

OIG and District Oversight: Synergies Abound

**District of Columbia
Office of the Inspector General
2017 Ethics Day and Symposium**

Agenda

- Mission and Functions of the OIG
- How the OIG Works with Other Oversight Practitioners
- Recognizing and Preventing Corruption, Fraud, Waste, and Abuse
- Recent Examples/Cases

MISSION AND FUNCTION

THE DISTRICT'S OFFICE OF INSPECTOR GENERAL

Responsibilities:

- “The Inspector General shall... conduct **independent** fiscal and management audits of District government operations”¹
- “**Independently** conduct audits, inspections, assignments, and investigations *as the Mayor shall request*, and any other audits, inspections and investigations that are *necessary or desirable in the Inspector General's judgment*”²
- Limited law enforcement authorities – OIG investigators may carry firearms,³ make arrests,⁴ and serve search warrants⁵ in the course of their official duties

¹ D.C. Code § 1-301.115a (Supp. 2015)

² *Id.* at (3) D

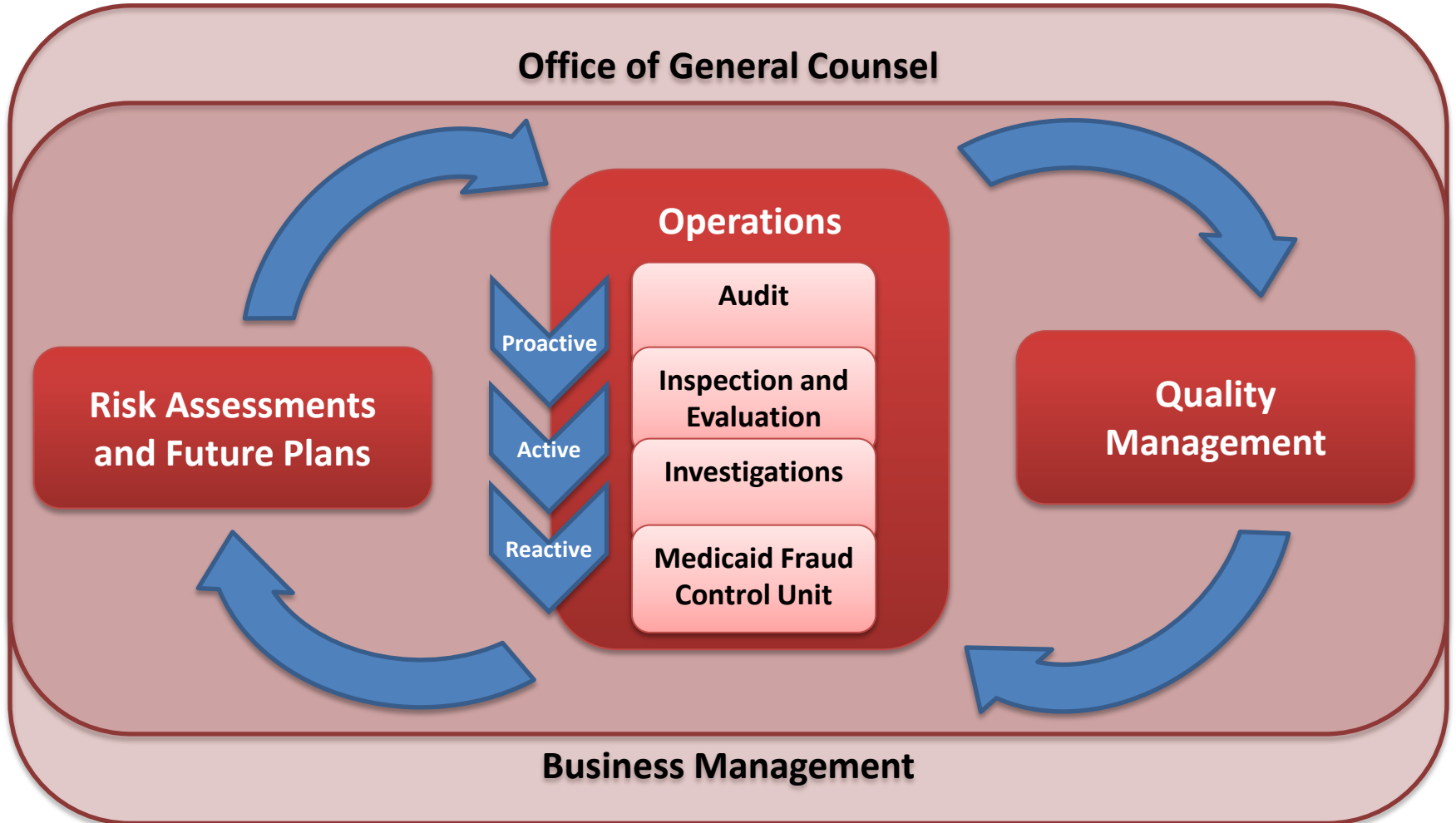
³ *Id.* at (f-1) (1)

