

TESTIMONY OF CHARLES J. WILLOUGHBY, INSPECTOR GENERAL

**BEFORE THE
COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE ON GOVERNMENT OPERATIONS**

FISCAL YEAR 2014 BUDGET REVIEW

APRIL 22, 2013

GOOD AFTERNOON CHAIRPERSON MCDUFFIE AND MEMBERS OF THE COMMITTEE. I AM CHARLES J. WILLOUGHBY, INSPECTOR GENERAL, AND I AM PLEASED TO TESTIFY TODAY CONCERNING THE PROPOSED FISCAL YEAR (FY) 2014 BUDGET REQUEST FOR THE OFFICE OF THE INSPECTOR GENERAL (OIG). WITH ME TODAY TO ASSIST IN THE PRESENTATION OF THE BUDGET REQUEST IS RANEE PHILLIPS, OUR BUDGET OFFICER.

AGENCY MISSION

THE MISSION OF THE OFFICE OF THE INSPECTOR GENERAL IS TO CONDUCT INDEPENDENT AUDITS, INVESTIGATIONS, AND INSPECTIONS, TO DETECT AND PREVENT FRAUD, WASTE, ABUSE, AND MISMANAGEMENT, AND TO HELP THE DISTRICT OF COLUMBIA GOVERNMENT IMPROVE ITS PROGRAMS AND OPERATIONS BY PROMOTING ECONOMY, EFFICIENCY, AND EFFECTIVENESS.

BUDGET OVERVIEW

OUR TOTAL REQUESTED OPERATING BUDGET FOR FY 2014, WHICH WOULD SUPPORT 112 FTEs, IS \$15.9 MILLION. WHEN COMPARED TO OUR FY 2013 APPROVED GROSS OPERATING BUDGET OF \$15.7 MILLION, THIS REPRESENTS AN INCREASE OF \$156,000 WITHIN THE LOCAL BUDGET, WHICH IS A 1.2 PERCENT GROWTH, AND AN INCREASE OF \$106,000 IN THE FEDERAL BUDGET.

THE GROSS BUDGET AMOUNT OF \$15.9 MILLION IS COMPRISED OF \$13.4 MILLION IN LOCAL FUNDS AND \$2.5 MILLION IN FEDERAL GRANT FUNDS (AN OVERALL INCREASE OF \$262,000). THE GRANT FUNDS SUPPORT 17 FTEs, OR 75 PERCENT OF THE COSTS ASSOCIATED WITH THE OPERATION OF THE MEDICAID FRAUD CONTROL UNIT (MFCU) WITHIN THE OFFICE. THE LOCAL BUDGET SUPPORTS 95 FTEs, AS WELL AS THE COST OF CONTRACTING FOR THE DISTRICT'S COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR). THE COST OF THE CAFR NEXT YEAR IS BUDGETED AT \$2.9 MILLION.

ALLOCATION OF FUNDS

THE OFFICE OF THE INSPECTOR GENERAL IS A PERFORMANCE-BASED BUDGET AGENCY THAT ALLOCATES FUNDING FOR THE FOLLOWING SPECIFIC PROGRAMS:

