

**TESTIMONY OF CHARLES J. WILLOUGHBY, INSPECTOR GENERAL  
BEFORE THE  
COUNCIL OF THE DISTRICT OF COLUMBIA  
COMMITTEE ON GOVERNMENT OPERATIONS AND  
THE ENVIRONMENT**

**FISCAL YEAR 2008 PERFORMANCE OVERSIGHT HEARING**

**MARCH 13, 2009**

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GOOD AFTERNOON CHAIRPERSON CHEH 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; STACIE PITTELL, 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 2008 AND THE FIRST QUARTER OF FY 2009.

**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 RELATE TO THE WAYS IN WHICH OUR WORK ADDRESSES THE OIG STATUTORY RESPONSIBILITIES AND

SUPPORTS CITYWIDE STRATEGIC PRIORITIES.

I WILL NOW PROVIDE AN 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 THE CITYWIDE FINANCIAL AUDIT REFERRED TO AS THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR).

THE OIG HAS AND CONTINUES TO PLAY A ROLE IN ASSISTING DISTRICT MANAGEMENT TO ADDRESS VARIOUS AREAS OF RISK. IN LOOKING FOR WAYS TO MITIGATE THE VARIOUS RISKS FACING THE DISTRICT, WE FASHION AUDITS TO ASSESS THE RESULTS OF BUDGETED PROGRAMS, INCLUDING THE ECONOMY, EFFICIENCY, AND EFFECTIVENESS OF MANAGEMENT ACTIONS TAKEN TO ADDRESS THOSE RESULTS. IN FY 2008, THE AUDIT DIVISION CONTINUED ITS INCREASED FOCUS ON ISSUES SURROUNDING D.C. PUBLIC SCHOOLS (DCPS), MEDICAID, VULNERABLE POPULATIONS, PROCUREMENT AND CONTRACTING, AND WORKFORCE ADMINISTRATION. ADDITIONALLY, BASED ON OUR WORK DURING THE PAST YEAR, THE DISTRICT'S PAYMENT PROCESS HAS PRESENTED THE CITY WITH A LEVEL OF FINANCIAL AND OPERATIONAL

RISK THAT WE BELIEVE NEEDS CLOSER MANAGEMENT SCRUTINY AND OVERSIGHT. ACCORDINGLY, WE WILL GREATLY EXPAND OUR INVOLVEMENT IN THIS AREA IN FY 2009.

## **AUDIT STATISTICS**

IN ORDER TO MEASURE OUR AUDIT PERFORMANCE AGAINST OUR GOALS, WE REPORT ON POTENTIAL MONETARY BENEFITS IDENTIFIED AND THE NUMBER OF REPORTS ISSUED. WE ALSO CONTINUE TO WORK TOWARD PROCESS IMPROVEMENTS IN MEASURING OUR PRODUCTIVITY AND PERFORMANCE. IN THIS REGARD, BECAUSE OF THE IMPORTANCE WE PLACE ON AUDIT FOLLOW-UP, WE ALSO TRACK INTERNALLY THE STATUS OF RECOMMENDATIONS MADE AND DISTRICT AGENCY COVERAGE. WE TRACK AUDIT RECOMMENDATIONS SO THAT WE CAN ASSESS THE PROGRESS OF CORRECTIVE ACTIONS.

ADDITIONALLY, THE COMPTROLLER GENERAL'S GOVERNMENT AUDITING STANDARDS EMPHASIZE THE IMPORTANCE OF FOLLOW-UP ON SIGNIFICANT FINDINGS AND RECOMMENDATIONS FROM PRIOR AUDITS TO DETERMINE IF CORRECTIVE ACTIONS HAVE BEEN IMPLEMENTED.

THE AUDIT DIVISION SIGNIFICANTLY EXCEEDED EXPECTATIONS ON ITS PERFORMANCE MEASURES. FOR FY 2008 WE CONDUCTED AUDITS IN 27 PERCENT OF THE DISTRICT'S AGENCIES/OFFICES (OUR TARGET WAS 15 PERCENT). WE EXCEEDED A TARGET OF ISSUING 24 FINAL AUDIT REPORTS BY ISSUING 32. IN ADDITION, 23 MANAGEMENT ALERT REPORTS (MARS) AND 1

MANAGEMENT IMPLICATION REPORT (MIR - WHICH IS SIMILAR TO A MAR, BUT IS ADDRESSED TO MULTIPLE AGENCIES) WERE ISSUED IN FY 2008. OUR POTENTIAL MONETARY BENEFITS WERE \$55.5 MILLION, COMPARED TO A TARGET OF \$15 MILLION. COMPARING THESE BENEFITS TO AUDIT DIVISION COSTS OF APPROXIMATELY \$3.1 MILLION SHOWS A RETURN ON INVESTMENT FOR AUDITS PERFORMED BY OIG AUDIT STAFF OF ALMOST \$18 FOR EACH DOLLAR INVESTED.

