

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

**FISCAL YEAR 2013 PERFORMANCE OVERSIGHT HEARING**

**FEBRUARY 20, 2014**

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GOOD MORNING CHAIRMAN MCDUFFIE AND MEMBERS OF THE COMMITTEE. I AM CHARLES J. WILLOUGHBY, INSPECTOR GENERAL FOR THE DISTRICT OF COLUMBIA. SEATED WITH ME ARE RONALD KING, ASSISTANT INSPECTOR GENERAL (AIG) FOR AUDITS; EDWARD FARLEY, DEPUTY AIG FOR THE INSPECTIONS AND EVALUATIONS DIVISION; AND BRIAN SWEENEY, AIG FOR THE INVESTIGATIONS DIVISION.

I AM PLEASED TO TESTIFY AT THIS PERFORMANCE HEARING, WHICH COVERS THE OFFICE OF THE INSPECTOR GENERAL'S (OIG) REPORTING OF ACCOMPLISHMENTS IN FY 2013 AND THE FIRST QUARTER OF FY 2014.

**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 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 ASSIST DISTRICT MANAGEMENT IN ADDRESSING AND MITIGATING VARIOUS RISKS FACING THE CITY. IN FY 2013, THE AUDIT DIVISION CONTINUED TO FOCUS ON ISSUES SURROUNDING INFORMATION TECHNOLOGY, PROCUREMENT AND CONTRACTING, MEDICAID, VULNERABLE POPULATIONS, WORKFORCE ADMINISTRATION AND GENERAL PROGRAMS FOR DELIVERY OF CITIZEN SERVICES.

### **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.

FOR FY 2013, THE AUDIT DIVISION EXCEEDED EXPECTATIONS ON ITS PERFORMANCE MEASURES. WE CONDUCTED AUDITS IN 39 PERCENT OF THE DISTRICT'S AGENCIES/OFFICES (OUR TARGET WAS 25 PERCENT). WE ISSUED 37 FINAL AUDIT REPORTS (OUR TARGET WAS 28 REPORTS), AND WE ALSO EXCEEDED OUR TARGET OF IDENTIFYING \$25 MILLION IN POTENTIAL MONETARY BENEFITS BY IDENTIFYING \$30 MILLION. COMPARING THESE BENEFITS TO AUDIT DIVISION COSTS OF APPROXIMATELY \$3 MILLION SHOWS A RETURN ON INVESTMENT FOR AUDITS PERFORMED BY OIG AUDIT STAFF OF \$10 FOR EACH DOLLAR INVESTED.

TO IDENTIFY SPECIFIC POTENTIAL BENEFITS FOR IMPLEMENTING RECOMMENDATIONS, THE OIG INCLUDES A SCHEDULE IN EACH AUDIT REPORT THAT LISTS EACH BENEFIT BY TYPE AND RECOMMENDATION, AND DESCRIBES EACH BENEFIT AS ECONOMY AND EFFICIENCY, INTERNAL CONTROL, COMPLIANCE, OR PROGRAM RESULTS. FOR FY 2013, THE AUDIT DIVISION MADE A TOTAL OF 196 RECOMMENDATIONS TO DISTRICT MANAGEMENT.

**AUDIT'S CONDUCTED INCLUDE THE FOLLOWING:**

**REVENUE ENHANCEMENT**

**APPLICATION CONTROL REVIEW OF THE INTEGRATED TAX SYSTEM,  
ISSUED ON MAY 15, 2013**

OUR AUDIT DISCLOSED THAT THE OFFICE OF THE CHIEF FINANCIAL OFFICER'S (OCFO'S) OFFICE OF TAX AND REVENUE (OTR) LACKED ADEQUATE MANAGEMENT CONTROLS TO ENSURE THAT: (1) SUFFICIENT AND EFFECTIVE GOVERNANCE TOOLS WERE FORMALLY DEVELOPED TO BETTER DIRECT INFORMATION TECHNOLOGY (IT) EXPENDITURES FOR OPTIMAL ADVANTAGE AND RISK MANAGEMENT; (2) RISKS ASSOCIATED WITH THE DELIVERY AND SUPPORT OF SOFTWARE APPLICATIONS WERE SUFFICIENTLY MITIGATED; AND (3) APPLICATION AND GENERAL CONTROLS WERE ALIGNED WITH APPLICABLE STATUTORY PROVISIONS AND BEST PRACTICES TO MINIMIZE THE RISK OF ERRORS AND FRAUD.

AS A RESULT, OTR FAILED TO COLLECT \$6.5 MILLION IN PENALTY REVENUE AND ADEQUATELY MINIMIZE THE RISK OF TAX FRAUD AND ERRORS.

