

**TESTIMONY OF CHARLES J. WILLOUGHBY
INSPECTOR GENERAL
BEFORE THE D.C. COUNCIL
COMMITTEE ON WORKFORCE DEVELOPMENT AND
GOVERNMENT OPERATIONS**

FISCAL YEAR 2006 PERFORMANCE REVIEW

FEBRUARY 16, 2007

GOOD AFTERNOON CHAIRMAN SCHWARTZ AND MEMBERS OF THE COMMITTEE. SEATED WITH ME ARE WILLIAM J. DIVELLO, THE ASSISTANT INSPECTOR GENERAL (IG) FOR THE AUDIT DIVISION; ALVIN WRIGHT, THE ASSISTANT IG FOR THE INSPECTIONS AND EVALUATIONS DIVISION; LEONARD ODOM, THE ASSISTANT IG FOR THE INVESTIGATIONS DIVISION; AND SUSAN KENNEDY, DIRECTOR OF THE MEDICAID FRAUD CONTROL UNIT.

I AM PLEASED TO TESTIFY AT THIS PERFORMANCE HEARING, WHICH COVERS THE OFFICE OF THE INSPECTOR GENERAL'S (OIG) STATISTICAL REPORTING OF ACCOMPLISHMENTS IN FY 2006 AND THE FIRST QUARTER OF FY 2007. BEFORE DISCUSSING OUR INDIVIDUAL PERFORMANCE MEASURES AND ACCOMPLISHMENTS IN DETAIL, I WOULD LIKE TO SET FORTH, PURSUANT TO YOUR REQUEST, THE TOP FIVE CHALLENGES AND GOALS FOR THE OFFICE OF THE INSPECTOR GENERAL:

CHALLENGES

1. RECRUIT AND RETAIN HIGHLY QUALIFIED EMPLOYEES IN A HIGHLY COMPETITIVE ENVIRONMENT FOR HUMAN CAPITAL.
2. ENSURE THAT EMPLOYEES IN ALL AGENCIES, BRANCHES, AND COMPONENTS OF THE DISTRICT GOVERNMENT UNDERSTAND:
 - (A) THE AUTHORITY AND JURISDICTION OF THE OIG, AND
 - (B) THE OBLIGATION TO REPORT ALL INSTANCES OF WASTE, FRAUD, AND ABUSE TO THE OIG.
3. CONTINUALLY ASSESS THE STRATEGIC PRIORITIES OF THE CITY IN A WAY THAT ENABLES US TO DETERMINE THE MOST EFFICIENT AND EFFECTIVE USE OF LIMITED PERSONNEL RESOURCES IN CONDUCTING AUDITS, INVESTIGATIONS, AND INSPECTIONS THAT RELATE TO THE PROGRAMS AND OPERATIONS OF THE DISTRICT GOVERNMENT.
4. THROUGH INCREASED LEVERAGING OF PERSONNEL RESOURCES TO ACCOMPLISH A GROWING WORKLOAD.
5. ENSURE THAT RECOMMENDATIONS MADE IN OUR REPORTS TO AGENCIES ARE NOT JUST AGREED TO BUT IMPLEMENTED AS WELL.

GOALS

1. COMPLETION OF ACTIVITIES MANDATED BY DISTRICT AND FEDERAL STATUTES, SUCH AS AUDITS OF HIGHWAY TRUST FUND, PROCUREMENT ACTIVITIES AND OVERSIGHT OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT.
2. PROVIDING OF A MEANS TO KEEP THE MAYOR, THE COUNCIL, AGENCY AND DEPARTMENT HEADS FULLY AND CURRENTLY INFORMED OF PROBLEMS AND DEFICIENCIES RELATING TO THE ADMINISTRATION OF DISTRICT GOVERNMENT PROGRAMS AND OPERATIONS.
3. ESTABLISHMENT OF ACCOUNTABILITY, CONTROL AND COMPLIANCE PROGRAMS THAT PROVIDE AUDITS AND INSPECTIONS THAT FOCUS EFFORTS ON MITIGATING RISKS THAT POSE THE MOST SERIOUS CHALLENGES TO DISTRICT AGENCIES AND OTHER STAKEHOLDERS SO THAT DISTRICT GOVERNMENT ENTITIES CAN BETTER MAINTAIN FISCAL INTEGRITY AND OPERATIONAL READINESS.
4. IMPLEMENTATION OF THE REQUIREMENT IN OIG STATUTE THAT THE INSPECTOR GENERAL INDEPENDENTLY CONDUCT INVESTIGATIONS INTO ALLEGATIONS OF WASTE, FRAUD, AND

ABUSE, AND TO REPORT THOSE CASES WHICH ARE CRIMINAL IN NATURE TO FEDERAL OR DC PROSECUTORS, AS APPROPRIATE.

5. INVESTIGATION AND PROSECUTION OF CASES OF FRAUD AND ABUSE WITHIN THE MEDICAID PROGRAM FOR THE DISTRICT OF COLUMBIA.

PERFORMANCE SUMMARY

EACH OF THE FOUR OIG DIVISIONS – AUDIT, INVESTIGATIONS, INSPECTIONS AND EVALUATIONS, AND THE MEDICAID FRAUD CONTROL UNIT (MFCU) – HAS A SEPARATE SET OF PERFORMANCE MEASURES THAT RELATES TO THE WAYS IN WHICH OUR WORK SUPPORTS CITYWIDE STRATEGIC PRIORITIES. ALL FOUR DIVISIONS CONTINUE TO MEET OR EXCEED MOST OF THEIR INDIVIDUAL PERFORMANCE GOALS.

