

**OFFICIAL TESTIMONY OF DANIEL W. LUCAS, INSPECTOR GENERAL**

**BEFORE THE**

**COUNCIL OF THE DISTRICT OF COLUMBIA  
COMMITTEE ON EXECUTIVE ADMINISTRATION AND LABOR**

**OFFICE OF THE INSPECTOR GENERAL  
FISCAL YEAR 2024 PERFORMANCE OVERSIGHT HEARING**

**February 19, 2025**

---

Good afternoon, Chairperson Bonds and members of the Committee. I am Daniel W. Lucas, Inspector General for the District of Columbia. My team and I are pleased to appear before the Committee and provide an overview of the OIG, highlight our accomplishments in Fiscal Year (FY) 24 and FY 25, to date, and discuss our plans for the rest of this FY.

Before I begin, I want to thank the dedicated and talented OIG staff, who, on a daily basis, demonstrate their integrity, professionalism, and dedication to providing oversight to the District. The successes I highlight today are directly attributable to the OIG staff.

**THE OIG’S MISSION**

Now, allow me to outline our agency’s statutory mission. Specifically, the OIG:

- Conducts independent financial and performance audits,<sup>1</sup> inspections, evaluations, and investigations of District government operations;<sup>2</sup>

---

<sup>1</sup> D.C. Code § 1-301.115a(a)(3)(A) (2023).

<sup>2</sup> *Id.* at (a)(3)(D).

- Keeps the Mayor, Council, and District government department and agency heads fully and currently informed about problems and deficiencies and the necessity for and progress of corrective actions;<sup>3</sup>
- Reports expeditiously to the U.S. Attorney when we believe there has been a violation of federal or District criminal law;<sup>4</sup> and
- Provides leadership, coordinates, and recommends policies to promote economy, efficiency, and effectiveness, and to prevent and detect corruption, mismanagement, waste, fraud, and abuse in District government programs and operations.<sup>5</sup>

### **HOW THE OIG EFFECTUATES ITS MISSION**

Before I speak about our FY 24 successes, I believe it would be helpful to discuss how resources were operationalized to meet our statutory mission.

As background, during my 10-year tenure as the District of Columbia’s Inspector General, I have led the team through wholesale transformation. This transformation has resulted in what I refer to as the “OIG System.” The OIG System – encompassing all OIG Divisions, Units, and Programs – are interdependent and work collaboratively to synergize all activities to maximize the value we provide to the District.

In the OIG System diagram below, the OIG’s Operational Units – Risk Assessment and Future Planning Unit (RAFP), Audit Unit (AU), Inspections and Evaluations (I&E), Investigations (IU),

---

<sup>3</sup> *Id.* at (a-1)(3).

<sup>4</sup> *Id.* at (f).

<sup>5</sup> *Id.* at (a-1)(2).

and Medicaid Fraud Control Unit (MFCU) – conduct our external facing oversight work. These Units are supported by the OIG’s Support Divisions – Executive Secretariat (ES), Business Management (BM), External Affairs (EA), and Quality Management (QM). Overseeing the entirety of the OIG System is the Office of General Counsel. It is important to note that while many OIG resources directly conduct audits, inspections, evaluations, and investigations, a portion of our FTEs support OIG operations by maintaining essential internal services and infrastructure.

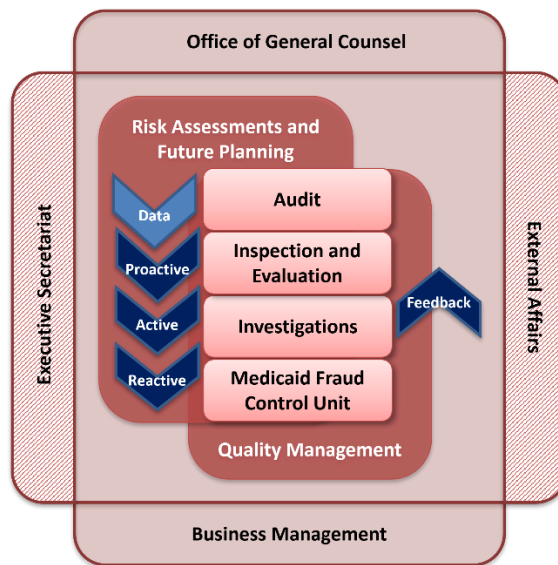


Figure 1: OIG System

**PUTTING THE OIG’S OVERSIGHT RESPONSIBILITIES INTO PERSPECTIVE**

With an understanding of the OIG System, let me now discuss how inputs to the OIG System are converted into outputs. On the following page, you will see a logic model that encapsulates the inputs to the OIG System in FY24; and correspondingly, how our collective efforts generated outputs and ultimately outcomes for the District.