- **THE ACCOUNTABILITY, CONTROL, AND COMPLIANCE PROGRAM** WILL HAVE A FUNDED BUDGET OF \$7.7 MILLION, AN INCREASE OF \$84,000 OVER THE FY 2013 APPROVED BUDGET OF \$7.6 MILLION. THE INCREASE OF \$80,000 IN PERSONAL SERVICES COVERS WITHIN- GRADE INCREASES AND FRINGE BENEFITS ADJUSTMENTS. NON-PERSONAL SERVICES INCREASED BY LESS THAN 1 PERCENT, OR \$4,000, DUE TO THE RATE OF INFLATION. THIS BUDGET SUPPORTS 45 FTEs.
- **THE LAW ENFORCEMENT PROGRAM** WILL HAVE A FUNDED BUDGET OF \$6.0 MILLION. THIS PROGRAM IS COMPRISED OF \$3.5 MILLION IN LOCAL FUNDS, WHICH IS AN INCREASE OF \$3,000 OVER THE FY 2013 APPROVED LOCAL FUND BUDGET. INCREASES TO THE LOCAL FUND BUDGET CONSIST OF \$3,000 IN NON-PERSONAL SERVICES DUE TO THE RATE OF INFLATION. THIS PROGRAM ALSO INCLUDES \$2.5 MILLION IN FEDERAL GRANT FUNDS TO SUPPORT THE MFCU. FEDERAL FUNDS WERE INCREASED BY \$106,000 OVER THE FY 2013 APPROVED BUDGET. THIS INCREASE INCLUDED \$86,191 IN PERSONAL SERVICES TO SUPPORT \$53,397 FOR A COST-OF-LIVING ADJUSTMENT, WITHIN-GRADE INCREASES OF \$15,105, AND \$ 17,689 TO SUPPORT THE FRINGE BENEFIT ADJUSTMENT. IT ALSO INCLUDED AN INCREASE OF \$19,809 IN NON-PERSONAL SERVICES DUE TO THE RATE OF INFLATION. THE GROSS BUDGET FOR THIS PROGRAM SUPPORTS 50 FTEs.

- **THE AGENCY MANAGEMENT PROGRAM WILL HAVE A FUNDED BUDGET OF \$2.2 MILLION, WHICH IS AN INCREASE OF \$69,000 OVER THE FY 2013 APPROVED BUDGET OF \$2.1 MILLION FOR THIS PROGRAM. THE INCREASE OF \$18,000 IN PERSONAL SERVICES COVERS WITHIN-GRADE INCREASES AND FRINGE BENEFIT ADJUSTMENTS. NON-PERSONAL SERVICES INCREASED BY \$51,000 TO COVER THE COST OF CENTRALIZING ONLINE RESEARCH THROUGH LEXISNEXIS AND PROCURING COMPUTER SOFTWARE LICENSES. THIS BUDGET SUPPORTS 17 FTEs.**

NONDISCRETIONARY BUDGET

A BRIEF ANALYSIS OF THE OIG BUDGET REVEALS THAT SEVERAL MILLION DOLLARS OF OUR FUNDING IS DESIGNATED FOR MANDATED ACTIVITIES. FUNCTIONS REQUIRED BY LAW INCLUDE THE FOLLOWING:

- THE CAFR
- AUDIT OF THE HIGHWAY TRUST FUND
- AUDIT OF PROCUREMENT AND CONTRACT ADMINISTRATION
- AUDIT OF THE HOME PURCHASE ASSISTANCE FUND
- AUDIT OF THE HIGHWAY TRUST FUND 5-YEAR FORECAST
- AUDIT OF THE WEST END LIBRARY AND FIRE STATION MAINTENANCE FUND
- AUDIT OF SPECIAL EDUCATION ATTORNEY CERTIFICATIONS

- AUDIT OF THE OFFICE OF TAX AND REVENUE FOR THE PURPOSES OF EXAMINING THE DISTRICT’S MANAGEMENT AND VALUATION OF COMMERCIAL REAL PROPERTY ASSESSMENTS
- MAINTENANCE OF A LIVE COMPLAINT HOTLINE
- REFERRAL OF CRIMINAL ALLEGATIONS TO THE U.S. ATTORNEY’S OFFICE FOR POSSIBLE PROSECUTION AND CONDUCTING INVESTIGATIONS AS NECESSARY
- FRAUD AND ABUSE INVESTIGATIONS AND PROSECUTIONS REGARDING OR RELATED TO THE DISTRICT’S MEDICAID PROGRAM

