

**FRAUD PREVENTION:
UNDERSTANDING FRAUD IN FEDERALLY
FUNDED PROGRAMS RUN BY THE STATES**

HEARING

BEFORE THE

SUBCOMMITTEE ON GOVERNMENT
OPERATIONS

OF THE

COMMITTEE ON OVERSIGHT AND
GOVERNMENT REFORM

U.S. HOUSE OF REPRESENTATIVES

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Written opening statements and bios are available on the U.S. House of Representatives Document Repository at: docs.house.gov.

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- * Letter, from Dr. Stack to Auditor Ball re Medicaid Concurrent Enrollment; submitted by Rep. Mfume.
- * Letter for the Record, from AV SFR; submitted by Rep. Sessions.
- * Letter for the Record, from Program Integrity Alliance; submitted by Rep. Sessions.
- * Letter to Cheryl Mason of CIGIE; submitted by Rep. Walkinshaw.

The documents listed above are available at: docs.house.gov.

ADDITIONAL DOCUMENTS

- * Questions for the Record: Mr. Seto Bagdoyan; submitted by Rep. Sessions.
- * Questions for the Record: Mr. Robert Westbrooks; submitted by Rep. Mfume.

These documents were submitted after the hearing, and may be available upon request.

**FRAUD PREVENTION:
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WEDNESDAY, APRIL 15, 2026

U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
SUBCOMMITTEE ON GOVERNMENT OPERATIONS
Washington, D.C.

The Subcommittee met, pursuant to notice, at 10:06 a.m., Room 2154, Rayburn House Office Building, Hon. Pete Sessions, [Chairman of the Subcommittee] presiding.

Present: Representatives Sessions, Comer, Foxx, Burchett, Norton, Frost, and Randall.

Also present: Representative Walkinshaw.

Mr. SESSIONS. The Subcommittee on Government Operations will come to order.

And I would like to welcome everyone. This is a room that we have been without for about a year, and so this is the first Subcommittee or Committee meeting that we have held. And I would like to say, Mr. Chairman, great job.

Chairman COMER. On time, on budget. Not really, but pretty close. Thank you, Mr. Chairman.

Mr. SESSIONS. Well, I think that this is a beautiful room, has always served as an opportunity for the American people to be a part of it, and they will now see that we have new and improved things on this side, TVs, ability to see things, and I am very happy.

So, without objection, as the Chair, I may declare recess at any time. And I recognize myself for the purpose of making an opening statement.

**OPENING STATEMENT OF CHAIRMAN PETE SESSIONS
REPRESENTATIVE FROM TEXAS**

Good morning, and welcome back to the freshly refurbished main Committee hearing room for the Government Reform and Oversight Committee [sic]. For the past three years, Ranking Member Mfume and I have worked together to understand and to piece together the basic elements of fraud in Federal programs. We work together. We see the problem together, but his insight and my insight leads us to where we have to understand by associating ourselves with government agencies and outside people of what they see the fraud problem is.

So, how does it happen? How can we fix it? How do we look ahead about what may be next? How do we get the experts and people who are in Federal Government and state government and outside to know that we will not allow this to continue? We are here to do something about it.

So, I am pleased to announce that this work provides the foundation for the Fraud Prevention and Accountability Act, which I will be introducing today. We think it is a piece of legislation that addresses leading-edge ideas to have the Federal Government more accountable. For too long, too little emphasis has been placed on preventing fraud. This legislation changes the paradigm from pay-and-chase to prevention by ensuring Treasury financial service can stop fraudulent payments from ever going out in the first place.

This is more than an idea. It is a concept that had to be worked on by the Federal agencies who would be involved, and they have provided their input. Just as important, if not more so, it ensures the money intended for those who need it now stand a better chance to get it.

My bill also creates the Inspector General for fraud, accountability, and recovery piece, which, in essence, creates a permanent home for the anti-fraud, analytic, and investigative capacities developed by the Pandemic Response Accountability Committee, known as PRAC, that was established at the end of COVID. I am hopeful that the provisions of this bill will mark an important step in showing fraud is not just a cost of doing business and something we are going to live with. We need to be able to take the ideas and issues that we have learned much from and put it into a piece of legislation whereby our partners, including the Federal Government and state governments, know that we are serious.

Regardless, our work is far from over, and we will hear that today. Today, we will focus on fraud that occurs in Federal assistance programs that are administered by states such as Medicaid, SNAP, and unemployment insurance.

I want to make one thing perfectly clear, and that is that while we are fresh off the heels of a full Committee investigation in the hearings into fraud, this is not about one state. This is not about Minnesota. It is not about any one particular area. It is about where the Federal Government has programs that work with the states, making sure we see the alignment of who is responsible for what, who does the follow-up, and who is accountable for—if the word whistleblower is correct—to at least make sure that we are all aware where we have a problem.

So, we know that we have problems, however, not just Minnesota. There is also Mississippi in which the state auditor, Shad White, identified waste and fraud in Temporary Assistance for Needy Families (TANF). TANF is a necessary program and one that must be available to those who need it, but the integrity of that program is at risk.

So, while I am hoping to clearly identify today our prime factors about why this happens, it is also who is responsible for pinpointing these. At what point do we follow up, and who is actually responsible for working to fix the things that we have seen? Is there enough evidence in it for states to aggressively prevent fraud? Do states feel like they can get back to the Federal Govern-

ment? Is the Federal Government listening, or does the Federal Government turn a blind eye?

We are going to vet these ideas, and today, we have an opportunity to have people who bring real-life examples and ideas, including, you will hear today, about one state where the auditor has done over 400 audits in a year. That means that you have got your hands on to programs and the incentives that are associated with those to create good behavior.

What changes are necessary in transparency in communities is very important to us. So, we are going to hear from a controller today who sees the effectiveness of the program but also the things we need to do. Today's witnesses will help us understand the root causes of state-level fraud and lay the groundwork for additional action to ensure that taxpayer dollars are appropriately used.

So, today, we will move directly to the opportunity for Members of Congress who are finding themselves today stretched as they have their duties done, but I am going to waive on several Members who have asked on a bipartisan basis to be here today, without objection, Representative Boebert, Lauren Boebert of Colorado, and Representative Walkinshaw of Virginia, who finds himself here on a regular basis. I think he likes this Committee, would be the assumption that I would make. So, welcome on the Committee for the purpose of questioning the witnesses at today's hearing, without objection.

So, I am pleased to welcome our witnesses for today's hearing. We spent a good bit of time yesterday in my office listening to you, understanding that the things which you need to bring to us need to be stated.

Mr. Chairman, you understand that I do not have a quick gavel. I want our witnesses to make their points, to feel like that they can engage this Committee. This Committee is on a bipartisan basis, very, very close to an association with each other where we believe each other asks good questions. We believe each other are after the same answers. We believe each other has a goal in mind, and that is something that Mr. Mfume and I have worked at for a number of years. So, each of our witnesses today that I am getting ready to introduce should feel like that they are in not just friendly territory but they are in territory where we are asking them to make sure that their words are clearly understood.

So, I would first welcome Mr. Seto Bagdoyan, who is Director for Audit Services in the U.S. Government Accountability Office, Forensic Audits and Investigation Services at GAO. He leads audits of major Federal programs focusing on a range of programs and the integrity of those programs and risk management, including fraud. We are delighted he is with us.

We then welcome Dr. O.J. Oleka, who is the Chief Executive Officer of the State Financial Officers Foundation, a national organization dedicated to advancing fiscal responsibility for public policy, protecting taxpayer dollars, and promoting economic freedom. Doctor, welcome.

We also welcome Allison Ball. She is the elected Auditor of Public Accounts for the Commonwealth of Kentucky. In this role, she leads an independent office charged with auditing the accounts and

financial transaction of all spending agencies of Kentucky and protecting taxpayer dollars from waste, fraud, and abuse.

And we add Mr. Robert Westbrook, who is currently an independent consultant. Until 2022, he served as Director of the Pandemic Response Accountability Committee. He previously served as Inspector General at the Pension Benefit Guarantee Corporation and the U.S. Small Business Administration. Welcome, Mr. Westbrook. We are delighted that you are with us today. So, thank you to each of you for joining us.

I would now ask that each of you would rise for the administration of the oath to our witnesses, raising your right hand. Pursuant to Committee Rule 9(g), the witnesses will raise their right hand and answer the following.

Do you solemnly swear or affirm that the testimony that you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BAGDOYAN. Yes.

Dr. OLEKA. Yes.

Ms. BALL. Yes.

Mr. WESTBROOKS. Yes.

Mr. SESSIONS. Let the record reflect that each of the witnesses—you may be seated—each of the witnesses answered in the affirmative.

And we welcome each of you. We are remembering that this Subcommittee does mean it when we say all of the truth to where you should not be bound by anything of a time constraint. We want you to make your points made. So, we appreciate you being here today.

Let me remind the witnesses that while we have read your written testimony, feel free to go well beyond that because I think that as we get your oral statements on the record, you will recognize that we are here to listen and learn from you.

So, please remember that we have got a system here that goes green light, yellow light, red light. As you get to the red light, as you are able to effectively move your comments, I understand that.

So, I would now recognize Mr. Bagdoyan for his opening statement. The gentleman is recognized.

**STATEMENT OF SETO BAGDOYAN
DIRECTOR, FORENSIC AUDITS AND INVESTIGATIVE SERVICE
U.S. GOVERNMENT ACCOUNTABILITY OFFICE**

Mr. BAGDOYAN. Thank you. Chairman Comer, Chairman Sessions, distinguished Members of the Subcommittee, I am pleased to discuss today at a high level the fraud risk landscape facing state-administered, federally funded assistance programs. This landscape has changed significantly and is evolving rapidly and not in a good way in the long aftermath of the COVID pandemic. Massive spending during that period exposed significant weaknesses, which persist today in Federal and state capacity to preemptively identify and manage fraud risks in multiple joint programs.

Illustrating this, GAO estimated a while ago that up to \$135 billion in pandemic-era unemployment insurance benefits, or 15 percent of the total spending, was lost due to fraud resulting from poor controls. Most of these losses were never recovered.

Spending on Federal assistance programs administered by states exceeds about \$1 trillion annually, rendering them inherently at risk of fraud. In this regard, two such programs, unemployment insurance and Medicaid, are on GAO's high-risk list for significant program integrity weaknesses. Other programs such as SNAP and TANF face substantial fraud risks and have experienced actual fraud.