TO IDENTIFY SPECIFIC POTENTIAL BENEFITS, THE OIG INCLUDES A SCHEDULE IN EACH AUDIT REPORT THAT IDENTIFIES POTENTIAL BENEFITS RESULTING FROM THE AUDIT. THE SCHEDULE PROVIDES EACH BENEFIT BY RECOMMENDATION, A DESCRIPTION OF THE IDENTIFIED BENEFIT, AND THE TYPE OF BENEFIT. THE BENEFITS OF EACH RECOMMENDATION ARE DESCRIBED AS ECONOMY AND EFFICIENCY, INTERNAL CONTROL AND COMPLIANCE, OR PROGRAM RESULTS. FOR FY 2008, THE AUDIT DIVISION MADE A TOTAL OF 252 RECOMMENDATIONS TO DISTRICT MANAGEMENT.

**AUDIT HIGHLIGHTS BY THEME:**

**REVENUE ENHANCEMENT**

**AUDIT OF THE DISTRICT OF COLUMBIA DEPARTMENT OF MENTAL HEALTH'S (DMH) PROGRAM MANAGEMENT AND ADMINISTRATION OF PROVIDER REIMBURSEMENTS, OIG NO. 06-2-13RM, 12/11/2007**

OUR AUDIT FOUND THAT A PROCESS FOR REWORKING AND RESUBMITTING DENIED MEDICAID CLAIMS DID NOT EXIST. DENIED MEDICAID CLAIMS HAVE NOT BEEN REWORKED AND RESUBMITTED SINCE THE ECURA SYSTEM (DMH'S CARE MANAGEMENT INFORMATION SYSTEM) WAS BROUGHT TO DMH IN FY 2001. BASED ON ESTIMATES PROVIDED TO US BY DMH PERSONNEL, THE VALUE OF DENIED CLAIMS SINCE NOVEMBER 2002 IS ESTIMATED TO BE \$30.1 MILLION.

**SPENDING AND EFFICIENT USE OF RESOURCES**

**AUDIT OF THE D.C. DEPARTMENT OF MOTOR VEHICLES TICKET PROCESSING SERVICES, OIG NO. 07-2-03MA, 12/5/2007**

BASED ON THE MOTORIST SERVICES MODERNIZATION PROGRAM (MSMP) PROJECT CANCELLATION, THE DISTRICT INCURRED \$11 MILLION MORE THAN IT WOULD HAVE INCURRED HAD IT AWARDED THE EIGHT CORRESPONDING CONTRACTS UNDER THE MSMP PROJECT. ADDITIONALLY, OUR AUDIT FOUND THAT THE OFFICE OF CONTRACTING AND PROCUREMENT (OCP) PREVIOUSLY EXTENDED THE TICKET PROCESSING AND COLLECTION SERVICES CONTRACT TO THE SAME CONTRACTOR FOR APPROXIMATELY 31 MONTHS AFTER THE EXPIRATION OF THE ORIGINAL 5-YEAR CONTRACT PERIOD WITHOUT SOLICITING COMPETITION OR PROPERLY JUSTIFYING THE AWARD OF THE SOLE SOURCE CONTRACT. THIS RESULTED IN AN EXPENDITURE OF APPROXIMATELY \$6.4 MILLION MORE THAN MAY HAVE BEEN NECESSARY TO PROVIDE TICKET PROCESSING AND COLLECTION SERVICES DURING THE PERIOD.