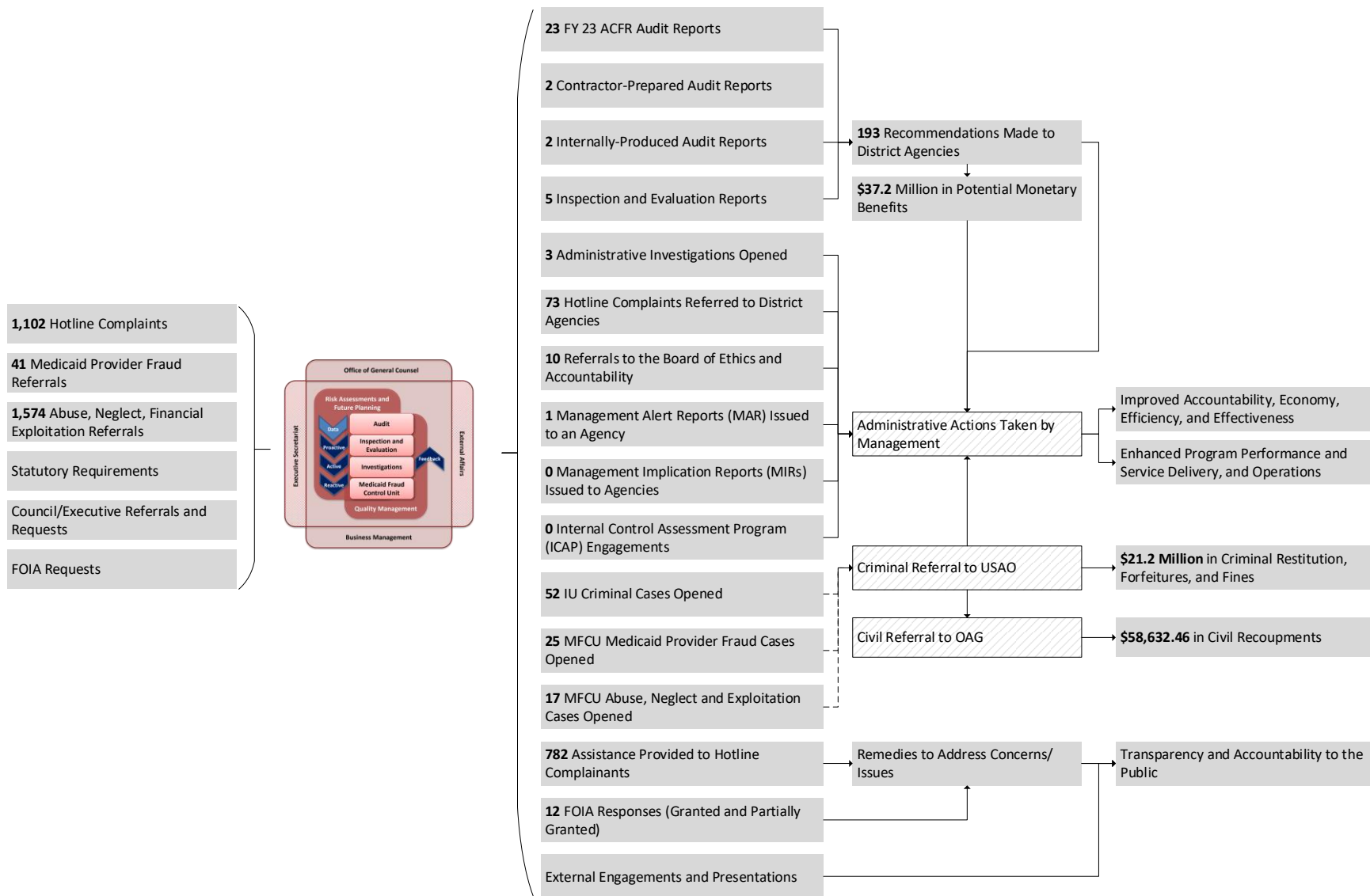


Figure 2: OIG FY24 Inputs, Outputs, and Outcomes

On the left side of the diagram, you'll see all inputs the OIG received in FY24 through our Hotline Program, referrals from District agencies, mandated requirements, and referrals and requests from both the Council and the Executive. As you can see, we have a lot of work coming in the door. Given all these inputs to the OIG System, and considering our finite resources, our oversight capacity is limited when compared to the District's 41,000 employees and \$21 billion gross budget.