MOREOVER, THE CONDITIONS FOUND DURING THIS AUDIT FURTHER REVEALED THAT OTR IS AT RISK OF: (1) UNNECESSARY OR WASTEFUL SPENDING RELATED TO INEFFICIENT RESOURCE MANAGEMENT AND INADEQUATE PLANNING; (2) INSUFFICIENT APPLICATION SUPPORT; AND (3) UNAUTHORIZED CHANGES TO CRITICAL DATA AND PROGRAMS.

WE DIRECTED 18 RECOMMENDATIONS TO THE OFFICE OF THE CHIEF FINANCIAL OFFICER THAT WE BELIEVE ARE NECESSARY TO ADDRESS DEFICIENCIES IDENTIFIED DURING THE AUDIT. THE RECOMMENDATIONS FOCUS ON: (1) DEVELOPING AN IT STRATEGIC PLAN ALIGNED WITH THE AGENCY'S STRATEGIC OBJECTIVES; (2) ADOPTING A WELL-ESTABLISHED IT GOVERNANCE MODEL TO INTEGRATE GOOD BUSINESS PRACTICES IN SERVICE DELIVERY FUNCTIONS; AND (3) STRENGTHENING APPLICATION AND GENERAL CONTROLS RELATED TO THE INTEGRATED TAX SYSTEM AND THE DISTRICT'S TAX ADMINISTRATION PROCESSES.

**SPENDING AND EFFICIENT USE OF RESOURCES**

**AUDIT OF THE DISTRICT'S PLAN TO PROCURE AND MANAGE INFORMATION TECHNOLOGY SERVICES, ISSUED ON SEPTEMBER 24, 2013**

OUR AUDIT DISCLOSED THAT THE OFFICE OF THE CONTRACTING AND PROCUREMENT (OCP) DID NOT IMPLEMENT THE OIG'S AUDIT RECOMMENDATION MADE IN A PRIOR AUDIT REPORT (OIG NO. 10-1-19TO), ISSUED ON AUGUST 3, 2011. THAT AUDIT HIGHLIGHTED THAT OCP DID NOT PERFORM A COST ESTIMATE PRIOR TO ISSUING A REQUEST FOR PROPOSAL (RFP) FOR IT SERVICES TO JUSTIFY THAT USE OF A CONTRACT TO MANAGE DISTRICT IT PROCUREMENT SERVICES IS MORE ECONOMICAL THAN USING DISTRICT PERSONNEL. THIS AUDIT DISCLOSED THAT THE DISTRICT'S USE OF A CONTRACT TO MANAGE DISTRICT IT PROCUREMENT SERVICES, RATHER THAN USING DISTRICT PERSONNEL TO MANAGE THE SAME, COST THE DISTRICT

ABOUT \$9 MILLION MORE OVER A 5-YEAR PERIOD (2008-2013). BASED ON THESE SAME CALCULATIONS, WE BELIEVE THAT IF THE DISTRICT INSTEAD ELECTS TO MANAGE INFORMATION TECHNOLOGY STAFF AUGMENTATION (ITSA) PROCUREMENT SERVICES IN-HOUSE, THE DISTRICT WILL SAVE AT LEAST THE SAME AMOUNT OVER A 5-YEAR PERIOD.

WE DIRECTED ONE RECOMMENDATION TO THE CHIEF TECHNOLOGY OFFICER (CTO) AND ONE RECOMMENDATION TO THE CHIEF PROCUREMENT OFFICER (CPO). THE RECOMMENDATIONS FOCUSED ON: (1) IMPROVING MANAGEMENT OF ITSA PROCUREMENT SERVICES; AND (2) PROVIDING JUSTIFICATION FOR USE OF A CONTRACT FOR SERVICES RATHER THAN DISTRICT PERSONNEL TO MANAGE ITSA PROCUREMENT SERVICES.

**DELIVERY OF CITIZEN SERVICES**

**AUDIT OF THE DEPARTMENT OF HEALTH'S (DOH) FOOD SAFETY AND HYGIENE INSPECTION SERVICES DIVISION (FSHISD), ISSUED ON DECEMBER 19, 2012**

OUR AUDIT FOUND THAT THE DISTRICT FOOD CODE HAD NOT BEEN UPDATED SINCE ITS IMPLEMENTATION IN 2003 AND LACKED OVER 280 MATERIAL UPDATES REFLECTED IN THE MOST RECENT VERSION OF THE U.S. FOOD AND DRUG ADMINISTRATION (FDA) FOOD CODE. WE IDENTIFIED SEVERAL OMISSIONS BASED ON THE FDA'S LIST OF NOTABLE CHANGES THAT WOULD IMPACT FOOD SAFETY FOR DISTRICT RESIDENTS AND VISITORS.