I WILL NOW TAKE THE OPPORTUNITY TO PROVIDE YOU WITH A GENERAL OVERVIEW OF THE ACTIVITIES AND RESULTS OF EACH OF OUR FOUR DIVISIONS.

AUDIT DIVISION

AUDITS PERFORMED BY THE OIG INCLUDE BOTH PERFORMANCE AND FINANCIAL AUDITS TO IMPROVE ACCOUNTABILITY AND TO FACILITATE

EFFECTIVE DECISION MAKING. IN ADDITION, THE AUDIT DIVISION OVERSEES CERTAIN AUDITS PERFORMED BY CONTRACTORS.

THE OIG HAS AND CONTINUES TO PLAY A ROLE IN ASSISTING DISTRICT MANAGEMENT TO ADDRESS VARIOUS AREAS OF RISK. IN FY 2006, THE AUDIT DIVISION CONTINUED ITS INCREASED FOCUS ON ISSUES SURROUNDING D.C. PUBLIC SCHOOLS (DCPS), MEDICAID, VULNERABLE POPULATIONS, AND PROCUREMENT AND CONTRACTING. IN THIS REGARD, WE ESTABLISHED DURING JUNE 2006 A RESIDENT AUDIT SITE AT DCPS THAT IS TOTALLY DEDICATED TO DCPS ISSUES. ADDITIONALLY, IN THE UPCOMING MONTHS, WE HAVE EMPHASIZED THE AREA OF CITIZEN SAFETY AND PROTECTION. IN THAT REGARD, WE ARE CURRENTLY PERFORMING AN AUDIT OF HOMICIDE CLOSURE RATES.

AUDIT STATISTICS

IN ORDER TO MEASURE OUR PERFORMANCE AGAINST OUR GOALS, WE REPORT ON POTENTIAL MONETARY BENEFITS IDENTIFIED AND DISTRICT AGENCY COVERAGE.

I AM HAPPY TO REPORT THAT THE AUDIT DIVISION SIGNIFICANTLY EXCEEDED EXPECTATIONS ON ALL OF ITS PERFORMANCE MEASURES. FOR EXAMPLE, OIG AUDITS HAVE POTENTIALLY GENERATED \$30.9 MILLION IN BENEFITS, SIGNIFICANTLY EXCEEDING THE ESTABLISHED

TARGET OF \$15.6 MILLION BY NEARLY 100 PERCENT. THE AUDIT DIVISION CONDUCTED AUDITS IN 36 AGENCIES/OFFICES, EXCEEDING ITS TARGET BY 10 PERCENT. IN EXCEEDING ITS PERFORMANCE MEASURES, THE DIVISION PRODUCED 29 AUDIT REPORTS, 11 MANAGEMENT ALERT REPORTS (MAR), AND 1 MANAGEMENT IMPLICATION REPORT (MIR).

EXAMPLES OF SIGNIFICANT AUDITS INCLUDE:

AUDIT OF THE HOMESTEAD DEDUCTION AND SENIOR CITIZEN REAL PROPERTY TAX RELIEF PROGRAMS. OUR AUDIT DISCLOSED THAT SOME PROPERTY OWNERS RECEIVED THE HOMESTEAD DEDUCTION TAX CREDIT AND/OR SENIOR CITIZEN TAX RELIEF EVEN THOUGH THE OWNERS DID NOT QUALIFY FOR THESE TAX CREDITS. THIS OCCURRED WHEN PROPERTY OWNERS RECEIVED TAX CREDITS ON MULTIPLE PROPERTIES AND ON LEASED PROPERTIES. THESE CONDITIONS EXISTED BECAUSE THE OFFICE OF TAX AND REVENUE (OTR): AMONG OTHER THINGS (1) HAD INADEQUATE INTERNAL CONTROLS OVER THE APPLICATION PROCESS; AND (2) DID NOT COORDINATE WITH THE DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS (DCRA) AND THE D.C. HOUSING AUTHORITY (DCHA) TO IDENTIFY RENTAL PROPERTIES. AS A RESULT, WE PROJECTED THAT OTR LOST BETWEEN \$1.1 MILLION AND \$3.4 MILLION IN REVENUE IN FY 2004.

AUDIT OF THE FY 2006 FUND STATUS AT THE MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES ADMINISTRATION. OUR AUDIT REPORTED THAT PROGRAM OFFICIALS DID NOT IMPLEMENT SUFFICIENT MANAGEMENT CONTROLS OR TAKE SUFFICIENT OWNERSHIP OVER MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES ADMINISTRATION (MRDDA) OPERATIONS, WHICH RESULTED IN AN \$18 MILLION BUDGET SHORTFALL. SPECIFICALLY, DURING THE FY 2006 BUDGET DEVELOPMENT PROCESS, PROGRAM OFFICIALS DID NOT TIMELY OR ADEQUATELY IDENTIFY FINANCIAL IMPACTS OR OPERATIONAL REMEDIES RELATIVE TO: (1) DEVELOPING A DISTINCT OR ACHIEVABLE PLAN TO ADDRESS “CUTS” MADE TO MRDDA’S BUDGET; (2) IDENTIFYING PROGRAM NEEDS ADEQUATELY AND TIMELY; AND (3) MAXIMIZING AVAILABLE FEDERAL FUNDS OR REDUCING COSTS FOR SERVICES, WHICH WE ESTIMATED TO BE IN THE MILLIONS OF DOLLARS.