What underscores the present state of the fraud risk landscape is a fundamental failure by Federal and state agencies to acknowledge that they exist, are significant, and require decisive response. This mentality must change, and quickly, to mitigate both the present and future risk landscapes.

As symptoms of the failure to acknowledge their existence, principal factors contributing to fraud risks at the Federal and state levels include absence of leadership priority to drive effective responses; weak fraud risk management capacity such as superficial risk assessments and counter-fraud strategies; inadequate preventative front and backend controls, especially regarding verifying identity, determining eligibility, calculating benefit amounts and tracking their duration; averting duplicate benefits across multiple jurisdictions; and recovering financial losses. As I mentioned, pandemic losses were recouped only at a cents-on-the-dollar rate.

Then, there is fund-and-forget postures regarding Federal oversight of state activities, as well as restrictive program design. It is very important to make note of precluding stringent controls or allowing loose rules that exacerbate risk, including the signal bane of auditors—unquestioned program applicant self-attestation and certification.

In a landscape that offers numerous opportunities for exploiting risks, fraudsters are innovative and fast moving, taking full advantage of technology, including artificial intelligence to pursue their schemes. However, due to the aforementioned lack of acknowledgement, Federal and state agencies are not keeping up with cascading risk effects.

I will close by stressing that the current fraud risk landscape facing state-administered Federal programs involving potentially significant financial losses is of great concern. Of equal concern is the absence of decisive, comprehensive Federal and state responses. This must be rectified, beginning with an acknowledgement that this is a significant problem. Sustained congressional oversight and comprehensive action, such as that contemplated by the Oversight Committee, are essential to eliciting an effective response.

Mr. Chairman, this concludes my remarks. I look forward to the Subcommittee's questions. Thank you.

Mr. SESSIONS. Sorry, we are getting used to this. They think I ought to be able to speak into a microphone.

Thank you very much. We have much to speak about. Your presentation opened up a lot of issues. Dr. Oleka, you are now recognized.

**STATEMENT OF O.J. OLEKA
CHIEF EXECUTIVE OFFICER
STATE FINANCIAL OFFICERS FOUNDATION**

Dr. OLEKA. Thank you, Mr. Chairman. Chairman Comer, Chairman Sessions, and distinguished Members of the Subcommittee, thank you for the opportunity to testify today. My name is Dr. O.J. Oleka, and I serve as the Chief Executive Officer of the State Financial Officers Foundation. SFOF is a nonpartisan national network of 41 statewide elected financial officers across 28 states who collectively oversee roughly \$1.5 trillion in public assets. We equip these officers to promote fiscally responsible policy and protect taxpayer dollars.

I am also the son of Nigerian immigrants who came to this country with nothing. Through hard work, faith, and the opportunities that this great country provides, my parents lived the American dream. That dream is why I have dedicated my career to public service in ensuring that government works for the people who pay for it and that American generosity is not taken advantage of by fraudsters, foreign or domestic.

In our inaugural oversight report released on February 27 of this year, we showed how state financial officers are already saving taxpayers billions of dollars by stopping waste, fraud, and abuse. Examples include Florida CFO Blaise Ingoglia, who identified \$1.86 billion in excessive local government spending; North Carolina auditor Dave Boliek, who exposed over \$1.4 billion in lapsed salaries across 46 state agencies; and Kentucky auditor Allison Ball, who you will hear from next, who uncovered more than \$836 million in wasted Medicaid payments; and Utah auditor Tina Cannon, who uncovered nearly half a billion dollars in inappropriate hospital payments.

These are not isolated successes. State treasurers play a critical role in stopping waste, fraud, and abuse before it occurs. State auditors complement this work by exposing waste, fraud, and abuse after the fact. Together, these elected officials serve as the frontline guardians of public funds.

Fraud and waste in Federal and state benefit programs are not abstract problems. They drive up costs for American families. New polling shows that 87 percent of voters express concern about fraud or misuse of taxpayer dollars, and 83 percent say fraud contributes to higher taxes and rising costs for families. Every dollar lost to fraud is a dollar that could have gone to education or to infrastructure or tax relief. Defrauding the American taxpayer has become a multi-billion-dollar industry. It is a feature in our system, not a bug.

Thankfully, President Trump's task force to eliminate fraud, led by Vice President Vance, is fully committed to ending the fraud industrial complex and restoring public trust back in the government benefits system. SFOF and our 41 state financial officers are fully committed to supporting Vice President Vance and the Administration's initiative to root out fraud. SFOF stands ready to serve as a resource.

I would like to offer five specific recommendations that can help the Vice President, the task force, and Congress be as successful as possible.

Number one, state financial officers routinely identify fraud, waste, and abuse in federally funded programs administered at the state level, but there is no formal mechanism to share that information with Federal Inspectors General. Amend the Inspector General Act to require every Federal inspector general to establish standing liaisons with state financial officers, mandatory data-sharing protocols, and joint task forces.

Number two, Federal benefit programs such as Medicaid, SNAP, and unemployment insurance still rely heavily on self-attestation, as was just mentioned, or periodic checks rather than real-time verification of income, residency, and citizenship status before payments are issued. Mandate truly real-time nationwide cross-checking of income, residency, and citizenship status before benefits are issued.

Number three, Federal agencies are still catching most fraud after payments have been made rather than preventing it in real time, even though advanced tools already exist. Accelerate adoption of modern fraud detection technologies across all Federal benefit programs.

Number four, many Federal benefit programs administered by states continue to experience high rates of improper payments and fraud despite existing Federal rules. Under the current system, states receive full Federal matching funds regardless of how effectively they verify eligibility, detect fraud, or reduce waste. Expand performance-based funding across Federal benefit programs administered by states to help resolve that problem.

And number five, taxpayers and elected officials currently lack a single accessible real-time view of fraud, waste, and improper payments across Federal programs. Create a single real-time public dashboard so taxpayers can see exactly where their money is going and how much is lost to fraud and waste.

And in conclusion, Mr. Chairman, as a policy leader, as the son of immigrants, and the father of three young children who loves this country, I believe we have a moral and fiscal duty to protect American taxpayers and their hard-earned dollars. SFOF stands ready to support this Committee, this Congress, the President, the Vice President, and the task force to eliminate fraud and to defend our Nation's treasure, defeat corruption, and deliver real results worthy of the American people's trust.

Thank you, Mr. Chairman.

Mr. SESSIONS. Dr. Oleka, thank you very much; very, very nice. We next go to Auditor Ball. Welcome.

**STATEMENT OF ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
COMMONWEALTH OF KENTUCKY**

Ms. BALL. Thank you very much, Chairman Comer, Chairman Sessions, Democratic and Republican Members of the Subcommittee. It is an honor to be here today, and I thank you very much for this invitation.

The topic of waste, fraud, and abuse is not necessarily the most pleasant one to discuss, but I hope to set a positive and hopeful tone while speaking about this nonpartisan issue.

In just a little over two years since I was elected as State Auditor, my office has uncovered over \$1 billion of waste, fraud, and abuse within Kentucky's executive branch. Fraud is obviously what makes the headlines, and I am more than happy to talk about how we discovered fraud such as a state employee's embezzlement of \$400,000. But I also want to make sure that we talk about the more prevalent, and I think monetarily impactful, problem of waste. This is a problem that my office encounters every day, but it is one that is easily fixable. And because unfettered waste ultimately creates an environment where fraud can flourish, we must do all we can to combat both.

In August 2023, my predecessor began a special examination at the request of the Biden Administration's Health and Human Services (HHS) Office of Inspector General (OIG), in conjunction with three other states. When I took office, I saw this examination through both under the Biden Administration and the Trump Administration. This exam revealed that Kentucky paid \$836 million to managed care organizations for the same Medicaid beneficiaries whose coverage was also being paid for by another state.

To be clear, this is definitively waste because one state's payment to a Managed Care Organization (MCO) covers all healthcare of all Medicaid recipients, so when two or more states are paying MCOs for the same person, only the MCO, not the Medicaid recipient, benefits.

But that is not all we found. In conducting the last three audits required by the Single Audit Act, we have revealed a plethora of problems that show Kentucky is a target-rich environment for waste, fraud, and abuse in the executive branch. These problems include dead people remaining on Kentucky Medicaid, multiple people using the same Social Security number to obtain Medicaid, ineligible non-citizens receiving Medicaid benefits. An executive branch data system housing Kentucky's taxpayers' personal info was hacked in five minutes during a security test. And Medicaid-funded long-term care facilities, like nursing homes, in Kentucky were not being inspected every 15 months as required by law, and some had not received an inspection since 2019.

And that is not all. My office of the Ombudsman Unit, which reviews Kentucky's processing of SNAP, Medicaid, Medicare, and TANF benefits, performs a variety of error reviews, one of them being payment error reviews. In just one year, we have been able to assist the Commonwealth in dropping its SNAP payment error rates from 9.1 percent to 3.5 percent.

But there is still more work to be done because Federal rules for other programs have been more relaxed until the passage of the One Big Beautiful Bill last year. Kentucky's executive branch simply has not paid as much attention to the other programs as it should. That is why Kentucky has a payment error rate of 47.5 percent for Medicaid long-term care program, 28.5 percent for the Medicare Savings Program, 9.7 percent for the TANF program, and 5.3 percent of the MAGI Medicaid program. These error rates likely implicate hundreds of millions of dollars in Federal funding.

I could go on and on about waste, fraud, and abuse my office has uncovered, but it is more productive to talk about solutions. I recognize that auditors across the country are structured differently.

In Kentucky, I am an independent, statewide elected official that is constitutionally separate from every other office and branch of government, beholden to no one but the people of Kentucky. In my view, it is crucial for every state auditor to bring this mentality of independence to their jobs.

In doing so, state auditors must go beyond just doing legally mandated audits. To do this, I have instructed my office to complete a number of what we call special examinations, like what we did to uncover the \$836 million of Medicaid waste. Special examinations are essentially investigations that are not bound by traditional auditing rules that can be too constraining to root out the problem of waste in particular. As an example, the traditional auditing rule of materiality sometimes allows wasteful expenditures that do not have a material impact on an entity's finances to go undetected.

So, I have employed a multidisciplinary group of auditors, lawyers, investigators, and analysts who understand how to tackle waste, fraud, and abuse from every angle. And those people need to be well-equipped. That is why my office has an AI task force to determine how to implement the use of AI in all the aspects of our work. AI can help us look at whole populations of data versus traditional sampling methods in auditing and will drastically cut down the amount of time it takes to audit, allowing us to tackle more issues than ever before.