IN ADDITION, IT SHOULD BE NOTED THAT D.C. CODE § 7-731(EXCLUSIVE AGENCY POWERS) DOES NOT AUTHORIZE DOH TO REGULATE THE INSPECTIONS OF TANNING, TATTOO, BODY ART, AND BODY PIERCING ESTABLISHMENTS, AND THERE WERE NO FORMAL GUIDELINES FOR INSPECTING THESE ESTABLISHMENTS. ROUTINE INSPECTIONS FOR THESE ESTABLISHMENTS WERE LAGGING IN SOME INSTANCES AND NOT PERFORMED IN OTHERS, AND INSPECTION REPORTS WERE NOT PROPERLY ORGANIZED AND MAINTAINED IN A CENTRAL STORAGE AREA.

FURTHERMORE, WE DETERMINED THAT DOH WAS NOT AWARE OF THE CORRECT AMOUNT FOR BUSINESS LICENSE FEES, PAYMENT TRANSFERS FROM THE DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS (DCRA) TO DOH FOR BUSINESS LICENSES WERE NOT TIMELY COMPLETED, AND DOH DID NOT COLLECT REVENUE FROM ESTABLISHMENT OWNERS FOR 229 CIVIL FINES TOTALING \$260,100. WE FOUND THAT THE OFFICE OF ADMINISTRATIVE HEARINGS (OAH) DID NOT ISSUE FINAL JUDGMENTS TO COLLECT OUTSTANDING BALANCES FROM PARTIAL PAYMENTS OF CIVIL FINES, TOTALING \$4,110. FINALLY, DOH COULD NOT PROVIDE THE EXACT NUMBER OF FOOD AND HEALTH-RELATED ESTABLISHMENTS OPERATING IN THE DISTRICT BECAUSE DCRA DID NOT PROVIDE DOH WITH ACCURATE AND COMPLETE INFORMATION REFLECTING ALL ESTABLISHMENTS WITH VALID BUSINESS LICENSES.

WE DIRECTED 24 RECOMMENDATIONS TO DOH THAT WE BELIEVE WERE NECESSARY TO CORRECT THE DEFICIENCIES NOTED IN THIS REPORT. THE RECOMMENDATIONS CENTERED, IN PART, ON: (1) REVISING D.C. CODE PROVISIONS AND REGULATIONS; (2) IMPROVING INTERNAL CONTROLS FOR CONDUCTING ROUTINE INSPECTIONS; (3) DEVELOPING WRITTEN POLICIES AND PROCEDURES FOR RECORDS MANAGEMENT; (4) IMPLEMENTING INTER-AGENCY AGREEMENTS FOR COLLECTING REVENUE; (5) COLLECTING OVER \$260,000 IN OUTSTANDING CIVIL FINES; AND (6) IMPOSING SANCTIONS PROVIDED IN D.C. CODE PROVISIONS FOR CIVIL FINE NONPAYMENT.

ADDITIONALLY, WE DIRECTED TWO RECOMMENDATIONS TO DCRA TO UPDATE ITS MANAGEMENT INFORMATION SYSTEM TO ENSURE THAT IT CONSISTENTLY REFLECTS ACCURATE AND COMPLETE INFORMATION. WE FURTHER RECOMMENDED THAT DCRA PROVIDE DOH SUPPORTING DOCUMENTATION REFLECTING THE NUMBER OF ESTABLISHMENTS RECEIVING AND RENEWING BUSINESS LICENSES, AND THE AMOUNT OF REVENUE RECEIVED FROM BUSINESS LICENSE FEES THAT SHOULD BE TRANSFERRED TO DOH.

### **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 THOSE AGENCIES RESPONSIBLE FOR SERVICE DELIVERY AND THOSE IN WHICH

SIGNIFICANT PROBLEMS COME TO THE ATTENTION OF THE MAYOR, THE COUNCIL, AND OTHER STAKEHOLDERS. I&E RECOMMENDATIONS TO AGENCY 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 SPECIAL EVALUATIONS AND PROJECTS INITIATED IN RESPONSE TO REQUESTS FROM THE EXECUTIVE OFFICE OF THE MAYOR AND BY MEMBERS OF THE COUNCIL OF THE DISTRICT OF COLUMBIA.

