



OFFICE OF MANAGEMENT & BUDGET

Office of Internal Audit

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April 9, 2025

The Honorable Representative Marvin L. Abney
Chairperson
House Committee on Finance
82 Smith Street
Providence, RI 02903

Re: House Bill 5998 – Relating to State Affairs and Government – Inspector General

Dear Chairperson Abney:

Thank you for providing the Office of Management and Budget (OMB) the opportunity to submit this letter of opposition in response to House Bill No. 5998.

The responsibilities proposed for a new Inspector General agency appear to duplicate work already being performed by OMB's Office of Internal Audit (OIA), as well as other state agencies that have both audit and investigative functions — including the Executive Office of Health and Human Services' (EOHHS) Program Integrity Unit, the Department of Labor and Training's Underground Economy and Employee Misclassification Task Force, and the Office of the Attorney General's Medicaid Fraud Unit.

OIA was established and granted authority under Rhode Island General Law (RIGL § 35-7.1) to audit state agency operations and ensure the appropriate use of taxpayer dollars. OIA is authorized to conduct audits of any state department, state agency, or private entity that is a recipient of state funding or state grants. OIA also conducts investigations, as well as provides management, advisory, and consulting services to agencies. Additionally, OIA is charged with evaluating the efficiency of operations and internal controls, and preventing and detecting fraud, waste, abuse, or mismanagement in the expenditure of public funds — whether federal, state or local — that are related to any and all state programs and operations, as well as any goods, services, or construction procured by public bodies. When deemed necessary or expedient by OIA, audits may be made relative to the financial affairs or the economy and efficiency of management of each department, agency, or public body. In accordance with a risk-based evaluation, OIA determines which audits are performed.

During Fiscal Year 2024, the OIA Performance Audit and OIA Continuous Audit units conducted six audits of state and quasi-state agencies. As of the end of the third quarter of Fiscal Year 2025, these units have completed 10 audits and are on pace to complete as many as 15 audits total for the current fiscal year.

Furthermore, in the last fiscal year, the OIA Fraud Detection and Prevention Unit reviewed 527 fraud allegations. The Fraud Unit pursued fraud through a civil process in a total of 89 cases, resulting in either the courts or the Department of Human Services administrative division ordering repayment of a total of \$307,520 due to fraudulent activity. The Fraud Unit also pursues cases through the criminal system;

current pending criminal cases are estimated to result in overpayments in excess of \$1.9 million.

The Governor's Fiscal Year 2026 budget includes several provisions to enhance the State's ability to identify and prevent fraud, waste, and abuse in state-administered programs. Among the enhancements included in the budget proposal are expanded authority for OIA to employ during the conduct of fraud investigations and program integrity efforts, and two full-time equivalents (FTEs) for additional investigations and data analysis. The budget also proposes adding four FTEs in the EOHHS Program Integrity Unit to identify Medicaid provider fraud.

As many of the roles and responsibilities of the proposed Office of the Inspector General are already performed by OIA and other units of government, we recommend continued investment in state efforts to detect and prevent waste, fraud, and abuse rather than the establishment of a new office.

If you require further clarification or have any questions, please contact me at your convenience at Andrew.M.Manca@audits.ri.gov or (401) 574-8170.

Sincerely,



Andy Manca, Chief
Office of Internal Audit

cc: The Honorable Members of the House Committee on Finance
The Honorable Charlene M. Lima
Nicole McCarty, Chief Legal Counsel to the Speaker of the House
Christopher O'Brien, Committee Clerk