## **DELIVERY OF CITIZEN SERVICES**

### **AUDIT OF THE DEPARTMENT OF PARKS AND RECREATION'S OVERSIGHT OF CAPITAL PROJECTS, OIG NO. 06-1-08HA, 5/13/2008**

THE AUDIT DISCLOSED THAT THE DEPARTMENT OF PARKS AND RECREATION (DPR) DID NOT EFFECTIVELY MONITOR THE PROGRESS AND STATUS OF ITS CAPITAL IMPROVEMENT PROJECTS (CIP). THE LACK OF A VIABLE PROJECT MONITORING PROGRAM PRECLUDED: TIMELY DETECTION OF DELAYS IN STARTING AND COMPLETING PROJECTS; TIMELY DETECTION OF POOR WORKMANSHIP; AND EFFICIENT USE OF GOVERNMENT FUNDS WHILE PROJECTS LANGUISHED AS FUNDS WERE EXPENDED. WE ATTRIBUTED THE LACK OF PROJECT MONITORING TO INSUFFICIENT EXECUTIVE MANAGEMENT AND SUPERVISORY OVERSIGHT FOR SEVERAL YEARS.

## **SUPPORT SERVICES**

### **AUDIT OF THE DEPARTMENT OF HEALTH'S PROCUREMENT OF THE BIOSAFETY LABORATORY LEVEL 3, MODULAR LABORATORY AND LEARNING MANAGEMENT SYSTEM, OIG NO. 06-2-17MA, 7/24/2008**

THE DEPARTMENT OF HEALTH (DOH) INCURRED UNNECESSARY DELAYS IN THE PROCUREMENT OF A BIOSAFETY LABORATORY LEVEL 3 (BSL3) FACILITY, CAPABLE OF HANDLING SELECT BIOLOGICAL AGENTS. ALTHOUGH THE PROJECT WAS INITIATED IN MAY 1999, AS OF THE DATE OF OUR REPORT, THE BSL3 LAB HAD NOT BEEN COMPLETED. THE DELAYS OCCURRED, IN PART, BECAUSE DOH AND OCP OFFICIALS DID NOT DEVELOP A PROCUREMENT PLAN

THAT PROVIDED FOR COORDINATION AND CONTINUITY IN THE CONSTRUCTION OF A BSL3 LAB FROM THE INITIAL STAGES TO FULL OPERATIONAL CAPABILITIES. THE LACK OF A PROCUREMENT PLAN FURTHER CONTRIBUTED TO DELAYS WITH SITE IDENTIFICATION AND DOH'S RESPONSE TO THE TURNOVER OF AGENCY STAFF RESPONSIBLE FOR THE PROJECT. PROCUREMENT PLANNING FOR CONSTRUCTION AND OTHER CONTRACTED PROJECTS IS REQUIRED BY THE GOVERNING CRITERIA OF TITLE 27 OF THE DISTRICT OF COLUMBIA MUNICIPAL REGULATIONS. AS A RESULT, THE DISTRICT'S RESPONSE CAPABILITIES WERE NEGATIVELY AFFECTED BECAUSE LABORATORY SAMPLES HAD TO BE SENT TO MARYLAND AND VIRGINIA STATE LABORATORIES FOR ANALYSIS.

### **DISTRICT OF COLUMBIA PUBLIC EDUCATION PROGRAMS**

#### **AUDIT OF THE DISTRICT OF COLUMBIA PUBLIC SCHOOLS' RESIDENCY REQUIREMENTS, OIG NO. 06-1-14GA, 1/24/2008**

OUR AUDIT FOUND THAT THE DISTRICT OF COLUMBIA PUBLIC SCHOOLS (DCPS) ALLOWED STUDENTS WHOSE RESIDENCY HAD NOT BEEN ESTABLISHED TO REMAIN ENROLLED IN D.C. PUBLIC SCHOOLS, PRIVATE SCHOOLS, AND OUT-OF-STATE PUBLIC FACILITIES. SPECIFICALLY, WE FOUND THAT SCHOOL PERSONNEL AT THE 7 LOCAL PUBLIC SCHOOLS WE VISITED DID NOT HAVE RESIDENCY VERIFICATION FORMS OR RESIDENCY VARIANCE FORMS FOR 56 STUDENTS, 43 OF WHICH WERE ENROLLED IN THEIR SCHOOLS AT THE TIME OF OUR VISITS. FURTHER, THE DCPS STUDENT RESIDENCY OFFICE DID NOT HAVE

RESIDENCY VERIFICATION FORMS, RESIDENCY VARIANCE FORMS, OR COURT ORDERS FOR 166 STUDENTS ATTENDING PRIVATE AND OUT-OF-STATE PUBLIC FACILITIES. ONE HUNDRED-SIXTEEN OF THE 166 STUDENTS WERE ENROLLED IN THEIR RESPECTIVE FACILITIES. AS A RESULT, DCPS PAID OVER \$2.7 MILLION FOR 166 POTENTIALLY INELIGIBLE STUDENTS TO ATTEND PRIVATE AND OUT-OF-STATE PUBLIC FACILITIES, AND MAY BE ENTITLED TO RECOVER FUNDS THROUGH TUITION REIMBURSEMENT REQUESTS.