#### **INSPECTION PERFORMANCE MEASURE**

I&E'S PERFORMANCE GOAL FOR FY 2013 WAS TO ISSUE 10 REPORTS. I&E MET THIS GOAL BY PUBLISHING 10 REPORTS: 6 REPORTS OF SPECIAL EVALUATION; 2 MANAGEMENT ALERT REPORTS (MARS); 1 REPORT OF RE-INSPECTION; AND A *SUMMARY OF COMPLIANCE ACTIVITIES* REPORT. THE REPORTS OF SPECIAL EVALUATION PRIMARILY ADDRESSED MATTERS OF CONCERN TO VULNERABLE POPULATIONS, SUCH AS THOSE SERVED BY THE DISTRICT OF COLUMBIA HOUSING AUTHORITY, AND RESIDENTS OF THE NEW YORK AVENUE MEN'S EMERGENCY SHELTER. I&E ALSO PUBLISHED REPORTS OF SPECIAL EVALUATION PERTAINING TO THE DEPARTMENT ON DISABILITY SERVICES' DEVELOPMENTAL DISABILITIES ADMINISTRATION; THE DISTRICT'S MANDATORY EMPLOYEE DRUG AND ALCOHOL TESTING PROGRAM; AND THE

DEPARTMENT OF HEALTH'S HEALTH REGULATION AND LICENSING  
ADMINISTRATION.

**MANAGEMENT ALERT REPORTS (MARS)**

I&E ISSUES MARS TO AGENCY HEADS AND THE CITY ADMINISTRATOR WHEN INSPECTORS BELIEVE MATTERS REQUIRE IMMEDIATE OR PRIORITY ATTENTION. ONE SUCH FY 2013 REPORT ADDRESSED DEFICIENCIES IN THE CONDITION, OPERABILITY, AND READINESS OF EMERGENCY APPARATUS IN THE FIRE AND EMERGENCY MEDICAL SERVICES DEPARTMENT'S RESERVE FLEET. OBSERVATIONS AND ANALYSIS SHOWED THAT MANY FEMS VEHICLES DESIGNATED AS RESERVE VEHICLES WERE OUT-OF-SERVICE AND COULD NOT BE USED AS REPLACEMENT VEHICLES IN NEIGHBORHOOD FIRE STATIONS, OR DURING LARGE-SCALE EMERGENCIES OR MASS-CASUALTY EVENTS. THE FEBRUARY 2013 MAR DETAILED FIVE PRIMARY FINDINGS AND PRESENTED FEMS WITH THREE RECOMMENDATIONS, ALL OF WHICH FEMS ACCEPTED. I&E CONTINUES TO MONITOR FEMS'S PROGRESS TOWARD FULLY IMPLEMENTING THE RECOMMENDATIONS AND MITIGATING THE CONDITIONS NOTED IN THE MAR.

**MEASURES OF EFFECTIVENESS**

WHILE I&E'S PERFORMANCE IS PRIMARILY MEASURED BY THE NUMBER OF FINAL REPORTS ISSUED, OVERALL EFFECTIVENESS IS INDICATED BY THE FINDINGS IDENTIFIED, THE RECOMMENDATIONS MADE TO AGENCY

MANAGERS, AND IMPROVEMENTS THAT AGENCIES MAKE TO OPERATIONS IN RESPONSE TO THOSE RECOMMENDATIONS. I&E'S FY 2013 REPORTS CONTAINED 42 FINDINGS AND 72 ACTIONABLE RECOMMENDATIONS AIMED AT MITIGATING DEFICIENCIES AND ENHANCING DISTRICT GOVERNMENT OPERATIONS.

### **I&E FOLLOW-UP ACTIVITIES**

I&E REGULARLY COMMUNICATES WITH INSPECTED AGENCIES TO MONITOR THEIR IMPLEMENTATION OF OIG RECOMMENDATIONS PRESENTED IN OUR PUBLISHED REPORTS. IN APRIL 2014, I&E WILL ISSUE A REPORT SUMMARIZING DISTRICT AGENCIES' COMPLIANCE WITH OUR RECOMMENDATIONS AND HIGHLIGHTING THOSE THAT REMAIN OPEN.

### **FY 2013 INSPECTION ACTIVITIES**

I&E PROJECTS IN PROGRESS THUS FAR IN FY 2014 INCLUDE REVIEWS OF:

- THE OFFICE ON AGING'S SENIOR WELLNESS CENTERS;
- MANAGEMENT AND OVERSIGHT OF THE DISTRICT'S PARKING TICKET AND AUTOMATED TRAFFIC ENFORCEMENT VIOLATION PROGRAMS; AND
- A RE-INSPECTION OF THE DEPARTMENT OF GENERAL SERVICES' PROTECTIVE SERVICES DIVISION.

MORE DETAIL REGARDING PLANNED AND ONGOING I&E PROJECTS CAN BE FOUND IN THE OIG'S ANNUAL *AUDIT AND INSPECTION PLAN*, WHICH IS POSTED ON OUR WEBSITE.

