

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

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

FISCAL YEAR 2022 PERFORMANCE OVERSIGHT HEARING

March 1, 2023

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 virtually and share with the Committee an overview of the OIG; highlight our accomplishments in Fiscal Year (FY) 22 and FY 23, to date; and discuss the OIG's plans for the remainder of this FY.

First and foremost, I want to give special thanks to the OIG staff, who are tireless in their pursuit to improve the programs and operations of the District government. The successes I discuss today are only possible because of their dedication to improving the District and supporting the residents it serves.

THE OIG'S MISSION

Before I discuss the OIG's FY 22 performance, I would like to refresh the Committee and the public on the OIG's mission. Specifically, the OIG:

- Conducts independent financial and performance audits,¹ inspections, evaluations, and investigations of District government operations;²
- 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;³
- Reports expeditiously to the U.S. Attorney when we believe there has been a violation of federal or District criminal law;⁴ 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.⁵

In total, the OIG's oversight ambit includes the District's \$20 billion gross budget;⁶ 40,000 employees;⁷ \$10.9 billion capital budget;⁸ and 140+ District agencies, which collectively execute over 1,400 programs and activities;⁹ all done to serve the District's 700,000 residents and businesses.

¹ D.C. Code § 1-301.115a(a)(3)(A) (Supp. 2018).

² *Id.* at (a)(3)(D).

³ *Id.* at (a-1)(3).

⁴ *Id.* at (f).

⁵ *Id.* at (a-1)(2).

⁶ OFFICE OF THE CHIEF FINANCIAL OFFICER, FY 2023 APPROVED BUDGET AND FINANCIAL PLAN, VOL. 1 EXECUTIVE SUMMARY, FIG. 1-1 (Aug. 1, 2022), <https://app.box.com/s/fqjbsheiej4im029sjbhv16h4yqgiue> (last visited Feb. 23, 2023).

⁷ *Id.* at Appendix I: FY 2023 Approved Full-Time Equivalent Employment Authority - Gross Funds.

⁸ *Id.* at Table 5-1.

⁹ OIG analysis of the Approved Fiscal Year 2023 Budget by Agency Cluster, <https://cfo.dc.gov/node/1584801>.

OIG'S FY 2022 ACCOMPLISHMENTS

In my FY 21 OIG Performance Oversight Hearing testimony before the Committee on Government Operations and Facilities, I presented several initiatives planned and underway for the remainder of FY 22.¹⁰ I would like to provide this Committee with an update on those efforts and then discuss specific OIG outcomes during the FY.

Legislation: With the support of the Council, the OIG had several important pieces of legislation enacted. First, the *Inspector General Enhancement Act* will allow the OIG to better execute its *independent* investigative mission with enhanced authorities.¹¹ Once it becomes law, the OIG will be able to reduce reliance on our federal partners to conduct certain investigative activities while reducing those risks inherent to criminal investigations. Second, the *Comprehensive Policing and Justice Reform Amendment Act of 2021*¹² adds the OIG criminal investigators as personnel subject to certain use-of-force requirements and subjects our Office to the oversight provided by both the Office of Police Complaints and the Deputy Auditor for Public Safety. Finally, the *Inspector General Oversight Consistency Amendment Act of 2021*, as currently enacted through temporary legislation, will permanently allow the OIG to continue independently investigating matters within the D.C. Housing Authority.¹³

¹⁰ TESTIMONY OF DANIEL W. LUCAS BEFORE THE COMMITTEE ON GOVERNMENT OPERATIONS AND FACILITIES, OFFICE OF THE INSPECTOR GENERAL'S FISCAL YEAR 2021 PERFORMANCE OVERSIGHT HEARING (Feb. 10, 2022), <https://oig.dc.gov/sites/default/files/2022-07/OIG%20FY%202021%20Performance%20Oversight%20Hearing%20Testimony%20Before%20the%20Committee%20on%20Government%20Ops%20and%20Facilities.pdf> (last visited Feb. 24, 2023).

