

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

FISCAL YEAR 2011 PERFORMANCE OVERSIGHT HEARING

FEBRUARY 16, 2012

GOOD MORNING CHAIRPERSON BOWSER 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; ALVIN WRIGHT, AIG FOR THE INSPECTIONS AND EVALUATIONS DIVISION; STACIE PITTELL, AIG FOR THE INVESTIGATIONS DIVISION; AND BRENTTON WOLFINGBARGER, DEPUTY 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) REPORTING OF ACCOMPLISHMENTS IN FISCAL YEAR (FY) 2011 AND THE FIRST QUARTER OF FY 2012.

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 VARIOUS RISKS FACING THE CITY. IN LOOKING FOR WAYS TO MITIGATE THESE RISKS, 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 2011, THE AUDIT DIVISION CONTINUED ITS INCREASED FOCUS ON ISSUES SURROUNDING MEDICAID, PROCUREMENT AND CONTRACTING, VULNERABLE POPULATIONS, WORKFORCE ADMINISTRATION AND D.C. PUBLIC SCHOOLS (DCPS).

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.

FOR FY 2011, THE AUDIT DIVISION EXCEEDED EXPECTATIONS ON ITS PERFORMANCE MEASURES. WE CONDUCTED AUDITS IN 34 PERCENT OF THE DISTRICT'S AGENCIES/OFFICES (OUR TARGET WAS 25 PERCENT). WE EXCEEDED OUR TARGET OF ISSUING 28 FINAL AUDIT REPORTS BY ISSUING 29, AND WE IDENTIFIED \$28.2 MILLION IN POTENTIAL MONETARY BENEFITS, COMPARED TO A TARGET OF \$25.8 MILLION. COMPARING THESE BENEFITS TO AUDIT DIVISION COSTS OF APPROXIMATELY \$2.9 MILLION SHOWS A RETURN ON INVESTMENT FOR AUDITS PERFORMED BY OIG AUDIT STAFF OF ALMOST \$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 2011, THE AUDIT DIVISION MADE A TOTAL OF 172 RECOMMENDATIONS TO DISTRICT MANAGEMENT.

AUDIT HIGHLIGHTS BY THEME ARE AS FOLLOWS:

REVENUE ENHANCEMENT

AUDIT OF THE INFORMATION TECHNOLOGY STAFF AUGMENTATION (ITSA) CONTRACT, OIG NO. 10-1-19TO, AUGUST 3, 2011

THE ITSA AUDIT DETERMINED, AMONG OTHER THINGS, THAT THE OFFICE OF CONTRACTING AND PROCUREMENT (OCP) AWARDED THE CONTRACT FOR A HIGHER CONTRACT PRICE THAN PROPOSED, WHICH WILL RESULT IN ADDITIONAL EXPENDITURES FOR THE DISTRICT. ADDITIONALLY, WE FOUND THAT OCP DID NOT MAINTAIN ADEQUATE INTERNAL CONTROLS OVER THE PROCUREMENT PROCESS. WE DIRECTED 10 RECOMMENDATIONS TO OCP FOR ACTIONS NECESSARY TO CORRECT THE DESCRIBED DEFICIENCIES.

SPENDING AND EFFICIENT USE OF RESOURCES

AUDIT OF THE DEPARTMENT OF HEALTH'S (DOH) HIV/AIDS HEPATITIS STD TB ADMINISTRATION'S (HAHSTA) MANAGEMENT AND ADMINISTRATION OF HILL'S COMMUNITY RESIDENTIAL SUPPORT SERVICES, INC. (HCRSS) GRANT, OIG NO. 09-2-37HC, AUGUST 4, 2011

THE DOH AUDIT DETERMINED THAT HAHSTA MANAGEMENT DID NOT ADHERE TO THE TERMS AND CONDITIONS OF THE HOUSING OPPORTUNITIES FOR PEOPLE WITH AIDS GRANT AGREEMENT. SPECIFICALLY, THE PURCHASE OF GOODS AND SERVICES REFLECTED IN INVOICES HCRSS SUBMITTED TO HAHSTA FOR THE PERIOD OF OCTOBER 2008 THROUGH DECEMBER 2009 CONTAINED NO EVIDENCE OF ACTUAL EXPENDITURES, AS REQUIRED BY THE GRANT AGREEMENT.