THUS FAR IN FY 14, I&E HAS PUBLISHED 2 REPORTS, BOTH OF WHICH CAN BE FOUND ON OUR WEBSITE AT [OIG.DC.GOV](http://OIG.DC.GOV).

### **INVESTIGATIONS DIVISION**

IN FY 2013, THE INVESTIGATIONS DIVISION CONDUCTED BOTH CRIMINAL INVESTIGATIONS, MANY OF WHICH RESULTED IN PROSECUTIONS, AND SIGNIFICANT ADMINISTRATIVE INVESTIGATIONS, RESULTING IN RECOMMENDATIONS TO THE DISTRICT AGENCIES INVOLVED. WE BELIEVE THAT THESE OUTCOMES SERVE AS SIGNIFICANT DETERRENENTS TO OFFICIAL MISCONDUCT.

WE OPENED 133 CRIMINAL INVESTIGATIONS AND PRESENTED 42 CRIMINAL CASES TO THE UNITED STATES ATTORNEY'S OFFICE FOR THE DISTRICT OF COLUMBIA (USAO), 24 OF WHICH WERE ACCEPTED FOR PROSECUTION. OUR CRIMINAL INVESTIGATIONS RESULTED IN 25 ARRESTS, 1 INDICTMENT, AND 13 CONVICTIONS. THE SENTENCES INCLUDED IMPRISONMENT, HOME DETENTION, PROBATION, COMMUNITY SERVICES, RESTITUTION, AND FINES. IN ADDITION, INDIVIDUALS CONVICTED AS A RESULT OF INVESTIGATIONS DIVISION INVESTIGATIONS WERE ORDERED TO PAY A TOTAL OF \$366,610.28 IN RESTITUTION. OUR SPECIAL AGENTS WORKED A NUMBER OF THESE CRIMINAL

INVESTIGATIONS JOINTLY WITH OTHER LAW ENFORCEMENT AGENCIES, INCLUDING THE USAO, THE FEDERAL BUREAU OF INVESTIGATION, THE U.S. DEPARTMENT OF LABOR (DOL) OIG, THE U.S. SECRET SERVICE (USSS), THE U.S. DEPARTMENT OF JUSTICE (DOJ) OIG, AND THE METROPOLITAN POLICE DEPARTMENT.

EXAMPLES OF THE CRIMINAL INVESTIGATIONS CONDUCTED BY THE INVESTIGATIONS DIVISION DURING FY 2013 INCLUDE THE FOLLOWING:

1. THE OIG, WORKING UNDER THE GUIDANCE OF THE USAO, CONDUCTED AN INVESTIGATION INVOLVING MEMBERS OF THE PUBLIC AND DISTRICT GOVERNMENT EMPLOYEES WHO FRAUDULENTLY RECEIVED DOES UNEMPLOYMENT INSURANCE COMPENSATION BENEFITS TO WHICH THEY WERE NOT ENTITLED. IN FY 2013, THE USAO SUCCESSFULLY PROSECUTED FOUR CASES INVESTIGATED BY THE OIG AND REFERRED FOR CRIMINAL PROSECUTION. THE FIVE DEFENDANTS WERE ORDERED TO PAY A TOTAL OF \$123,921 IN RESTITUTION. IN ADDITION, THE OIG REFERRED 22 CASES TO THE OAG FOR CIVIL RECOUPMENT. CASES INVOLVING DISTRICT GOVERNMENT EMPLOYEES ALSO WERE REFERRED TO THE EMPLOYING AGENCIES FOR APPROPRIATE ADMINISTRATIVE ACTION.
2. A JOINT INVESTIGATION WITH THE USSS RESULTED IN A CONVICTION OF A FORMER DEPARTMENT OF PARKS AND WORKS EMPLOYEE (DPR)

OBSERVED PASSING \$900 IN COUNTERFEIT CURRENCY AT A LOCAL DEPARTMENT STORE, IN AN ATTEMPT TO PURCHASE MERCHANDISE IN AUGUST 9, 2012.

3. A JOINT INVESTIGATION WITH THE DOJ OIG REVEALED THAT FROM 2008 THROUGH 2011, A MEMBER OF THE PUBLIC EMBEZZLED \$164,146.28 FROM TWO NON-PROFIT ORGANIZATIONS, BOTH OF WHICH RECEIVED DISTRICT AND FEDERAL FUNDS. THE MEMBER OF THE PUBLIC PLED GUILTY TO TWO COUNTS OF THEFT CONCERNING PROGRAMS RECEIVING FEDERAL FUNDS, AND WAS SENTENCED TO 42 MONTHS OF INCARCERATION AND 3 YEARS OF SUPERVISED RELEASE. IN ADDITION, THE MEMBER OF THE PUBLIC WAS ORDERED TO PAY \$164,146.28 IN RESTITUTION.
4. THERE WERE AT LEAST TWO INVESTIGATIONS IN WHICH MEMBERS OF THE PUBLIC WERE CONVICTED FOR DEFRAUDING THE OFFICE OF THE STATE SUPERINTENDENT OF EDUCATION (OSSE) FOR FRAUDULENTLY RECEIVING CHILDCARE SUBSIDIES. ONE DEFENDANT WAS ORDERED BY THE COURT FO PAY THE DISTRICT \$42,114 IN RESTITUTION AND THE OTHER WAS ORDERED TO REPAY \$24,698.