To the right of the OIG System, you see discrete outputs generated from our work in FY24. I want to point out that our work goes beyond the typical report or press release that is available on our website. Many activities we conduct are not easily discernable to the public; however, these activities are imperative to promote the District government's accountability, economy, efficiency, and effectiveness and to prevent and detect corruption, fraud, waste, and abuse in District programs and operations.

Another item I want to point out is the ultimate success of our oversight work requires the support of those outside of the OIG System. While we produce a considerable number of outputs, ultimately, outcomes benefitting the District can only be realized by acting on our work – this includes District agencies implementing our recommendations, successful prosecution by the United States Attorney's Office (USAO), or civil recoupment by the Office of the Attorney General (OAG).

**FY 2024 RETURN ON INVESTMENT**

Our FY 24 oversight work demonstrates the effectiveness of the OIG System model. Collectively, our work in FY 24 generated \$57 million in monetary benefits to the District through (1) criminal and civil judgments obtained through OIG investigations and (2) recommendations to improve District programs and operations that, if implemented, would generate monetary benefits for the District. As seen in Figure 3, when comparing our FY 24 expenditures to our oversight outcomes, the OIG’s overall return on investment was \$4 to \$1.

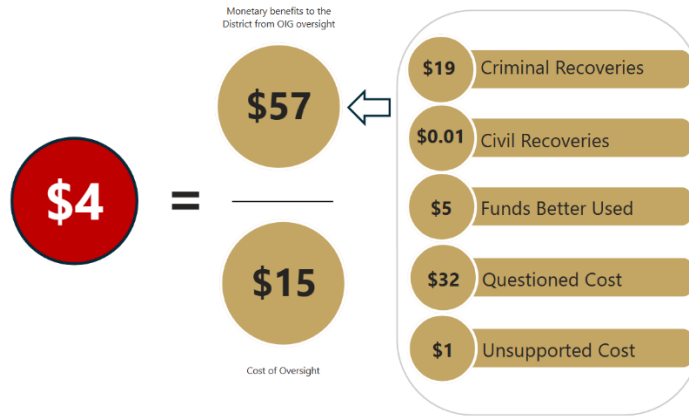


Figure 3: FY 24 Return on Investment

**PROMOTING ECONOMY, EFFICIENCY, AND EFFECTIVENESS**

As noted earlier, part of our mission is to promote the accountability, economy, efficiency, and effectiveness of District programs and operations – all to reduce the risk of the District’s finite resources being misappropriated or otherwise fraudulently obtained.

Our promotion of good government comes through our work to determine: (1) whether resources were obtained at reasonable costs while meeting timeliness and quality considerations (economy); (2) how well resources were converted into an operational output (efficiency); and

(3) the extent to which a District program or operation is achieving its goals and objectives (effectiveness).

My office identified audit, inspection, and evaluation engagements through a comprehensive risk assessment process and communicated to the District government and residents in our [FY 2024 Audit and Inspection Plan](#). Allow me to highlight some AU and I&E achievements during FY 24.

**Audit Unit (AU).** AU's successes during the FY 24 performance period include:

- Published two reports authored by OIG staff;
- Leading the OIG's [recommendation follow-up efforts](#); and
- Overseeing the administration of 25 individual contractor-prepared reports, which include 18 audit opinions and 5 management recommendation reports related to the District's FY 2023 Annual Comprehensive Financial audit, as well as the [Oversight Programs Assessment Survey](#) and the release of the [Events DC FY 22 Financial Statement Audit](#).

In total, AU's work identified:

- 146 recommendations to improve District programs and operations.
- \$37.2 million in potential monetary benefits.

A notable AU report released in FY 24 was the [Audit of District of Columbia Agencies Overtime Usage](#). This report focused on planning, management, and oversight of overtime at nine agencies during Fiscal Year (FY) 2021. We found:

- Nine District agencies underestimated overtime needs by 53 percent—or \$31.5 million in total;
- Agencies consistently failed to follow District policies to: (1) complete prior authorizations for overtime work; and (2) submit reprogramming requests for additional overtime budget approval; and
- Agencies did not equitably distribute overtime among eligible employees, validate the necessity for excessive overtime pay, or limit overtime hours to prevent productivity decline during FY 2021.

The report made a total of 106 recommendations to nine District agencies to improve their respective management of overtime usage, enhance transparency, and control unnecessary spending. Due to the potential to improve District government operations, this report received the 2023 Knighton Award from the Association of Local Government Auditors.<sup>6</sup>

**Inspections and Evaluations Unit (I&E).** During FY 24, I&E published five reports and provided 47 recommendations to District agencies to improve programs and operations.