Another part of being well-equipped is having the right data access. For the Medicaid capitation exam I discussed earlier, HHS OIG gave us safeguarded special access to a Federal data base, housing far better information than what states normally have access to.

And finally, the unfortunate reality is that some people simply will not change their ways unless the harm they are causing to their state is exposed. Congress is well-suited to hold accountable the nefarious and incompetent state actors who waste taxpayer money and defraud the American people. And like today, state auditors' offices can assist Congress in doing so.

This is a nonpartisan issue. If we take waste, fraud, and abuse seriously, we can ensure that every family gets needed assistance without breaking the backs of American taxpayers.

Thank you very much for your time, and I am happy to answer any questions the Subcommittee has.

Mr. SESSIONS. Auditor Ball, thank you very much.

Mr. Westbrook, welcome to the Subcommittee today. The gentleman is recognized.

**STATEMENT OF ROBERT WESTBROOKS (MINORITY WITNESS)
FORMER EXECUTIVE DIRECTOR
PANDEMIC RESPONSE ACCOUNTABILITY COMMITTEE**

Mr. WESTBROOKS. Thank you, Mr. Chairman. Chairman Sessions, Chairman Comer, distinguished Members, thank you for this opportunity to testify today. My name is Bob Westbrook. I spent the last 30 years in public service investigating fraud cases and auditing fraud controls. I am a retired Inspector General and a former Executive Director of the PRAC.

I authored the book titled *Left Holding the Bag* about the pandemic fraud aid experience and the gaps in fraud prevention and detection efforts and how we can be better prepared for the next emergency crisis.

I would like to highlight a few points from my written testimony.

Is there fraud in federally funded state-run programs? Absolutely. Why? It is because it is where the money is. It is relatively easy to steal, and fraudsters do not sufficiently fear getting caught and punished.

The prevalence of fraud and the underlying root cause vary among programs. Is there too much fraud? Absolutely. But we do not really know, in my view, the true amount of fraud—a true amount of lost—the true amount that we have lost to fraud. Whatever the amount, headlines involving large dollar loss fraud cases erode public trust and can adversely impact those in need.

So, what do we know about this type of fraud? Government benefit fraud, unfortunately, happens, and no program and no state is immune. My written testimony contains data from the U.S. Sentencing Commission and some illustrative cases. The past few years have given us two prominent case studies, one, of course, the \$250 million Minnesota Feeding Our Future Scheme, which has resulted in over 60 convictions; and two, the \$100 million Mississippi TANF scandal, which has resulted in the conviction of the former Executive Director of the State Department of Human Resources and others.

Unfortunately, federally funded state-run programs, like most Federal programs, are big, soft targets for individuals in international fraud rings. The internet has reduced barriers to fraud. Offenders can find free fraud tutorials online, can purchase stolen identities for the price of a Happy Meal, and can file claims from anywhere in the world. With automation tools, they can simultaneously file multiple claims in multiple states. The prevalence of fraud discussions online normalizes this behavior, in my view, and reduces the fear of getting caught and punished.

So, what can we do to reduce fraud? It is as simple as making it harder to steal. We can do that a couple of different ways. I am a big supporter of the fact that we do not have all the answers here, and sometimes, we can look at the international community for some of the answers. And I am a big fan of the U.K. Public Fraud Authority, which is a great model that would need to be adopted in the United States, but in terms of consolidating the best practices, guides, and standardization of counter-fraud activities, not the enforcement side, but counter-fraud activities, I think there is a lot to be gained by looking at that model.

We can also employ appropriate controls to deter fraudsters from even attempting to file a fraudulent claim, prevent fraudsters from consummating the claim, promptly detect those claims that successfully pass, and then correct and respond to fraudulent claims through prompt enforcement action, target hardening, disruption, and recovery.

There is no one-size-fits-all solution. Officials must consider relevant risk factors and weigh program objectives and the operating environment to design fit-for-purpose fraud controls. To be frank, it is simply impossible or impracticable to design a 100 percent

fraud-proof program. The cost of controls and the impact on the delivery of public benefits would be too great. Whether you are running a mom-and-pop store, Amazon, or a government program, fraud risk management always involves very difficult tradeoff decisions.

This is not to suggest in any way that we should tolerate fraud. The American public should reasonably expect that public moneys are not used to pay dead people, they are not used to pay incarcerated individuals, or to pay duplicate claims in the same state or across states, and that public funds are otherwise appropriately safeguarded. Officials should aggressively but responsibly adopt new technology tools in the fight against fraud.

Finally, safeguarding public money should be supported by a coordinated and comprehensive risk-and data-driven approach, leveraging our existing Inspector General structure and other accountability partners to both reduce losses and restore public trust.

I look forward to your questions.

Mr. SESSIONS. Mr. Westbrooks, thank you very much, very interesting.

I will move now to the young Chairman of the full Committee, the gentleman, Mr. Comer, is recognized.

Chairman COMER. Thank you, Mr. Chairman, for always having good, substantive subcommittees here, always bipartisan. This is a very important subject to this Committee—waste, fraud, abuse, and mismanagement. I cannot think of a better panel.

And I am going to start with our great Auditor in Kentucky, Allison Ball. Auditor Ball, you have done a tremendous job exposing waste and fraud in Kentucky. In your quest to determine all of this Medicaid fraud, which I have been screaming about for years in Kentucky—we support Medicaid in Kentucky. You are from a poor Medicaid-dependent region in the state, just like I am. We want to support the program, but there is so much fraud and mismanagement, in my opinion, in the Medicaid program in Kentucky, and we are just trying to get the backs of the taxpayers. And your work has been phenomenal.

Out of curiosity, has Governor Beshear worked with you any during your audit? Were they helpful in turning over information or anything to help come to the conclusions that you came to with respect to the amount of fraud?

Ms. BALL. That is a good question because I really do believe these are nonpartisan issues, and we should be able to work together. Unfortunately, I have to say, it has not been a great system of cooperation. Boots-on-the-ground people have been helpful. When it comes to rising levels of leadership, it does get to be more difficult to get information from them, and it is only—actually only gotten more difficult as time has gone by. So, the unfortunate answer is no, it has actually been disappointing that I have not had good cooperation from the top level of the Beshear Administration.

Chairman COMER. Do they dispute the findings? I know you came out with this a few weeks ago. Has there been any communication between the Beshear Administration and the Auditor's office?

Ms. BALL. So that is a good question. Their response was mostly that it is not unique to Kentucky, that this happens in other places

as well, which in my view—and that is true, it actually does happen in other places as well, but I think that that attitude makes it less likely to be addressed. Just because it happens somewhere else does not mean that it is not serious and not important.

Chairman COMER. And you are exactly right, and the Governor is right. It is happening everywhere. We are trying to do something about it. We are serious about it. Dr. Oleka mentioned the task force that J.D. Vance will lead. We are serious about trying to do something about this, and there is just an attitude among a lot of politicians—and I am not going to be partisan in here, Mr. Chairman, because you want this to be a good bipartisan hearing, but there is just an attitude among a lot of Governors and a lot of big city mayors that, well, it is okay. It happens everywhere. It is no big deal. You know, why do you care? It is just government money. It comes down like manna from heaven. I mean, that is the attitude that a lot of these officials have.

So, I just want to publicly thank you for the work you are doing. It is so essential. We have an independently elected Auditor in Kentucky. Not every state does. I am glad that we do. It has worked out well in this instance, and I hope that the Kentucky General Assembly will take some of your findings and work to reform Medicaid in Kentucky because I do not think it is going to happen administratively, at least over the next two years.

So, my next question is to Dr. Oleka, my constituent, real proud of the work that you do. Your organization, the State Financial Officers Association, can play a huge role in fighting fraud. Can you give us some examples of how your organization can work with Congress to help not only identify fraud but to try to hold people accountable for fraudulent behavior?

Dr. OLEKA. Absolutely. Well, one of the things that we try to do, Mr. Chairman, is provide good ideas for good public policy. As a 501(c)(3), we provide educational resources. And we think that if Congress is able to put some frameworks in place where the state elected officials, again, Auditor Ball and her colleagues, can effectively work directly with inspectors general, work directly with these folks in the Federal Government, you will see some real reforms.

One of the things that is incredibly important, I think, for a framework—and you touched on it—you need leaders who have good policy information. They also need the statutory authority. But they also need the political incentive or, in a word, courage. You need good leadership. We have that leadership, obviously, in Kentucky with Auditor Ball. We also have it in other states as well, with Auditor Foley in Nebraska, Auditor Cannon in Utah, and so many different places. If you have got leaders like that, who are then able to work with Congress directly, to work with the Inspectors General on the executive side, then you can start to see some real reforms.

Also, if you have got a transparency website here at the Federal level where the American people can see where their taxpayer dollars are going, especially with fraud, that will help.

And one last thing, our financial officers actually have trust among the people, so when they respond to these issues, people listen to them.

Chairman COMER. Well, thank you. Do not ever hesitate to reach out to this Committee. We are serious about trying to prevent fraud. We would love to claw back money. We would love to hold people accountable. But at the end of the day, we have got to reform programs and put more guardrails.

When there are duplicate payments in Medicaid, when there are people that have been deceased that are still, for some reason, getting Medicaid benefits, or providers like we are seeing in Los Angeles County with hospice are still billing people that are no longer alive, that is a problem. And there is just an attitude that is breathtaking to me among a lot of government officials, they do not care.

Well, some of us do care on this Committee, and I know you all care, and we thank you for your great work. We look forward to working with you in the future.

Mr. Chairman, I yield back.

Mr. SESSIONS. The gentleman yields back. Mr. Chairman, thank you very much.

For the record, I think that we need to make sure that we support you. You have given Mr. Mfume and I an open hand, an open opportunity with staff, with the opportunities to have hearings, and we are trying to take full advantage of that. And I believe that your words are matched by the effectiveness of what Mr. Mfume and I are attempting to do, but—

Chairman COMER. Thank you.

Mr. SESSIONS [continuing]. We are going to have to move more legislation. And I sent a note to Mr. Womack, our staff director [sic], that is associated with me, and we have to find a way to come together on bipartisan legislation. So, expect me to be at your doorstep—

Chairman COMER. Absolutely.

Mr. SESSIONS [continuing]. With that also. And when we do it together, I think that speaks volumes about matching what has happened here.

Chairman COMER. Absolutely.

Mr. SESSIONS. Thank you very much.

The gentlewoman, Ms. Norton, is recognized.

Ms. NORTON. Thank you.

