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Office of the Inspector General

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Testimony of Inspector General Jeffrey S. Shapiro Regarding the FY 2024 Office Budget Before the House and Senate Committees on Ways & Means March 7, 2023

Chairman Rodrigues, Chairman Michlewitz, Members of the Senate
and House Committees on Ways & Means:

It is my honor to be testifying before you today as the Commonwealth's fifth Inspector General, leading the nation's first statewide inspector general's office. The creation of an independent agency with the sole focus of mitigating and eliminating fraud, waste and abuse of public resources is just one more example of how the Commonwealth leads our nation!

While I am early in my tenure – this is day 156; at some point I shall stop counting the days, just not yet – I am struck by the broad array of issues that fall under the Office's purview and the breadth of its active work, cutting across vastly different subjects. The daily work of the members of this Office, whether it involves enforcement and investigation, or prevention, training and compliance, is all mission-focused, meaningful and impactful.

OIG Authority

Under our enabling statute, M.G.L. Chapter 12A, our mandate is to “prevent and detect fraud, waste and abuse in the expenditure of public funds, whether state, federal or local ... by agencies, bureaus, divisions ... or political subdivisions created by the general court and including the cities and towns.” M.G.L. c. 12A, c. § 7. This reach includes oversight of vendors, suppliers, service providers and not-for-profit organizations that are engaged by state and local governments or receive funding from these entities.

I know that you are wondering: when we are done with that, what do we do for the rest of the day?

Our work and measurable results can be seen in the various reports, letters and studies that our Office issues, and by certain matters that our Office initiates and provides to state and federal prosecuting agencies for their own, independent evaluation and analysis. Other OIG matters are successfully resolved as civil recoveries, and as matters reported within the three annual reports issued by this Office (*i.e.*, the OIG, Division of State Police Oversight and Internal Special Audit Unit annual reports) or as part of the Office's annual healthcare report.

In my estimation, it is significant to note that our team, divided across nine business units, can deliver such impactful results, despite our limited staff size and financial resources.

Based upon my over 30 years serving as a public administrator in legal, financial, administrative and programmatic roles – within a District Attorney’s Office, the Massachusetts Attorney General’s Office and the Comptroller’s Office – coupled with my earlier work as a Legislative Assistant on Beacon Hill and Capitol Hill, I recognize the limitations on what we can do based upon the resources available to us.

Limited Resources

While I recognize that every agency that comes before you has a compelling story for why more resources are necessary, allow me to share a few of the unique challenges that this Office faces:

- As I share the following statistics, I draw your attention to the charts that are included in the appendix of the handout that I provided to the Chairs and the Members of the Committees. You will notice across all of these charts the proportional size of the OIG budget or headcount as compared to state and municipal budgets and headcounts. On each chart, the OIG is represented by the rather small yellow circle.
- The Office has approximately 80 to 90 employees, and in FY23, across all accounts, we have roughly \$9.5 million available to spend.
- Every day, the OIG staff is looking for fraud, waste and abuse among approximately \$120 billion in state and municipal spending, among over 300,000 public employees, roughly 160 state agencies, 351 municipalities and dozens of other public entities and political entities. (See Appendices 1-4.)
- The ratio of OIG oversight resources to overall state and municipal spending is a meager proportion. (See Appendices 1-4.)

A few concrete examples:

- The **OIG’s Internal Special Audit Unit (ISAU)**, an embedded unit within MassDOT/MBTA, monitors the quality, efficiency and integrity of MassDOT’s and the MBTA’s operating and capital programs, and also works with MassDOT and the MBTA to prevent, detect and mitigate with the goal of eliminating fraud, waste and abuse in the expenditure of transportation funds.
 - The ISAU consists of six staff and has a budget of approximately \$575,000, and has oversight of approximately \$6 billion in spending by over 10,000 employees. (See Appendix 7.)
 - Our team spent much of the past six months reviewing, analyzing and preparing the statutorily required reports on the first three (of seven) MBTA Pacheco-waived procurements. A unit of this size cannot confront the overall responsibilities of its charge, and as the state undertakes

unprecedented transportation projects, these challenges will become even greater.

