it is beneficial to identify past deficient practices to avert similar occurrences in the future.

Second, the LDAs that AWC and NCRC issued prior to the Act primarily contained non-binding terms and conditions, and lacked the forceful language contained in the Act. For example, developers agreed only to “promote” opportunities for minority-owned businesses and make a “reasonable effort” to achieve CBE goals. Conversely, the Act now mandates compliance with CBE requirements.

For this audit objective, the audit team performed the majority of audit work at the Department of Small and Local Business Development (DSLBD), working primarily with the Certification and Compliance Division (CCD). During the period of our audit, pursuant to Section 2-218.13 (c), (1), (G) of the District of Columbia code, DSLBD was responsible for monitoring third-party contracting and procurement activities to the extent those activities were related to contracting with, and procuring from, certified business enterprises. Since June 2008, DSLBD had been responsible for ensuring that CBE compliance requirements were met. Effective October 1, 2009, these compliance-monitoring functions were transferred to the Office of the D.C. Auditor (ODCA).³

³ Pursuant to the Department of Small and Local Business Amendment Act of 2009.

FINDINGS

1) Oversight Processes for CBE Expenditures and Goals Were Inadequate

The Auditor found that DSLBD did not maintain comprehensive CBE records on developers and did not effectively monitor CBE goals, pursuant to Section 2-218.13 (c), (1), (G) of the District of Columbia Code. Prior to April 2008, the CCD was not sufficiently staffed and, as a result, recordkeeping and monitoring processes were inadequate. Consequently, DSLBD could not always determine whether developers achieved CBE goals.

The Small, Local, and Disadvantaged Business Enterprise Development and Assistance Act of 2005 requires DSLBD to certify companies, based on size and ownership. These certified companies represent groups the District government promotes, such as a Local Business Enterprise or a Small Business Enterprise. These CBEs are then given preferential treatment in the awarding of city government contracts and certain percentages of total contract expenditures are designated to be spent with CBEs. In return for the right to develop District-owned land, developers agree to promote various District programs, one of which commits them to make reasonable efforts to spend 35 percent of their adjusted development budget with CBEs.

With the case of the AWC and NCRC projects, the developer and the District government, to include the now defunct Office of Local Business Development (OLDB)⁴, signed a Memorandum of Understanding (MOU) itemizing specific CBE goals. OLDB initially established the use of MOUs to address CBE goals with developers in the mid-1990s. However, although the MOU contained CBE dollar commitments that developers attempted to reach, the commitments were non-binding and there was no consequence if goals were unmet.

In August 2007, DSLBD restructured the process, eliminated the MOUs and required developers to sign a binding CBE Agreement. All of the LDAs that the former AWC or NCRC managed and subsequently transferred to DMPED were signed prior to August 2007.

Within the DSLBD organization, CCD was tasked with the CBE oversight responsibility. However, largely due to understaffing within the unit, there was little emphasis placed on oversight processes and record maintenance to ensure that developers were honoring CBE promises.

The Auditor found that the absence of any measures in the MOU to enforce CBE goals or commitments may have relegated oversight and recordkeeping responsibilities to a low priority. Additionally, staff could have felt overburdened by workload demands. While the Auditor recognizes that many government operations face workload obligations that exceed staffing

⁴ The Office of Local Business Development was abolished in 2005 pursuant to the Small, Local and Disadvantaged Business Enterprise Development and Assistance Act of 2005 and replaced by the Department of Small and Local Business Development.

levels, the imbalance should not become a reason to disregard processes inherently in the District's best interests, such as oversight and monitoring. Had there been greater efforts toward monitoring developers and ensuring that status reports and other documents were filed, DSLBD could have, at a minimum, notified developers whenever CBE goals were at risk and in danger of becoming unfulfilled.

The Auditor found that a CBE database tracking system was established in April 2008 when the CCD was reorganized. However, efforts to reorganize were exacerbated by missing or incomplete files, reports⁵ and other documents. The previous incumbent assigned to the compliance staff had retired from the District government and final accountability prior to his departure regarding CBE records and documents never occurred.

The Auditor realized the potential shortcoming when requesting records from DSLBD to fulfill some of our testing requirements. The Auditor requested the following items from DSLBD:

1. The MOU between the developer and DSLBD stipulating the developer's commitments per the Small, Local and Disadvantage Business Enterprise Assistance Act;
2. An approved project budget that would serve as a baseline for determining the developer's CBE expenditures goal; and,
3. A list of CBEs that the developer/contractor actually paid.

We received a total of 17 LDAs from DMPED that were part of our audit scope. Sixteen of the 17 LDAs identified a CBE goal. However, of the 16 projects with CBE goals, DSLBD could produce a complete set of records for only five (5) projects.

The Auditor found that, beginning in April 2009, the CCD had begun conducting random site visits to verify that businesses were indeed eligible to be CBE-certified. DSLBD emphasized, however, that the former AWC/NCRC projects comprised less than five percent of the unit's oversight responsibility. At the time of our review, DSLBD tracked 267 active projects. Additionally, for all active projects and future projects that are developed on former AWC and NCRC properties, DMPED must ensure that developers are meeting all reporting requirements and, more importantly, all CBE goals.