A FY 24 I&E report I want to highlight is its [\*Evaluation of Community-Based Services\*](#) at the Department of Youth and Rehabilitative Services (DYRS). This report evaluated the various types of community-based services that DYRS oversees and analyzed the extent to which various community-based services have been utilized between fiscal years 2020 and 2022. We found:

---

<sup>6</sup> See <https://algaonline.org/page/knighton-winners><https://algaonline.org/page/knighton-winners>.



- significant gaps in oversight of program spending, attendance, and document retention, putting programs at higher risk of fraud, waste, abuse, and mismanagement of its resources;
- service providers repeatedly failed to meet monthly minimum youth attendance requirements; however, providers were fully reimbursed, regardless of whether their programs met minimum attendance requirements; and
- not all grant administration documentation was retained, which impeded a full accounting of grantee expenditure reports.

The report made 12 recommendations to DYRS to increase program participation and strengthen internal controls to deter program fraud, waste, abuse, and mismanagement.

**PREVENTING AND DETECTING CORRUPTION, MISMANAGEMENT, WASTE,  
FRAUD AND ABUSE**

When risks remain unmitigated, or internal controls are circumvented, the OIG's work turns to preventing and detecting corruption, mismanagement, waste, fraud, and abuse within the District government.

To prevent and detect these matters, the OIG's Risk Assessment and Future Planning (RAFP) Unit, Investigations Unit (IU), and Medicaid Fraud Control Unit (MFCU) work to examine conduct that may constitute a violation of governing law, rule, regulation, or policy.

In this regard, complaints brought to the OIG's attention are carefully evaluated to ascertain the veracity of the complaints. If the matter is within our jurisdiction, the allegation appears

credible, and there is capacity within the OIG System we will investigate. During our investigations, when we find reasonable grounds to believe there has been a criminal violation of federal or District law, we report these findings expeditiously to the U.S. Attorney's Office. Beyond criminal matters, we also investigate allegations of government waste, abuse of position or authority, and other activities that may have impeded an agency's ability to accomplish its mission.

**Risk Assessment and Future Planning (RAFP).** RAFP operates the OIG's Hotline and conducts administrative investigations of non-criminal waste, abuse, and mismanagement allegations. RAFP also supports the OIG's oversight work through data analytics, aggregating and distilling open-source information to inform our oversight work, developing our annual Audit and Inspection Plan, and communicating risks to District agencies through various mechanisms.

During the FY 24 performance period, RAFP evaluated over 1,102 hotline complaints, which resulted in:

- Assisting 782 complainants to an alternative avenue of redress;
- Referring 73 complaints to District agencies for appropriate action;
- Referring 10 complaints to the Board of Ethics and Government Accountability (BEGA);
- and
- Transferring 96 complaints to one of the OIG's operational units.

The remaining complaints did not have enough actionable information, or the complaints were made anonymously and RAFP could not follow up to ascertain additional details.

Regarding prevention, RAFP aggregated various information sources, including Hotline complaints, to develop the OIG's *FY 2025 Audit and Inspection Plan*. The plan includes our annual "High-Risk List," which identifies opportunities to strengthen internal controls within specific District programs and operations, or areas that may have a heightened vulnerability to fraud, waste, abuse, or mismanagement.

Regarding detection, the OIG's IU and MFCU conduct criminal and civil investigations of misconduct related to District programs and operations.

**Investigations Unit (IU).** IU's work during the FY 24 performance period focused on complex public corruption and financial fraud matters. The outcomes of IU's work in FY 24 resulted in:

- \$2.95 million in criminal restitution, orders, and fines; and
- 12 criminal convictions.

A significant investigative outcome during FY 24 was the sentencing of several individuals involved in a bribery and corruption scheme to evade District tax obligations. According to court documents, a now former employee of the District's Office of Tax and Revenue (OTR) worked with a middleman to solicit bribes from District business owners to evade their tax obligations. The middleman in the scheme was sentenced in February 2024 to 110 months in prison for facilitating bribes, which deprived the District of at least \$2.3 million.<sup>7</sup> In April 2024, the final

---

<sup>7</sup> Press Release, U.S. Dep't of Justice, United States Attorney's Office District of Columbia, Middleman Sentenced to 110 Months for Facilitating Bribes Between Nightclub and Bar Owners and a District Tax Official, (Feb. 23, 2024), <https://www.justice.gov/usao-dc/pr/middleman-sentenced-110-months-facilitating-bribes-between-nightclub-and-bar-owners-and> (last visited Feb. 14, 2025).

defendant – a District business owner – was sentenced to three years of probation and 200 hours of community service for paying bribes to evade his tax obligations.<sup>8</sup>

**Medicaid Fraud Control Unit (MFCU).** The MFCU conducts criminal and civil investigations of alleged fraud committed against the District’s Medicaid program and allegations of abuse, neglect, and financial exploitation of individuals who reside in Medicaid-funded facilities or who received Medicaid-covered services. Two MFCU attorney-advisors are designated as Special Assistant United States Attorneys (SAUSAs), who work with the USAO D.C. to prosecute MFCU cases.