- The **OIG's Bureau of Program Integrity** is an embedded unit within the Executive Office of Health and Human Services. It has a statutory mission to prevent and detect fraud, waste and abuse in public benefits programs under the purview of the Executive Office of Health and Human Services (EOHHS). BPI continues to address risks and vulnerabilities and to promote good government across EOHHS agencies.
 - BPI consists of five staff and has a budget of approximately \$745,000, and has oversight of approximately \$29 billion and 22,000 employees. (See Appendix 5.)
 - BPI spent a great majority of its time over the last two years reviewing matters involving veterans' services and the two state-operated Veterans' Homes, while having limited additional capacity for the vast expanses within the Secretariat.
- The **OIG's Division of State Police Oversight (DSPO)** is an embedded unit within the Massachusetts State Police (MSP). DSPO has a budget of approximately \$435,000 and a staff of four to oversee approximately \$445 million and 3,000 employees. (See Appendix 6.)
 - The DSPO has a mandate to (a) monitor the quality, efficiency and integrity of the state police's operations, organizational structure and management functions; (b) prevent, detect and correct fraud, waste and abuse in the expenditure of public funds; and (c) monitor policy changes initiated as a result of the state police's process for certification or accreditation.
 - Over the past year, the DSPO conducted several reviews and made recommendations to improve the MSP's operational efficiency and integrity and to promote cost savings with regard to paid details and overtime.
- The **OIG's main appropriation, data analytics account and other available funding sources** total \$5.5 million and fund approximately 62 employees, with oversight of all the rest of our mandated work, including oversight of the 351 cities, towns and school districts.
 - Excluding the embedded units, the **OIG FY23 budget** is made up of \$3,827,383 (operating) + \$500,000 (data analytics unit) + \$1,175,000 (retained revenue from tuition for the **OIG's training and certification program for public employees**) = \$5,502,383

- For FY24, excluding the embedded units, our request to the House and Senate Ways & Means Committees includes \$6,483,138 (operating) + \$590,000 (data analytics) + \$1,175,000 (retained revenue account, level-funded) = \$8,248,138

As such, in my first budget request, during these extraordinary times, my budget request for FY24 focuses on five areas, all designed to best position the OIG to accomplish its vast mission of mitigating or eliminating fraud, waste and abuse of public funds and assets.

Major Initiatives

In the budget narrative that I filed with my detailed budget worksheet, I outlined five major initiatives for the year ahead. In the interest of time, I shall discuss only three of them today:

- **The first initiative is to right size our staffing levels.**
 - Adding OIG staff to our main operating account to allow greater capacity to address emerging issues, new areas of risk, including clean energy, expanded housing capacity, major infrastructure projects, K-12 and higher education, quasi-public agencies and authorities.
 - Adding staff to the Transportation and Human Services embedded units.
 - Extending the deadline to use Pandemic Oversight Funds until June 30, 2027, which will allow us to broaden and deepen our Pandemic Oversight work that has become a focus in all OIG Divisions.
- **The second major focus is to provide oversight of the new Department of Veterans' Services.**
 - Since the Department of Veterans' Services (DVS) became its own secretariat on March 1 and is no longer within the Executive Office of Health and Human Services (EOHHS), it is no longer within BPI's purview. Thus, the OIG needs expanded staffing capacity to continue its oversight of DVS, including the Veterans' Homes.
- **And finally, a focus on equitable and expanded training.**
 - As part of its mission to prevent fraud, waste and abuse, the Office has established the Massachusetts Certified Public Purchasing Official (MCPPO) program to educate public employees across the Commonwealth on good governance. All jurisdictions must have public employees who understand their responsibilities and duties, such as fraud prevention, contract administration, public construction and conducting public procurements. Because of this, I am requesting \$526,500 be added

to the Office's operating account to ensure that all 351 cities and towns have at least one person certified through the MCPPO program.

This request would bring total funding, across all funding sources, for the Office from approximately \$9.5 million to just over \$13 million.