¹¹ D.C. Act 24-0727 (Jan. 10, 2023) https://lms.dccouncil.gov/downloads/LIMS/46651/Signed_Act/B24-0129-Signed_Act.pdf (last visited Feb. 24, 2023).

¹² D.C. Act 24-0781 (Jan. 19, 2023) https://lms.dccouncil.gov/downloads/LIMS/47448/Signed_Act/B24-0320-Signed_Act.pdf (last visited Feb. 24, 2023).

¹³ D.C. Act 24-685 (Dec. 8, 2022) https://lms.dccouncil.gov/downloads/LIMS/48257/Signed_Act/B24-0509-Signed_Act.pdf (last visited Feb. 24, 2023).

Improving OIG Effectiveness and Efficiency: Last year, I also discussed District agencies’ reluctance to respond to OIG requests, which ultimately delays the delivery of our oversight work. Unfortunately, the OIG could not get legislation to address this issue introduced before the end of Council Period 24. I look forward to working with this Committee to consider legislation that bolsters my Office’s full and prompt access to District information.¹⁴

Recruitment and Filling Vacancies: We have been diligently filling our vacancies with qualified personnel who meet the OIG’s specialized skills and education requirements to execute the OIG’s oversight mission. In FY 22, we developed a Human Capital Strategic plan to help guide our efforts to engage the entirety of the OIG’s human capital lifecycle – including recruitment. I am pleased to report that we have reduced the number of our vacancies during FY 22. During this FY, we will continue our efforts to recruit the best candidates.

Pandemic Oversight Program (POP): Starting in FY 22, the OIG received incremental resources to provide oversight of the District’s federal pandemic appropriations. In FYs 22 and 23, we have worked to fill term positions and have been engaged in various oversight activities. Our POP work will continue through FY 26 when these resources are set to expire. During FY 23, we will look to enhance our pandemic oversight scope to include planned resources provided through the Infrastructure Investment and Jobs Act.¹⁵

Office Relocation: Although I previously testified that we would reconstitute our in-person operations in our new office during the Summer of 2022, our milestones have shifted due to a nationwide shortage of materials and equipment. Currently, the OIG Business Management

¹⁴ D.C. Code § 1-301.115a(c)(1).

¹⁵ Pub. L. No. 117-58 (Nov. 15, 2021), <https://www.congress.gov/117/plaws/publ58/PLAW-117publ58.pdf> (last visited Feb. 27, 2023).

team is working with the Department of General Services to address remaining items before we can take delivery of our new office space. I am confident that we will reconstitute in-person operations at our new location later this summer.

OIG Peer-Review: In FY 22 the OIG underwent a peer-review of its Audit Unit (AU), Inspections and Evaluations Unit (I&E), and Investigations Unit (IU).¹⁶ By law, the OIG is required to adhere to standards promulgated by the U.S. Government Accountability Office (GAO) and the Council of the Inspectors General on Integrity and Efficiency (CIGIE).¹⁷ The peer-review team evaluated the OIG's compliance with GAO and CIGIE standards, both in our practices and outputs, and concluded that the OIG met all current and applicable standards. A copy of the peer-review opinion is included as Attachment T to our FY 22 Pre-Hearing Responses and available on the OIG's website.

Additionally, the OIG's Medicaid Fraud Control Unit (MFCU), underwent an on-site review by the U.S. Department of Health and Human Services Office of Inspector General (HHS-OIG). We expect the results of HHS-OIG's review to be finalized in FY 23, which will be made publicly available.

Beyond these OIG-wide FY 22 efforts, I would like to discuss specific outputs of the OIG's five operational units (the Risk Assessment and Future Planning, Audit, Inspections and Evaluations, Investigations, and Medicaid Fraud Control Units) – all of which are supported by the OIG's enabling functions that include the OIG's Office of the General Counsel, Business Management, Executive Secretariat, Quality Management, and External Affairs Divisions.