The Auditor believes that the pre-2008 control environment at DSLBD's CCD led to the findings discussed later in this report. Ensuring that periodic monitoring processes and effective recordkeeping practices occur will minimize the risk that CBE goals remain unfulfilled.⁶

⁵ For example, developers were required to submit quarterly reports to DSLBD detailing their CBE expenditures.

⁶ Small, Local and Disadvantaged Business Enterprise Development and Assistance Act of 2005.

2) Potential CBE Opportunities Totaling Over \$15 Million Missed

Based on the availability of records at DSLBD, our testing was limited to five projects. Three of the projects were completed and two of the projects remained open. Three of the five developers evaluated did not meet their CBE goal. Under past practices, developers pledged to make an effort to achieve the 35 percent CBE goal. Developers for three of the five projects, who pledged an aggregate of \$35.6 million in CBE commitments, spent only \$20.3 million with CBEs. Because the MOUs making CBE commitments lacked provisions for enforcement or sanctions for failing to meet CBE goals, at least \$15 million in potential CBE opportunities for District businesses were lost. Table I presents the Auditor’s analysis of these three completed projects.

**Table I
Summary of CBE Payments**

Project	Date Project Started	Date Project Completed	CBE Goal	CBE Actual Payments	Difference	% of Goal Met
DC USA	07/2006	05/2008	\$30,192,296	\$16,261,992	\$13,930,304	19%
Verona Parc	07/2004	02/2006	\$2,118,957	\$1,433,827	685,130	24%
Victory Heights	late/2005	10/2007	\$3,269,833	\$2,600,993	668,840	28%
Totals			\$35,581,086	\$20,296,812	\$15,284,274	

As shown in Table I, potential CBE opportunities totaling about \$15.3 million for District businesses were lost. Moreover, under the terms and conditions contained in current CBE agreements, the three developers listed above could have been penalized a total of approximately \$3.8 million⁷. Two of the five projects, the Dance Institute of Washington (DIW)⁸ and Dakota Crossing, remained open. Developers of Dakota Crossing (aka Village at Washington Gateway) had pledged about \$10.3 million in CBE commitments and had exceeded that goal. At the Dance Institute, approximately \$1.3 million in CBE commitments had been pledged and over \$500,000 has been paid as of the date of our review. Accordingly, developers of the Dance Institute can still meet their CBE goal since the project remains open.

Prospectively, the binding nature of current CBE agreements, as well as the sanctions provided by the Act, precludes the need to make any assessment regarding an “effort” on the part of developers to achieve their CBE goal.

⁷ Based on a three-step penalty formula that DSLBD is now authorized to assess.

⁸ While the construction phase is complete, DIW have hired CBEs for maintenance and cleaning duties.

3) Potential Invalid CBE Payments In Excess of \$1 Million Were Made To Non-CBE Vendors.

Developers made payments to CBE-designated vendors who did not possess a current CBE certification from DSLBD. Under MOU agreements signed between the developer and the District, the developer agreed to make a continuing bona fide effort to utilize local, small and disadvantaged business enterprises (LSDBEs) for certain goods and services. While DSLBD should have discerned invalid CBE payments to vendors, there was no consequence for making payments to non-CBE vendors during the timeframe when payments were made. Further, the developer could have made a good-faith payment to the vendor believing that the CBE certification status was current. Nevertheless, there was no assurance that payments to vendors in the amount of \$1,042,000, as presented in Table II, were made to CBE-certified entities. As a consequence, over one million dollars were paid to non-certified CBE entities.

We selected 21 payments made to CBE vendors on a random basis, based on the information provided to us by DSLBD. DSLBD records showed the date paid and the amount paid to the vendors and/or contractors associated with selected former AWC or NCRC projects. In every instance, we requested that DSLBD verify whether the paid vendor was certified at the time the developer or the general contractor for the project paid the CBE entity. Of the 21 vendor payments made, DSLBD informed us that there were six instances where payments could have been made to vendors who were not certified at the time of payment.

However, our test results are qualified because of limitations in the data provided to us by DSLBD. The records that we examined did not always contain a specified payment date, but rather listed either the month that a payment was made, or listed a wide-ranging payment period over several months. This made it difficult to know exactly when payments were made. Therefore it is possible that some vendors were certified during the period since, as DSLBD acknowledged, CBEs frequently experience a temporary lapse in their certifications.

Table II
Summary of Potential Invalid CBE Payments

CBE Entity	Date Paid	Amount Paid	CBE Certified by DSLBD?
Vendor # 1	11/2004-10/2005	\$36,000	No
Vendor # 2	12/2004-10/2005	18,000	Yes, but not before 07/2005
Vendor # 3	7/2004- 10/2005	618,000	Yes, but not before 05/2005
Vendor # 4	8/2004-11/2004	50,000	No
Vendor # 5	03/2007, 11-2007, and 05/2008	5,000	No
Vendor # 6	03/2007, 11/2007, and 05/2008	315,000	Yes, but not certified in 03/2007
Totals		\$1,042,000	

While the CCD staff at DSLBD indicated that former staff could have known about invalid CBE payments to vendors, there was no statutory or regulatory consequence for making payments to non-CBE vendors and counting them toward the CBE goal. Additionally, the developer could have made a good-faith payment to the vendor believing that the CBE certification status was current.

