

**TESTIMONY OF DANIEL W. LUCAS, INSPECTOR GENERAL
BEFORE THE
COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE ON GOVERNMENT OPERATIONS & FACILITIES**

**BUDGET OVERSIGHT HEARING ON THE
OFFICE OF THE INSPECTOR GENERAL'S
FISCAL YEAR 2023 BUDGET
March 25, 2022**

Good afternoon, Chairperson White and Members of the Committee. I am Daniel W. Lucas, Inspector General for the District of Columbia. I am pleased to appear virtually before the Committee to review the Office of the Inspector General (OIG) budget submission for fiscal year (FY) 23. Joining me to assist in the presentation are Ms. Jaime Yarussi, Deputy Inspector General for Business Management, and Dr. James Hurley, Agency Fiscal Officer.

Today, I would like to discuss three specific areas: (1) the OIG's unique budget process; (2) our FY 22 budget and expenditures to date; (3) and our FY 23 budget request.

BUDGET PROCESS

The OIG has a unique budget process as compared to other District agencies. Specifically, the OIG's enabling legislation states that the OIG "shall prepare and submit to the Mayor . . . annual estimates of the expenditures and appropriations necessary for the operation of the [OIG] for the year." These estimates are then "forwarded by the Mayor to the Council . . . , without revision but subject to recommendations, including recommendations on reallocating any funds from the Inspector General's estimates to other items in the District Budget."¹

¹ D.C. Code § 1-301.115a(a)(2)(A).

New for this year, I have included the OIG’s estimates of the expenditures necessary to fund our operations in FY 23 (see [Figure 1](#) below). This information follows the OIG’s statutory budget process and provides additional insight to this Committee as it exercises its important budget oversight role.

Figure 1: OIG FY 23 Gross Budget Request

	OIG FY 2023 Budget Submission (Nov 12, 2021)		OIG ARPA FY 23 Enhancement (DRPF)		OIG FY 23 Enhancement Request "OIG Vision 2023"		Total OIG FY 2023 Budget Request	
Personal Services (PS)	\$12,333,762.00	94.8	\$930,817.60	8	\$2,270,884.66	17.0	\$15,535,464.26	119.8
Non-Personal Services (NPS)	\$3,898,409.00		\$893,075.00		\$2,604,295.00		\$7,395,779.00	
Subtotal Local Funds	\$16,232,171.00	94.8	\$1,823,892.60	8	\$4,875,179.66	17.0	\$22,931,243.26	119.8
Personal Services (PS)	\$2,260,162.00	17.2	\$56,741.60	2			\$2,316,903.60	19.2
Non-Personal Services (NPS)	\$539,622.00		\$5,210.00				\$544,832.00	
Subtotal Federal Funds	\$2,799,783.93	17.2	\$61,951.60	2			\$2,861,735.53	0
Total Gross Budget	\$19,031,954.93	112.0	\$1,885,844.20	10	\$4,875,179.66	17.0	\$25,792,978.79	139.0

Before diving into our FY 23 budget request, I would like to discuss our FY 22 budget.

OIG’s FYs 22 BUDGET

FY 22 Budget Formulation: In FY 21, the OIG – like the rest of the District – saw mid-year reductions in its local budget due to the pandemic’s fiscal impacts. Additionally, limitations on travel, in-person learning, as well as planning for unforeseen costs related to our office relocation and ultimate delay of the relocation, resulted in the OIG underspending approximately \$1.23 million.² The fiscal impacts of the pandemic and OIG underspend set the baseline for our FY 22 budget.

² Fiscal Year 2021 Annual Comprehensive Financial Report, Exhibit D-1 198 (Feb. 1, 2022). https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/FY%202021%20DC%20ACFR_Compresed.pdf (last visited Mar. 22, 2022).