¹⁶ D.C. Code § 1-301.115a(f-5).

¹⁷ *Id.* at (b)(1).

RISK ASSESSMENT AND FUTURE PLANNING (RAFP)

RAFP operates the OIG's Hotline, which serves as the first point of contact for anyone looking to make a complaint of fraud, waste, abuse, or mismanagement. In addition to the OIG's Hotline, RAFP is also responsible for receiving and reviewing the Executive's and Council's requests. During FY 22, RAFP received 720 complaints. Of the complaints received, RAFP:

- Assisted 367 complainants to an alternative avenue of redress;
- Referred 54 complaints to District agencies for action deemed appropriate;
- Transferred 153 complaints to one of the OIG's other operational Units; and
- The remaining complaints either did not have enough actionable information and/or the complaint was made anonymously and RAFP could not follow up to ascertain additional details.

RAFP is also responsible for aggregating various information sources, including all Hotline complaints, to develop the OIG's annual audit and inspection plan.¹⁸ The plan consists of both statutorily required projects, as well as discretionary engagements identified and developed based on RAFP's comprehensive risk assessment process. Our [*FY 2023 Audit and Inspection Plan*](#) includes also includes our High-Risk List that 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.

¹⁸ D.C. Code § 1-301.115a(3)(I), requires the OIG to establish an annual oversight plan not later than 30 days before the beginning of each fiscal year.

In FY 22, RAFFP continued to bolster the OIG's overall data analytics capabilities. Using District data, RAFFP was able to provide data analytics support on 34 OIG oversight engagements. As the District creates more and more data, RAFFP's data analytics support on OIG engagements will grow accordingly. As I discuss later in my testimony, the OIG truly requires unfettered access to data in order to provide oversight of District programs and operations that are executed through IT systems and devices.

AUDIT UNIT (AU)

The OIG's Audit Unit (AU) conducts proactive work through financial and performance audits.

During FY 22:

- AU published 4 reports authored by OIG staff, which included 29 recommendations to District agencies to remedy our findings. As a result of this work, AU identified \$3 million in District funds that could be used more efficiently.
- AU administered the OIG's triennial procurement risk assessment,¹⁹ which resulted in 3 reports and identified 14 high-risk areas within the District's procurement system. These reports included:
 - [*COVID-19 Emergency Procurement Risk Assessment Report*](#) (May 23, 2022);
 - [*Fiscal Year 2022 Information Technology Capital Projects Procurement Risk Assessment Report*](#) (June 23, 2022); and

¹⁹ D.C. Code § 1-301.115a(3)(E) requires the OIG to annually conduct an operational audit of all procurement activities. The OIG has opted to satisfy this requirement by conducting risk assessments on a triennial basis and then conduct follow-on OIG engagements to examine significant risks.

- [Fiscal Year 2022 Procurement Risk Assessment](#) (August 1, 2022)

The risk assessment reports were the subject of a Public Hearing before the Committee on Government Operations and Facilities on October 5, 2022. In addition to reviewing these reports on the OIG's website, I encourage those interested, to review the OIG's testimony for an overview of these high-risk areas and their impact on the District's overall procurement system.²⁰

- AU also administered the District's Annual Comprehensive Financial Report (ACFR) audit contract, which resulted in 23 reports and 8 recommendations to improve the District's internal control over financial reporting. As the District's budget continues to grow, both in dollars and complexity, the corresponding OIG resources required to ensure an on-time ACFR audit have also increased over the last several FYs. I look forward to discussing the incremental resources required to ensure future ACFR audits are delivered on-time during the OIG's upcoming FY 24 Budget Oversight Hearing.