The outcomes of MFCU’s work in FY 24 resulted in:

- Over \$18 million in criminal and civil recoveries for the District; and
- 10 criminal convictions.

I’d like to highlight two investigations during the FY 24 performance period that demonstrate the MFCU’s investigative and prosecutorial mission. Specifically:

- In August 2024, six individuals were indicted in a scheme to defraud the District’s Medicaid program of over \$10 million, involving services provided under the Assertive Community Treatment (ACT) program.<sup>9</sup> The ACT program provides intensive, integrated services to the most at-risk adults, individuals with an “intractable, serious, and

---

<sup>8</sup> Press Release, U.S. Dep’t of Justice, United States Attorney’s Office District of Columbia, Final Defendant Sentenced in Bribery Scheme Involving District Tax Official (Apr. 19, 2024), <https://www.justice.gov/usao-dc/pr/final-defendant-sentenced-bribery-scheme-involving-district-tax-official> (last visited Feb. 14, 2025).

<sup>9</sup> Press Release, U.S. Dep’t of Justice, United States Attorney’s Office District of Columbia, Six Indicted in Scheme to Defraud D.C. Medicaid Program (Aug. 2, 2024), <https://www.justice.gov/usao-dc/pr/six-indicted-scheme-defraud-dc-medicaid-program> (last visited Feb. 14, 2025).

persistent mental illness.” According to the indictment, the conspirators allegedly falsely upgraded patients to receive more intensive and expensive mental health services, billing for unnecessary services, and submitting claims for services that were never provided.

This matter was originally referred by the Department of Health Care Finance’s (DHCF) Division of Program Integrity to the MFCU. The indictment is merely an allegation, and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law. I will provide updates to the Committee as this case progresses.

- In February 2024, a former employee of a District skilled nursing facility was sentenced to one count of criminal abuse of a vulnerable adult or elderly person.<sup>10</sup> According to court documents, the employee’s responsibilities included taking residents outside of the facility. A resident – who suffered from physical and psychological disabilities -- reported that the employee had pushed him from his wheelchair while outside, where he laid for several minutes without assistance from the employee. This matter was originally reported to the District’s Department of Health, which subsequently referred it to the MFCU. The OIG’s MFCU investigated, and its SAUSA successfully prosecuted the case in District Superior Court.

For additional insights into our FY 24 successes, I recommend reading the OIG’s [FY 2024](#)

[Report on Activities](#).

---

<sup>10</sup> Press Release, U.S. Dep’t of Justice, United States Attorney’s Office District of Columbia, Former Employee at Skilled Nursing Facility Sentenced for Criminal Abuse of a Vulnerable Adult (Feb. 1, 2024), <https://www.justice.gov/usao-dc/pr/former-employee-skilled-nursing-facility-sentenced-criminal-abuse-vulnerable-adult> (last visited Feb. 14, 2025).

## **PLANS FOR THE REMAINDER OF FY 25**

In the first four months of FY 25, the OIG has continued to build on the successes I've shared today. As we consider our oversight work for the remainder of the FY, I am keenly aware of the relative uncertainty regarding actions planned at the federal level that may have an impact on the District. In that regard, we will revisit our [\*FY 2025 Audit and Inspection Plan\*](#) to determine if we should refocus our resources on other oversight areas to maximize the taxpayer dollar through improved efficiency and effectiveness, as well as vigorously investigating matters that involve significant losses to the District.

## **CONCLUSION**

In conclusion, Chairperson Bonds and members of the Committee, the OIG's oversight work has never been more important. Taxpayer dollars must be safeguarded, and District resources must be maximized.

In advance of the Council's FY 26 budget deliberations, I want to emphasize that even in an environment of declining resources, investing in the OIG is a net positive for the District, both in quantitative and qualitative value. I've shared with the Executive the OIG's capacity constraints and corresponding resource needs, and I look forward to visiting with this Committee later this year about the OIG's FY 26 budget request.

Finally, I'd like to again recognize the hard work and dedication of the OIG staff. I'd also like to acknowledge the Executive and the Council for their unwavering support of the OIG.

Thank you for the opportunity to discuss the OIG's FY 24 performance and I welcome the opportunity to answer your questions.