At the start of the FY 22 budget formulation process, due to a MARC reduction, the OIG did not fund 5.0 full-time equivalent positions (FTEs) to ensure that we could meet the operational mission of the Agency. In addition, we carried forward 2.0 FTEs that we did not hire for in FY 21 due to the mid-year MARC reduction. Thanks to both the Executive and this Committee, the OIG received several enhancements in both PS and NPS funding in our approved FY 22 budget to address the residual impacts from the prior FYs.

Also, during FY 22, the OIG worked with the Executive to obtain an enhancement for PS and NPS resources to provide additional oversight of the District's \$495 million Coronavirus Aid, Relief, and Economic Security (CARES) Act and the \$3.3 billion American Rescue Plan Act (ARPA) appropriations. The Executive supported our request and enhanced the OIG's budget with an additional 10.0 term FTEs and \$2.4 million in NPS resources. The OIG dedicated these resources to establish our Pandemic Oversight Program (POP). Thanks to the support of this Committee, the OIG's FY 22 budget also benefitted with resources to unfreeze 2.0 FTEs and \$200 thousand in NPS resources enhancements.

Finally, the FY 22 Budget Support Act statutorily established the Inspector General Support Fund.³ The Support Fund allows the OIG to keep 25-percent of criminal restitutions and recoveries derived from our criminal investigations; and 25-percent of recaptured overpayments identified through our audit, inspection, and evaluation work. We will use the resources in the Support Fund to support various unfunded projects.

³ D.C. Code § 1-301.115c.

The OIG saw its FY 22 budget enhanced to \$22.68 million from our FY 21 actual budget of \$15.745 million.

FY 2022 Expenditures, to Date: Now, I would like to update the Committee on how we are spending our \$22.68 million budget this FY.

The OIG's PS expenditures are below where we should be at this point in the FY. We are working diligently to fill our vacancies with qualified personnel. In November, we participated in the Department of Human Resources (DCHR) career fair, and ultimately hired 4.0 FTEs. Last week, we participated in the District's spring career fair and have 9 offers pending. Given the success we have experienced with these career fairs, we are working with DCHR to plan an OIG-specific career fair to help fill our remaining vacancies. Notwithstanding our recent career fair successes, I remain concerned with our ability to efficiently fill our positions, as the District government faces the same issue. We continue to explore innovative ways to recruit and hire in accordance with the District's Personnel Regulations.

As I explained during our FY 21 Performance Oversight Hearing, the OIG – like many other District agencies – is experiencing the effects of the “great resignation.” Exacerbating the shifting workforce is the fact that OIG positions are hard-to-fill. Our positions are in high demand in local governments, the federal government, and the private sector. Nationally, the Center for State and Local Government Excellence found jurisdictions struggled, just like the OIG, to fill law enforcement (e.g., OIG criminal investigators), information technology (e.g., OIG data analysis and support), and accounting (e.g., OIG auditors and analysts) positions.⁴

⁴ Center for State and Local Government Excellence, Survey Findings, State and Local Government Workforce 2021 (May 2021). <https://slge.org/wp-content/uploads/2021/05/statelocalworkforce2021.pdf> (last visited Mar. 22, 2022).

Beyond the macro-level workforce impacts, we are working to fill several vital positions borne from our realignment this FY. Additionally, as a testament to the OIG's training and development efforts, we have internally promoted several of our staff, creating several positions to backfill.

I encourage those that may be watching at home to look for OIG job opportunities at <http://careers.dc.gov>.

The OIG's NPS expenditures are also below where we should be at this point during the FY. We continue to be judicious in our spending to allow for unexpected costs and supply-chain issues related to our office relocation. Also, while we have budgeted for out-of-town travel and training, these opportunities continue to be conducted virtually. I anticipate our NPS spending to increase dramatically during the second half of FY 22. Later this spring, the OIG will contract for a District-wide risk assessment of CARES and ARPA spending. This risk assessment will inform subsequent oversight engagements using our POP term FTEs. We will also leverage NPS resources to bolster our data analytics capabilities – particularly related to our POP oversight.