⁴ *Id.* at (f-1) (2)

⁵ *Id.* at (f-1) (3)

MISSION AND FUNCTION

THE DISTRICT'S OFFICE OF INSPECTOR GENERAL



MISSION AND FUNCTION

HOW THE OIG WORKS WITH OTHER OVERSIGHT PRACTITIONERS

Multiple Touch Points:

- Work with the D.C. Auditor during the development of our *Annual Audit and Inspection Plan* (available at oig.dc.gov)
- Work with District Agencies as they conduct administrative investigations and assume the investigation if potential criminal misconduct is uncovered
- Coordinate with other federal OIGs, the FBI, and the U.S. Attorney's Office
- Refer substantiated reports of investigation to District agencies for action deemed appropriate
- Coordinate with BEGA on addressing ethical misconduct discovered during the course of the OIG's work

RECOGNIZING POTENTIAL CORRUPTION, FRAUD, WASTE, ABUSE AND MISMANAGEMENT (CFWAM)

RECOGNIZING POTENTIAL CFWAM

RESPONDING TO CFWAM

In General Terms:

- **Corruption** is the dishonest or unethical conduct by a person entrusted with a position of authority, often to acquire personal benefit
- **Fraud** knowing misrepresentation of the truth or concealment of a material fact to obtain something of value
- **Waste** is the squandering of money or resources, even if not explicitly illegal
- **Abuse** is behaving improperly or unreasonably or misusing one's position or authority
- **Mismanagement** is creating a substantial risk to an agency's ability to accomplish its mission

RECOGNIZING POTENTIAL CFWAM

INDICIA OF CFWAM

Common Red Flags:

- Supplier/Vendor/Contractor:
 - Has a past reputation for paying kickbacks
 - Questionable, improper (noncompetitive) or repeated selection
 - Unusually high volume of purchases
- Government officials:
 - Has an undisclosed outside business
 - Acceptance of inappropriate gifts or entertainment
 - Has an unexplained increase in wealth
 - Acts beyond or below normal scope of duties in awarding or administering a contract
 - Declines promotions to non-procurement positions
 - Fails to file or complete financial disclosure statement

RESPONDING TO CFWAM

RESPONDING TO CFWAM

A FEW EXAMPLES

- A former DC Public Schools (DCPS) employee *also* owned a company that provided transportation services for students who traveled outside the District for special services.
- The former employee obtained nonpublic lists of students needing transportation services from his former colleagues at DCPS.
- The former employee then used these lists to create 60 false invoices and supporting documentation, which resulted in the District paying \$460,000 for transportation services that were never provided.

RESPONDING TO CFWAM

A FEW EXAMPLES

- A construction company circumvented Certified Business Enterprise (CBE) rules and disclosure requirements by changing the terms of joint ventures with small disadvantaged businesses and not reporting them to the District government.
- The contractor entered into side-deals with other contractors, which diverted control of CBE contracts away from their historically under-represented partners and undermined the purpose of the CBE program. This conduct resulted in the faulty award of \$145 million in District government contracts.

RESPONDING TO CFWAM

A FEW EXAMPLES

- The owner of a Medicaid healthcare provider participated in a wide-ranging scheme to defraud the Medicaid program by billing the program for services that were not provided.
 - Cash payments were made by employees of the healthcare provider's company to Medicaid beneficiaries in exchange for signatures falsely stating that services had been provided.
 - Employees of the healthcare provider also falsified patient files and employee files to make it appear as though the claims for payment were legitimate when they were not.
 - The owner(s) of the healthcare provider conspired to launder the proceeds of the illegally obtained Medicaid funds and committed substantive money laundering violations.

RESPONDING TO CFWAM

TAKEAWAYS FROM THE DC OIG

- It's an area in which all oversight practitioners can help...
- Where there's smoke there's almost always fire...
- It's more common than you think...
- The need to get things done exacerbates risks...
- Never assume anyone is above temptation...
- Learn from the mistakes of others...

RESPONDING TO CFWAM

IF YOU SEE SOMETHING – SAY SOMETHING

- Call the OIG Hotline at:
(202) 724-TIPS (8477) or
(800) 521-1639
- Schedule a visit to our office:
717 14th Street N.W.
- Send a letter to the OIG
- Visit the website and send an email to
hotline.inspectorgeneral@dc.gov

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Q&A