ANALYSIS OF OVERTIME IN THE DISTRICT OF COLUMBIA. THIS REVIEW IDENTIFIED INTERNAL CONTROL WEAKNESSES OVER THE USE AND ACCOUNTABILITY OF OVERTIME. FINDINGS IDENTIFIED IN A RECENT AUDIT PROVIDED REASONS TO BELIEVE THAT THESE INTERNAL CONTROL WEAKNESSES MAY EXIST IN OTHER DISTRICT AGENCIES. AWARENESS OF THE DISTRICT’S HISTORY OF EXCESSIVE OVERTIME COSTS AND INNOVATIVE APPROACHES NOW USED BY OTHER MUNICIPALITIES TO REDUCE OVERTIME ALSO PROVIDE DISTRICT AGENCIES WITH

OPPORTUNITIES FOR ASSESSING THE ADEQUACY OF THEIR INTERNAL CONTROLS AND INITIATING ACTIONS TO BETTER MANAGE AND REDUCE OVERTIME COSTS. CONSERVATIVELY, WE ESTIMATED THAT THE DISTRICT CAN REDUCE OVERTIME COSTS BY AT LEAST 10 TO 15 PERCENT, OR BETWEEN \$5.5 MILLION AND \$8.2 MILLION, BASED ON THE SUCCESSES ACHIEVED BY OTHER MUNICIPALITIES' OVERTIME COST REDUCTION EFFORTS.

SUMMARY OF OTHER AUDIT OPERATIONS

BY LAW, THE OIG IS RESPONSIBLE FOR CONTRACTING WITH AN INDEPENDENT AUDIT FIRM FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND OVERSEEING THE AUDIT PROCESS. TO ENSURE THAT THE AUDIT PROCESS RUNS SMOOTHLY, THE OIG CHAIRS AN OVERSIGHT COMMITTEE THAT MONITORS THE PROGRESS OF THE CAFR EACH YEAR. THE COMMITTEE MEETS THROUGHOUT THE YEAR TO ENSURE THAT OBSTACLES THAT MAY HINDER THE TIMELY COMPLETION OF THE AUDIT, OR MATTERS WHICH NEED DISTRICT MANAGEMENT'S ATTENTION, ARE DISCUSSED WITH THE APPROPRIATE DECISION MAKERS AND PROMPTLY RESOLVED.

INVESTIGATIONS DIVISION

IN FY 2006, OUR INVESTIGATIONS DIVISION CONTINUED ITS EMPHASIS ON CRIMINAL INVESTIGATIONS THAT RESULT IN PROSECUTIONS, WHICH WE

BELIEVE HAVE A SIGNIFICANT DETERRENT EFFECT ON OFFICIAL MISCONDUCT. IN THE LAST FISCAL YEAR, WE PRESENTED 66 CASES FOR PROSECUTION TO FEDERAL AUTHORITIES. OF THESE, 20 CASES WERE ACCEPTED FOR FURTHER INVESTIGATION OR PROSECUTION. WE ALSO PRESENTED 14 CASES TO THE D.C. OFFICE OF THE ATTORNEY GENERAL FOR PROSECUTION UNDER LAWS WITHIN THE JURISDICTION OF THAT OFFICE. OUR CASES RESULTED IN 14 INDICTMENTS, 18 CONVICTIONS, AND MORE THAN \$700,000 IN RESTITUTION AND RECOVERIES. IN FY 2005, 12 CONVICTIONS AND 11 INDICTMENTS WERE OBTAINED.

OUR SPECIAL AGENTS WERE INVOLVED IN SEVERAL JOINT CRIMINAL INVESTIGATIONS WITH THE OFFICE OF THE UNITED STATES ATTORNEY, THE FEDERAL BUREAU OF INVESTIGATION (FBI), AND THE UNITED STATES DEPARTMENT OF EDUCATION OFFICE OF THE INSPECTOR GENERAL (DOEDIG). SEVERAL OF THESE JOINT INVESTIGATIONS TARGETED CORRUPTION IN DCPS, WHICH RESULTED IN: (1) THE CONVICTION AND SENTENCING OF A DCPS EMPLOYEE WHO FRAUDULENTLY DEPOSITED A CHECK MADE PAYABLE TO DCPS INTO HIS PERSONAL CHECKING ACCOUNT; AND (2) A FORMER DCPS ELEMENTARY SCHOOL PRINCIPAL PLEADING GUILTY TO IMPROPER EXPENDITURES OF NEARLY \$10,000 FROM THE STUDENT ACTIVITY FUND FOR HER PERSONAL BENEFIT.