Irrespective of the circumstances under which payments were made, the testing we conducted illustrates the need to ensure that an active oversight program includes a monitoring process that periodically validates and reconciles CBE obligations to designated CBE vendors.

CONCLUSION

Most, if not all, of the activity on the real estate projects examined for this audit occurred prior to the transfer of oversight responsibilities to DMPED. The Auditor recognizes that DMPED cannot be held accountable for the actions of the AWC and the NCRC, nor for the actions of the relevant District agencies responsible for oversight processes in the past. Nonetheless, it is beneficial to identify past deficient practices to avert similar occurrences in the future.

As owner of District properties which will be developed in the future DMPED will share responsibility with other District agencies to ensure that CBE procurement requirements are met by the developers chosen. Since June 2008, the Department of Small and Local Business Development (DSLBD) had been responsible for ensuring that CBE compliance requirements were met.⁹

Our audit found that DSLBD had inadequate processes in place to monitor the CBE expenditures of developers in the District. DSLBD gave monitoring of these expenditures a low priority and resources devoted to recordkeeping and oversight were very limited and little effort was made to develop efficient processes for these functions.

As a result, compliance was very spotty. Of the five projects chosen for testing, only two had met their CBE spending goals. Developers at the other three projects had pledged an aggregate of \$35.6 million towards CBE contractors and other businesses. However, they only spent \$20.3 million with CBEs. As a result, at least \$15 million in potential CBE opportunities for District businesses were lost.

Furthermore, because of poor recordkeeping and compliance oversight processes at DSLBD, it is likely that over \$1 million in payments that were claimed to have been made to CBEs were not, in fact, made to companies that had valid CBE designations at the time those payments were made.

Prior to August 2007, there were no enforcement provisions contained in the laws concerning CBE expenditure requirements. The Auditor notes that changes have been made to the laws which govern CBE commitments for District agencies and procurements made with District funds or by companies that otherwise have received financial benefits from the District. Most importantly, developers must now make binding commitments to spend 35% of their budget with CBEs. These changes to the law should make it easier to hold developers accountable in the future.

⁹ Pursuant to the Department of Small and Local Business Amendment Act of 2009, effective October 1, 2009, these compliance-monitoring functions were transferred to the Office of the D.C. Auditor.

Nonetheless, DMPED and other District agencies responsible for CBE procurement, monitoring and enforcement will have to be very careful in the future to learn from the poor processes used in the past. Without improved processes, the District government will continue to fall short of its stated goal of bringing economic opportunities to the small and local businesses that need them the most.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Deborah K. Nichols". The signature is fluid and cursive, with a large loop at the end.

Deborah K. Nichols

District of Columbia Auditor

APPENDICES

APPENDIX A

1. Requirements related to developer selection and performance guidelines, as defined in the Mayor's source-selection process.
2. Requirements related to the selection of goods and services, as defined in the District of Columbia Procurement Practices Act of 1985, effective February 21, 1986 (D.C. Law 6-85; D.C. Official Code § 2-301.01, *et seq.*).
3. Requirements related to living-wage laws pursuant to the Living Wage Act of 2006, effective June 8, 2006 (DC Law 16-118; DC Code § 2-220.01 *et seq.*).
4. Requirements related to contracting with, and procuring goods and services from, Certified Business Enterprises (CBEs) pursuant to the Small, Local, and Disadvantaged Business Enterprise Development and Assistance Act of 2005, effective March 2, 2007 (D.C. Law 16-33; D.C. Official Code § 2-218.01 *et seq.*) ("SLDBE Assistance Act").
5. Requirements related to equity and development participation by CBEs pursuant to the SLDBE Assistance Act.
6. Requirements related to environmental standards, including the Green Building Act of 2006, effective March 8, 2007 (D.C. Law 16-234; D.C. Official Code § 6-1451.01 *et seq.*), the Anacostia Waterfront Environmental Standards Act of 2008, effective March 26, 2008 (D.C. Law 17-138; 55 DCR 1689), and where applicable, the Leadership in Energy and Environmental Design ("LEED") Green Building Rating System.
7. Requirements related to affordable housing mandates, including the Inclusionary Zoning Implementation Amendment Act of 2006, effective March 14, 2007 (D.C. Law 16-275; D.C. official Code § 6-1041.01 *et seq.*), the Community Development Block Grant, the Housing Production Trust Fund, the Home Investments Partnerships Program, and the Low-Income Housing Tax Credit program, as applicable.

AGENCY COMMENTS

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On April 9, 2010, the Office of the District of Columbia Auditor submitted a report in draft for review and comment to the Department of Small and Local Business Development and the Office of the Deputy Mayor for Planning and Economic Development. The Director of DSLBD and the Deputy Mayor for Planning and Economic Development did not provide written comments.