Millions of Americans rely on Social Security net programs like the Supplemental Nutrition Assistance Program and Medicare. We must ensure that these critical programs run efficiently with minimal disruption. To that end, it is crucial that agencies conduct their fraud prevention activities efficiently so that funding and services can reach people without unnecessary delays. Effective oversight requires highly skilled personnel and adequate resources.

Mr. Bagdoyan, what tools and resources do agencies need to prevent unnecessarily delaying benefits?

Mr. BAGDOYAN. Thank you for your question, Ms. Norton. That is a tricky proposition, to be frank. You have to thread the needle on this. You cannot obviously delay important benefit delivery, but on the other hand, you have to ensure a certain amount of integrity in that delivery. So, technology is part of the solution. Expedited reviews that fit within the delivery timeline is important, access to vital data. I think as Dr. Oleka mentioned earlier, it has to be done

in real or near real time to make sure that deceased individuals, incarcerated individuals, and other ineligible individuals do not receive that payment.

But also, I would go back to a point I made earlier. It is the culture, the acknowledgement, that fraud is a problem that has to drive the response and make considerations of fairness and speed of delivery versus the program integrity, fraud risk management tradeoff. So that would be my high-level response to your question. Thank you.

Ms. NORTON. Inspectors General are a key part of detecting and preventing fraud. However, the Trump Administration has fired 19 Inspectors General, robbing their offices of leadership expertise and institutional knowledge. Mr. Westbrook, how do these firings harm people who need government assistance the most?

Mr. WESTBROOKS. Well, firings certainly have an impact on the effectiveness of the Offices of Inspectors General. With the absence of top-level leadership, you have instances where there may be a lack of strategic direction or commitment to oversee certain programs with the rigor that Congress and the American people should expect.

As probably more problematic in my view, just as problematic or more than the firings, is actually the proposed budget cuts, which are crippling. There was a study that was put out, I believe yesterday, from the Partnership for Public Service that the IGs on average are being asked to take a 13 percent budget cut over Fiscal Year 2024. GAO similarly was facing some budget cuts.

And when you look at the return on investment, I mean, they are the best thing I think the government has got going. I know I am biased in that regard, but I think on average IGs have about an \$18 to \$1 return on investment. And I believe GAO has in the nature of over \$100—I think it is \$120 per dollar spent for those budgets. So, it is money well spent.

So, we do need the leadership positions filled with the right people that are independent in fact, in appearance, and those offices need to be funded to do their job effectively. Thank you.

Ms. NORTON. We must work together to ensure that Inspectors General offices are not only fully staffed but also fully funded. We cannot expect these offices to do the work we need them to do when we do not give them the proper resources. I hope my colleagues will join me in supporting full funding for Inspectors General offices to ensure that Federal assistance goes to those who need it most.

And I yield back.

Mr. SESSIONS. The gentlewoman yields back her time. Thank you very much.

The distinguished gentleman from Tennessee, Mr. Burchett, is recognized.

Mr. BURCHETT. Thank you, Mr. Chairman.

It just seems to matter who is in charge. Everybody wants to point the finger at the other side, but when they are in charge, it just does not seem it is the same case.

I always have said that if we could just eliminate the fraud in these systems, that it would provide for the least amongst us, more of us. And so, you know, I have been in—as Mayor of Knox County and things, some things did not go right, and I had to stand up and

take the hit and admit to it. And I am afraid that is kind of what is lacking all over the place up here.

And saying that, I want this to just go down the line. What issues do the state and Federal agencies face in addressing fraud risk in their program? And I guess I mean to say what issues that stop them from addressing it? Start with you, sir. How do you say your name?

Mr. BAGDOYAN. It is Bagdoyan, Mr. Burchett.

Mr. BURCHETT. Well, you got my name right, so Bagdoyan. I got yours right, too. There you go.

Mr. BAGDOYAN. Absolutely. Thank you.

Mr. BURCHETT. That is a first—

Mr. BAGDOYAN. Thank you.

Mr. BURCHETT [continuing]. For both of us, probably.

Mr. BAGDOYAN. Thank you.

Mr. BURCHETT. Go ahead.

Mr. BAGDOYAN. I am glad we have that understanding. So, as I mentioned, you know, the culture is very important, so that drives whatever happens below. But it is essential to have a robust fraud risk management capacity. You have to have the leadership, you have to have the strategy, you have to have the controls and execute those effectively.

But at the Federal, state level, many times, as I mentioned in my opening remarks, you have this issue of program design, either statutory and/or regulatory restrictions on what a state and a Federal Government can do, or a permissive attitude as well, which allows extensive reliance on self-attestation, which, as I described, is the bane of any auditor. So, that is something that really needs to be looked at.

I think you have a question, a follow-up.

Mr. BURCHETT. Well, actually, I just go down the line and ask that, and then I will come back on my follow-up. But thank you for that.

Yes, sir.

Dr. OLEKA. I might offer, actually, the same response. There is a challenge sometimes where state elected officials are not aware of all the resources available to them. For example, the Do Not Pay list, it is a great resource that has the Federal Government's support effectively outlining—

Mr. BURCHETT. What is the Do Not Pay—I know what it is, but I am sure the rest of the Committee does not.

Dr. OLEKA [continuing]. It as a resource.

Mr. BURCHETT. That is a joke. I do not know what it is. Go ahead and tell me.

Dr. OLEKA. Well, it is a resource that allows states—it is compiled by the Federal Government, and it is a resource that allows states to effectively look through folks that they should not give benefits to, that they can actually review it to make sure that there is no implication of fraud if you were to give some folks some resources. You can utilize that tool, and it can be expansive, based on the data that is given to it from states, so you pass data back and forth.

When you have got a policy response in that way, it increases, it makes more robust, the resources that are available. So, if state

financial officers in particular had access and knowledge to that, that can help things, as well as the statutory authority. There is a Single Audit Act for Medicaid that effectively puts state financial officers, auditors in particular, in a position where they have got to audit Medicaid. If you had—once a year. If you had that for every program, then you are more likely to find fraud. So, those are some instances, as well.

Mr. BURCHETT. Ma'am?

Ms. BALL. So, I am going to piggyback a little bit on the culture issue because we found that on this \$836 million of waste that we discovered—because when we started doing interviews with boots on the ground and then with leadership, we found out that people that were actually doing the work were told, hey, this is not that big of a deal, it is low priority. If you get to checking somebody's residency, you know, that is good, but it is really not that big of a deal. So, it really did expose that the attitude at the top really does make a difference.

I think that is why it is really important today that we are here because you are indicating to all the American people, hey, this really matters. And that has a cultural response and a cultural change. So, I would say the culture is important.

I also think that we need to be reviewing things at all levels. So, as we have started to get more aggressive on reviewing the error rates, those error rates have begun to go down. We saw that with SNAP. We went from 9.1 percent to 3.5 percent error rates just because we were actually involved in the process, and we were identifying particular errors. I think that has to be part of it.

And then another thing—actually, this piggybacks on what O.J. was just saying—the real-time review was a serious problem on this particular audit that we did because they were doing what was called Public Assistance Reporting Information System (PARIS) alerts—we were getting from the Federal Government from a program, but it only happened like once a quarter. So, it was not real time by any means whatsoever. People were also being told, hey, just ignore it for the most part. So, we need a greater level of access to as close to real time as we can get.

There is a program called Transformed Medicaid Statistical Information System (T-MSIS). We were able to use that in our audit. Normally, we cannot, but we were permitted to use it. HHS OIG gave us special access, and that gave us much closer to real time, and it was much fuller information. So, we were able to look and see, do they actually live in Kentucky or not? That kind of access is a gamechanger.

Mr. BURCHETT. Ma'am, thank you.

Mr. Chairman, I am out of time, but if I could yield, let Mr. Westbrook say something. I saw him making some notes, and he is sort of got an orange tie on, and I am from Tennessee, so if I could let him just say something if that would be all right. Go ahead, brother.

Mr. SESSIONS. The gentleman is recognized.

Mr. WESTBROOKS. Well, thank you for that. A couple of comments from my experience in government, generally, and then during the pandemic emergency, is there are eligibility data bases that are out there, and it is very frustrating for anybody to say, why

aren't we catching dead people, incarcerated individuals, et cetera, and duplicate payments?

So, food stamps or the SNAP program has the National Accuracy Center. You have—with unemployment insurance, there is an employment data hub. The problem is the 50 states and the different—and territories, they have got different information systems, so sometimes it is very challenging for them, for the data systems to talk to each other. They do not have the funding or the resources to connect in real time that we would like for them to have. So, that is one of the challenges is why these tools are not being fully implemented.

The other thing I would say is, you are—and I do not think this can be overstated—is the level of sophistication with international fraudsters and organized crime rings is a significant drain on states. I give an example in the pandemic, the one that sticks with me, my home state of Maryland, Governor Hogan announced in July of 2020, when—the heat of the pandemic when they were completing all these claims, there was an international fraud ring that had submitted 46,000 fraudulent UI claims for \$500 million. So, while the agency is busy making sure people have unemployment insurance to put food on the table, they are also getting hit by these very sophisticated fraud rings that they have to deal with as well. So, that is why I think we really need a much more coordinated approach.

Thank you.

Mr. BURCHETT. Real quick, are they mob-related or are they international terrorists?

Mr. WESTBROOKS. You have both. You have got state-sponsored—

Mr. BURCHETT. Oh, okay.

Mr. WESTBROOKS [continuing]. Bad actors—

Mr. BURCHETT. Thank you.

Mr. WESTBROOKS [continuing]. And you have got fraudsters, yep.

Mr. BURCHETT. Thank you, Mr. Chairman, for your indulgence.

Mr. SESSIONS. The gentleman—

Mr. BURCHETT. And my friends across the aisle, I appreciate you all's indulgence. Thank you all.

Mr. SESSIONS. Thank you very much, Chairman Burchett.

Ms. Randall, you are recognized.

Ms. RANDALL. Thank you, Mr. Chair, and thank you to our witnesses for being here today.

Combating fraud where it exists and ensuring proper stewardship of taxpayer funds is a shared responsibility amongst all elected officials at the state, local, and Federal level, and a responsibility I wish was shared by this Presidential Administration. I would like to quickly point out that the United States is currently spending \$1 billion taxpayer dollars a day for a war in Iran that the President chose to start. Not to mention that Trump has personally profited \$4 billion in his first year back in office through crypto schemes, shady property deals, and selling products like Trump Bibles and watches.