Concluding Comments

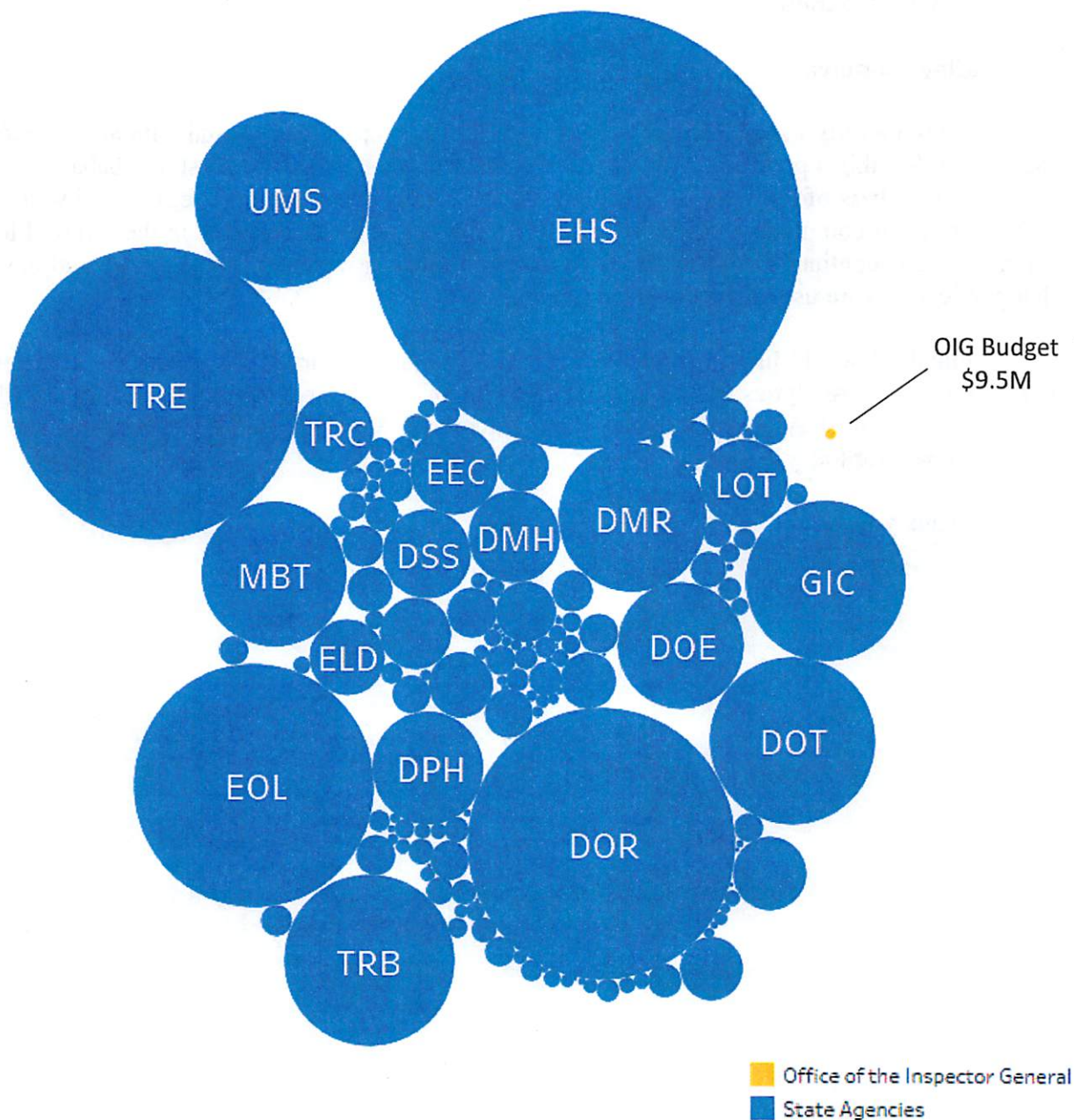
With humility I serve as the Commonwealth's Inspector General, and with appreciation I thank you for this opportunity to testify and present this budget request on behalf of the dedicated members of the OIG organization. As the Chairs deem appropriate, I would welcome any questions or comments that you may have for me today, or at any point in the future. I look forward to our continued collaborations on ways to make government work better and ensure that public assets are used for their stated purposes.

Finally, I would like to thank First Assistant Natalie Monroe, CFO Mary Beth Farrelly, Director of Data Analytics Alyssa Tasha, Director of Policy and Government Joshua Giles, Senior Data Analyst Ashley Lindemann and Executive Assistant Nataliya Urciuoli, who all helped prepare for today's hearing.

Thank you.

