

**Testimony of Inspector General Jeffrey S. Shapiro, Esq., CIG,
for the Commonwealth of Massachusetts**

**Regarding House 5997, An Act Relating to State Affairs
and Government - Inspector General**

**Before the Rhode Island House Finance Committee
April 9, 2025**

Chair Abney and members of the House Finance Committee:

Good day.

I would like to thank Minority Leader Chippendale, Deputy Minority Leader Nardone and Chief of Staff Sue Stenhouse for their assistance in arranging my presence today.

Thank you, Chair Abney, for today's invitation and for the opportunity to testify again before your committee. I am honored to be here before you.

My name is Jeffrey Shapiro, and I am the statewide Inspector General for the Commonwealth of Massachusetts.

Your Neighbor

I come before you today as a proponent of independent government oversight. As a professional, I have over 34 years of public sector experience, having served in various legal, administrative, and fiscal roles on the county, state and federal levels.

I understand that the Association of Inspectors General (AIG) has provided a letter in support of the concept of a state Office of the Inspector General here in Rhode Island. Although I am an elected Board member of the AIG, and hold their IG certification, I do not represent them here today.

Rather, I am here in my own capacity, as the Inspector General of a neighboring state, to offer my perspective on the value of a statewide office of the inspector general, as seen from the experience of Massachusetts over the past 44 years. Understanding that your vision for the office and overall goals and objectives may differ and that what works in Massachusetts does not necessarily work here in RI. Nonetheless, several other states have successful IG models, and several others join with you in working to statutorily create such an office.

I also will share a bit about the structure and elements of the OIG that I lead, and on my own experience serving as Inspector General. My comments are not directed at this specific proposal, because, in my view, it is more important to focus on the key principles of an office of the inspector

general than all the elements within your bill. Nonetheless, I do hope that my comments will demonstrate the value of establishing an office of the inspector general and affirm the key principles necessary in creating a true OIG.

MA OIG Overview

Created by the legislature in 1980, with the first inspector general appointed in 1981, the Massachusetts Office of the Inspector General is the first statewide inspector general's office in the country. It is also the only statewide inspector general with state and municipal oversight. In total, the office has oversight of roughly \$120 billion in municipal and state spending and can oversee the work of about 300,000 public employees, vendors, contractors, and non-profit leaders. Currently, the Office has a budget of approximately \$10 million and a staff of 90 employees.

The OIG's enabling statute provides the office with a clear mandate and the means to carry it out. We can obtain information from all agencies, secretariats, constitutional offices, departments and branches of government at the state and local levels, except for the Legislature. We can access records and interview individuals. We have subpoena power and can compel an interview in a private session, with IG Council authorization.

The IG may open investigations proactively, or in response to the more than 2,000 tips we receive on our hotlines annually. Any outside individual or entity can make a request for us to investigate something, but short of a statutory requirement, which is rare, the IG cannot be made to investigate or not investigate something. Ultimately, the discretion regarding what we investigate resides solely with the Inspector General.

The OIG has a variety of tools available to combat fraud, waste and abuse and we match the tool with the objective. For example, an OIG investigation that uncovers a fraud scheme perpetrated by individuals with nefarious intent would likely result in a criminal referral to the US Attorney, the Attorney General or a local District Attorney. Those agencies use their own independent discretion to determine if prosecution is appropriate.

In instances that may not be appropriate for a criminal referral, we may seek a civil recovery of the funds that were fraudulently obtained, pursue repayment of funds, or cancel improper contracts.

Our calendar year 2024 Annual Report will issue later this month, but at this time I can share that in 2024 we issued 10 reports and 77 public letters. These reports and letters addressed issues of poor management of public resources, made corrective recommendations, recovered or sought repayment of funds, or identified improper procurements. The OIG may also propose legislative changes, work with executive agencies to improve their controls and program integrity as well as identify areas for improvement.

Equally important, the OIG is also charged with prevention. We do our prevention-focused work through the OIG Academy, our education and training division. In 2024, we offered over 100

training classes to approximately 2,000 people. We operate a Public Procurement Technical Assistance helpdesk that answered more than 1,200 requests for assistance last year. We regularly issue advisories that contain general recommendations to specific stakeholders on strengthening protections against fraud, waste and abuse.

As I mentioned I am also responsible for oversight for the 351 municipalities across Massachusetts. Therefore, I regularly travel around the state to meet with stakeholders in their communities, to better understand the challenges they are facing. In 2024, I held more than 130 meetings with federal, state and local stakeholders. Several successful initiatives resulted from these conversations including a legislative change to the procurement process for electric vehicles and their associated charging infrastructure, a new delivery method for our procurement certification classes, and changes to procurement practices.