WE DIRECTED SIX RECOMMENDATIONS TO THE DIRECTOR OF DOH THAT WE BELIEVE ARE NECESSARY TO CORRECT THE DEFICIENCIES NOTED IN THIS REPORT.

DELIVERY OF CITIZEN SERVICES

AUDIT OF THE DISTRICT-OWNED NURSING HOMES, OIG NO. 10-1-02BY/HT, SEPTEMBER 23, 2011

THIS AUDIT DETERMINED THAT VITAL MANAGEMENT TEAM LONG TERM CARE MANAGEMENT, INC. (VMT) USED DISTRICT FUNDS WITHOUT AUTHORIZATION

AND VIOLATED PERFORMANCE CONDITIONS OF ITS WASHINGTON CENTER FOR AGING SERVICES (WCAS) CONTRACT. THESE EVENTS OCCURRED BECAUSE THE DISTRICT OF COLUMBIA OFFICE ON AGING (DCOA) LACKED INTERNAL CONTROLS TO PROVIDE ADEQUATE CONTRACT OVERSIGHT.

WE DIRECTED FIVE RECOMMENDATIONS TO THE EXECUTIVE DIRECTOR FOR THE DCOA, FOUR RECOMMENDATIONS TO THE CHIEF PROCUREMENT OFFICER (CPO), OCP, AND ONE RECOMMENDATION TO THE CHIEF FINANCIAL OFFICER THAT WE BELIEVE ARE NECESSARY TO CORRECT THE DEFICIENCIES NOTED IN THIS REPORT.

SUPPORT SERVICES

AUDIT OF THE OFFICE OF CONTRACTING AND PROCUREMENT'S CONTRACTING OFFICER QUALIFICATIONS, OIG NO. 09-2-20PO, SEPTEMBER 22, 2011

THIS OCP AUDIT DETERMINED THAT SEVERAL CONTRACTING OFFICERS DID NOT HAVE PROFESSIONAL CERTIFICATIONS. WE FOUND THAT ONLY 43 PERCENT POSSESSED PROFESSIONAL CERTIFICATIONS. WE RECOMMENDED THAT THE CPO ESTABLISH A FORMAL TRAINING PROGRAM FOR OCP'S CONTRACTING STAFF, TO INCLUDE CERTIFICATION AND CONTINUING EDUCATION REQUIREMENTS.

DISTRICT OF COLUMBIA PUBLIC EDUCATION PROGRAMS

**AUDIT OF THE PROCUREMENT ACTIVITIES AT THE OFFICE OF PUBLIC
EDUCATION FACILITIES MODERNIZATION (OPEFM), OIG NO. 09-2-28GM, JUNE
29, 2011**

THIS AUDIT FOUND THAT OPEFM DID NOT HAVE FINALIZED PROCUREMENT RULES, AND THE EMERGENCY PROCUREMENT RULES THAT OPEFM HAD ADOPTED DID NOT CONTAIN NECESSARY PROVISIONS AND CONTAINED PROVISIONS THAT WERE NOT CONSISTENT WITH EXISTING PROCUREMENT LAWS. WE DIRECTED EIGHT RECOMMENDATIONS TO THE EXECUTIVE DIRECTOR OF OPEFM, AND ONE RECOMMENDATION TO THE CPO, OCP, THAT WE BELIEVE ARE NECESSARY TO CORRECT THE DEFICIENCIES NOTED IN THE REPORT.

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 COUNCILMEMBERS.