### **INSPECTIONS AND EVALUATIONS DIVISION**

THE INSPECTIONS AND EVALUATIONS DIVISION (I&E) PROVIDES OBJECTIVE, THOROUGH, AND TIMELY ASSESSMENTS OF THE MANAGEMENT AND KEY OPERATIONS OF DISTRICT AGENCIES. I&E FOCUSES PARTICULARLY ON AGENCIES RESPONSIBLE FOR THE DELIVERY OF SERVICES TO CITIZENS, AND THOSE IN WHICH SIGNIFICANT PROBLEMS COME TO THE ATTENTION OF THE MAYOR, THE COUNCIL, AND OTHER STAKEHOLDERS. I&E RECOMMENDATIONS 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. I&E ALSO CONDUCTS OR COORDINATES PRIORITY AND HIGH PROFILE SPECIAL EVALUATIONS REQUESTED OF THE OIG BY THE EXECUTIVE OFFICE OF THE MAYOR AND BY COUNCILMEMBERS.

## **INSPECTION PERFORMANCE MEASURES**

I&E'S FY 2008 PERFORMANCE TARGET OF 5 INSPECTION REPORTS WAS NOT ACHIEVED BECAUSE STAFF RESOURCES WERE DIVERTED TO A SPECIAL EVALUATION OF INTERACTIONS BETWEEN BANITA JACKS, HER FAMILY MEMBERS, AND DISTRICT AGENCIES AND SERVICE PROVIDERS. THIS REPORT IS UNDER FINAL REVIEW AND IS BEING PREPARED FOR PUBLICATION FOR THE MAYOR, THE COUNCIL, AND THE PUBLIC. I&E ALSO CONDUCTED TWO SCHEDULED INSPECTIONS AND ISSUED 8 MARS.

## **FY 2008 INSPECTION AND RE-INSPECTION ACTIVITIES**

- AT THE REQUEST OF THE EXECUTIVE OFFICE OF THE MAYOR, I&E LED A TEAM OF EMPLOYEES FROM THREE OIG DIVISIONS IN A SPECIAL EVALUATION OF THE COORDINATION AND PROVISION OF SOCIAL SERVICES TO BANITA JACKS AND HER FAMILY BY DISTRICT AGENCIES AND COMMUNITY-BASED ORGANIZATIONS. ALTHOUGH I CANNOT PROVIDE DETAILS PRIOR TO PUBLICATION, I CAN SAY THAT THE REPORT IS COMPREHENSIVE AND MAKES A NUMBER OF RECOMMENDATIONS FOR IMPROVING THESE SERVICES TO VULNERBALE AND AT-RISK CITIZENS.
- I&E CONDUCTED AN INSPECTION OF THE OFFICE OF ADMINISTRATIVE HEARINGS (OAH), WHERE OUR PRIMARY FOCUS WAS ON OAH'S OPERATIONAL EFFECTIVENESS AND THE QUALITY OF SERVICE DELIVERY.

- AN I&E INSPECTION OF THE DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS (DCRA) WAS THE THIRD PART OF A THREE-PART INSPECTION OF DCRA. THE INSPECTION FOCUSED ON THE EFFECTIVENESS, EFFICIENCY, AND OVERSIGHT OF ITS COMMERCIAL INSPECTIONS OF CONSTRUCTION SITES, ELEVATORS, AND ESCALATORS; THE OFFICE OF THE SURVEYOR; PERMIT PROCESSES; AND THE ZONING OFFICE.

DRAFT REPORTS FROM THE OAH AND DCRA INSPECTIONS ARE BEING REVIEWED AND PREPARED FOR RELEASE TO THE RESPECTIVE AGENCIES FOR COMMENT. WE ANTICIPATE THAT APPROXIMATELY 107 FINDINGS AND 128 RECOMMENDATIONS WILL BE ISSUED IN THE REPORTS UNDER REVIEW.