OIG Budget Compared to State Agencies

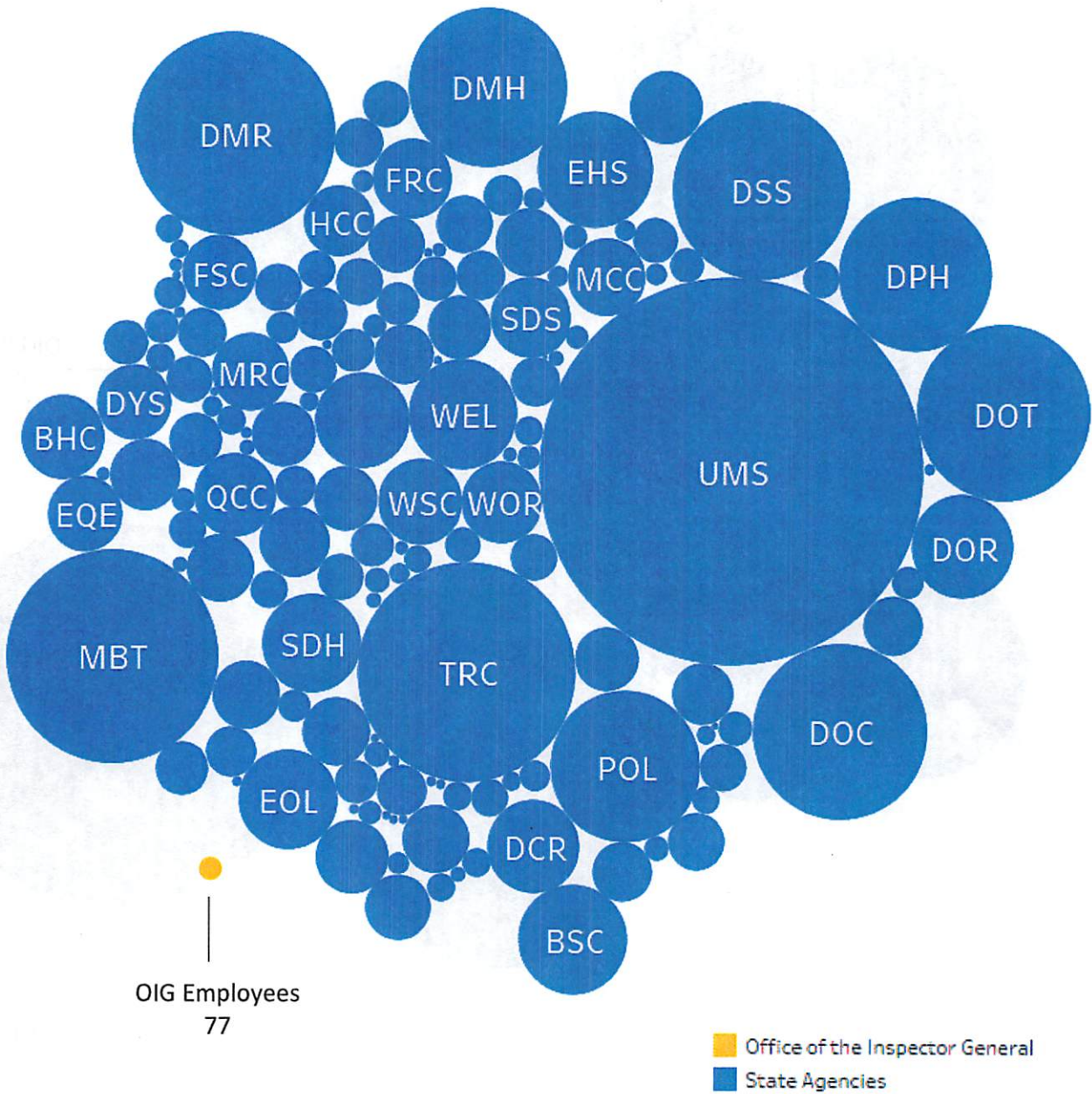
Data as of February 24, 2023



The Office of the Inspector General has broad jurisdiction over agencies, bureaus, divisions, sections, departments, offices, commissions, institutions and activities of the Commonwealth, including those districts, authorities, instrumentalities or political subdivisions created by the General Court and including the cities and towns, and entities and individuals that receive public funds or use public property, including corporations, partnerships and not-for-profits.