Some of my colleagues on the other side of the aisle and this Administration are quick to demonize so-called blue states, but it is important for the record to reflect that blue states like Washington

are taking fraud issues incredibly seriously. For example, when it comes to Medicaid improper payments and potential fraud, Washington has moved from a reactive system to a proactive data-driven integrity model.

As a state senator, I voted to codify oversight expectations for the healthcare authority in their administration of Medicaid, and I also supported funding for Washington's fraud abuse detection system. This law, combined with elevating program integrity into a dedicated division, established focused leadership and accountability. And integrating audit and program integrity functions has led to a 178 percent increase in fraud referrals and over \$300 million recovered across two years.

Another example of the work Washington State is doing can be seen within the long-term services and supports programs, where the states recovered over 99 percent of improper payments. When it comes to childcare programs, of the over 63,000 families who received a subsidy in Washington, 2.6 percent of those families who were ultimately investigated, 13 individuals were prosecuted through the state's rigorous audit process. These are just a few examples of how Washington State, a blue state, is being very thorough and intentional in continuously improving and evolving their best practices to make sure that not only is fraud being addressed but that fraud is also being prevented. One example of 50, like some that we have heard here today, of how our states play such an important role in maintaining the integrity of taxpayer dollars.

What I want to make sure we are all very clear about, though, is that when there is an overpayment or an improper payment, that does not automatically equate to fraud. Mr. Westbrook, is it fair to say that most improper payments are paperwork issues rather than fraud?

Mr. WESTBROOKS. It varies by program, but absolutely. That is the very challenging thing about when we use improper payment as the error rate is that includes overpayment and underpayment, and it includes situations where the claim was actually valid, but there is no documentation in the file. Fraud is a part of that.

And one of the things that frustrates me in the SNAP program in particular is where we are seeing a lot of the fraud is on the retailer side, retailer trafficking of fraud, and then stolen benefits. Neither of those are captured in the error rate that we have when we talk about improper payment. Improper payment is just a payment that on the surface, somebody looks at it, should not have been paid, or is in the improper amount.

Ms. RANDALL. Thank you, Mr. Westbrook.

I have mentioned before in Committee that I had a sister with really complex disabilities who relied on Washington State's Medicaid program, and I can think of a number of times where my mom did not submit paperwork in time because Olivia was in the hospital or had another bout of pneumonia or had any number of health complications that meant that her stack of paperwork on the kitchen counter just got bigger and bigger and bigger. And those improper payments sometimes are just a struggling family trying to keep their kid or family member alive and healthy.

Mr. Westbrook, it seems to me that one of the underlying premises of many of our hearings on fraud is that states are not

incentivized to properly oversee federally funded programs. Given that states share in the cost of improper payments, what evidence suggests that states are not incentivized to oversee their programs?

Mr. WESTBROOKS. You know, I have not seen any evidence, and I cannot say that it does not exist. I will say, just frankly, 30 years in government in this business, I do not find many or any state, local, or Federal officials that do not seem to care about fraud. They seem to care about fraud. It is the fact that they do not have the tools available. And I think that the Federal—there are opportunities for the Federal Government to standardize and make these tools available, whether it is making sure that data systems talk to each other or just providing guidance and enhancing the general workforce and skillset of counter-fraud professionals across government, state and Federal.

Ms. RANDALL. Absolutely.

Thank you so much, Mr. Chairman. I yield back.

Mr. SESSIONS. The gentlewoman yields back her time. I just might make a note that the gentlewoman very appropriately has her substance as she chooses to speak, but we are trying to address today Federal and state programs not related to any political section necessarily, that we believe that this is a nationwide problem, that we believe this is not a blue versus red state, but rather things that we can accomplish by working together, and so I want to thank the gentlewoman, who has a strong record of not only working for that benefit, but today, once again, we are highlighting some successes that can be made by states that they have in contact.

Ms. RANDALL. We should learn lessons wherever we can.

Mr. SESSIONS. And we will continue to do that, and I thank the gentlewoman very much. I now would yield to the distinguished gentlewoman, the Chairwoman of the Rules Committee, Ms. Foxx.

Ms. FOXX. Thank you very much, Mr. Chairman.

Mr. Bagdoyan—am I saying that? Bagdoyan, got it. Bagdoyan, got it, sorry. One of the biggest problems with federally funded programs funded by the taxpayers, run by the states, lack of incentives for states to be good stewards of taxpayers' hard-earned money, and I am building on comments that have been made already. It is all too easy, I think, for states to treat the Federal Government as a piggybank that pays for the lion's share of programs which allow states to tolerate a much higher amount of fraud than if their own money was at stake. And I think this applies to government agencies as well as the individuals involved. It is wrong. These programs are all funded by the same taxpayers.

Here we are on tax day, and we are reminded that nobody gets to choose to pay taxes to their state or their Federal Government. The same taxpayers must forfeit their pay to both levels of government. There is no "Federal" money or "state" money, but rather taxpayer money. Therefore, all levels of government have the same obligation to be good stewards of taxpayers' money.

So, what prevents state agencies from implementing stronger guardrails for detecting and preventing fraud in programs that receive Federal funds such as eligibility and identity checks? What kinds of checks could state agencies implement quickly to help verify eligibility and identify as part of these programs?

Mr. BAGDOYAN. Thank you for your question. So, the response is multifold. I think I will keep going back to the culture of accountability, which drives everything else. You can have very elegant fraud risk management systems, but if you do not have the leadership to make that happen, nothing is going to work. So, that is an important thing.

The other one which was manifested during the pandemic is unemployment insurance, where states were just overwhelmed, I think as one of my fellow witnesses mentioned, with massive claims for benefits. They did not have the systems, they did not have the expertise, they did not have the data to respond to that onslaught. But what happened, unfortunately after much of the benefits were dispensed, the Federal Government provided funding as well as expertise, called Tiger Teams from the Department of Labor that helped stem some of the more egregious problems, including the self-attestation issue that I mentioned earlier. So, that showed success during the pandemic, but I do not think it is being sustained at this present time.

Ms. FOXX. But we could have had, in the law, you could not self-attest. We could have put that into legislation—

Mr. BAGDOYAN. Right.

Ms. FOXX [continuing]. That you could not do that, correct?

Mr. BAGDOYAN. You can, but it has to be verified.

Ms. FOXX. Right.

Mr. BAGDOYAN. That is where states fell short. You know—

Ms. FOXX. Right.

Mr. BAGDOYAN [continuing]. I attested myself as being eligible for unemployment insurance. I signed my name, but, you know, who is going to verify that? And then data analytics is very important, real-time data analytics, but you also have to respond to the results of those data analytics.

Ms. FOXX. Thank you.

Ms. Ball, you talked about the culture, and I think that is a very important issue. I do think there is a culture of, well, it does not matter. So, how can we do more here to prevent the improper payments from being made in the first place without the Federal Government having to take all the responsibility for making sure that this happens?

Ms. BALL. So, that is a great question. I really do think there is a partnership element with somebody at the Federal level and then somebody at the state level. So, I like to use my example because I think it has worked pretty well. I have myself as State Auditor. I am responsible to the people of Kentucky. I am independent, and I am very interested in accountability, transparency, and exposure. So, that kind of exposure, that impacts the culture. I think that people that were working on this were embarrassed to find out that suddenly it is reported. There were actually comments made, this is not a high priority, it is a low priority. You know, if you get to it, great, but it is really not something we are that interested in. And once the public becomes aware of that, then there is a desire and incentive for a cultural change.

So, I really do think there has got to be somebody at the state level who is keeping an eye on these things, who is incentivized to do that. I think auditors work well for that. We have an ombuds-

man as part of our office, and I think that has really added a lot to us because we are checking error rates all the time, and we check what type of error rate it is. So, I would think it would be a partnership like that.

Ms. FOXX. One quick question, excuse me, Mr. Chairman. North Carolina has an independently elected auditor. How many states have independently elected auditors who should be held accountable and can be held accountable?

Ms. BALL. That is a great question. I know not every state has elected auditors or somebody who functions like that. It is actually probably more a question that Dr. Oleka would be more well-versed to answer than me. I know kind of here and there who is. He might know the full body if you want to do it that way.

Ms. FOXX. Do you mind, Mr. Chairman?

Mr. SESSIONS. The gentleman is recognized. This is why we are here, and the gentlewoman is actually moving in on a very important subject, so the gentleman is recognized.

Ms. FOXX. Thank you.

Dr. OLEKA. Thank you for the opportunity to answer that question. It is a tricky question in the sense of the names have different titles. You could have a comptroller in Texas, which is extremely powerful, but does not have the title of auditor.

What we have seen in terms of our 41 state financial officers across 28 states, we have got roughly a dozen or so that are auditors. Probably a little less than half than that have the type of authority that Auditor Ball has, that Auditor Boliek has in his state. Pennsylvania has a strong auditor in Auditor General DeFoor. Utah Auditor Tina Cannon is very strong in that regard. So, there are a few. One of the things that could make this issue a little bit better is if you had stronger auditors, as you just pointed out.

I also quickly want to touch on the culture issue that you mentioned because while people say this is not a big deal, obviously this body knows, this auditor knows. Let me tell you why this is such a big deal in terms of the American people. When you have a culture that defers to fraud and allows it to stand, then you spend more money. When you spend more money, that then mandates, based on your political philosophy, an increase in taxes. So, if you increase taxes on hardworking families, now they are faced with the choice of putting gas in their car, paying for diapers for their children. This is a real cost that families have to go through, all because fraud was not detected.

And it also sows distrust because you have people who are trying to survive on Special Supplemental Nutrition Program for Women, Infants and Children (WIC) or Supplemental Nutrition Assistance Program (SNAP) or government benefits, and they look to their left and they see one of their neighbors who is a fraudster riding around in a Benz buying as much food as they can.

So, when you do not have a culture of accountability, when you do not have the type of leadership that Auditor Ball and her colleagues across the country have, you sow distrust, you have discord in the public, and you also have a culture of tax increases, which takes money out of the hands of the American people.

Ms. FOXX. Thank you.

Thank you, Mr. Chairman.

Mr. SESSIONS. The gentlewoman yields back her time. Thank you very much.

The gentleman, Mr. Walkinshaw.

Mr. WALKINSHAW. Thank you, Mr. Chairman, and thank you for your indulgence again in allowing me to join the Subcommittee. And thank you to our witnesses.

Mr. Bagdoyan, the GAO testimony includes five principles of fraud. Probably all four of you are familiar with this from the International Public Sector Fraud Forum's Guide to Managing Fraud for Public Bodies, really wonderful five principles there. I would add a sixth that I think the Chairman has demonstrated today. A fraud prevention effort has to be apolitical and non-partisan if it is going to get the kind of buy-in necessary to succeed.