INSPECTION PERFORMANCE MEASURE

I&E SET THE ISSUANCE OF 10 REPORTS AS ITS PERFORMANCE GOAL FOR FY 2011. I&E EXCEEDED THIS GOAL BY PUBLISHING 11 REPORTS: 4 REPORTS OF SPECIAL EVALUATION; 3 MANAGEMENT ALERT REPORTS (MARS); 3 MANAGEMENT IMPLICATION REPORTS (MIRS); AND 1 REPORT OF INSPECTION. THREE OF I&E'S FY 2011 SPECIAL EVALUATIONS ANALYZED HIGH-PROFILE INCIDENTS:

- I&E'S REVIEW OF A DECEMBER 2008 FIRE AND EMERGENCY MEDICAL SERVICES DEPARTMENT "NO-TRANSPORT" RESPONSE ADDRESSED ISSUES PERTAINING TO PATIENT EVALUATION, COMMUNICATION BETWEEN FEMS RESPONDERS, AND MEDICAL SERVICES EVENT DOCUMENTATION. THE FIRE CHIEF REQUESTED THIS REVIEW FOLLOWING THE DEATH OF A PATIENT WHO HAD BEEN EVALUATED BY FEMS FIRST RESPONDERS WHO DID NOT TRANSPORT THE PATIENT TO A HOSPITAL FOR FURTHER TREATMENT.

- I&E'S JULY 2011 REPORT, ENTITLED *METROPOLITAN POLICE DEPARTMENT SPECIAL OPERATIONS DIVISION APPROVAL AND CONDUCT OF NON-DIGNITARY ESCORTS*, FOLLOWED SIGNIFICANT MEDIA ATTENTION AND PUBLIC QUESTIONING OF THE PROPRIETY OF MPD'S MOTORIZED ESCORT OF A CELEBRITY AND HIS ENTOURAGE. THE REPORT ADDRESSED ISSUES AND FINDINGS REGARDING A LACK OF CLEARLY WRITTEN MPD GUIDELINES FOR APPROVING AND CONDUCTING SUCH ESCORTS, AND THE ABSENCE OF CONTRACTS WITH ENTITIES REQUESTING ESCORTS.
- IN SEPTEMBER 2011, I&E ISSUED A SPECIAL EVALUATION REPORT THAT EXAMINED THE ADDICTION PREVENTION AND RECOVERY ADMINISTRATION'S (APRA) MANAGEMENT OVERSIGHT AND SPECIFIC EVENTS SURROUNDING THE DECEMBER 2008 DEATH OF A CLIENT WHO WAS BEING TREATED AT APRA'S DETOXIFICATION AND STABILIZATION CENTER. EVEN THOUGH APRA CLOSED THAT PARTICULAR TREATMENT FACILITY IN 2009, IT IS STILL RESPONSIBLE FOR MONITORING AND CERTIFYING THE DISTRICT'S SUBSTANCE ABUSE TREATMENT AND DETOXIFICATION FACILITIES. THE RECOMMENDATIONS CONTAINED IN THIS REPORT REINFORCED THE NEED FOR APRA TO ENHANCE ITS EFFECTIVENESS IN MONITORING SUBSTANCE ABUSE TREATMENT PROVIDERS AND THEIR FACILITIES.

- I&E'S FOURTH REPORT OF SPECIAL EVALUATION, PUBLISHED IN FEBRUARY 2011, FOCUSED ON SPECIFIC ELEMENTS OF THE OPERATIONS IN THE DEPARTMENT OF EMPLOYMENT SERVICES' (DOES) OFFICE OF UNEMPLOYMENT COMPENSATION. THE I&E TEAM FOUND, AMONG OTHER THINGS, THAT DOES LACKED A PROCEDURE MANUAL FOR PROCESSING CLAIMS AND DID NOT PROVIDE FORMAL, JOB-SPECIFIC TRAINING OR CONDUCT ADEQUATE QUALITY ASSURANCE AND EMPLOYEE PERFORMANCE MONITORING.

MANAGEMENT ALERT REPORTS (MARS) AND MANAGEMENT IMPLICATION REPORTS (MIRS)

I&E ISSUES MARS AND MIRS TO AGENCY HEADS AND/OR THE CITY ADMINISTRATOR WHEN INSPECTORS BELIEVE MATTERS REQUIRE IMMEDIATE OR PRIORITY ATTENTION. IN FY 2011, I&E ISSUED THREE MARS AND THREE MIRS. SUBSEQUENT TO THE DOES REPORT OF SPECIAL EVALUATION, I&E ISSUED A MAR TO DOES AFTER LEARNING THAT, DUE TO INADEQUATE INTERNAL CONTROLS, ESSENTIAL FEATURES OF DOES' MANAGEMENT INFORMATION SYSTEM WERE INAPPROPRIATELY DISABLED FOR 17 MONTHS. DURING THAT PERIOD, SAFEGUARDS INTENDED TO FLAG, PREVENT, AND/OR STOP BENEFITS PAYMENTS TO INELIGIBLE APPLICANTS WERE INTENTIONALLY DEACTIVATED.