Finally, we have about \$1.18 million remaining in our capital fund account. We expect to expend these resources in FY 22 for IT infrastructure at our new office.

THE OIG'S PROPOSED FY 23 BUDGET AND ENHANCEMENT REQUESTS

Notwithstanding all the activity related to the OIG's FY 22 budget – and why we are here today – is planning for our FY 23 budget.

OIG FY 23 Budget Submission: At the beginning of the FY 23 budget formulation process, the OIG worked diligently to calculate the expenditures and appropriations required to operate in

FY 23. We submitted an initial FY 23 budget of just over \$19 million (*see* [Figure 1](#)) to meet the MARC assigned to the OIG, not including resources related to our POP enhancement (\$1.88 million). We sent an enhancement request to the Executive, which outlined the necessary resources for our *OIG Vision 2023*, which provides a balanced approach to oversight in the District.⁵

Our *OIG Vision 2023* enhancement request included 17.0 FTEs and \$2.6 million in NPS resources. The Mayor's Proposed budget supports 8.5 FTEs (\$1,135,443 in PS) and \$2.6 million in NPS. We plan to use these resources to proactively enhance our data analytics efforts to deliver important insights to District leaders. The enhancement request will also support software, tools, and external expertise to further our proactive data analytics efforts.

Additionally, the enhancement provided resources to backfill functions previously repurposed for external oversight work. Of note, we plan to procure external experts to evaluate and assist us with developing strategies to engage the entirety of our human capital management (HCM) lifecycle. Once complete, an additional 2.0 FTEs (3.0 in total) will be dedicated to the execution of our HCM program.

FY 23 Proposed Budget: In the OIG's FY 23 Budget Chapter,⁶ there is considerable shifting in both dollar and FTE resources. These changes are due in part to the OIG's realignment (shifting FTEs), removal of our FY 22 APRA funding (shifting dollars and FTEs), and the net impacts related to the Mayor's FY 23 proposed changes (shifting dollars and FTEs). As we continue to

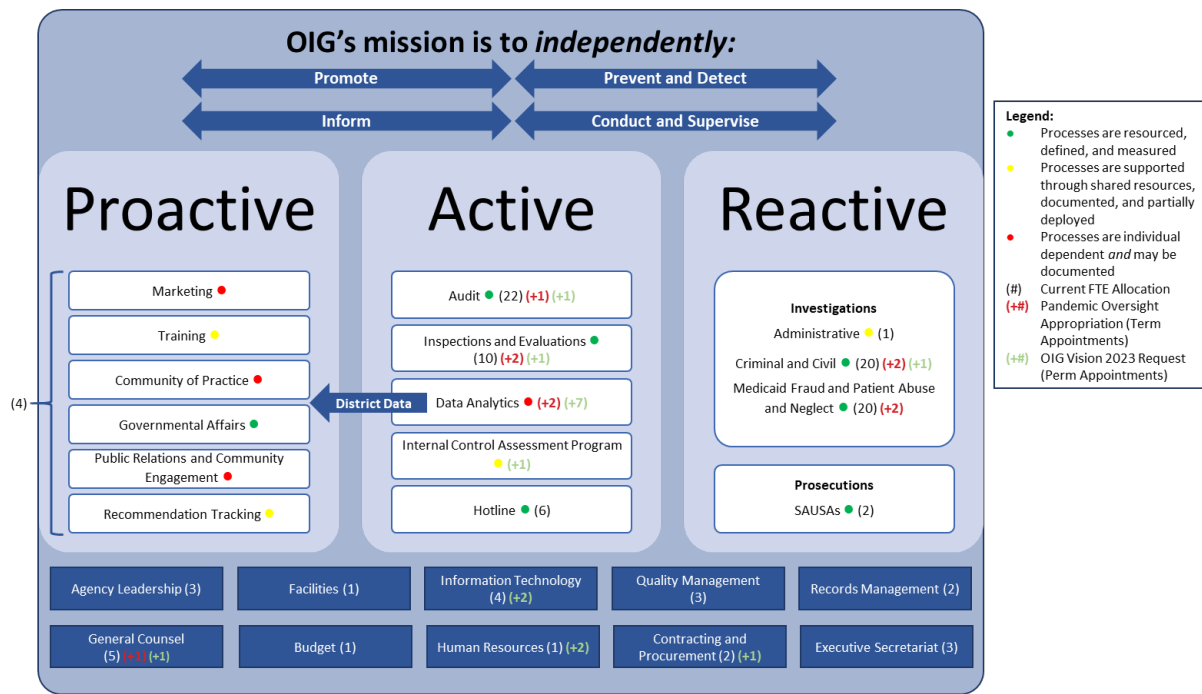
⁵ See Office of the Inspector General for the Government Of the District of Columbia, Fiscal Year 2021-2022 Performance Oversight Hearing Responses for the Committee on Government Operations and Facilities, Attachment W 71 (Feb. 4, 2022). <https://dccouncil.us/wp-content/uploads/2022/02/Pre-Hearing-Responses-OIG.pdf> (last visited Mar. 22, 2022).