And Dr. Oleka, I really appreciate you and your organization and your commitment to this work, your commitment to working on the Vice President's initiative, which I sincerely hope is successful in accomplishing its stated goal.

I do think we have to just speak the truth here and say that the President of the United States in describing that initiative—this is a direct quote—said it would “focus primarily in blue states.” And I think that would violate the principles of everything that we are discussing here. I hope that is not the direction that it goes.

Auditor Ball, you made a very powerful comment. You said that it is crucial for every state auditor to bring their mentality of independence. And you probably would agree that if Governor Beshear were here today, he maybe would have a slightly different response to the question that Chairman Comer gave about his work. And that is okay, that is good. You are independent, you have your own perspective. He cannot fire you if you say something that he does not like.

I want to just reiterate concerns that some of my colleagues have shared about the diminution of the independence of our Federal IGs. And one aspect of that, that has not been specifically addressed, is with the mass firing of 17 of them, many have been replaced by acting IGs who do not have the same statutory protections that those fired IGs have. Three-quarters, three-quarters of the Federal IG positions are vacant today, so the very people who are helping to do this work. Mr. Westbrooks has laid out the savings are not on the job anymore. And we have talked about the budget. Just the HHS IG is facing in the President's budget a potential \$13.7 million cut.

My concern, Auditor Ball, is if those kind of cuts to the HHS IG and others are put into effect, the next time a state auditor like yourself wants to partner with the HHS IG to identify and reduce \$800 million of fraud in Kentucky, they will not have the capacity or the resources to partner with you or one of your colleagues around the country.

Mr. Westbrooks, based on your experience as a Federal IG, what kind of operational impact would it have if you were told that your office was going to face a 12 percent budget cut in one year? What would you have to do? What would you have to scale back in terms of your work to prevent fraud?

Mr. WESTBROOKS. As an immediate impact, the immediate impact on your audit operations are on prospective engagements. You

have to look at what you are going to be able to audit in the future in the short term. On ongoing engagements, now you have to rescope—potentially and most likely rescope those audits because you are not going to have the staffing or resources to do the field work that you need to do. You know, our Federal audits, particularly the big agencies, you are doing field work around the country. It is not—they are not desk audits.

And then the really difficult thing and the challenging thing is when you have this disruption in the community, you have very experienced OIG auditors that are leaving government, and so the brain drain from what we have experienced in the last year, it is very hard to overstate. Some of the most experienced auditors that I have worked with are no longer with us but had still plenty of years left in Federal service that they should still be in the job, but now they are in the private sector.

Mr. WALKINSHAW. Thank you.

And Mr. Chairman, this morning, I sent a letter to Cheryl Mason, who is the relatively new, I think, Chair of the Council of the Inspectors General on Integrity and Efficiency (CIGIE), asking for clarity on how these vacancies, firings, and budget constraints on the IG community are affecting our ability to prevent and detect fraud, waste, and abuse. And without objection, I would like to submit that letter for the record.

Mr. SESSIONS. Without objection.

Mr. WALKINSHAW. Thank you, Mr. Chairman. If you will indulge me, it is just me and you, I wanted to just ask Mr. Bagdoyan one question. Your testimony noted the many recommendations GAO has made. I think you said that maybe 40 percent are open. Forty percent of 215 recommendations you all have made to Federal agencies are not open. One of those—or maybe this is, maybe a number of them are in this category—that an agency designate an entity to lead fraud risk management. You cite that as a recommendation. Maybe that is a recurring recommendation.

Mr. BAGDOYAN. It is.

Mr. WALKINSHAW. I think that would surprise most Members of Congress that an agency does not have an entity designated to lead fraud risk management. I mean, if the Secretary of HHS were here and we asked them that question, would they say, no, we do not have any entity that leads fraud risk management?

Mr. BAGDOYAN. Yes. Well, for HHS, they do have the Center for Program Integrity. But again, fraud risk management is a huge agency. It is rather dispersed. But yes, that is a very important thing to have in place. Dedicated entity, that implies dedicated to fraud risk management. What we do find often is that that responsibility is devolved to existing units based on as other duties as assigned. They do not have necessarily the expertise, the bandwidth to do true fraud risk management. And that is apparent when, I mentioned earlier in my remarks, that the capacity to manage fraud risks is on the softer side, and that means you do not have the right controls in place. And that, in part, might explain, might explain why some of these agencies are still lagging in implementing our recommendations. So, I hope that—

Mr. WALKINSHAW. Thank you.

Mr. BAGDOYAN [continuing]. Is responsive to your question.

Mr. WALKINSHAW. Thank you. Thank you, Mr. Chairman.

Mr. SESSIONS. The gentleman yields back his time. I am going to yield to myself now.

I want to thank each of you for being here. Yesterday, we received a rather in-depth and robust opportunity to allow you to speak. And I have thought about this overnight and have obviously a number of questions that we do want to make sure we approach by asking questions and getting answers and moving to that. And I do accept the responsibility that primarily this falls on Mr. Mfume and myself to make sure that we talk with each other, that we look at things.

But it is a robust, robust marketplace of ideas of things we do not do. And I think that perhaps we tend to think that we inhibit ourselves based upon either the law or common courtesy. And a prime example is perhaps how we identify people. The Internal Revenue Service has a heck of a time knowing who they are talking to, who they are going to meet with. And of course, you and I do not have to agree, but I think that we have ways to identify people, biometrics, our eyes, our fingerprints.

Look, we have got a lot of other things to get into, but Mr. Westbrook, tell me about leading-edge techniques and some pushback or your view as an auditor about utilizing technology as opposed to just data that is gleaned from a sheet of paper or personal information.

Mr. WESTBROOKS. Yes, on identity verification, there are a lot of tools out there. And it is not my personal view but my experience in the community was there is a lot of public debate. There are some privacy issues related to that where things that might be common sense, people object to. You know, and some European countries have a national digital ID card, which would go a long way if we had a similar concept here in the United States. It would go a long way to reducing identity fraud, but that was just “dead on arrival” for whatever reason beyond my comprehension.

The other thing it is important to note is, you know, these international fraud rings utilize AI and other tools, and they can afford to make mistakes, right? The government has less opportunity. There is less forgiveness if the government aggressively utilizes AI and makes mistakes and people’s benefits get cutoff. And there was a big scandal in the Netherlands related to this where they very aggressively used this algorithm and many, many, many people were cutoff from benefits. Some included—committed suicide as a result of it.

So, you know, we talk about ethical or responsible use of these tools. Unfortunately, I think that is the reality. I think government may always be a step behind the fraudsters who can afford to make mistakes. It does not cost them anything.

Mr. SESSIONS. Well, let us see where we end on that. Perhaps, Auditor Ball, you can get closer to this. One of the things I learned from you yesterday is I asked the question, how do you find a lot of these problems? And you said, whistleblowers. People call us. No one likes to see that, whether they are sitting in a room with other people or that they see things that happen, that they want these things to happen where fraud would be involved. But we just vet-

ted out and heard maybe some European models might be something good to look at.

What is wrong with requiring or having a data base where you have to present your finger? And I know we have talked about this with voting. And that is where we get into the states are responsible for that. But Federal benefits, we have got a robust amount of data with fingerprints. What would that seemingly do to this issue?

Ms. BALL. So, honestly, I have to say, it is not something that I have analyzed very deeply. So that is kind of a brave new world looking at that kind of information. And from a personal perspective, I get a little bit nervous about presenting biometric information to a database, and it is housed somewhere and the kind of security issues that you have. But it does not—

Mr. SESSIONS. Well, you go to the airport.

Ms. BALL. That is true. That is true.

Mr. SESSIONS. You go to the airport, and they take your picture. And it is true that they agree then not to keep that picture.

Ms. BALL. Right.

Mr. SESSIONS. But it presented itself as a way to identify yourself. And I think we have got to—I am asking the questions, wanting you to give the answer, but you ought to present evidence who you are—

Ms. BALL. Right. You do need—

Mr. SESSIONS [continuing]. That is certifiable before you gain these benefits, not show up and self-report.

Ms. BALL. Right. I do think there needs to be a secure, reliable identification process. What that is at this point, I do not necessarily have the answer. There are so many technological advances that are occurring rapidly right now. And there are confidentiality and security issues that kind of coexist with those type of situations.

I will say for us in our experience, it is not always proving that somebody is who they say they are that is the problem. It is other kinds of breakdowns. So, my focus has been on the problems of, well, we know this person is dead, but they are still listed as eligible and issues like that. So, I would say you are correct, that is part of the problem, but my focus has been on a lot of other problems, duplicative payments for one person, issues like that. And I would say those may be the greater issues of concern right now rather than someone pretending to be somebody that they are not.

Mr. SESSIONS. Well, we have got to certainly go back and cobble together the information we have got. All four of you, I could just ask a question. I am not trying to get you to jam into all the answers at the same time, but the PRAC, the PRAC has a billion, 700 million pieces of data that is not indicative that—it is broad, but it is indicative that you need to ask or gain more information. You need to know that this is—the term red flag may or may not be appropriate, but an indication, please go look at this. And that should be an indication perhaps where we would start with wandering into the world. Do we know who you are? Do you need to come and present yourself?

And I have just gone through Social Security issues, and they vetted me to make sure they knew who I was. It would have been

nice if they had said, please come in Waco, Texas, to the Social Security office, but not everybody likes that. And there is a line between what is required and what is requested. I just think we have got to get closer to understanding. So, talk to me about the use of PRAC data and information as this helps itself to get closer.

Mr. Westbrooks?

Mr. WESTBROOKS. Yes, thank you for that question. So, the PRAC has an enormous amount of data, as does the Treasury's Do Not Pay or Payment Integrity Center. The way the system is structured, though, the states would really connect with Treasury's Do Not Pay to do—that is where the connection point should be, where you would check eligibility against the various data bases.

I think the PRAC needs to be and is working toward being closer aligned with Do Not Pay and the Department of Treasury so it is not a pay-and-chase after the fact. It is on a much more real-time basis. But I do think it is critical that we have that centralized government data system.

The other thing I will say related to this, and it is something you should be thinking about is as bad of a job as we do in preventing fraud, I submit to you, we do just as bad of a job in protecting information. You know, my, like probably many people in this room and many Federal employees, you know, my top-secret security clearance information was all stolen by a hostile nation-state, and I was on, you know, credit check monitoring for several years, paid for by the government. So, that is one of the things that we need to look at when we balance this idea of centralized repositories for identification is who is going to be holding it and how secure is it? Because it can do irreparable harm.