WHILE I&E'S PERFORMANCE IS MEASURED BY THE NUMBER OF FINAL REPORTS ISSUED, OTHER INDICATORS OF OVERALL EFFECTIVENESS INCLUDE THE NUMBER OF FINDINGS IDENTIFIED AND RECOMMENDATIONS PRESENTED TO DISTRICT AGENCY MANAGERS, AND IMPROVEMENTS TO AGENCY OPERATIONS MADE IN RESPONSE TO THOSE RECOMMENDATIONS. COLLECTIVELY, I&E'S FY 2011 REPORTS PRESENTED AGENCIES WITH 55 FINDINGS AND 104 ACTIONABLE RECOMMENDATIONS AIMED AT MITIGATING NOTED DEFICIENCIES AND/OR ENHANCING DISTRICT GOVERNMENT OPERATIONS. IN ADDITION, DURING THE COURSE OF A PROJECT, I&E ISSUES COMPLIANCE FORMS THAT ASK AGENCY OFFICIALS TO CORRECT THE MOST SERIOUS DEFICIENCIES QUICKLY AND REPORT BACK TO THE OIG ON WHAT WAS DONE. I&E ISSUED ONE COMPLIANCE FORM IN FY 2011, AND SEVEN SO FAR THIS FISCAL YEAR.

I&E FOLLOW-UP ACTIVITIES

I&E ALSO MONITORS AGENCIES' IMPLEMENTATION OF OIG RECOMMENDATIONS. IN FEBRUARY 2011, I&E ISSUED A REPORT THAT SUMMARIZED DISTRICT AGENCIES' COMPLIANCE WITH INSTITUTING RECOMMENDATIONS PRESENTED TO THEM IN PUBLISHED REPORTS. I&E REGULARLY COMMUNICATES WITH INSPECTED AGENCIES REGARDING THEIR PROGRESS AND THE STATUS OF OPEN RECOMMENDATIONS.

FY 2012 INSPECTION ACTIVITIES

I&E INSPECTIONS AND SPECIAL EVALUATIONS IN PROGRESS THUS FAR IN FY 2012 INCLUDE:

- A SPECIAL EVALUATION OF THE MANAGEMENT AND OVERSIGHT OF GROUP AND SHELTER HOMES THAT SERVE YOUTH WHO ARE UNDER THE SUPERVISION OF THE DEPARTMENT OF YOUTH REHABILITATION SERVICES;
- AN ASSESSMENT OF THE DEPARTMENT OF HUMAN SERVICES' OFFICE OF HOMELESS SHELTER MONITORING;
- A RE-INSPECTION OF ALL OF THE DISTRICT'S FIRE STATIONS AND THE FIRE BOAT FACILITY; AND
- A SPECIAL EVALUATION OF DISTRICT AGENCIES' IMPLEMENTATION OF MANDATORY DRUG AND ALCOHOL TESTING OF EMPLOYEES WHO HOLD SAFETY SENSITIVE POSITIONS.

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.

INVESTIGATIONS DIVISION

IN FY 2011, 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 DETERRENDS TO OFFICIAL MISCONDUCT.

WE OPENED 84 CRIMINAL INVESTIGATIONS AND PRESENTED 52 CRIMINAL CASES TO THE UNITED STATES ATTORNEY'S OFFICE FOR THE DISTRICT OF COLUMBIA (USAO), 20 OF WHICH WERE ACCEPTED FOR PROSECUTION. OUR CRIMINAL INVESTIGATIONS RESULTED IN 25 ARRESTS, 2 INDICTMENTS, AND 20 CONVICTIONS. THIRTY-THREE PEOPLE RECEIVED SENTENCES INCLUDING 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 \$491,985.80 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 (FBI), THE U.S. OFFICE OF PERSONNEL MANAGEMENT (OPM) OIG, AND U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT (ICE).