WE ALSO OBTAINED CONVICTIONS OF DISTRICT EMPLOYEES IN OTHER AGENCIES WHO VIOLATED THE PUBLIC TRUST. SOME EXAMPLES ARE: (1) A DCRA EMPLOYEE WHO PLED GUILTY TO EXTORTING MONEY FROM BUSINESSES IN EXCHANGE FOR OVERLOOKING COMPLIANCE ISSUES, AND WAS SENTENCED TO EIGHTEEN MONTHS INCARCERATION AND TWO YEARS SUPERVISED RELEASE; AND (2) A DISTRICT DEPARTMENT OF TRANSPORTATION EMPLOYEE WHO ACCEPTED A BRIBE OF \$4,000, AND RECEIVED FIVE YEARS PROBATION, A FINE OF \$2,000, AND WAS ORDERED TO PAY \$4,000 RESTITUTION.

OUR INVESTIGATIONS ALSO RESULTED IN CONVICTIONS IN THE AREA OF PROGRAM FRAUD. FOR EXAMPLE, THREE INDIVIDUALS WERE CONVICTED OF FALSE CLAIMS AND FRAUD IN THE PROJECT EMPOWERMENT PROGRAM (PROGRAM) ADMINISTERED BY THE DISTRICT DEPARTMENT OF EMPLOYMENT SERVICES. IN ANOTHER INVESTIGATION, A FORMER DCPS SPECIAL EDUCATION TEACHER FRAUDULENTLY OBTAINED OVER \$31,000 IN ANNUITY PAYMENTS FROM THE OFFICE OF PAY AND RETIREMENT SERVICES (OPRS). THE TEACHER WAS SENTENCED TO SIX MONTHS IN PRISON, ORDERED TO PAY FULL RESTITUTION, AND TO COMPLETE THREE YEARS OF SUPERVISED PROBATION.

IN ADDITION TO CRIMINAL INVESTIGATIONS, THE OIG CONDUCTS ADMINISTRATIVE INVESTIGATIONS OF DISTRICT EMPLOYEES WHO

VIOLATE DISTRICT REGULATIONS, INCLUDING THE DISTRICT'S STANDARDS OF CONDUCT. IN THE LAST FISCAL YEAR, OUR ADMINISTRATIVE INVESTIGATIONS COVERED A WIDE RANGE OF MISCONDUCT.

IN ADDITION TO CONDUCTING INVESTIGATIONS INVOLVING SIGNIFICANT NON-CRIMINAL MISCONDUCT , THE DIVISION OPERATES A REFERRAL PROGRAM BY WHICH THE OIG REFERS TO OTHER DEPARTMENTS AND AGENCIES ADMINISTRATIVE MATTERS THAT CAN BEST BE ADDRESSED BY THOSE AGENCIES. IN MOST CASES, THE OIG MONITORS THE RESPONSES TO THESE REFERRALS TO ENSURE THAT THE MATTERS ARE HANDLED APPROPRIATELY.

OUR INVESTIGATIONS DIVISION ANNUALLY RECEIVES APPROXIMATELY 4,500 CALLS THROUGH ITS HOTLINE OPERATION. OUR INVESTIGATORS ADDRESSED 433 INVESTIGATIVE MATTERS DURING FY 2006 AND OPENED 102 NEW INVESTIGATIONS. IN FY 2006, THE OIG REFERRED A TOTAL OF 191 MATTERS TO THE HEADS OF 37 DISTRICT DEPARTMENTS AND AGENCIES.

THE INVESTIGATIONS DIVISION EXCEEDED ITS PERFORMANCE GOALS IN THREE OF ITS FIVE PERFORMANCE MEASURES FOR FY 2006. THE INVESTIGATIONS DIVISION DID NOT ACHIEVE ITS PERFORMANCE

MEASURE GOALS TO (1) COMPLETE EVERY PRELIMINARY INVESTIGATION WITHIN ONE MONTH OF ASSIGNING THE CASE AND (2) CLOSE ALL PENDING ADMINISTRATIVE INVESTIGATIONS AT THE BEGINNING OF THE FISCAL YEAR. THIS WAS DUE IN PART TO ATTRITION, INCLUDING THE LOSS DURING PART OF FY 2006 OF THE ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS, EACH OF THE DIVISION DIRECTORS, AND THE FACT THAT THE DIVISION'S CASELOAD WAS MORE HEAVILY WEIGHTED TOWARD CRIMINAL CASES IN FY 2006.

NOW AT NEARLY FULL STAFF, THE INVESTIGATIONS DIVISION IS EXCEEDING ALL OF ITS FY 2007 PERFORMANCE MEASURES. THESE EFFORTS HAVE CULMINATED IN RECOVERIES OR RESTITUTION OF NEARLY \$2.3 MILLION.

