

TESTIMONY OF CHARLES J. WILLOUGHBY, INSPECTOR GENERAL

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

FISCAL YEAR 2015 BUDGET REVIEW

APRIL 17, 2014

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) 2015 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 2015, WHICH WOULD SUPPORT 112 FULL-TIME EQUIVALENT EMPLOYEES (FTEs), IS \$16.9 MILLION. WHEN COMPARED TO OUR FY 2014 APPROVED GROSS OPERATING BUDGET OF \$15.9 MILLION, THIS REPRESENTS AN INCREASE OF \$883 THOUSAND WITHIN THE LOCAL BUDGET, WHICH IS A 5.5 PERCENT GROWTH, AND AN INCREASE OF \$89 THOUSAND IN THE FEDERAL BUDGET.

THE GROSS BUDGET AMOUNT OF \$16.9 MILLION IS COMPRISED OF \$14.3 MILLION IN LOCAL FUNDS AND \$2.6 MILLION IN FEDERAL GRANT FUNDS. 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 AUDIT OF THE DISTRICT'S COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR). THE COST OF THE CAFR WILL INCREASE BY \$145,000 NEXT YEAR FROM \$3 MILLION TO \$3.1 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 \$8.2 MILLION, AN INCREASE OF \$503 THOUSAND OVER THE FY 2014 APPROVED BUDGET OF \$7.7 MILLION. THE INCREASE OF \$334 THOUSAND IN PERSONAL SERVICES COVERS THE COST OF LIVING ADJUSTMENTS (COLAs), WITHIN-GRADE INCREASES, AND FRINGE BENEFITS ADJUSTMENTS. NON-PERSONAL SERVICES INCREASED BY \$145 THOUSAND TO SUPPORT THE COST OF THE CAFR AND \$24 THOUSAND, DUE TO THE RATE OF INFLATION. THIS BUDGET SUPPORTS 45 FTEs.

- **THE LAW ENFORCEMENT PROGRAM** WILL HAVE A FUNDED BUDGET OF \$6.4 MILLION. THIS PROGRAM IS COMPRISED OF \$3.8 MILLION IN LOCAL FUNDS, WHICH IS AN INCREASE OF \$258 THOUSAND OVER THE FY 2014 APPROVED LOCAL FUND BUDGET. INCREASES TO THE LOCAL FUND BUDGET CONSIST OF \$233 THOUSAND IN PERSONAL SERVICES TO SUPPORT COLAs, WITHIN-GRADE INCREASES, AND FRINGE BENEFITS ADJUSTMENTS. NON-PERSONAL SERVICES INCREASED BY \$25 THOUSAND DUE TO THE RATE OF INFLATION. THIS PROGRAM ALSO INCLUDES \$2.6 MILLION IN FEDERAL GRANT FUNDS TO SUPPORT THE MEDICAID FRAUD CONTROL UNIT. FEDERAL FUNDS WERE INCREASED BY \$89,149 OVER THE FY 2014 APPROVED BUDGET. THIS INCREASE INCLUDED \$83,595 IN PERSONAL SERVICES TO SUPPORT \$54,171 FOR COLAs, WITHIN-GRADES OF \$6,278, AND \$23,146 TO SUPPORT THE FRINGE BENEFIT ADJUSTMENT. IT ALSO INCLUDED AN INCREASE OF \$5,554 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 \$2.3 MILLION, WHICH IS AN INCREASE OF \$122 THOUSAND OVER THE FY 2014 APPROVED BUDGET OF \$2.2 MILLION FOR THIS PROGRAM. THE INCREASE OF \$89 THOUSAND IN PERSONAL SERVICES COVERS THE COLAs, WITHIN-GRADE INCREASES, AND FRINGE BENEFIT ADJUSTMENTS. NON-PERSONAL SERVICES INCREASED BY \$33 THOUSAND TO COVER THE COST OF CENTRALIZING ONLINE RESERCH 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

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 2013, CASES IN OUR INVESTIGATIONS DIVISION RESULTED IN 25 ARRESTS, 1 INDICTMENT, 13 CONVICTIONS, 13 SENTENCES, AND THE ISSUANCE OF 100 SUBPOENAS. IN ADDITION, OIG INVESTIGATIONS RESULTED IN \$366,610.28 IN RESTITUTION ORDERS AND RECOVERIES. FURTHER, THE OIG INVESTIGATIONS DIVISION ISSUED 17 REPORTS OF INVESTIGATION CONTAINING A TOTAL OF 35 RECOMMENDATIONS, 13 SIGNIFICANT ACTIVITY

REPORTS, AND 34 INVESTIGATIVE REFERRALS. THE OIG INVESTIGATIONS DIVISION ALSO CONTINUED ITS REFERRAL PROGRAM, WHICH RESULTED IN 387 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 2013, THE MFCU ADDRESSED MORE THAN 2,100 REPORTS OF POSSIBLE FRAUD COMMITTED BY MEDICAID PROVIDERS AND ABUSE OR NEGLECT AT NURSING AND GROUP HOMES. THE MFCU OBTAINED 7 CRIMINAL CONVICTIONS – 5 INVOLVING FRAUD AGAINST THE MEDICAID PROGRAM, 1 FOR NEGLECT, AND 1 FOR ABUSE OF PERSONS WITH INTELLECTUAL DISABILITIES RESIDING IN COMMUNITY RESIDENCES. ANOTHER MFCU INVESTIGATION RESULTED IN A CIVIL ACTION AGAINST A PHYSICIAN FOR IMPROPER BILLING PRACTICES. IN FY 2013, THE MFCU RECOUPED MORE THAN \$4.7 MILLION AS A RESULT OF THEIR ACTIVITIES IN LOCAL CRIMINAL AND CIVIL MATTERS. IN ADDITION, 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 2013, THE MFCU RECOUPED ALMOST \$3.1 MILLION FROM *QUI TAM* CASES AS RESTITUTION TO THE MEDICAID PROGRAM.

FOR FY 2013, THE AUDIT DIVISION ISSUED 37 REPORTS WITH TOTAL POTENTIAL MONETARY BENEFITS OF APPROXIMATELY \$30 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 AUDIT STAFF THAT APPROXIMATES \$10 FOR EACH DOLLAR INVESTED.

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 5 REPORTS THAT PRESENTED A TOTAL OF 27 FINDINGS AND 56 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.