EXAMPLES OF THE CRIMINAL INVESTIGATIONS CONDUCTED DURING FY 2011

INCLUDE:

1. OIG INVESTIGATORS, WORKING JOINTLY WITH INVESTIGATORS FROM THE OPM OIG, CONDUCTED AN INVESTIGATION WHICH REVEALED THAT THE DAUGHTER OF A RETIRED DISTRICT GOVERNMENT EMPLOYEE FRAUDULENTLY OBTAINED HER DECEASED MOTHER'S RETIREMENT BENEFITS. THE DAUGHTER PLED GUILTY AND WAS SENTENCED TO 5 YEARS OF PROBATION AND PAYMENT OF RESTITUTION.

2. THE OIG AND THE FBI CONDUCTED AN INVESTIGATION WHICH REVEALED THAT AN EMPLOYEE OF THE CONTRACTOR RESPONSIBLE FOR BUILDING MAINTENANCE AT THE OFFICE OF THE CHIEF FINANCIAL OFFICER STOLE 30 CHECKS MADE PAYABLE TO THE D.C. TREASURER. THE CONTRACTOR'S EMPLOYEE PLED GUILTY AND WAS SENTENCED TO 3 MONTHS IN PRISON, 3 YEARS OF SUPERVISED PROBATION, AND PAYMENT OF RESTITUTION.

3. A JOINT INVESTIGATION WITH ICE REVEALED THAT AN EMPLOYEE OF THE OFFICE OF THE STATE SUPERINTENDENT OF EDUCATION (OSSE) FALSIFIED PART OF THE EMPLOYMENT ELIGIBILITY VERIFICATION PORTION OF A DISTRICT GOVERNMENT EMPLOYMENT APPLICATION BY MISREPRESENTING UNITED STATES CITIZENSHIP AND

AUTHORIZATION TO WORK IN THE UNITED STATES. THE FORMER OSSE EMPLOYEE PLED GUILTY AND WAS SENTENCED TO 24 MONTHS OF PROBATION, 50 HOURS OF COMMUNITY SERVICE, AND A FINE.

OIG INVESTIGATORS ALSO CONDUCTED ADMINISTRATIVE INVESTIGATIONS WHICH DETERMINED THAT DISTRICT EMPLOYEES VIOLATED DISTRICT REGULATIONS, INCLUDING THE DISTRICT'S STANDARDS OF CONDUCT, AND/OR WHICH MADE SPECIFIC RECOMMENDATIONS TO THE AGENCIES INVOLVED. IN FY 2011, WE ISSUED 10 REPORTS OF INVESTIGATION, WHICH CONTAINED A TOTAL OF 32 RECOMMENDATIONS FOR ADMINISTRATIVE ACTION AGAINST DISTRICT EMPLOYEES AND/OR POLICY AND PROCEDURE RECOMMENDATIONS. EXAMPLES OF OUR SUBSTANTIATED ADMINISTRATIVE INVESTIGATIONS INCLUDE THE FOLLOWING:

1. AN OIG INVESTIGATION REVEALED THAT THE FORMER ACTING DIRECTOR OF THE DEPARTMENT OF PARKS AND RECREATION ENGAGED IN CONDUCT THAT CONSTITUTED A CONFLICT OF INTEREST IN AN ATTEMPT TO ESTABLISH D.C. RESIDENCY BECAUSE SHE ERRONEOUSLY THOUGHT D.C. RESIDENCY WAS A REQUIREMENT OF HER ACTING POSITION. THE OIG INVESTIGATION DETERMINED THAT THE FORMER ACTING DIRECTOR VIOLATED SECTIONS OF THE DISTRICT PERSONNEL MANUAL (DPM).