INSPECTIONS AND EVALUATIONS DIVISION

THE INSPECTIONS AND EVALUATIONS DIVISION (I&E) PROVIDES HIGHLY DETAILED EVALUATIONS OF THE MANAGEMENT AND KEY OPERATIONS OF DISTRICT AGENCIES. I&E FOCUSES PARTICULARLY ON HELPING TO IMPROVE THOSE AGENCIES WITH CRITICAL SERVICE DELIVERY RESPONSIBILITIES, AND THOSE IN WHICH SIGNIFICANT PROBLEMS COME TO THE ATTENTION OF THE MAYOR, THE COUNCIL, AND OTHER STAKEHOLDERS. THE RECOMMENDATIONS I&E MAKES TO AGENCY AND DEPARTMENT HEADS TYPICALLY CALL FOR CORRECTIVE MEASURES TO

ENSURE THAT DISTRICT AND FEDERAL LAWS, REGULATIONS, AND POLICIES ARE FOLLOWED, THAT DEFICIENCIES ARE ADDRESSED, AND THAT OPERATIONS ARE IMPROVED. SINCE ITS INCEPTION IN 1999, I&E HAS PROVIDED DISTRICT AGENCIES WITH MORE THAN 800 FINDINGS AND MORE THAN 1200 RECOMMENDATIONS AIMED AT IMPROVING THEIR INTERNAL OPERATIONS AND THE SERVICES THEY PROVIDE TO THE CITY.

INSPECTION PERFORMANCE MEASURES

DURING FY 2006, I&E MET ITS PRIMARY INSPECTION GOAL BY CONDUCTING THREE INSPECTIONS, ONE SPECIAL REVIEW, ONE RE-INSPECTION, AND ISSUING ONE MAR. COLLECTIVELY, THESE PROJECTS GENERATED 67 FINDINGS AND 86 RECOMMENDATIONS.

FY 2006 INSPECTION AND RE-INSPECTION ACTIVITIES

OUR INSPECTION OF THE OFFICE OF CONTRACTING AND PROCUREMENT (OCP) WAS THE SECOND HALF OF A TWO-PART INSPECTION. WE FOCUSED ON HOW OCP DOCUMENTED APPROVAL OF CONTRACTS VALUED OVER A MILLION DOLLARS; OCP'S MANAGEMENT AND ORGANIZATIONAL STRUCTURE; STAFFING, PERFORMANCE STANDARDS, POLICIES AND PROCEDURES; FILE STORAGE AND RETRIEVAL; AND TRAINING PROGRAMS. WE PERFORMED A QUALITY ASSURANCE REVIEW OF DOCUMENTATION REQUIRED FOR CONTRACTS AWARDED, INCLUDING

SOLE SOURCE CONTRACTS, LETTER CONTRACTS, AND RETROACTIVE CONTRACTS, AND REVIEWED THE EFFECT OF EMPLOYEE RETIREMENTS ON AGENCY OPERATIONS. THE INSPECTION FOUND A NUMBER OF AREAS REQUIRING ATTENTION BY OCP MANAGEMENT. FOR EXAMPLE, MANY CONTRACT FILES, SOME VALUED AT MORE THAN A MILLION DOLLARS, DID NOT HAVE REQUIRED DOCUMENTATION AND ATTORNEY GENERAL AND CITY COUNCIL APPROVAL; STAFFING INADEQUACIES WERE AFFECTING PROPER OVERSIGHT OF KEY PROGRAMS; ALL CONTRACT SPECIALISTS DID NOT HAVE PERFORMANCE STANDARDS; AND THERE WERE INSUFFICIENT GUIDELINES TO ASSIST EMPLOYEES WITH CONTRACTING RESPONSIBILITIES. THE REPORT OF INSPECTION WAS PUBLISHED THIS MONTH AND CAN BE FOUND ON THE OIG WEBSITE.

DURING OUR INSPECTION OF THE PUBLIC SERVICE COMMISSION (PSC), WE EVALUATED OPERATIONS IN ALL KEY AREAS, INCLUDING THE OFFICE OF THE EXECUTIVE DIRECTOR, THE OFFICE OF CONSUMER SERVICES, AND THE OFFICE OF INFORMATION TECHNOLOGY. AN EMPLOYEE SURVEY WAS CONDUCTED TO ASSESS EMPLOYEE ATTITUDES AND PERCEPTIONS OF PSC MANAGEMENT AND AGENCY OPERATIONS. THE REPORT OF INSPECTION, WITH THE OIG'S FINDINGS AND RECOMMENDATIONS AND PSC'S COMMENTS, WILL BE PUBLISHED IN THE SECOND QUARTER OF FY 2007, AFTER THE PSC REVIEW.

IN FY 2006, I&E WORKED JOINTLY WITH THE OIG'S MFCU TO CONDUCT A SPECIAL EVALUATION REQUESTED BY THE CITY ADMINISTRATOR FOLLOWING THE DEATH OF DISTRICT RESIDENT DAVID ROSENBAUM. NUMEROUS QUESTIONS WERE RAISED AND COMPLAINTS MADE BY BOTH CITIZENS AND DISTRICT GOVERNMENT OFFICIALS CONCERNING EMERGENCY MEDICAL SERVICES PROVIDED AND THE INVESTIGATION CONDUCTED WITH RESPECT TO MR. ROSENBAUM BY THE PERSONNEL OF THE D.C. FIRE AND EMERGENCY MEDICAL SERVICES DEPARTMENT (FEMS), METROPOLITAN POLICE DEPARTMENT (MPD), AND HOWARD UNIVERSITY HOSPITAL (HOWARD). OUR REVIEW CONCLUDED, AMONG OTHER THINGS, THAT FIRST RESPONDERS DID NOT FOLLOW ALL APPLICABLE RULES AND PROCEDURES REGARDING INITIAL PATIENT CARE; KEY INFORMATION ABOUT THE PATIENT WAS NOT PASSED BETWEEN PROVIDERS; THE PATIENT WAS NOT THOROUGHLY ASSESSED; AND THE SCENE OF THE INCIDENT WAS NOT PROPERLY SECURED AND ASSESSED. OUR RECOMMENDATIONS INCLUDED ENSURING THAT: ALL PERSONNEL HAVE REQUIRED TRAINING AND CERTIFICATIONS PRIOR TO GOING ON DUTY; AND A QUALITY ASSURANCE SYSTEM BE IMPLEMENTED TO PROVIDE ADEQUATE OVERSIGHT OF PERSONNEL PERFORMANCE.