That is why we are seeing these international—what are the repercussions? These bad—these international fraud rings are literally buying personal information for the cost of a Happy Meal on the dark web because of these hacking of government systems. So, that is the thing that concerns me as much as fraud is the information of personal—protection of personal information. Thank you.

Mr. SESSIONS. I agree. Mr. Bagdoyan?

Mr. BAGDOYAN. Yes, I would echo much of what Mr. Westbrooks said. There are a lot of datasets out there that can be crunched to yield results. We look for indicators of potential fraud. That is how GAO does its data analytics. But once we present our findings to agencies, we expect them to respond to the results. And many of them, unfortunately, do not do that, so that is a huge problem.

And I will use one example from the VA's Community Care program where there are a lot of providers from outside the VA who tend to veterans' health needs. And we flagged several thousands of them several years ago that posed problems based on their background. They were convicted of fraud. They were convicted of patient neglect and abuse, things that would be disqualifying. We made the referral to the VA, and they promptly lost the referral. So, when we followed up with them, they had never heard of the referral, so they had not done anything with it. So, that is a huge problem.

Mr. SESSIONS. You act like we are busy. I would now yield to the gentleman, Mr. Walkinshaw, who is requesting this opportunity. The gentleman is recognized.

Mr. WALKINSHAW. Thank you, Mr. Chairman.

Mr. Westbrooks, I want to just ask you to go back to your PRAC experience. And I apologize for asking a question that perhaps is answered in your book. I will have to get a copy of it. You know, talk to us about, from your perspective, the future of PRAC. Do we still need PRAC? The pandemic is over. What role did PRAC's relative independence, being constituted of IGs, hosted by CIGIE, play in its success? Is it important that that independence continue if we should continue PRAC? Just give us your answers to those questions or thoughts on those, please.

Mr. WESTBROOKS. Thank you for your question. When the PRAC was created, it was created—you know, the pandemic hit, and in a very—in a matter of a couple of days, the Senate drafted a bill which included the CARES Act, which included the PRAC provisions. They took the PRAC provisions from the Recovery Act and just dropped it into the bill. So, there are a lot of lessons learned from the experiences that I had from April 27, 2020, when I first got appointed, through December 2022. If you look at the CARES Act, there are a lot of things, lessons learned on how we can improve.

It is absolutely critical that we have got a centralized repository for government information that has the authorities, legal authorities, to share that data with state and local partners. I think that was the secret sauce that we had with the PRAC was we could aggressively use our legal authorities to share with state and locals and Federal law enforcement partners data without entering into complex data sharing, matching agreements. So, it is critical that there be this repository, that they have the appropriate legal authorities, that they have the independence to do their work, they are appropriately funded, they are tied to Treasury's Do Not Pay system, they do not operate independently. That is not much government value to me. And I think those are the keys for success.

I do not know—this is my personal opinion. I am retired from government so, and I can speak freely on it, but I do not know to what extent they—it needs independent investigative and audit authority. I think the analytic data center of excellence authority is a prominent role. But unfortunately, it is the investigative authorities that give you the special legal rights to share data with your law enforcement partners, so there needs to be some smart lawyering and legislative counsel thinking on how to write the law on that. But I do think it is critical that there be a center of excellence that can share not just with the Feds, but with the state and locals. And it would be somewhere where the state and locals feel like they are—or GAO feels like referrals are going to be taken seriously and not lost in a file somewhere. Thank you.

Mr. WALKINSHAW. Thank you. I want to just shift gears to IT systems and IT modernization. And Mr. Bagdoyan, your testimony highlights some of the challenges states face, especially with respect to UI programs being implemented by legacy IT systems or outdated IT systems. And I am curious, Auditor Ball, I mean, is that something you have experienced in Kentucky where maybe you say there is fraud in this program and we need X, Y, and Z controls, and you talk to the IT folks and they say, sorry, we have a legacy system that just cannot do it. Have you experienced that?

Ms. BALL. That is definitely an aspect that we deal with. We actually have a division that deals with IT audits, so we look to see all the time, this legacy software program that you have available, is it up to speed? Does it do the work we need it to do? Actually, lately, what we have seen breakdowns, though, has been when they have been eliminating a legacy program and incorporating a new one, it is the switch that has created the opportunities for breakdowns. And we actually just saw this with our Department of Revenue. We have had just all sorts of problems with bringing on a new program on every level, so that is its own problem.

Mr. WALKINSHAW. Okay. Great. And then for Mr. Bagdoyan, what is it that the Federal Government or Congress can do to better incentivize or support states who are trying to get their IT systems in a position where they can do fraud prevention in the way it needs to be done?

Mr. BAGDOYAN. Yes, thanks for your question, Mr. Walkinshaw. Again, going back to the UI experience, we designated that out of cycle as a high-risk area in the midst of the pandemic, in large part driven by data and technology issues, among others like service delivery and so forth. And what worked during that time was that the Federal Government provided funding and expertise to, among other things, states' technology system upgrades, which relatedly eventually caught up with the integrity issues and helped mitigate them. But as I mentioned, by the time that happened, most of the money had already been dispersed. So, something like that is—should warrant close consideration so that, you know, the states can have skin in the game but also have some Federal support to make things happen.

Mr. WALKINSHAW. Thank you. Dr. Oleka, anything? I apologize for going over my time, but you are literally itching to jump in on this question, I can tell there.

Dr. OLEKA. Well, just to echo what Auditor Ball was saying in particular, I think there is an opportunity for states to utilize the new technologies that you were talking about as well to make sure that they have all the tools and the resources that they need.

One of the things that the Chairman was mentioning in terms of potential new technologies, I would offer if you have a stronger, deeper relationship between state leaders, the state treasurers and auditors in particular, treasurers obviously on the front end in terms of verification, eligibility, transparency of how money is being spent, and the auditors on the back end with regard to investigation, examination, and obviously audits, then I think you can see a lot of that cooperation.

Also, I wanted to respond earlier mentioning that you hope that the Vice President's task force is successful, and of course, so do I. I was able to meet with some of that leadership last week. Now, again, it was not an in-depth conversation. I do not want to certainly suggest that there was more discussed than there was, but I can say that that team is very serious, very focused on these types of conversations. How do we get better with technology? How do we get better with cooperation and partnerships between the state and the Federal level? And it was not from a partisan perspective. So there, I think, is a great deal of opportunity here from this Committee, state leaders, and also this task force led by the

Vice President to get really good, serious, systemic change done on the fraud issue.

Mr. WALKINSHAW. Thank you.

Mr. SESSIONS. He yields back. Before he leaves, I would like to, if I can, do a follow-up to what the gentleman was asking because I think it is a valid point.

So, Mr. Westbrooks, probably I would ask this. We began discussing a little bit more in depth PRAC. We discussed a little bit more in depth about its existence, its seemingly integration into the law and how it has become effective. Do we want to keep PRAC? Do we want to expand its knowledge and use it and to make sure it is still ready to go, maybe made permanent?

Mr. WESTBROOKS. Thank you for your question, Chairman Sessions. And this is the central premise of my book, quite honestly, was the frustrations in the early days of the pandemic to reinvent the Recovery Board's data analytics capability. You cannot just flip a switch and create something. It needs to be on standby. It may not need to be as big as it was during the pandemic, but it was incredibly, incredibly challenging to get the, hey—it is called the PACE, the Pandemic Analytics Center of Excellence—and unbelievably challenging to get that stood up in a very short period of time. So, I would hate to see that capacity gone because there will be—not only will there be another emergency crisis that we will deal with, but just on normal operations, you need that capacity. We want that capacity. And it is a relatively low cost for it. Thank you.

Mr. SESSIONS. Well, I think the main point I would say is it exists, day one. And the last part, which I am not here to shill for, but I have a piece of legislation that I am dropping today that makes it permanent. So, thank you very much for amplifying that. And of course, we need to pass it out to Members of this Subcommittee also.

I will yield back my time now, go to this distinguished gentleman from Florida, the gentleman, Mr. Frost.

Mr. FROST. Thank you very much, Mr. Chairman.

In the Fiscal Year 2024, over \$10 billion of Federal Government spending on SNAP was lost due to improper payments. The One Big Beautiful Bill Act included a SNAP provision that is nicknamed the Alaska carveout. This was a political move that was made to get the One Big Beautiful Bill passed over on the Senate. The Alaska carveout delays the cost-sharing requirement for states with high improper payment rates, like my state, the State of Florida. It makes absolutely no sense. Essentially, it penalizes the states that make good-faith efforts to improve integrity and reduce their errors, and it rewards the worst-performing states in the entire nation.

We are already seeing people take advantage of this loophole. In Maryland, a whistleblower claimed that senior officials were trying to leave correctable errors uncorrected to keep the error rates up. It also kicked the problem for the worst-performing states down the line by creating a two year delay. And this is important to me because I am from the State of Florida, which has some of the highest rates of improper payments on SNAP in the entire nation.

Mr. Westbrooks, how does the Alaska carveout discourage low-performing states with high improper payments, like my State of

Florida, from making the necessary improvements and actually fixing the problems?

Mr. WESTBROOKS. Thank you for your question. I cannot speak specifically for Florida officials and what any state official might be thinking. You know, I would look at it from an audit perspective. I would look at the effectiveness of any intervention. When we are talking about penalties and incentives, are they closely tied to the behavior to drive the desired results?

Just on a personal level, I am a proud father of five, and it strikes me as giving my D student, dinging their allowance, my D student, but then letting my F student pass and say—just with a finger wag to say, well, next year, I am going to cut your allowance. So, in terms of the tie, direct tie to the behavior, I think that is going to be a challenge. And I look forward to auditors, GAO, and other officials looking at how effective that carveout is in practice in reducing fraud, which is the ultimate goal.

Mr. FROST. Yes. I doubt it is going to be effective. I mean, it was not a move made to fix anything. It was a political move. It was, you know, pretty reported on. We all knew about it when it was going on the Senate. You know, my state, our Governor, Governor DeSantis, has allowed the program to essentially crash and burn. I mean, the Florida payment error is over 15 percent. It is unacceptable. And because of carveouts like the Alaska carveout, states like Florida are getting rewarded for running a horrible program. There is no reason to believe that even with a delay, that states like mine can get their act together and finally turn things around. And this is important because it really impacts working families and the commitment we have made to them.