MANAGEMENT ALERT REPORTS OR MARS ARE ISSUED TO AGENCY HEADS WHEN INSPECTORS BELIEVE A MATTER REQUIRES IMMEDIATE OR PRIORITY ATTENTION. THE 8 I&E MARS COMPLETED IN FY 2008 GENERATED 14 FINDINGS AND 29 RECOMMENDATIONS THAT WERE PRESENTED TO THE HEADS OF DISTRICT AGENCIES. THE FOLLOWING SUMMARIZES FOUR OF THE MOST SIGNIFICANT MARS ISSUED:

- DURING OUR INSPECTION OF OAH, A MAR COMMUNICATED OUR CONCERNS REGARDING SAFETY AND SECURITY DEFICIENCIES INSIDE OAH HEARING ROOMS AND THE NEED FOR IMPROVED SECURITY MEASURES.

- IN THE COURSE OF OUR INSPECTION OF DCRA, THREE MARS WERE ISSUED. ONE DETAILED DEFICIENCIES IN DCRA'S ADMINISTRATION AND OVERSIGHT OF SAFETY INSPECTIONS FOR BOILERS THAT HEAT DISTRICT GOVERNMENT BUILDINGS AND SCHOOLS. ANOTHER MAR, WHICH ALSO WAS SENT TO THE OFFICE OF THE CHIEF FINANCIAL OFFICER, IDENTIFIED DEFICIENCIES IN PERMIT AND CERTIFICATE-OF-OCCUPANCY PROCESSES THAT MAY REDUCE REVENUE TO THE CITY.
- I&E'S RE-INSPECTION OF THE DEPARTMENT OF CORRECTIONS PROMPTED THE ISSUANCE OF A MAR REGARDING RISKS TO THE SAFETY OF CASE MANAGERS WHO WORK INSIDE CELLBLOCKS AT THE D.C. JAIL.

#### **FY 2009 INSPECTIONS AND RE-INSPECTION ACTIVITIES**

OUR FY 2009 INSPECTIONS IN PROGRESS THUS FAR INCLUDE:

- THE DEPARTMENT ON DISABILITY SERVICES (DDS), WHERE OUR PRIMARY FOCUS IS ON THE SUFFICIENCY AND QUALITY OF VOCATIONAL AND INDEPENDENT LIVING SERVICES PROVIDED BY DDS TO PERSONS WITH DISABILITIES.
- THE BENEFITS AND RETIREMENT ADMINISTRATION (BRA) IN THE DEPARTMENT OF HUMAN RESOURCES. THIS INSPECTION IS THE SECOND PART OF A TWO-PART INSPECTION OF DCHR, AND WE ARE EVALUATING BRA'S EFFECTIVENESS, EFFICIENCY, AND THE QUALITY OF ITS SERVICE DELIVERY.

- THE PROTECTIVE SERVICES DIVISION IN THE OFFICE OF PROPERTY MANAGEMENT, WHERE WE ARE ASSESSING THE QUALITY OF KEY OPERATIONS AND PERSONNEL MANAGEMENT.
- THE ALCOHOLIC BEVERAGE REGULATION ADMINISTRATION (ABRA) WHERE, AS A RESULT OF A LETTER OF COMPLAINT, WE ARE CONDUCTING A SPECIAL EVALUATION FOCUSED ON THE QUALITY OF ABRA'S OPERATIONAL PERFORMANCE, HUMAN RESOURCE MANAGEMENT, AND TRAINING AND PROMOTION OPPORTUNITIES.
- THE DEPARTMENT OF YOUTH REHABILITATION SERVICES (DYRS), WHICH IS A RE-INSPECTION OF THE FORMER YOUTH SERVICES ADMINISTRATION. OUR CURRENT FOCUS IN DYRS IS ON OPERATIONS AND CONDITIONS AT THE OAK HILL YOUTH CENTER, INCLUDING SECURITY, YOUTH SERVICES, HEALTH AND SAFETY, AND EDUCATION.