DURING FY 2006, I&E CONDUCTED A RE-INSPECTION OF THE DEPARTMENT OF CORRECTIONS (DOC). THIS WAS A FOLLOW-UP TO THE INITIAL INSPECTION CONDUCTED FROM 2001 TO 2002. THE RE-INSPECTION

LOOKED AT CAPITAL IMPROVEMENTS IN AREAS SUCH AS KITCHEN AND LAUNDRY FACILITIES; HEATING, COOLING, AND VENTILATION SYSTEMS; THE HEALTHCARE UNIT; THE OVERHAUL OF THE PLUMBING AND ELECTRICAL SYSTEMS; OVERALL SANITATION THROUGHOUT THE FACILITY; AND COMPLIANCE WITH COURT ORDERS CONCERNING RECORDS OFFICE OPERATIONS AND THE ERRONEOUS RELEASE OF INMATES. THE RE-INSPECTION REPORT WILL BE PUBLISHED IN THE SECOND QUARTER OF FY 2007.

FY 2007 INSPECTIONS AND RE-INSPECTION ACTIVITIES

DURING THE FIRST QUARTER OF FY 2007, I&E COMPLETED A SPECIAL EVALUATION OF THE D.C. VILLAGE EMERGENCY SHELTER FOR HOMELESS FAMILIES (D.C. VILLAGE). THIS SHELTER IS OPERATED BY CONTRACTORS UNDER THE OVERSIGHT OF THE DEPARTMENT OF HUMAN SERVICES (DHS). THE INSPECTION TEAM LOOKED AT HEALTH AND SAFETY CONDITIONS, THE QUALITY OF SERVICES PROVIDED TO RESIDENTS, CONTRACT AND BUDGET ISSUES, AND MANAGEMENT AND OVERSIGHT OF THE FACILITY. WE REPORTED A NUMBER OF DEFICIENCIES, INCLUDING ACCOMMODATIONS NOT IN COMPLIANCE WITH DISTRICT LAW, A LACK OF EMPLOYEE BACKGROUND CHECKS, AND INSUFFICIENT CONTRACT MONITORING BY DHS MANAGEMENT. WE RECOMMENDED, AMONG OTHER THINGS, THAT DHS DEVELOP A PLAN TO BRING SHELTER ACCOMMODATIONS INTO COMPLIANCE WITH DISTRICT LAW, THAT

CRIMINAL BACKGROUND CHECKS AND SUBSTANCE ABUSE SCREENINGS OF EMPLOYEES BE CONDUCTED, AND THAT BUILDING SECURITY BE ENHANCED. OUR REPORT ON D.C. VILLAGE WAS PUBLISHED IN DECEMBER 2006 AND IS AVAILABLE ON THE OIG WEBSITE.

OUR FY 2007 INSPECTIONS IN PROGRESS INCLUDE THE FOLLOWING DISTRICT AGENCIES: THE D.C. OFFICE OF PERSONNEL, WHERE OUR PRIMARY FOCUS IS ON ITS HIRING AND RECRUITING PROCESSES; THE DEPARTMENT OF MENTAL HEALTH'S PUBLIC SCHOOL-BASED SERVICES, WHERE WE ARE EVALUATING ASSESSMENT AND TREATMENT PROCESSES AND ADHERENCE TO POLICIES AND PROCEDURES; AND THE DEPARTMENT OF EMPLOYMENT SERVICES' ADMINISTRATION OF THE WORKERS COMPENSATION PROCESSES FOR PRIVATE SECTOR EMPLOYEES.

IN ADDITION TO OUR INSPECTIONS, WE ARE RE-INSPECTING FEMS, WHICH WAS LAST INSPECTED IN 2002. WE ARE EVALUATING FEMS' COMPLIANCE WITH FINDINGS AND RECOMMENDATIONS ADDRESSED IN OUR ORIGINAL REPORT OF INSPECTION ON ISSUES SUCH AS RESPONSE TIMES BY ADVANCED LIFE SUPPORT UNITS AND PERFORMANCE EVALUATIONS. FINALLY, I&E IS NEARING COMPLETION OF A RE-INSPECTION OF THE OFFICE OF THE CHIEF MEDICAL EXAMINER (OCME) IN WHICH WE, AMONG OTHER THINGS, WILL DETERMINE THE EXTENT OF OCME'S COMPLIANCE

WITH OUR 41 FINDINGS AND 74 RECOMMENDATIONS THAT WERE MADE AS A RESULT OF OUR 2003 INSPECTION.