Key Principles

As detailed by the Association of Inspectors General in its Principles and Standards for Office of Inspector General, an OIG should:

- Have a clear mandate,
- Specific authority to conduct specific functions,
- Specific enumerated powers,
- Confidentiality,
- IG and staff specific qualifications,
- Independence – appointment, term, removal, organizational placement, funding, and
- Whistleblower protection.

Inspectors general have extraordinary powers to hold government officials accountable, investigate and expose public corruption, and work with government agencies to promote efficient and cost-effective operations. As such, an inspector general's office should be non-partisan, independent with the ability to follow the facts, wherever they lead. An OIG must be able to operate without fear or favor.

Return on Investment

I look at the value or return on investment of an OIG as falling into three categories:

1 - The first being Dollars and Cents.

In calendar year 2023, the OIG returned \$1.7 million to the Commonwealth's treasury. This was a result of criminal prosecutions and the identification of a corporate tenant delinquent in its lease of state property. As I said, our Annual Report will issue later this month, so I don't have a final number for 2024 yet.

However, I can say that since I testified here last May, three separate criminal cases, for which the OIG conducted the initial investigations, have been resolved with restitution orders totaling over \$311,000, as well as prison time. Two other defendants have been indicted. Together they are alleged to have stolen more than \$120,000 in public funds through fraud schemes. Additionally, the OIG reached an agreement with a state office supply vendor to refund nearly \$300,000 to state and local agencies that purchased office supplies through a state contract at incorrect prices.

We issued a report with the findings of our review of a 20+ year lease of an old department store, the Star Store, in New Bedford by the Commonwealth for the benefit of the University of Massachusetts at Dartmouth. Our investigation found that a lack of responsibility by state agencies resulted in a waste of over \$4 million in public dollars by overstaying the lease and during the twenty-year term of the lease millions more was wasted in public funds. I am pleased that the Division of Capital Asset Management and Maintenance for the Commonwealth has hired two long-term lease managers, which was one of many recommendations that we made. I am hopeful that this will prevent poor management of long-term leases going forward.

Additionally, an investigation stemming from a hotline tip determined that a mayor received \$180,000 in longevity bonuses to which he was not entitled. And another identified up to \$1.7 million in fees that were not collected by an independent state agency.

2 – The second being Education, Training & Prevention.

Beyond the funds returned to the public coffers, our statutory mandate requires the office to look at return on investment in a broader and deeper manner to include prevention and more effective state agencies.

Under my leadership, we have expanded training through the OIG Academy on public procurement, contract administration, fraud awareness, proper use and management of federal pandemic relief funds and many other topics. The Academy also offers the Massachusetts Public Purchasing Official designation. The MCPPO Designation is a widely recognized credential indicating an individual's knowledge of Massachusetts procurement laws and best practices. We also have a technical support team that provides guidance on public procurement.

The return on investment on our prevention efforts is more complicated to determine. How can one calculate:

- The dollar value of a bad procurement that didn't happen because of training or access to resources and assistance.
- The amount of public money not misused because a town manager received one of our Advisories and instituted internal controls that separate functions such as deposits and account reconciliation.
- Lower costs because a procurement was conducted in a proper, transparent manner.

We do measure students trained, courses taught, procurement certifications earned, technical assistance calls responses – to name a few measures. I would also note that last year, from our

course registration fees, the OIG sent around \$900k in earnings to the Commonwealth's General Fund.

3 – Quality, Efficiency & Integrity.

Finally, in addition to our broad state and municipal authority to detect and prevent fraud, waste, and abuse, three of the OIG's divisions were created by statute and have specific oversight of the quality, efficiency, and integrity of the operations and programs of the Department of Transportation, the Executive Office of Health and Human Services and the Massachusetts State Police. In addition to preventing and detecting fraud, waste and abuse, these units work in partnership with their respective agencies to perform detailed reviews and evaluations of various aspects of operations such as governance, risk management practices, internal controls as well as monitoring policy changes, intake procedures and other functions.

Again, it is difficult to calculate:

- How much public money is not wasted because a state agency follows our recommendations in a public report and effectively manages a large contract ensuring that the vendor delivers the services at the agreed price.
- The impact of implementation of a secretariat-wide compliance program and chief compliance officer position based on our recommendations.
- Or when a human service facing agency revamps its in-take process to better serve its clients, based upon an OIG project.

In Conclusion

I commend you for your continued, bi-partisan efforts to establish an office of the inspector general here in the Ocean State. The establishment of a truly independent, non-partisan, fully funded inspector general can instill confidence and make government work better tomorrow than it did today.

Chair Abney– with your permission and consistent with the committee's practice, I would be happy to answer any questions that you or members of the Committee may have.

Thank you.