OIG Headcount Compared to State Agencies

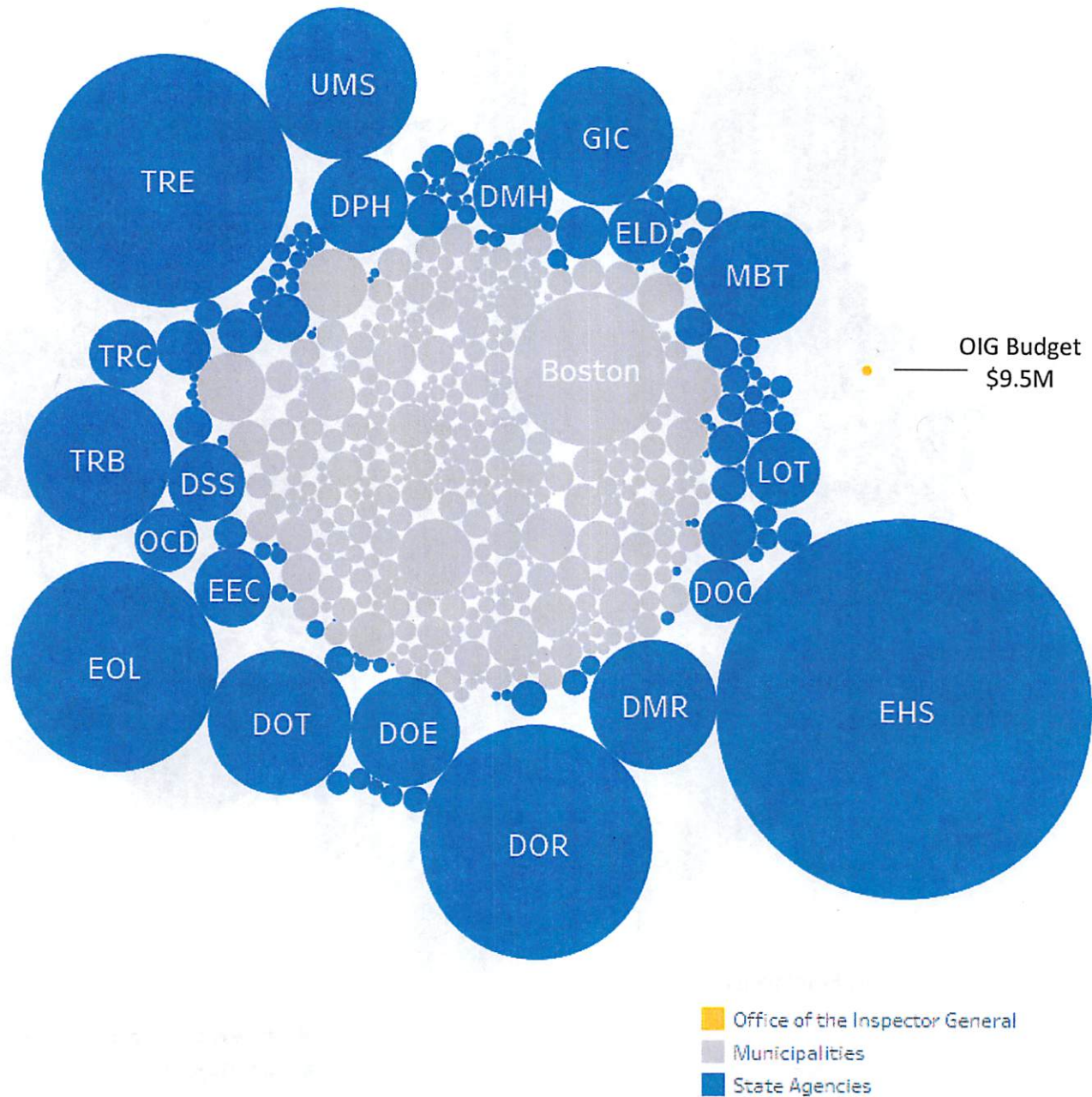
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OIG Budget Compared to State Agencies and Municipalities