2. OIG INVESTIGATORS CONDUCTED AN INVESTIGATION WHICH REVEALED THAT A DISTRICT DEPARTMENT OF TRANSPORTATION (DDOT) EMPLOYEE AND AN OFFICE OF UNIFIED COMMUNICATIONS EMPLOYEE USED DISTRICT GOVERNMENT PROPERTY AND RESOURCES, INCLUDING COMPUTERS, SMARTPHONES, AND EMAIL ACCOUNTS, TO EXCHANGE SEXUALLY EXPLICIT COMMUNICATIONS AND ARRANGE PERSONAL MEETINGS, TO FURTHER THEIR PERSONAL AND SEXUAL RELATIONSHIP, AND THE HUSBAND OF THE DDOT EMPLOYEE, A DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS EMPLOYEE, INAPPROPRIATELY ACCESSED HIS WIFE'S DISTRICT GOVERNMENT SMART PHONE, EMAILS, AND OFFICE. THE OIG INVESTIGATION DETERMINED THAT ALL THREE DISTRICT GOVERNMENT EMPLOYEES VIOLATED SECTIONS OF THE DPM.

3. AN OIG INVESTIGATION DETERMINED THAT THE OFFICE OF RISK MANAGEMENT (ORM) FAILED TO REMIT LIFE AND FEDERAL HEALTH INSURANCE PREMIUMS TO VENDORS ON BEHALF OF DISTRICT DISABILITY COMPENSATION RECIPIENTS. THE OIG INVESTIGATION ALSO DETERMINED THAT ORM FAILED TO USE ANY OF THE EXISTING DISTRICT PAYMENT PROCESSES TO REMIT THESE PAYMENTS AND DID NOT UNCOVER ANY VALID EXPLANATIONS AS TO WHY ORM HAD FAILED TO REMIT THESE PREMIUM PAYMENTS.

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 2011, INVESTIGATORS PROCESSED 638 NEW COMPLAINTS, OPENED 140 FORMAL INVESTIGATIONS, AND REFERRED A TOTAL OF 379 MATTERS TO THE HEADS OF 45 DISTRICT AGENCIES, 18 FEDERAL AGENCIES, 4 STATE AGENCIES, AND 3 OTHER OIG DIVISIONS. IN THE FIRST QUARTER OF FY 2012, INVESTIGATORS PROCESSED 236 NEW COMPLAINTS, OPENED 119 NEW INVESTIGATIONS, AND REFERRED A TOTAL OF 105 MATTERS TO DISTRICT AND FEDERAL AGENCIES FOR APPROPRIATE ACTION. OF THE 119 NEW INVESTIGATIONS OPENED, 109 ARE CRIMINAL, 6 ARE ADMINISTRATIVE, AND 4 ARE PRELIMINARY.

THE INVESTIGATIONS DIVISION EXCEEDED GOALS IN ALL THREE PERFORMANCE MEASURES FOR FY 2011, AS FOLLOWS:

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

GOAL: 85% **ACTUAL:** 96 %

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

GOAL: 80% **ACTUAL:** 97 %

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:** 97 %

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 OFFICE OF THE INSPECTOR GENERAL'S MISSION SO THAT THEY CAN FULFILL THEIR OBLIGATIONS TO REPORT CRIME, CORRUPTION, AND ETHICAL VIOLATIONS APPROPRIATELY. IN FY 2011, THE INVESTIGATIONS DIVISION CONDUCTED 38 CORRUPTION PREVENTION LECTURES THAT WERE ATTENDED BY MORE THAN 1700 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 GROUP HOMES. FY 2011 WAS A PRODUCTIVE YEAR FOR THE MFCU.

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. IN FY 2011, THE MFCU RESOLVED, THROUGH LITIGATION, NUMEROUS MATTERS INVOLVING ABUSE AND NEGLECT, AND WAS ACTIVE IN PROGRAMS TO EDUCATE THE COMMUNITY, INCLUDING SENIOR CITIZEN GROUPS AND MEDICAL PROFESSIONALS, 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, HEALTHCARE WORKERS, AND D.C. AND FEDERAL AGENCIES.

IN FY 2011, THE MFCU REVIEWED AND ASSESSED MORE THAN 3,000 REPORTS ADDRESSING UNUSUAL INCIDENTS AT NURSING AND GROUP HOMES. TO DATE, THE MFCU HAS RECEIVED APPROXIMATELY 350 UNUSUAL INCIDENT REPORTS EACH MONTH.

