

TESTIMONY OF CHARLES J. WILLOUGHBY, INSPECTOR GENERAL

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

FISCAL YEAR 2010 BUDGET REVIEW

APRIL 23, 2009

GOOD AFTERNOON CHAIRPERSON CHEH 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) 2010 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 2010 IS \$16.9 MILLION. THIS REPRESENTS NO GROWTH IN THE LOCAL BUDGET AND LESS THAN 1 PERCENT GROWTH IN THE FEDERAL BUDGET OVER OUR FY 2009 APPROVED OPERATING BUDGET. THIS BUDGET WOULD SUPPORT 124 FULL TIME EQUIVALENTS (FTEs).

THE GROSS BUDGET AMOUNT OF \$16.9 MILLION IS COMPRISED OF \$14.8 MILLION IN LOCAL FUNDS AND \$2.1 MILLION IN FEDERAL GRANT FUNDS (AN INCREASE OF \$89,180). THE GRANT FUNDS SUPPORT 16 FTEs, OR 75 PERCENT OF THE COSTS ASSOCIATED WITH THE OPERATION OF THE MEDICAID FRAUD CONTROL UNIT (MFCU). THE LOCAL BUDGET SUPPORTS 108 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 NEXT YEAR WAS BUDGETED AT \$3 MILLION. HOWEVER, WE HAVE LEARNED FROM THE AUDITORS THAT THEY ANTICIPATE ADDITIONAL WORK NOT COVERED IN THE BASE CONTRACT THAT IS PROJECTED TO RESULT IN A TOTAL COST OF THE FY 2009 CAFR OF APPROXIMATELY \$3.6 MILLION. THUS, THE LOCAL BUDGET REMAINS FLAT WITH THE EXCEPTION OF THE PROJECTED INCREASE IN COSTS FOR THE CAFR, WHICH IS APPROXIMATELY \$613,000 MORE THAN THE AMOUNT BUDGETED.

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 FUNDING BUDGET OF \$8.2 MILLION, A DECREASE OF \$126,581 OVER THE FY 2009 APPROVED BUDGET OF \$8.3 MILLION. THE DECREASE TO THIS ACTIVITY WAS DUE TO THE REDIRECTION OF FUNDS TO THE AGENCY MANAGEMENT PROGRAM TO SUPPORT INCREASES IN PERSONAL SERVICES (STEP INCREASES), AND NON-PERSONAL SERVICES (FIXED COSTS).
- **THE LAW ENFORCEMENT PROGRAM** WILL HAVE A FUNDED BUDGET OF \$5.5 MILLION. THIS PROGRAM IS COMPRISED OF \$3.4 MILLION IN LOCAL FUNDS, A DECREASE OF \$80,426 OVER THE FY 2009 APPROVED BUDGET OF \$3.5 MILLION. THE DECREASE TO THIS ACTIVITY WAS DUE TO THE REDIRECTION OF FUNDS TO THE AGENCY MANAGEMENT PROGRAM TO SUPPORT INCREASES IN PERSONAL SERVICES (STEP INCREASES), AND NON-PERSONAL SERVICES (FIXED COSTS). THIS PROGRAM ALSO INCLUDES \$2.1 MILLION IN FEDERAL GRANT FUNDS. THE GROSS BUDGET SUPPORTS 51 FTEs.

- **THE AGENCY MANAGEMENT PROGRAM** WILL HAVE A GROSS FUNDING BUDGET OF \$3.2 MILLION, AN INCREASE OF \$207,042 (DUE TO THE REDIRECTION OF FUNDS FROM THE LAW ENFORCEMENT AND ACCOUNTABILITY, CONTROL AND COMPLIANCE PROGRAMS) OVER THE FY 2009 BUDGET OF \$2.9 MILLION. THE GROSS BUDGET SUPPORTS 17 FTEs.

THE NONDISCRETIONARY BUDGET

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

- AUDIT OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (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 ANTIFRAUD FUND OF THE OFFICE OF THE ATTORNEY GENERAL
- AUDIT OF THE PROFESSIONAL ENGINEERS FUND

- REVIEW AND REPORT OF ANALYSIS OF ALL CANCELLATIONS OF CONTRACTS AND SOLICITATIONS
- MAINTENANCE OF A LIVE COMPLAINT HOTLINE
- REFERRAL OF CRIMINAL ALLEGATIONS TO THE U.S. ATTORNEY'S OFFICE AND CONDUCTING INVESTIGATIONS AS NECESSARY
- FRAUD AND ABUSE INVESTIGATIONS AND PROSECUTIONS REGARDING THE DISTRICT'S MEDICAID PROGRAM

EFFECT OF BUDGET CUTS

A MAJOR PORTION OF THE OIG BUDGET IS CONSUMED BY RESPONSIBILITIES MANDATED BY STATUTE, AND OUR RESULTS IN THIS AREA INCREASE EACH YEAR. IN THE LAST FISCAL YEAR, CASES IN OUR INVESTIGATIONS DIVISION RESULTED IN 7 INDICTMENTS, 30 CONVICTIONS, AND MORE THAN \$5.4 MILLION IN RESTITUTION ORDERS AND RECOVERIES. DURING FY 2008, THE MFCU ADDRESSED MORE THAN 3,900 REPORTS OF POSSIBLE ABUSE OR NEGLECT AT NURSING AND GROUP HOMES, OBTAINED 6 CONVICTIONS INVOLVING ABUSE OF ELDERLY AND VULNERABLE PERSONS, AND RECOVERED MORE THAN \$5.5 MILLION IN RESTITUTION TO THE MEDICAID PROGRAM THROUGH CIVIL AND CRIMINAL RESOLUTIONS.

DISCRETIONARY WORK CONDUCTED UNDER THE OIG'S COMPLIANCE PROGRAM IS ALSO SIGNIFICANT. FOR EXAMPLE, THE AUDIT DIVISION HAS

IDENTIFIED APPROXIMATELY \$56 MILLION IN POTENTIAL MONETARY BENEFITS AND HAS ALIGNED ITS AUDIT UNITS TO ADDRESS HIGH RISK AREAS IN THE DISTRICT SUCH AS PROCUREMENT, MEDICAID, AND EDUCATION PROGRAMS. MORE SIGNIFICANTLY, FOR THE REMAINDER OF FY 2009 AND BUDGET YEAR 2010, OUR AUDIT DIVISION WILL BE UNDERTAKING REVIEWS OF DISTRICT STIMULUS EXPENDITURES. THESE EFFORTS ARE CURRENTLY UNFUNDED.

THE INSPECTIONS AND EVALUATIONS DIVISION 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 ITS INCEPTION IN 1999, I&E HAS PROVIDED DISTRICT AGENCIES WITH MORE THAN 900 FINDINGS AND OVER 1300 RECOMMENDATIONS AIMED AT IMPROVING THEIR INTERNAL OPERATIONS AND THE SERVICES THEY PROVIDE.

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.