OIG INVESTIGATORS ALSO CONDUCTED ADMINISTRATIVE INVESTIGATIONS, WHICH DETERMINED THAT DISTRICT EMPLOYEES VIOLATED DISTRICT REGULATIONS, INCLUDING THE DISTRICT'S STANDARDS OF CONDUCT, AND MADE SPECIFIC RECOMMENDATIONS TO THE AGENCIES INVOLVED. IN FY 2013, WE ISSUED 17 REPORTS OF

INVESTIGATION, WHICH CONTAINED A TOTAL OF 35 RECOMMENDATIONS FOR ADMINISTRATIVE ACTION AGAINST DISTRICT EMPLOYEES AND/OR POLICY AND PROCEDURE RECOMMENDATIONS. EXAMPLES OF OUR SUBSTANTIATED ADMINISTRATIVE INVESTIGATIONS INCLUDE THE FOLLOWING:

1. FOURTEEN INVESTIGATIONS WHICH REVEALED THAT DISTRICT GOVERNMENT EMPLOYEES IMPROPERLY USED DISABILITY PLACARDS ISSUED BY THE MARYLAND MOTOR VEHICLES ADMINISTRATION (MVA) OR THE D.C. DEPARTMENT OF MOTOR VEHICLES (DMV) TO OBTAIN FREE PARKING IN THE VICINITY OF THEIR RESPECTIVE DISTRICT OF COLUMBIA WORKPLACES. EACH INVESTIGATION RESULTED IN AN ADMISSION OF MISUSE OF A DISABILITY PLACARD, FOLLOWED BY OIG RECOMMENDATIONS TO AGENCY HEADS FOR APPROPRIATE ADMINISTRATIVE ACTION.
2. AN INVESTIGATION WHICH REVEALED TWO DCRA EMPLOYEES IMPROPERLY USED DCRA-ISSUED PARKING GARAGE ACCESS CARDS TO OBTAIN FREE PARKING FOR THEIR RESPECTIVE PERSONAL VEHICLES AT THEIR DISTRICT OF COLUMBIA WORKPLACE. THE INVESTIGATION REVEALED THAT THE DCRA EMPLOYEES WOULD SIGN OUT A DCRA VEHICLE FROM THE FLEET STORED AT A PUBLIC PARKING GARAGE, WHICH WAS LEASED THROUGH A D.C. GOVERNMENT SPACE AGREEMENT.

UPON SIGNING OUT A DCRA VEHICLE, THE DCRA EMPLOYEES WOULD USE THE PARKING GARAGE ACCESS CARD ASSIGNED TO THAT VEHICLE TO SWAP THE DCRA VEHICLE WITH THEIR RESPECTIVE PERSONAL VEHICLE IN ORDER TO OBTAIN FREE PARKING FOR THE WORK DAY. AT THE END OF THEIR WORK DAY, THE DCRA EMPLOYEES WOULD USE THE PARKING GARAGE ACCESS CARD TO REMOVE THEIR PERSONAL VEHICLE AND RETURN THE DCRA VEHICLE TO THE PARKING GARAGE. THE INVESTIGATION RESULTED IN FOUR RECOMMENDATIONS TO DCRA, INCLUDING ADDRESSING THE EMPLOYEES' MISCONDUCT.

THE INVESTIGATIONS 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 MANY CASES, THE OIG SEEKS RESPONSES TO THESE REFERRALS TO ENSURE THAT THE MATTERS ARE HANDLED APPROPRIATELY.

OUR INVESTIGATIONS DIVISION ANNUALLY RECEIVES APPROXIMATELY 2,000 CALLS THROUGH ITS HOTLINE PROGRAM. DURING FY 2013, OUR INVESTIGATORS PROCESSED 659 NEW COMPLAINTS, OPENED 181 FORMAL INVESTIGATIONS, AND REFERRED A TOTAL OF 387 MATTERS TO THE HEADS OF 51 DISTRICT AGENCIES, 20 FEDERAL AGENCIES, AND 10 STATE AGENCIES.