INSPECTIONS AND EVALUATIONS UNIT (I&E)

The OIG's third operational unit, the Inspections and Evaluations Unit (I&E), conducts proactive work through inspections and special evaluations. During FY 22:

- I&E published its report entitled [Department of Human Services \(DHS\): Evaluation of the District of Columbia Family Re-Housing and Stabilization Program](#). This report

²⁰ TESTIMONY OF DANIEL W. LUCAS BEFORE THE COMMITTEE ON GOVERNMENT OPERATIONS AND FACILITIES, PUBLIC OVERSIGHT ON THE OIG'S FISCAL YEAR 2022 PROCUREMENT RISK ASSESSMENT AND ASSOCIATED REPORTS (Oct. 5, 2022), [https://oig.dc.gov/sites/default/files/2022-07/Testimony%20of%20Daniel%20W.%20Lucas%20Before%20the%20Committee%20on%20Gov%20Ops%20and%20Facilities%20--%20Procurement%20Risk%20Assessments%20\(October%205%2C%202022\).pdf](https://oig.dc.gov/sites/default/files/2022-07/Testimony%20of%20Daniel%20W.%20Lucas%20Before%20the%20Committee%20on%20Gov%20Ops%20and%20Facilities%20--%20Procurement%20Risk%20Assessments%20(October%205%2C%202022).pdf) (last visited Feb. 24, 2023).

made 11 recommendations to DHS to bolster its management of the program in support of District residents who are experiencing homelessness or at imminent risk of experiencing homelessness.

- Additionally, in keeping with the OIG’s statutory mandate to keep “the Mayor, Council and District government leaders currently informed”²¹ on matters impacting District programs and operations, I&E issued a summary briefing for its then-ongoing project on the D.C. Main Streets program. Given the timeliness of issues requiring decision makers’ prompt consideration, I elected to communicate the initial results during FY 22 in advance of the OIG’s final report. Subsequently during FY 23, the OIG released its final report, [*Department of Small and Local Business Development: Special Evaluation of D.C. Main Streets Program*](#) on February 17, 2023.

INVESTIGATIONS UNIT (IU)

The Investigations Unit (IU) conducts reactive work through criminal and administrative investigations. IU focused on complex public corruption and financial fraud matters during the performance period. During FY 22, IU:

- Opened 102 investigations; and
- Had 16 cases accepted by the United States Attorney’s Office for the District of Columbia (USAO-DC) for prosecution. In addition, IU has and will continue to work

²¹ D.C. Code § 1-301.115a(a-1)(3).

with the Office of the Attorney General’s Public Corruption Section to consider cases that the USAO-DC may or has elected to decline.

The outcomes of IU’s work resulted in the following:

- \$319,000 in restitution, orders, and fines;
- \$218,000 in referrals to the Office of the Attorney General for civil recoupment; and
- 7 criminal convictions, indictments, or charges.

A significant investigative outcome during FY 22 included a former District of Columbia Fire/EMS (FEMS) employee that was sentenced to 34 months in prison and ordered to pay a \$61,250 forfeiture judgment and \$257,680 in restitution for accepting bribes. In total, the District paid the company approximately \$250,000 for goods not received.²² This outcome would not have been possible without FEMS leadership, who recognized the potential criminal misconduct and promptly referred the matter to my Office, ensuring a successful criminal investigation.

MEDICAID FRAUD CONTROL UNIT (MFCU)

Finally, the OIG’s Medicaid Fraud Control Unit (MFCU) is one of 53 MFCUs that operate in individual states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. The MFCU receives a portion of its operating budget through a grant from HHS-OIG. In other jurisdictions, a MFCU is located within an Office of Attorney General; however, the District’s MFCU is

²² U.S. DEP’T OF JUSTICE, “FORMER DISTRICT OF COLUMBIA FIRE/EMS EMPLOYEE SENTENCED TO PRISON FOR BRIBERY IN SCHEME INVOLVING UNDELIVERED GOODS” (Sept. 16, 2022). <https://www.justice.gov/usao-dc/pr/former-district-columbia-fireems-employee-sentenced-prison-bribery-scheme-involving> (last visited Feb. 23, 2023).

within the OIG. The OIG benefits from operating the District's MFCU, as its mission complements the other OIG Units.