AS A RESULT OF OUR WORK ON THESE PROJECTS, THUS FAR IN FY 2009, I&E HAS ISSUED 5 MARS AND 1 MIR. COLLECTIVELY, THESE REPORTS PRESENTED 7 FINDINGS REGARDING PRIORITY MATTERS AND 16 RECOMMENDATIONS FOR CORRECTIVE ACTION.

### **INVESTIGATIONS DIVISION**

IN FY 2008, OUR INVESTIGATIONS DIVISION MAINTAINED AN EMPHASIS ON CRIMINAL INVESTIGATIONS THAT RESULTED IN PROSECUTIONS, AN OUTCOME

THAT WE BELIEVE SERVES AS A SIGNIFICANT DETERRENCE TO OFFICIAL MISCONDUCT. WE PRESENTED 90 CASES FOR PROSECUTION TO THE UNITED STATES ATTORNEY'S OFFICE (USAO). OF THESE, 26 WERE ACCEPTED FOR FURTHER INVESTIGATION. OF THE CASES THAT WERE DECLINED, 28 WERE PRESENTED TO THE OFFICE OF THE ATTORNEY GENERAL FOR THE DISTRICT OF COLUMBIA FOR POSSIBLE PROSECUTION AND 9 OF THOSE CASES WERE ACCEPTED FOR FURTHER INVESTIGATION BY THAT OFFICE. OUR CASES RESULTED IN 7 INDICTMENTS, 30 CONVICTIONS, SENTENCES OF IMPRISONMENT TOTALING 333 MONTHS, AND NEARLY \$42 MILLION IN RESTITUTION, FINES, AND RECOVERIES.

OUR SPECIAL AGENTS WERE INVOLVED IN JOINT CRIMINAL INVESTIGATIONS WITH AGENCIES INCLUDING THE USAO, THE FEDERAL BUREAU OF INVESTIGATION, THE METROPOLITAN POLICE DEPARTMENT, AND THE OFFICES OF THE INSPECTOR GENERAL FOR THE DEPARTMENT OF EDUCATION AND THE DEPARTMENT OF LABOR. EXAMPLES OF THESE JOINT INVESTIGATIONS INCLUDE:

1. THE CONVICTION AND SENTENCING OF 19 PEOPLE WHO PARTICIPATED IN A SCHEME TO OBTAIN FRAUDULENT DRIVERS' LICENSES FROM THE DEPARTMENT OF MOTOR VEHICLES. TWO OF THE PARTICIPANTS WHO ACCEPTED MONEY TO ISSUE THE FRAUDULENT DRIVERS' LICENSES, WERE SENTENCED TO JAIL TIME.

THE REMAINING PEOPLE WHO PURCHASED THE FRAUDULENT DRIVERS' LICENSES, WERE SENTENCED TO PROBATION.

2. THE CONVICTION AND SENTENCING OF A FORMER OFFICE OF TAX AND REVENUE EMPLOYEE AND A CO-CONSPIRATOR, WHO ENGAGED IN A SCHEME TO PROCESS FRAUDULENT TAX REFUND CHECKS TOTALING \$184,021.03. THE FORMER OFFICE OF TAX AND REVENUE EMPLOYEE WAS SENTENCED TO 15 MONTHS IN PRISON, 3 YEARS OF PROBATION, AND ORDERED TO PAY RESTITUTION. THE CO-CONSPIRATOR WAS SENTENCED TO 6 MONTHS IN A HALFWAY HOUSE, 4 YEARS OF PROBATION, 200 HOURS OF COMMUNITY SERVICE, AND ALSO ORDERED TO PAY RESTITUTION.
3. THE CONVICTION AND SENTENCING OF A FORMER DISTRICT EMPLOYEE WHO FRAUDULENTLY RECEIVED FEDERAL EMPLOYEES' COMPENSATION BENEFITS TOTALING \$47,803, WHILE EMPLOYED BY THE DISTRICT. THE FORMER EMPLOYEE WAS SENTENCED TO 4 YEARS OF PROBATION, INCLUDING 6 MONTHS OF HOME DETENTION, AND ORDERED TO PAY RESTITUTION.

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 FY 2008, WE CONDUCTED 36 ADMINISTRATIVE INVESTIGATIONS, WHICH COVERED A WIDE RANGE OF MISCONDUCT.