MEDICAID FRAUD CONTROL UNIT

THE MEDICAID FRAUD CONTROL UNIT (MFCU) OF THE OIG IS AUTHORIZED TO INVESTIGATE AND, WHEN APPROPRIATE, PROSECUTE ALLEGATIONS OF PATIENT ABUSE OR NEGLECT IN ANY NURSING HOME OR GROUP HOME THAT RECEIVES MEDICAID FUNDS. THE MFCU CONTAINS INVESTIGATORS AND PROSECUTORS WITH SPECIALIZED EXPERIENCE IN THIS AREA.

PERFORMANCE MEASURES

THE MFCU'S ENFORCEMENT EFFORTS FALL INTO TWO GENERAL CATEGORIES: (1) FINANCIAL FRAUD AGAINST THE MEDICAID PROGRAM COMMITTED BY PROVIDERS; AND (2) ABUSE, NEGLECT, OR FINANCIAL EXPLOITATION OF PERSONS WHO RESIDE IN MEDICAID-FUNDED FACILITIES, SUCH AS NURSING HOMES AND GROUP HOMES.

THE UNIT'S PERFORMANCE MEASURES REFLECT ITS MISSION AND INCLUDE: EVALUATING ABUSE OR NEGLECT COMPLAINTS WITHIN ONE BUSINESS DAY OF RECEIPT; EVALUATING FRAUD CASES RECEIVED BY THE UNIT WITHIN THIRTY DAYS OF RECEIPT; EVALUATING COMPLAINTS OF FINANCIAL EXPLOITATION WITHIN FIVE DAYS OF RECEIPT; PROVIDING TRAINING OR IN-SERVICE EDUCATION TO TEN RELEVANT ENTITIES DURING THE FISCAL YEAR; AND OBTAINING TEN CRIMINAL OR CIVIL

RESOLUTIONS, THAT IS, A PLEA, SETTLEMENT, OR VERDICT, DURING THE FISCAL YEAR.

IN FY 2006, THE MFCU EXCEEDED ALL FIVE OF ITS PERFORMANCE GOALS. IT SIGNIFICANTLY EXCEEDED EXPECTATIONS ON THREE TARGETS, AND EXCEEDED EXPECTATIONS ON THE REMAINING TWO. STATISTICALLY, THE UNIT HAD ITS MOST SUCCESSFUL AND PRODUCTIVE YEAR SINCE CERTIFICATION IN 2000.

STATISTICS ALONE, HOWEVER, DO NOT CONVEY ALL THE EFFORTS THE UNIT MAKES IN ORDER TO SERVICE THE COMMUNITY BY INVESTIGATING AND PROSECUTING ABUSE AND MEDICAID FRAUD.

ABUSE OF VULNERABLE PERSONS AND UNUSUAL INCIDENTS

THE MFCU HAS TAKEN SIGNIFICANT STEPS TO PROTECT THE DISTRICT'S MOST VULNERABLE CITIZENS AND IS CONTINUING TO MAKE THEIR PROTECTION A PRIORITY. THIS YEAR'S PERFORMANCE GOALS REFLECT THE UNIT'S SUCCESS IN INVESTIGATING AND PROSECUTING THESE CASES, AS WELL AS EDUCATING THE COMMUNITY ABOUT ABUSE AND NEGLECT. THE MFCU'S INVESTIGATIONS OF ABUSE AND NEGLECT BEGIN WITH ITS REVIEW AND ASSESSMENT OF UNUSUAL INCIDENT REPORTS WHICH ARE RECEIVED FROM HEALTH-CARE PROVIDERS, TYPICALLY INSTITUTIONS SUCH AS NURSING HOMES AND GROUP HOMES, AS WELL AS FROM

ANONYMOUS INDIVIDUALS, FAMILY MEMBERS AND HEALTH-CARE WORKERS.

EACH FISCAL YEAR SINCE ITS CERTIFICATION IN 2000, THE MFCU HAS RECEIVED AN INCREASING NUMBER OF UNUSUAL INCIDENT REPORTS. ALTHOUGH MANY OF THE REPORTS ULTIMATELY DO NOT INVOLVE ABUSE OR NEGLECT, IT IS IMPOSSIBLE TO MAKE SUCH A DETERMINATION WITHOUT, AT TIMES, CONDUCTING AN INVESTIGATION. MOREOVER, IT IS CRUCIAL THAT THESE REPORTS ARE ASSESSED QUICKLY SO THAT FURTHER ABUSE CAN BE PREVENTED.

IN FY 2006, THE MFCU REVIEWED AND ASSESSED 3,042 REPORTS ADDRESSING UNUSUAL INCIDENTS AT NURSING AND GROUP HOMES. THIS REPRESENTS AN INCREASE OF ALMOST 20% MORE REPORTS THAN WERE RECEIVED IN FY 2005. THE PERFORMANCE TARGET FOR THE UNIT IN FY 2006 WAS TO REVIEW SEVENTY-FIVE PERCENT OF THE REPORTS WITHIN ONE BUSINESS DAY OF RECEIPT. THE UNIT EVALUATED EIGHTY-ONE PERCENT OF THE REPORTS WITHIN ONE BUSINESS DAY, THEREBY EXCEEDING ITS TARGET GOAL. SIGNIFICANTLY, IN THE FIRST QUARTER OF FY 2007, THE UNIT HAS ALREADY RECEIVED 879 UNUSUAL INCIDENT REPORTS. IF THE RECEIPT OF REPORTS REMAINS AT THIS LEVEL, THE UNIT WILL ONCE AGAIN SEE AN INCREASE IN THE NUMBER OF UNUSUAL INCIDENT REPORTS IT RECEIVES IN FY 2007.