EFFECT OF BUDGET CUTS

OVER THE MOST RECENT BUDGET CYCLES, THE OIG HAS SHARED IN CITYWIDE CUTS THAT REDUCED ITS OPERATIONAL FUNDING IN THE PROPOSED BUDGET. OUR BUDGET RECOGNIZED THE NEED TO ACQUIRE, TRAIN, AND RETAIN A COMPETENT AND COMPETITIVE PROFESSIONAL STAFF. CUTS IN FUNDING AND PERSONNEL CAN IMPACT THE ACCOMPLISHING OF BOTH PLANNED WORK AND EMERGING WORK REQUESTED BY DISTRICT AGENCY DIRECTORS, COUNCILMEMBERS, THE EXECUTIVE, AND OTHER STAKEHOLDERS.

PERFORMANCE MEASURES

A MAJOR PORTION OF THE OIG BUDGET IS CONSUMED BY RESPONSIBILITIES MANDATED BY STATUTE, AND OUR RESULTS IN THESE AREAS INCREASE EACH YEAR. IN FY 2012, CASES IN OUR INVESTIGATIONS DIVISION RESULTED IN 12 ARRESTS, 1 INDICTMENT, 10 CONVICTIONS, 23 SENTENCES, AND THE ISSUANCE OF 144 SUBPOENAS. IN ADDITION, OIG INVESTIGATIONS RESULTED IN MORE THAN \$836,545 IN RESTITUTION ORDERS AND RECOVERIES. FURTHER, THE OIG INVESTIGATIONS DIVISION ISSUED 7 REPORTS OF INVESTIGATION CONTAINING A TOTAL OF 37 RECOMMENDATIONS, 4 MANAGEMENT ALERT REPORTS, 18 SIGNIFICANT ACTIVITY REPORTS, AND 157 INVESTIGATIVE REFERRALS. THE OIG INVESTIGATIONS DIVISION ALSO CONTINUED ITS REFERRAL PROGRAM, WHICH RESULTED IN 485 REFERRALS TO OTHER GOVERNMENT AGENCIES. FINALLY, THE OIG INVESTIGATIONS DIVISION CONDUCTED REGULAR OUTREACH WITH OTHER DISTRICT GOVERNMENT EMPLOYEES IN THE FORM OF CORRUPTION PREVENTION LECTURES.

DURING FY 2012, THE MFCU ADDRESSED MORE THAN 3,241 REPORTS OF POSSIBLE FRAUD COMMITTED BY MEDICAID PROVIDERS AND ABUSE OR NEGLECT AT NURSING AND GROUP HOMES. IN ADDITION, THE MFCU OBTAINED 5 CRIMINAL CONVICTIONS – 3 INVOLVING FRAUD AGAINST THE MEDICAID PROGRAM, 1 FOR NEGLECT OF AN ELDERLY PERSON RESIDING IN A LONG-TERM CARE FACILITY, AND 1 FOR SEXUAL ABUSE OF A VULNERABLE ADULT. A MFCU

ATTORNEY, WHO IS DETAILED TO THE UNITED STATES ATTORNEY'S OFFICE TO WORK ON MEDICAID FRAUD MATTERS, WAS CO-COUNSEL ON A CRIMINAL MATTER THAT RESULTED IN A PROVIDER'S CONVICTION ON 35 COUNTS OF FRAUD AGAINST THE MEDICAID PROGRAM. THE MFCU MAINTAINS MORE THAN 250 OPEN *QUI TAM* MATTERS. THESE CASES OFTEN RESULT IN SETTLEMENTS THAT RETURN DOLLARS TO THE MEDICAID PROGRAM. IN FY 2012, THE MFCU RECOUPED MORE THAN \$3.7 MILLION FROM *QUI TAM* CASES AS RESTITUTION TO THE MEDICAID PROGRAM.

DISCRETIONARY WORK CONDUCTED UNDER THE OIG'S COMPLIANCE PROGRAM IS ALSO SIGNIFICANT. FOR EXAMPLE, THE AUDIT DIVISION HAS ALIGNED ITS AUDIT UNITS TO ADDRESS HIGH - RISK AREAS IN THE DISTRICT SUCH AS PROCUREMENT, MEDICAID, AND EDUCATION PROGRAMS.