The MFCU conducts investigative work for two distinct categories of offenses: (1) fraud committed against the District Medicaid program by healthcare providers; and (2) physical and sexual abuse, criminal neglect, and financial exploitation of persons receiving Medicaid-funded services or residing in Medicaid-funded healthcare facilities.

Like IU, the MFCU refers criminal cases to the USAO for criminal prosecution. Additionally, the MFCU's two attorney-advisors are designated as Special Assistant United States Attorneys (SAUSAs), who work with the USAO D.C.'s Superior Court Major Crimes Section to prosecute District Medicaid provider fraud, as well as Medicaid beneficiary abuse, neglect, and exploitation cases. MFCU results during FY 22 included:

- Opening 24 investigations concerning fraud committed against the District Medicaid Program; and
- Opening 31 investigations concerning alleged abuse, neglect, or sexual assault committed against District Medicaid beneficiaries.

The outcomes of MFCU's work resulted in:

- \$7.5 million in criminal and civil recoveries for the District.
- 10 criminal convictions, indictments, or charges.

Two notable investigations highlighting the MFCU's investigative *and* prosecutorial mission include the following cases currently pending in the Superior Court of the District of Columbia.

- First, a former Mental Health and Community Residence Facility (MH-CRF) Director was indicted on two felony counts and three misdemeanor counts of financial exploitation of a vulnerable adult or elderly person. Court documents allege that the former Director used the bank account of an MH-CRF resident – a 73-year-old veteran – to pay her utility and credit card bills. The former Director is scheduled for sentencing later this year.
- Second, a former United Medical Center patient sitter, licensed as a Certified Nurse Aide, was indicted on three felony counts: assault with a dangerous weapon of a senior citizen; assault with significant bodily injury of a senior citizen; and criminal abuse of a vulnerable adult or elderly person with serious bodily injury or severe mental distress; and a misdemeanor count of criminal abuse of a vulnerable adult or elderly person. Court records allege that the former patient sitter was caught on videotape striking a 68-year-old man who has physical and cognitive impairments with a television remote/nurse call button, causing injury to his brain. The former patient sitter is awaiting trial, which is anticipated to begin later this year.

I look forward to providing the Committee, the Executive, and the public with the final outcomes of these two cases.

PLANS FOR THE REMAINDER OF FY 2023

In the first 5 months of FY 23, the OIG has been meticulously executing our oversight mission. We will continue to build upon the successes I've shared today. Notwithstanding ongoing and planned oversight engagements, the OIG will collectively focus our efforts on the following areas during the remainder of FY 23.

Updating the OIG’s Criminal Investigation Operational Framework. While OIG criminal investigators are not first responders to emergencies or crimes in progress like Metropolitan Police Department (MPD) Sworn Members, they do employ certain law enforcement authorities for the purposes of investigating alleged violations of federal and District laws pertaining to corruption, fraud, waste, abuse, and mismanagement.

Given the recent legislative changes that I discussed earlier, the OIG must ensure that our law enforcement policies, processes, and procedures are updated accordingly. In addition, we must ensure OIG criminal investigators’ training and tools reflect the updated requirements. Many of the pending changes to OIG authorities require consultation with the MPD, and we look forward to consulting with Chief Contee and his team to fully deploy the OIG’s revised criminal investigation operational framework this year.

Building an Oversight Community of Practice: Later this FY, the OIG will initiate its “Audit of the Oversight of District Programs.” As discussed in the OIG’s [*FY 2023 Audit and Inspection Plan*](#), the objectives of this audit will be to: (1) identify all District organizations with oversight responsibilities; (2) determine whether the organizations are providing oversight in accordance with District statutes; and (3) determine whether the organizations have the necessary resources to conduct their oversight responsibilities. Armed with the results of this audit, the OIG will pivot to bolster its oversight Community of Practice within the District. The goals of this effort will be to enhance the District’s collective oversight capacity by sharing best practices, providing training opportunities, and creating a venue for District agency oversight practitioners to synergize our collective responsibility to safeguard the District’s finite resources.