THE UNIT IS CURRENTLY INVESTIGATING OVER 80 ABUSE OR NEGLECT MATTERS AND 13 MATTERS OF FINANCIAL EXPLOITATION OF VULNERABLE ADULTS. IN FY 2006, THE UNIT OBTAINED NINE CONVICTIONS IN THE AREAS OF ABUSE, NEGLECT, SEXUAL ASSAULT, OR FINANCIAL EXPLOITATION OF VULNERABLE ADULTS. THIS IS MORE THAN DOUBLE THE NUMBER OF CONVICTIONS THAT WERE OBTAINED IN FY 2005.

ANTI-FRAUD EFFORTS

OTHER MFCU ENFORCEMENT EFFORTS ARE INVESTIGATIONS AND PROSECUTIONS OF FINANCIAL FRAUD AGAINST THE MEDICAID PROGRAM. CURRENTLY, THE UNIT IS WORKING ON APPROXIMATELY FIFTY-FIVE MATTERS INVOLVING ALLEGATIONS OF PROVIDER FRAUD, FORTY OF WHICH WERE INITIATED IN FY 2006.

THESE INVESTIGATIONS INVOLVE ALLEGATIONS OF FRAUD RELATING TO A BROAD VARIETY OF HEALTH-CARE PROVIDERS, FROM INSTITUTIONS TO SOLO PRACTITIONERS. MEDICAL SPECIALISTS INVOLVED IN THE MFCU'S CASES INCLUDE PHYSICIANS, PHARMACISTS, MEDICAL EQUIPMENT SUPPLIERS, AND TRANSPORTATION PROVIDERS. INVESTIGATIONS CAN LEAD TO THE FILING OF CRIMINAL, CIVIL, AND/OR ADMINISTRATIVE CHARGES.

IN ADDITION TO INITIATING CASES, THE UNIT HAS ENGAGED IN ANTI-FRAUD EDUCATIONAL AND OUTREACH PRESENTATIONS IN THE PRIVATE SECTOR. WE HAVE SPOKEN TO HEALTH-CARE INDUSTRY GROUPS THROUGHOUT THE DISTRICT TO INTRODUCE OUR UNIT, MAKE FORMAL PRESENTATIONS, AND ANSWER QUESTIONS. MOREOVER, WE WORK CLOSELY WITH OTHER LAW ENFORCEMENT AGENCIES, AND THE MFCU IS A MEMBER OF SEVERAL LOCAL LAW ENFORCEMENT TASK FORCE GROUPS. ONE OF THE MFCU'S PERFORMANCE MEASURES IS TO PROVIDE TRAINING OR IN-SERVICE EDUCATION TO TEN ENTITIES EACH FISCAL YEAR. IN FY 2006, THE TARGET GOAL WAS TO ACHIEVE SIXTY PERCENT OF THIS PERFORMANCE MEASURE. THE MFCU SUBSTANTIALLY EXCEEDED ITS TARGET GOAL BY PROVIDING ELEVEN TRAININGS DURING FY 2006, INCLUDING TWO PRESENTATIONS BY THE DIRECTOR AT NATIONAL CONFERENCES RELATED TO ELDER SEXUAL ABUSE.

CRIMINAL/CIVIL RESOLUTIONS

DURING FY 2006, THE UNIT OBTAINED THIRTEEN RESOLUTIONS TO OUTSTANDING FRAUD, ABUSE, NEGLECT, SEXUAL ASSAULT, AND FINANCIAL EXPLOITATION MATTERS. IT OBTAINED NINE CRIMINAL CONVICTIONS AND RECOVERED OVER \$2.16 MILLION IN RESTITUTION TO THE MEDICAID PROGRAM IN THREE GLOBAL SETTLEMENTS, RECOUPING NEARLY FIVE DOLLARS FOR EVERY DISTRICT DOLLAR FUNDING THE UNIT. IN FY 2007, THERE WILL BE A SIGNIFICANT CHANGE IN THE MFCU: HHS AND THE DISTRICT HAVE INCREASED THE MFCU'S BUDGET,

ENABLING IT TO HIRE FIVE ADDITIONAL FULL-TIME EMPLOYEES TO CONTINUE AND EXPAND THE ACCOMPLISHMENTS ATTAINED BY THE MFCU IN PAST YEARS.

CONCLUSION

I LOOK FORWARD TO WORKING WITH THE NEW CHAIR AND THE MEMBERS OF THIS COMMITTEE. I AM PROUD OF OUR FY 2006 AND FY 2007 ACCOMPLISHMENTS, ALL OF WHICH CAN BE REVIEWED IN GREATER DETAIL BY VISITING THE OIG'S WEBSITE. THE OIG WILL CONTINUE TO FOCUS OUR LIMITED RESOURCES ON MITIGATING THOSE RISKS WHICH POSE THE MOST SERIOUS CHALLENGES TO DISTRICT AGENCIES AND STAKEHOLDERS.

THIS CONCLUDES MY TESTIMONY, AND I WILL BE HAPPY TO ANSWER YOUR QUESTIONS.