THE DIVISION ALSO 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 4,000 CALLS THROUGH ITS HOTLINE PROGRAM. DURING FY 2008, OUR INVESTIGATORS PROCESSED 585 NEW COMPLAINTS, OPENED 208 NEW INVESTIGATIONS, AND REFERRED A TOTAL OF 280 MATTERS TO THE HEADS OF 47 DISTRICT AGENCIES, 26 FEDERAL AGENCIES, TWO OTHER OIG DIVISIONS, AND ONE PRIVATE COMPANY.

IN THE FIRST QUARTER OF FY 2009, INVESTIGATORS PROCESSED 148 NEW COMPLAINTS, OPENED 30 NEW INVESTIGATIONS, AND REFERRED A TOTAL OF 74 MATTERS TO 26 DISTRICT AGENCIES, 4 FEDERAL AGENCIES, AND 1 NON-PROFIT. OF THE 30 NEW INVESTIGATIONS OPENED, 16 ARE CRIMINAL, 10 ARE ADMINISTRATIVE, AND 4 ARE PRELIMINARY.

ALSO IN FY 2009, OUR INVESTIGATIONS DIVISION BEGAN CONDUCTING CORRUPTION LECTURES AT DISTRICT AGENCIES TO INFORM DISTRICT EMPLOYEES OF THEIR OBLIGATIONS TO CONDUCT THEMSELVES IN A MANNER THAT PROTECTS THE INTEGRITY OF DISTRICT GOVERNMENT AND TO

PROMPTLY REPORT MATTERS OF WASTE, FRAUD, AND ABUSE. THE INVESTIGATIONS DIVISION EXCEEDED GOALS IN ALL THREE PERFORMANCE MEASURES FOR FY 2008, AS FOLLOWS:

- ◆ EVALUATE ALL COMPLAINTS WITHIN 10 DAYS OF RECEIPT IN THE INVESTIGATIONS DIVISION 94 %
- ◆ COMPLETE EVERY PRELIMINARY INVESTIGATION WITHIN 30 DAYS OF ASSIGNING THE CASE TO AN INVESTIGATOR IN THE INVESTIGATIONS DIVISION 91 %
- ◆ PREPARE A REFERRAL LETTER TO THE APPROPRIATE DISTRICT DEPARTMENT OR AGENCY WITHIN 10 WORKING DAYS OF A COMPLAINT BEING ASSIGNED TO THE INVESTIGATIONS DIVISION REFERRAL PROGRAM 99 %

**MEDICAID FRAUD CONTROL UNIT**

THE MEDICAID FRAUD CONTROL UNIT (MFCU) INVESTIGATES AND PROSECUTES (1) ALLEGATIONS OF FINANCIAL FRAUD AGAINST THE MEDICAID PROGRAM COMMITTED BY PROVIDERS, AND (2) ABUSE, NEGLIGENCE, OR FINANCIAL EXPLOITATION OF PERSONS WHO RESIDE IN MEDICAID-FUNDED FACILITIES, SUCH AS NURSING HOMES AND GROUP HOMES. FY 2008 WAS ONE OF THE MFCU'S MOST SUCCESSFUL AND PRODUCTIVE YEARS SINCE ITS CERTIFICATION IN 2000.

## **ABUSE OF VULNERABLE PERSONS AND UNUSUAL INCIDENTS**

THE MFCU TAKES SIGNIFICANT STEPS TO PROTECT THE DISTRICT'S MOST VULNERABLE CITIZENS AND CONTINUES TO MAKE PROTECTION OF THAT POPULATION A PRIORITY. IN FY 2008, THE MFCU WAS ACTIVE 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 A REVIEW AND ASSESSMENT OF UNUSUAL INCIDENT REPORTS RECEIVED FROM HEALTHCARE PROVIDERS, TYPICALLY INSTITUTIONS SUCH AS NURSING HOMES AND GROUP HOMES, AS WELL AS FROM INDIVIDUALS, FAMILY MEMBERS AND HEALTHCARE WORKERS.

EACH FISCAL YEAR, THE MFCU RECEIVES 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 ASSESSING THE COMPLAINT, AND, AT TIMES, CONDUCTING AN INVESTIGATION. IT IS CRUCIAL THAT ALL REPORTS ARE ASSESSED QUICKLY SO THAT FURTHER ABUSE CAN BE PREVENTED.