⁶ D.C. FY 2023 Proposed Budget and Financial Plan Vol. 2, A-169 (Mar 17, 2022) <https://app.box.com/s/xukrl3ikjkt7cbtmx5o2tk13kf7n9xxj> (last visited Mar 22, 2022).

study our FY 23 Proposed Budget and identify any inaccuracies, we will work with the Office of the Chief Financial Officer (OCFO) to correct and update the Committee as it deliberates the FY 23 budget.

Our proposed budget includes the resources required to fully operationalize our *OIG Vision 2023*. These resources will be allocated across the OIG system to provide a synergistic balance of proactive, active, and reactive oversight (*see Figure 2* below).

Figure 2: OIG Vision 2023



An additional note related to our FY 23 Budget Chapter is an omission of the OIG's Support Fund. The OCFO will remedy this issue with a technical edit to our FY 23 Proposed Budget. Regarding our Support Fund, I must also note that resources are *only* deposited into the Support Fund following a criminal investigation outcome or the recoupment of overpayments. This process can take some time, and as a result, we may not realize deposits into the fund this FY. We are closely monitoring our outcomes to ensure funds are deposited as appropriate.

Additionally, I believe there can be some modifications to our Support Fund legislation that can enhance its intended benefits. Shortly, I will provide proposed legislative enhancements for the Committee to consider.

Overall, I appreciate the Mayor's FY 23 Proposed Budget, which largely reflects our estimates of the expenditures necessary to operate the OIG next FY. Throughout the budget formulation process, we have robust discussions with members from the Office of the City Administrator and its Office of Budget and Performance Management. These discussions have translated into the enhancements, as well as the additional increases that address prior FYs budget reductions, reflected in the OIG's FY 23 Proposed Budget.

CONCLUSION

In conclusion, Chairperson White and members of the Committee, the OIG has a critical oversight role for the District. The District's \$19.5 billion budget requires a proportional increase in oversight to ensure these resources are utilized economically, efficiently, and effectively. Beyond the current proposed budget, the District stands to receive an additional \$3.0 billion from the Infrastructure Investment and Jobs Act.⁷ These incremental resources will also require a proportional increase in oversight. We will pay particular attention to this construct throughout the remainder of this year and into FY 23 as we plan our engagements and prioritize our work. Should we not have the resources to meet these increased oversight demands, I will work with the Executive and the Council to obtain the necessary resources.

⁷ Pub.L. 117-58, Infrastructure Investment and Jobs Act (Nov. 15, 2021).

The OIG will continue its oversight work, so this historic budget can benefit all District residents honestly, effectively, and fairly. I look forward to keeping the Executive, the Council, and the public informed of our oversight efforts and outcomes. This concludes my testimony, and I welcome the opportunity to respond to your questions.