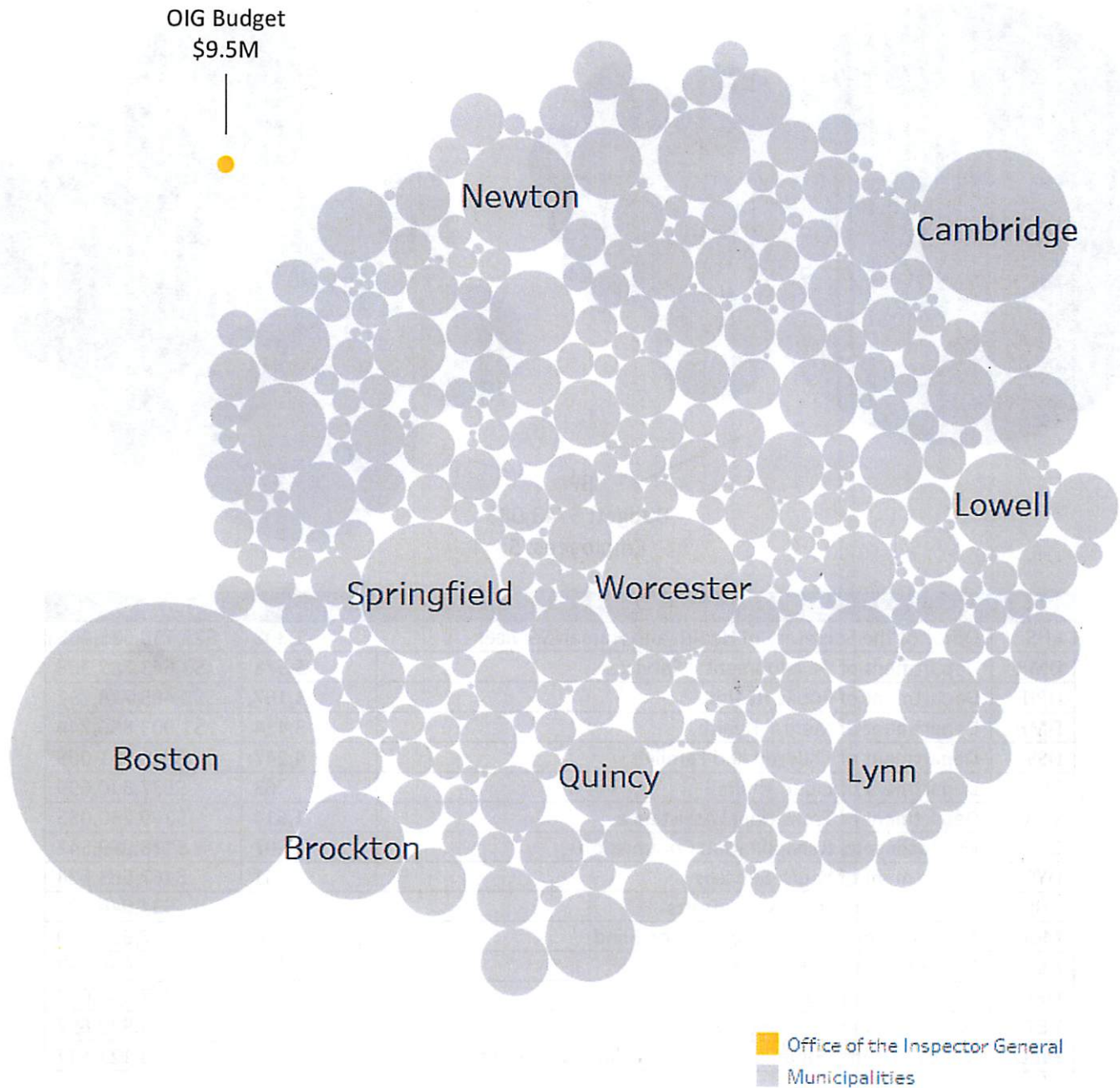
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OIG Budget Compared to Municipalities