IN THE FIRST QUARTER OF FY 2014, INVESTIGATORS PROCESSED 141 NEW COMPLAINTS, OPENED 38 NEW INVESTIGATIONS, AND REFERRED A TOTAL OF

103 MATTERS TO DISTRICT AND FEDERAL AGENCIES FOR APPROPRIATE ACTION. OF THE 38 NEW INVESTIGATIONS OPENED, 19 ARE CRIMINAL, 5 ARE ADMINISTRATIVE, AND 14 ARE PRELIMINARY MATTERS.

THE INVESTIGATIONS DIVISION EXCEEDED ITS GOALS IN ALL THREE PERFORMANCE MEASURES FOR FY 2013, AS FOLLOWS:

1. AS TO THE EVALUATION OF ALL COMPLAINTS WITHIN 10 DAYS OF RECEIPT IN THE INVESTIGATIONS DIVISION.

**GOAL:** 85%      **ACTUAL:** 100 %

2. AS TO THE COMPLETION OF EVERY PRELIMINARY INVESTIGATION WITHIN 30 WORKING DAYS OF ASSIGNING THE CASE TO AN INVESTIGATOR IN THE INVESTIGATIONS DIVISION.

**GOAL:** 80%      **ACTUAL:** 98 %

3. AS TO THE PREPARATION OF 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.

**GOAL:** 85%      **ACTUAL:** 100 %

IN ADDITION, THE INVESTIGATIONS DIVISION CONTINUED ITS PROGRAM OF CONDUCTING CORRUPTION PREVENTION LECTURES TO INFORM DISTRICT

GOVERNMENT EMPLOYEES OF THE CRIMINAL, ETHICAL, AND ADMINISTRATIVE RULES DISTRICT GOVERNMENT EMPLOYEES ARE REQUIRED TO FOLLOW. THIS OUTREACH EDUCATES DISTRICT GOVERNMENT EMPLOYEES ON THE OIG'S MISSION SO THAT THEY CAN FULFILL THEIR OBLIGATIONS TO REPORT CRIME, CORRUPTION, AND ETHICAL VIOLATIONS APPROPRIATELY. IN FY 2013, THE INVESTIGATIONS DIVISION CONDUCTED 5 CORRUPTION PREVENTION LECTURES THAT WERE ATTENDED BY MORE THAN 250 DISTRICT EMPLOYEES.

### **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, NEGLECT, OR FINANCIAL EXPLOITATION OF PERSONS WHO RESIDE IN MEDICAID-FUNDED FACILITIES, SUCH AS NURSING HOMES AND COMMUNITY RESIDENCES.

IN FY 2013, THE MFCU PROCESSED MORE THAN 2100 INCOMING UNUSUAL INCIDENT REPORTS, COMPLAINTS, OR REFERRALS; INITIATED 156 INVESTIGATIONS; AND CLOSED 116 MATTERS. THROUGH TRIAL OR SETTLEMENT, THE MFCU ATTAINED 9 SUBSTANTIVE DISPOSITIONS OF OUTSTANDING FRAUD, ABUSE, NEGLECT, AND SEXUAL ASSAULT CASES, INCLUDING A CASE WHERE THE DEFENDANT WAS SENTENCED IN CONNECTION WITH 35 SEPARATE FELONY OFFENSES. THE MFCU RECOVERED SUBSTANTIAL MONIES IN RESTITUTION TO THE MEDICAID PROGRAM THROUGH

PARTICIPATION IN 13 CIVIL RESOLUTIONS. IN FY 2013, THE MFCU RECOUPED OR HAD RESTITUTION ORDERED FOR A TOTAL OF \$7,801,482 IN CIVIL AND CRIMINAL FRAUD SETTLEMENTS, THEREBY GENERATING \$9.58 FOR EVERY DISTRICT DOLLAR OF FUNDING.

### **ANTI-FRAUD EFFORTS**

MFCU ENFORCEMENT EFFORTS CONSIST OF INVESTIGATIONS AND PROSECUTIONS OF FINANCIAL FRAUD AGAINST THE MEDICAID PROGRAM. IN FY 2013, THE MFCU RESOLVED 6 CASES OF FRAUD THROUGH CRIMINAL CONVICTIONS AND CIVIL SETTLEMENTS, RECOUPING APPROXIMATELY \$4.7 MILLION FOR THE MEDICAID PROGRAM. THOSE CONVICTED INCLUDED A PHYSICIAN-OWNER OF A CARDIOLOGY PRACTICE, AND OWNERS OF 4 DURABLE MEDICAL EQUIPMENT COMPANIES THAT ENGAGED IN FRAUDULENT BILLING PRACTICES. IN ANOTHER MATTER, A CHIEF EXECUTIVE OFFICER (CEO) OF A HEALTHCARE COMPANY, CONVICTED AFTER JURY TRIAL OF HEALTH CARE FRAUD AND 34 COUNTS OF SUBMITTING FALSE STATEMENTS AND BILLING THE MEDICAID PROGRAM FOR MORE THAN \$7 MILLION, WAS SENTENCED TO 75 MONTHS IN PRISON AND ORDERED TO REIMBURSE THE D.C. MEDICAID PROGRAM MORE THAN \$3 MILLION.