Ensuring OIG Recommendations are Implemented: Historically, the OIG has not been systematic in following up on our recommendations' implementation. During FY 22, the OIG worked with the Office of the Chief Technology Officer to develop a web-based tool to facilitate the OIG's recommendation follow-up process. This new process will ease the burden on District agencies and their personnel to provide periodic updates and allow for the identification of any implementation impediments.

Additional Legislative Considerations: My Office looks forward to working with the Committee to consider potential legislation to improve the OIG's oversight abilities.

First, there remain several statutory gaps between the OIG's independent criminal investigative mission and our corresponding law enforcement authorities. Notwithstanding the series of Acts discussed at the start of my Testimony, several provisions of Bill 24-0129²³ were not incorporated into the signed Acts. First, an amendment to the OIG's enabling legislation that would "deem [OIG criminal investigators] as law enforcement officers for all purposes under District law, unless explicitly excluded [...]"²⁴ was not included within D.C. Act 24-0727.

While certain portions of the aforementioned Acts do define OIG criminal investigators as "law enforcement officers," it is only done so with respect to the application of the particular D.C. Code section. Ensuring OIG criminal investigators' status as law enforcement officers for the purpose of investigating alleged corruption and fraud in District government programs and operations, requires a clear and unambiguous definition within D.C. Code. Additionally, the introduced version Bill 24-0119 included an amendment that would add OIG criminal

²³ See Introduced Version of B24-0129, the "Inspector General Enhancement Act of 2021" (Mar. 1, 2021), <https://lims.dccouncil.gov/downloads/LIMS/46651/Introduction/B24-0129-Introduction.pdf> (last visited Feb. 28, 2023).

²⁴ *Id.* at Sec. 2, Paragraph (3).

investigators to the definition of “law enforcement officers” within D.C. Code Title 23, Chapter 5. Warrants and Arrests.²⁵ This amendment would remove any confusion between the OIG’s authorities found in our enabling legislation and the authorities granted to other law enforcement officers within D.C. Code Title 23, Chapter 5, Subchapters II, IV, and V.

Second, we are evaluating statutory improvements to enhance our access to District information – particularly IT systems and corresponding datasets. As the District continues to increase its reliance on information technology to conduct its business, the OIG must be able to leverage the resulting data in furtherance of its oversight mission.

Third, the OIG is looking at statutorily-required oversight engagements and the corresponding benefit provided to the District. By removing unnecessary or outdated requirements, the OIG would be able to redirect its finite resources to provide oversight of emergent and high-risk issues facing the District.

In total, these statutory enhancements would greatly improve the effectiveness and impact of our oversight work. I look forward to working with the Committee to consider these statutory improvements.

CONCLUSION

In conclusion, Chairperson Bonds and members of the Committee, I’d like to quote President Biden during his 2023 State of the Union Address: “the watchdogs are back.”²⁶ The OIG has and will continue to recover District taxpayer dollars through vigorous oversight. As the District

²⁵ *Id.* at Sec. 5.

²⁶ Joseph R. Biden, President of the United States, State of the Union Address, at 45 (Feb. 7, 2023), <https://www.whitehouse.gov/state-of-the-union-2023/> (last visited Feb. 27, 2023).

looks toward the future, where resources might not be as plentiful, the OIG's oversight work has never been more important to safeguard our finite resources.

Before I have the opportunity to answer the Committee's questions, I'd like to again thank the dedicated OIG staff, as well as the Executive and the Council for their unwavering support of the OIG, and District agencies for their cooperation in furtherance of our collective responsibility to maximize the return on the tax payer's dollar. Again, I look forward to working with this Committee to respond to its requests, advance the OIG's legislative considerations, and ensure we have the resourcing required to provide oversight of the entirety of the District's programs and operations.

This concludes my testimony, and I welcome the opportunity to answer your questions.