FOR FY 2012, THE AUDIT DIVISION ISSUED 28 REPORTS WITH TOTAL POTENTIAL MONETARY BENEFITS OF APPROXIMATELY \$75 MILLION. WHEN COMPARING THESE POTENTIAL MONETARY BENEFITS TO AUDIT DIVISION COSTS OF APPROXIMATELY \$3 MILLION, THE RESULT IS A RETURN ON INVESTMENT FOR AUDITS PERFORMED BY OIG AUDIT STAFF THAT APPROXIMATES \$25 FOR EACH DOLLAR INVESTED. IN LIGHT OF CONTINUING ECONOMIC CONDITIONS, THE AUDIT DIVISION AGREED TO ELIMINATE AUDIT POSITIONS, YET CONTINUES TO REMAIN PROACTIVE WITH LIMITED RESOURCES.

THE INSPECTIONS AND EVALUATIONS DIVISION (I&E) IS TASKED WITH CONDUCTING INSPECTIONS AND RE-INSPECTIONS OF DISTRICT AGENCIES, AS WELL AS SPECIAL EVALUATIONS REQUESTED BY BOTH THE COUNCIL AND THE MAYOR. SINCE THE DATE OF LAST YEAR'S BUDGET HEARING, I&E HAS ISSUED 14 REPORTS THAT PRESENTED A TOTAL OF 55 FINDINGS AND 104 RECOMMENDATIONS AIMED AT IMPROVING DISTRICT AGENCIES' INTERNAL OPERATIONS AND THE SERVICES THEY PROVIDE.

AS REFLECTED IN OUR REPORTS, WHICH ALL ARE ENCOURAGED TO READ THOROUGHLY AND WHICH ARE DISTRIBUTED TO THE LEGISLATIVE AND EXECUTIVE BRANCHES TO ASSIST THEM IN THEIR OVERSIGHT RESPONSIBILITIES AND PUBLISHED ON OUR WEBSITE FOR PUBLIC ACCESSIBILITY, THE OIG WILL CONTINUE TO STRIVE TO PROMOTE ECONOMY, EFFICIENCY, AND EFFECTIVENESS IN DISTRICT PROGRAMS AND OPERATIONS. THE OIG HAS DONE AND WILL CONTINUE TO DO THIS BY, AMONG OTHER THINGS, EXPOSING IMPROPRIETIES BY EMPLOYEES AT ALL LEVELS, INCLUDING AGENCY DIRECTORS, REFERRING MATTERS TO APPROPRIATE LAW ENFORCEMENT ENTITIES, SUCH AS THE UNITED STATES ATTORNEY'S OFFICE AND THE OFFICE OF THE ATTORNEY GENERAL FOR PROSECUTION, EXPOSING OPERATIONAL DEFICIENCIES, AND ENCOURAGING, THROUGH ALL THE RESOURCES AT ITS DISPOSAL, THE ADOPTION OF CORRECTIVE ACTIONS.

FINALLY, AS I HAVE PREVIOUSLY STATED AND CONTINUE TO BELIEVE, ALTHOUGH CONGRESSIONAL LEGISLATION PROTECTS THE INSPECTOR GENERAL'S BUDGET REQUEST AS A MEANS OF ENSURING INDEPENDENT AND EFFECTIVE OVERSIGHT OPERATIONS, I BELIEVE THAT OUR PERFORMANCE OUTPUTS AND OTHER CONTRIBUTIONS TO GOOD GOVERNANCE PROVIDE A SEPARATE BASIS TO JUSTIFY OUR BUDGETARY REQUIREMENTS.

THIS CONCLUDES MY TESTIMONY, AND I WILL BE HAPPY TO ANSWER ANY QUESTIONS THAT YOU MAY HAVE.