THE MFCU IS CURRENTLY INVESTIGATING 67 ABUSE OR NEGLECT MATTERS AND 8 MATTERS OF FINANCIAL EXPLOITATION OF VULNERABLE ADULTS. THUS FAR IN FY 2011, THE MFCU HAS OBTAINED 8 CONVICTIONS IN CRIMINAL MATTERS OF ABUSE, NEGLECT, SEXUAL ASSAULT, AND THEFT INVOLVING VULNERABLE PERSONS. THOSE CONVICTED INCLUDED: A TRANSPORTATION COMPANY DRIVER WHO PUNCHED A PASSENGER IN THE FACE; A WORKER IN A DAY PROGRAM FOR ADULTS WITH COGNITIVE DISABILITIES WHO PHYSICALLY PREVENTED A WOMAN FROM LEAVING A ROOM AND FORCED HER TO PERFORM SEXUAL ACTS; AND A CERTIFIED NURSING ASSISTANT WHO DRAGGED A PATIENT'S FOOT ACROSS CONCRETE, NECESSITATING AMPUTATION OF A TOE.

ANTI-FRAUD EFFORTS

OTHER MFCU ENFORCEMENT EFFORTS CONSIST OF INVESTIGATIONS AND PROSECUTIONS OF FINANCIAL FRAUD AGAINST THE MEDICAID PROGRAM. IN FY 2011, THE MFCU RESOLVED 15 CASES OF FRAUD THROUGH CRIMINAL CONVICTIONS AND CIVIL SETTLEMENTS, RECOUPING MORE THAN \$2.4 MILLION FOR THE MEDICAID PROGRAM. CONVICTIONS INCLUDED THAT OF AN OWNER OF A TRANSPORTATION COMPANY WHO BILLED FOR SERVICES NOT PROVIDED

AND A TAXI CAB OPERATOR WHO EARNED INCOME THAT HE DID NOT REPORT ON HIS FEDERAL AND LOCAL TAX RETURNS FOR TRANSPORTING MEDICAID RECIPIENTS.

THE MFCU IS CURRENTLY WORKING ON 152 MATTERS INVOLVING ALLEGATIONS OF PROVIDER FRAUD, 34 OF WHICH WERE INITIATED IN FY 2011. 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, PHARMACISTS, MEDICAL EQUIPMENT SUPPLIERS, AND HOME HEALTHCARE AND TRANSPORTATION PROVIDERS.

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 WORK.

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 EACH FISCAL YEAR. IN FY 2011, THE MFCU PROVIDED 10 TRAININGS, INCLUDING PRESENTATIONS AT A NATIONAL CONFERENCE FOR PROSECUTORS ON ELDER ABUSE, AND TO SENIOR CITIZENS IN COMMUNITY CENTERS ON FRAUD AND ABUSE.

IN FY 2011, THE MFCU INITIATED 169 INVESTIGATIONS AND CLOSED 124 MATTERS. THROUGH TRIAL OR SETTLEMENT, THE MFCU OBTAINED 27 RESOLUTIONS OF OUTSTANDING FRAUD, ABUSE, NEGLECT, AND SEXUAL ASSAULT CASES, SIGNIFICANTLY EXCEEDING EXPECTATIONS OF ITS PERFORMANCE GOAL OF 20, AND RECOUPED MORE THAN \$3 FOR EVERY DISTRICT DOLLAR FUNDING THE UNIT.

CONCLUSION

IN CONCLUSION, I LOOK FORWARD TO WORKING WITH THE CHAIRPERSON AND MEMBERS OF THIS COMMITTEE AND AM PROUD OF OUR FY 2011 AND FY 2012 ACCOMPLISHMENTS TO DATE, ALL OF WHICH CAN BE REVIEWED IN GREATER DETAIL BY VISITING THE OIG'S WEBSITE. I WOULD ENCOURAGE ALL TO REGULARLY VISIT THE WEBSITE AND THOROUGHLY READ THE REPORTS TO GAUGE THE SCOPE AND BREADTH OF THE OIG'S WORK AND TO ENSURE THAT WE ALL FUNCTION FROM FACTS AND NOT CONJECTURE OR SPECULATION. 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.