Data as of February 24, 2023

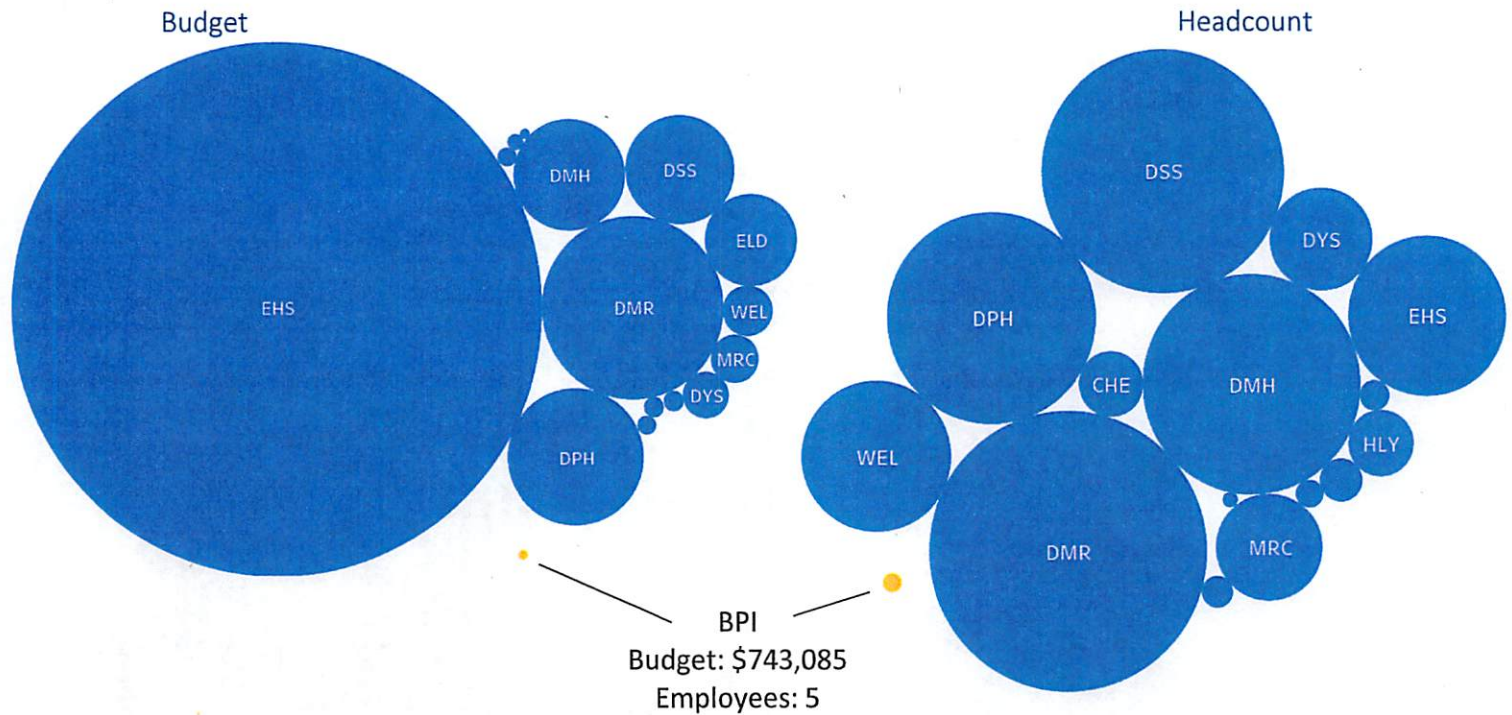


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OIG Bureau of Program Integrity (BPI)

Embedded unit as compared to the agencies for which it has oversight

Data as of February 24, 2023



Dept	Agency	Employees	FY2023 Spend
EHS	Office of the Secretary of Health and Human Services	1,808	\$22,730,685,805
DMR	Department of Developmental Services	5,578	\$2,643,789,368
DPH	Department of Public Health	3,157	\$1,485,778,752
DMH	Department of Mental Health	3,414	\$1,003,856,744
DSS	Department of Children and Families	4,247	\$959,981,065
ELD	Department of Elder Affairs	63	\$677,840,699
WEL	Department of Transitional Assistance	1,614	\$199,230,085
MRC	Massachusetts Rehabilitation Commission	807	\$178,999,547
DYS	Department of Youth Services	751	\$167,563,624
CHE	Soldiers' Home in Massachusetts	297	\$34,048,185
MCB	Massachusetts Commission for the Blind	130	\$32,621,170
HLY	Soldiers' Home in Holyoke	311	\$29,669,997
ORI	Office for Refugees and Immigrants	16	\$27,902,614
VET	Department of Veterans' Services	71	\$19,928,697
MCD	Massachusetts Commission for the Deaf and Hard of Hearing	53	\$8,127,517

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OIG Division of State Police Oversight (DSPO)

Embedded unit as compared to the agency for which it has oversight

Data as of February 24, 2023

Budget

DSPO:
\$437,250

POL
\$472,543,709

Headcount

POL
3,052

DSPO:
4

Dept	Agency	Employees	FY2023 Spend
POL	Department of State Police	3,052	\$472,543,709