THE MFCU IS CURRENTLY WORKING ON 135 MATTERS INVOLVING ALLEGATIONS OF PROVIDER FRAUD, 51 OF WHICH WERE INITIATED IN FY 2013. THESE INVESTIGATIONS INVOLVE A BROAD VARIETY OF HEALTHCARE

PROVIDERS, FROM INSTITUTIONS TO SOLO PRACTITIONERS. MEDICAL SPECIALISTS INVOLVED IN THE MFCU'S CASES INCLUDE PHYSICIANS, DENTISTS, PHARMACISTS, MEDICAL EQUIPMENT SUPPLIERS, AND HOME HEALTHCARE AND TRANSPORTATION PROVIDERS. IN ADDITION, THE MFCU IS WORKING ON MORE THAN 275 *QUI TAM* MATTERS. IN FY 2013, THE MFCU'S PARTICIPATION IN *QUI TAM* CASES RESULTED IN MORE THAN \$3 MILLION IN RECOUPMENT FOR THE D.C. MEDICAID PROGRAM.

IN ADDITION TO INITIATING CASES, THE MFCU ENGAGES IN ANTI-FRAUD EDUCATIONAL AND OUTREACH PRESENTATIONS IN THE PRIVATE SECTOR. WE SPEAK TO GROUPS THROUGHOUT THE DISTRICT ABOUT MFCU'S WORK.

MOREOVER, WE WORK CLOSELY WITH OTHER LAW ENFORCEMENT AGENCIES, AND THE MFCU IS A MEMBER OF SEVERAL LOCAL LAW ENFORCEMENT TASK FORCE GROUPS. IN CONJUNCTION WITH THE USAO, MFCU STAFF PARTICIPATED IN MULTIPLE PROGRAMS TALKING TO SENIOR CITIZENS IN COMMUNITY AND SENIOR CENTERS ABOUT FRAUD AND ABUSE.

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

THE MFCU TAKES SIGNIFICANT STEPS TO HOLD OFFENDERS WHO ABUSE AND NEGLECT THE DISTRICT'S VULNERABLE CITIZENS ACCOUNTABLE BY AGGRESSIVELY INVESTIGATING AND PROSECUTING THOSE ALLEGATIONS.

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 RESIDENCES, AS WELL AS FROM INDIVIDUALS, HEALTH CARE WORKERS, AND D.C. AND FEDERAL AGENCIES. TO DATE IN FY 2014, THE MFCU HAS RECEIVED AN AVERAGE OF 150 UNUSUAL INCIDENTS EACH MONTH, EACH OF WHICH ARE REVIEWED AND ASSESSED BY AT LEAST TWO MFCU STAFF MEMBERS.

THE MFCU IS CURRENTLY INVESTIGATING 60 ABUSE, NEGLECT, OR SEXUAL ASSAULT MATTERS AND 30 MATTERS OF FINANCIAL EXPLOITATION OF VULNERABLE ADULTS. DURING FY 2013, THE MFCU OBTAINED TWO CONVICTIONS IN CRIMINAL CASES INVOLVING ABUSE OR NEGLECT INVOLVING VULNERABLE PERSONS.

IN ADDITION, THE MFCU CONTINUED TO ENGAGE IN EDUCATION AND ACTIVISM THROUGH ITS MEMBERSHIP ON TASK FORCES, LOCAL AND NATIONAL-LEVEL PRESENTATIONS, AND PARTICIPATION IN OTHER TRAINING OPPORTUNITIES.

### **CONCLUSION**

IN CONCLUSION, I LOOK FORWARD TO WORKING WITH THE CHAIRPERSON AND MEMBERS OF THIS COMMITTEE AND AM PROUD OF OUR FY 2013 AND FY 2014 ACCOMPLISHMENTS TO DATE, ALL OF WHICH CAN BE REVIEWED IN GREATER DETAIL BY VISITING THE OIG'S WEBSITE. IN THIS REGARD, ALL ARE STRONGLY ENCOURAGED TO VISIT OUR WEBSITE AND THOROUGHLY READ AND COMPREHEND OUR REPORTS TO FULLY APPRECIATE THE SCOPE AND BREADTH

OF THE WORK OF THE OIG. 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.