IN FY 2008, THE MFCU REVIEWED AND ASSESSED 3,985 REPORTS ADDRESSING UNUSUAL INCIDENTS AT NURSING AND GROUP HOMES. THIS REPRESENTS AN

INCREASE OF OVER 400 CASES FROM FY 2007. SINCE THE BEGINNING OF FY 2009, THE MFCU HAS RECEIVED APPROXIMATELY 405 UNUSUAL INCIDENTS EACH MONTH. IF REPORTS CONTINUE TO COME IN AT THIS RATE, THE UNIT WILL ONCE AGAIN SEE AN INCREASE IN THE NUMBER OF UNUSUAL INCIDENT REPORTS IT RECEIVES IN FY 2009.

THE MFCU IS CURRENTLY INVESTIGATING OVER 114 ABUSE OR NEGLECT MATTERS AND 14 MATTERS OF FINANCIAL EXPLOITATION OF VULNERABLE ADULTS. IN FY 2008, THE MFCU UNIT OBTAINED SIX CONVICTIONS IN CRIMINAL MATTERS INVOLVING ABUSE, NEGLECT, OR SEXUAL ASSAULT OF VULNERABLE PERSONS.

#### **ANTI-FRAUD EFFORTS**

OTHER MFCU ENFORCEMENT EFFORTS CONSIST OF INVESTIGATIONS AND PROSECUTIONS OF FINANCIAL FRAUD AGAINST THE MEDICAID PROGRAM. IN FY 2008 THE MFCU RESOLVED 11 CASES OF FRAUD. NINE OF THOSE CASES WERE CIVIL SETTLEMENTS AND TWO OF THE CASES WERE CRIMINAL CONVICTIONS. CURRENTLY, THE UNIT IS WORKING ON APPROXIMATELY 82 MATTERS INVOLVING ALLEGATIONS OF PROVIDER FRAUD, 18 OF WHICH WERE INITIATED IN FY 2008.

THESE INVESTIGATIONS INVOLVE ALLEGATIONS OF FRAUD RELATING TO A BROAD VARIETY OF HEALTHCARE PROVIDERS, FROM INSTITUTIONS TO SOLO

PRACTITIONERS. MEDICAL SPECIALISTS INVOLVED IN THE MFCU'S CASES INCLUDE PHYSICIANS, HOME HEALTHCARE PROVIDERS, 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 ENGAGES IN ANTI-FRAUD EDUCATIONAL AND OUTREACH PRESENTATIONS IN THE PRIVATE SECTOR. WE SPEAK TO 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 EACH FISCAL YEAR. IN FY 2008, THE MFCU PROVIDED FIVE TRAININGS, INCLUDING PRESENTATIONS BY THE DIRECTOR AT CONFERENCES RELATED TO ELDER ABUSE AND HEALTHCARE FRAUD.

IN FY 2008, THE MFCU INITIATED 260 INVESTIGATIONS AND CLOSED 289 MATTERS. THROUGH TRIAL OR SETTLEMENT, THE MFCU OBTAINED 17 SUBSTANTIVE DISPOSITIONS OF OUTSTANDING FRAUD, ABUSE, NEGLECT, AND SEXUAL ASSAULT CASES, SIGNIFICANTLY EXCEEDING EXPECTATIONS OF ITS PERFORMANCE GOAL OF 10. THE MFCU OBTAINED EIGHT CRIMINAL CONVICTIONS AND RECOVERED OVER \$5.5 MILLION IN RESTITUTION TO THE MEDICAID PROGRAM IN SEVEN GLOBAL SETTLEMENTS AND TWO CIVIL FRAUD

MATTERS, RECOUPING NEARLY NINE DOLLARS FOR EVERY DISTRICT DOLLAR FUNDING IT.

IN ADDITION, THE MFCU CONTINUED TO DEMONSTRATE A HIGH LEVEL OF ACTIVISM AND GAINED PRESTIGE THROUGH ITS MEMBERSHIP IN TASK FORCES, INVITATIONS TO MAKE PRESENTATIONS, AND PARTICIPATION IN OTHER WRITING AND TRAINING OPPORTUNITIES.

### **CONCLUSION**

I LOOK FORWARD TO WORKING WITH THE CHAIRPERSON AND THE MEMBERS OF THIS COMMITTEE. I AM PROUD OF OUR FY 2008 AND FY 2009 ACCOMPLISHMENTS TO DATE, 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 ANY QUESTIONS YOU MAY HAVE.