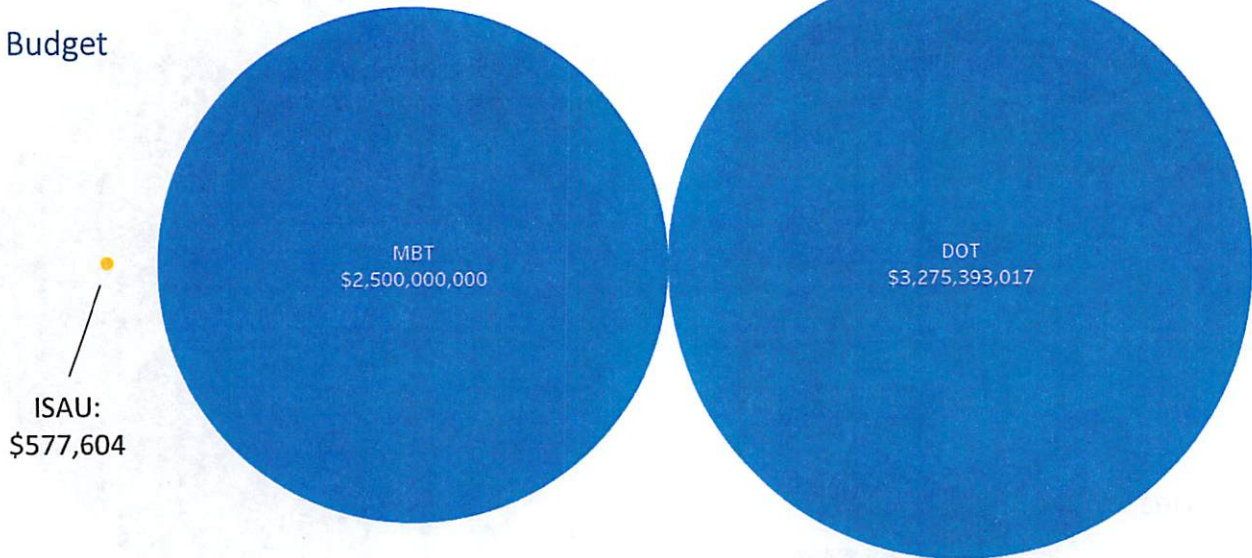
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OIG Internal Special Audit Unit (ISAU)

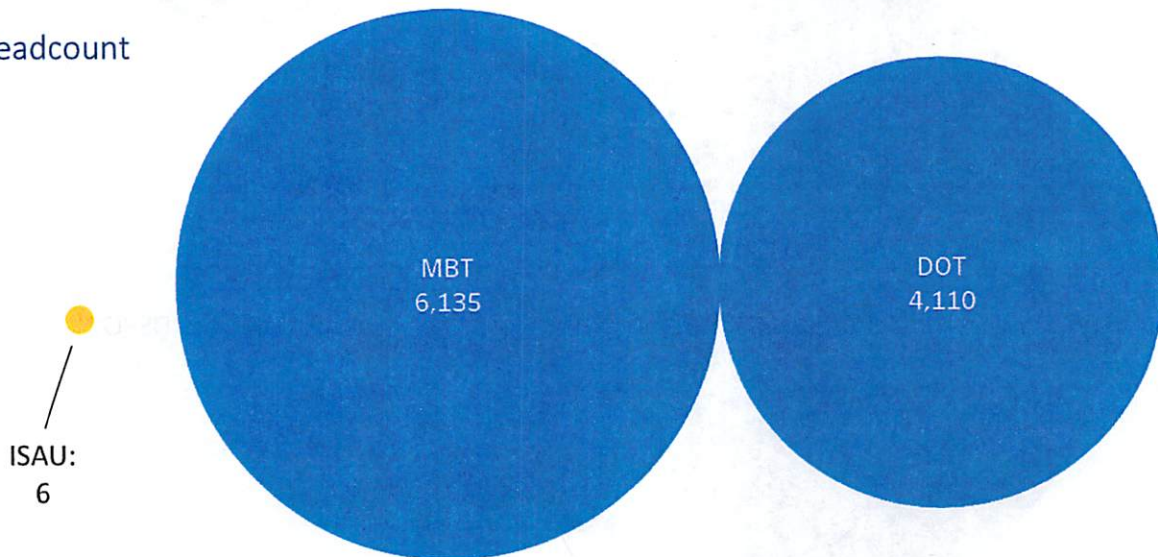
Embedded unit as compared to the agencies for which it has oversight

Data as of February 24, 2023

Budget



Headcount



Dept	Agency	Employees	FY2023 Spend
DOT	Department of Transportation	4,110	\$3,275,393,017
MBT	Massachusetts Bay Transportation Authority (MBTA)	6,135	\$2,500,000,000

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