Mr. Westbrook, do you have any indication that states that are receiving this carveout are actually moving toward compliance? Is there any indication of that?

Mr. WESTBROOKS. No, I cannot speak to that. No, I have not seen anything on that. Thank you.

Mr. FROST. And how do high error rates impact Floridians and just Americans in general who depend on the vital programs?

Mr. WESTBROOKS. Well, as you know, in the Act, depending on the level of the error rates, there is a certain percentage of cost sharing that has shifted. I guess some of the criticism that I have seen of it is that, you know, you are relying on an error rate that includes overpayments and underpayments and includes what we talked about earlier about documentation errors. So, there is a cost implication or a penalty associated with a, one could argue, an imperfect measurement. It is the best that we have, right? It is—the improper payment rates, error rates, is the best measure that we have, but when you tie it directly to financial penalties in a different timeframe, I think that is where some of the debate has been on whether it will be effective or not. Thank you.

Mr. FROST. What do these errors mean for, like, a working family? I mean, I think we can all understand what, like, an underpayment can mean for a family. What does an overpayment mean for somebody?

Mr. WESTBROOKS. Well, an overpayment just means that the state made an error in the calculation, and so they overpaid. And the way the SNAP program—data quality program works, if the

error is under, I think it is \$58, then it is deemed as not material, so it is not factored in. So that—so, you might have instances where there are a large number of under \$58 errors, overpayment or underpayment, but there is a systemic issue underneath that that will never be addressed because it does not meet the error.

But, you know, all of the error rates ultimately, like I said, affects—as you know, affects the state cost share amount. And any time that there are, this is any government program, whenever there are penalties associated with anything, you always have to worry as an auditor that people are going to game the system in terms of their statistics. And that is always going to be a risk, and data quality is always going to be a risk in that program and I think any other Federal program. Thank you.

Mr. FROST. Thank you. I yield back.

Mr. SESSIONS. The gentleman yields back his time.

You have given us not only a laundry list, but I think some good direction that we need to go. I am interested in making sure that I follow up with each of you on not just your ideas but that I provide you feedback about how we are getting there.

We cannot fix this without each of you, auditors who see things and direction we go, but I think that you see some sense of opportunity that lies within the Members here that are truly concerned about over and underpayments. Perhaps an underpayment is very difficult for us always to quantify. I am not sure we pay as much attention to those, even though our congressional offices have to fight many times with people who want to be recipients on those matters. We can consume ourselves if we do not fix this problem. We can take away from the availability of money, and we see that when we look at the national debt.

This chance that we have, however, I think, Dr. Oleka, needs to be brought front and center to people who are like you, who are auditors, who then openly express their delight or their problems with what we are doing.

I am very much interested, and Mr. Mfume and I in this Subcommittee, getting closer to this, but we have to start with more than just looking at the PRAC or looking at making legislation permanent to save it. And I think Mr. Westbrook's point that I took under advisement that I wholly agree with is, why would we do away with the data we have? Why would we not move forward on that?

But I think the question is—and we have vetted that here. This staff and I have spent a great deal of time of wondering what is that key word? Is it fraud that we need to focus on that says because of a question of fraud—not fraud, but a question of fraud—will that allow us to receive information across the board and other agencies to where they could do business with each other, where they could verify things? And I think it is our hope that weakens my last question to you today.

I think if we were to ask a question, not assuming we know the answer, us asking a question, would that mean that the entities, no matter Small Business Administration (SBA), Department of Veterans Affairs (VA), wherever it is, they could then go and vet that question a little bit better and ask for data to certify who people are? Is that really the answer to where we would ask people

and take the 15 minutes and vet them and then have the tools to where we could go and double check what they said, death certificate, voter registration, license information? There is a lot of information that is out there that they should have access to, even if it is to their own state. Help lead me down that pathway, anyone.

Mr. Westbrooks?

Mr. WESTBROOKS. I can share my experience as IG of the Pension Benefit Guarantee Corporation. We had—and it is a very imperfect analogy and model, but with Death Master File data, you have currently existing matching capabilities, right? And you want to build a system because that data is very imperfect, right? So, you build the system so that if there is a match of two or three elements, I think our agreement with them was, they are two elements match, that is a flag. You cannot take action unilaterally on a flag. The flag has to be adjudicated and resolved, but it is at least a flag.

What you do not want are agencies taking action. And this is sometimes—I think folks act too precipitously if they have not been working fraud cases. A flag is just a flag, and there are many, many, many false positives, many false positives, so—but you want to system and build an environment where the flags are identified very quickly and adjudicated very quickly. You do not want, you know, an adverse impact on a claimant, but you do not want to get into a pay-and-chase situation. So, that is how it worked with the Death Master File data. It cannot just be one—you know, a misspelling on, you know, you did not put the “s” on the end of my last name. It has got to match two elements. Then you adjudicate.

Mr. SESSIONS. I think you make my point very eloquently, and this is the point that whether you are going on veteran’s benefits, whether you are taking out an SBA loan, whether you are going in Social Security, the mistake that if it is not vetted properly up front over long term becomes a huge issue.

Auditor Ball?

Ms. BALL. Absolutely, there needs to be a thorough and accurate vetting process. I do not know that it means that you have 15 minutes with each person who reaches out to you because a lot of times what we find is, it is a red flag, it is a notification, it is an alert, that then gets ignored. When we start to dig into our systems, a lot of times we actually know someone has passed away, they are a deceased person because it says it in their file, but it also says that they are eligible. So, I think a lot of it really does boil down to making sure that you are acting on red flags. There is a good system in place for what you are supposed to do when there is a red flag. It really is having those controls and then following through on those controls.

Mr. SESSIONS. Is there a timeframe associated with that? Is there a limitation associated with that? Is there one red flag does not indicate something, but it might indicate a question, and you keep going? Certainly, someone who is committing fraud has multiple failures across questions and challenges that would be asked—

Ms. BALL. Right. Sometimes—

Mr. SESSIONS [continuing]. Correct?

Ms. BALL [continuing]. That is the case where there are multiple red flags, and sometimes they are not acted upon. So, I think you need to have very, very clear guidelines and controls to ensure that you are treating those things seriously and you are doing the things in the timeframe that you are supposed to do them.

Mr. SESSIONS. Do we need to help with that and say these need to be cleared?

Ms. BALL. That is a good question. I think the work that we have done is starting to highlight the breakdowns, and it is going to be good to see in the next year and the year after that, okay, we have highlighted the problems at the state level. Are they fixing them? I do not know that it needs to be spelled out at a greater level at the Federal level. In some instances it may. Sometimes it just needs to be the oversight on the front end to just make sure they are actually doing it.

Mr. SESSIONS. Yes, because I can envision circumstances where multiple failures were recognized and someone gave up on it thinking maybe they had pushed too hard. We generally expect someone, when challenged, to go, whoops, I got caught. I do not think that happens. I think that there is a continuation of this. Dr. Oleka?

Dr. OLEKA. Yes, I think what the Auditor is saying is exactly correct. There is obviously a belief in federalism, I think, among this crowd. Allow the states to figure out what would make the most sense in terms of a lot of the controls, and then potentially what could happen is that you and your colleagues set a baseline. And I will give you an example. In Mississippi, Treasurer David McCrae, he was able to figure out an issue regarding citizenship for unclaimed property. Unclaimed property is a financial asset that you can give back to the people if they have lost it. A lot of treasurers have that authority. So, he was able to put in some guardrails to effectively make sure that there was not a lot of fraud based on citizenship. So, he was able to do that.

Now, you couple that with a lot of the new technologies that we have been discussing, it becomes iterative. So then when you have continued types of fraud, if it is verification or eligibility, now, because of technology, you can actually batch different queries where if the red flag, as you were mentioning, is a set of issues that regards to paperwork, you are able to answer those in a lot different ways if it is a couple of red flags that it results to very clear out and outright fraud.

So, based on what Auditor Ball and her colleagues are able to do within their states, then again working in a continual relationship with the Federal Government, the necessary partners, you can figure out a lot of that stuff without having to mandate it. Some things, obviously, though, it needs to be a clear, compelling mechanism, but I think that is where the conversation can go back and forth to figure out what that ought to be.

Mr. SESSIONS. And we ought to drive that to a conversation of common sense.

Mr. Bagdoyan?

Mr. BAGDOYAN. Yes, thank you, Mr. Chairman. I would agree with all the comments that we just heard. Data analytics is at the heart of this. You have to look for those red flags. And as I kept saying throughout my presence here today, you have to act on the

results. Back in December of last year, we issued an interim report on our review of the Affordable Care Act, the Federal exchange. We flagged—the most egregious flag was a single Social Security number that had 127 ACA policies associated with it. When we presented that example to the Centers for Medicare and Medicaid Services (CMS) for an explanation, they told us that they did not perform that sort of analytics. They were surprised by the result, but they were not planning on doing anything about it because they were concerned about kicking the wrong person off that policy.

So, you know, that is a pretty significant example of a massive red flag that, at least for now, that particular agency is not going to take any action on. You have to act on those red flags. You cannot say, oh, it is a red flag. Well, okay, but, you know, we are good with it. And that is the temperament that has to change.

Mr. SESSIONS. I know you are right because I, early in my career, had an opportunity to have people who collected money, offered service, and if you did not give them the available answers, they quit vetting things. It is no different than a police officer that arrests a criminal and the judge lets them out by the time the nighttime shift is done and they see them back on the street. There have to be ways that are common sense, cost effective, reasonable to where people can understand the system and the outcomes. But it does mean that I and this Subcommittee have to do our job.

And I found out yesterday—Mr. Westbrook, I did not have a chance to meet with you yesterday, but I did the other three witnesses that are here today. I found out that they have placed a great deal of confidence that we can make progress and work together.

I asked Dr. Oleka a question yesterday and again this morning about the follow-up, about how we are going to come and actually engage on this issue properly. And certainly, we recognize the Vice President is engaging, walking in this shadow also of making sure that what we do is bipartisan, is not political, is driven by data that can be sustained. And this is where we are moving.

So, I want to thank each of you for taking time not just to get on a flight and come here but to take your very important time away from the duties that you have that help save this country the embarrassment of systems that are frail or do not work properly. I look forward to touching base with each of you on future activities and how we can best work together.

So, with that and without objection, all Members have five legislative days within to submit materials and additional written questions for witnesses, which will be forwarded to the witnesses.

If there is no further business, without objection, this Subcommittee is now adjourned.

[Whereupon, at 11:58 a.m., the Subcommittee was adjourned.]

