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**Auditor Allison Ball's Prepared Remarks for  
April 15, 2026 House Subcommittee on Government Operations**

Chairman Sessions, Ranking Member Mfume, and esteemed members of the Committee, it is an honor to be here today, and I thank you for this invitation. The topic of waste, fraud, and abuse is not necessarily the most pleasant to discuss, but I hope to set a positive and hopeful tone while speaking about this non-partisan 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 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 of 2023, my predecessor began a special examination at the request of the Biden administration's HHS OIG in conjunction with three other states. When I took office, I saw this examination through both under the Biden and Trump administrations. 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 definitely waste because one state's payment to an 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's not all we have 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 remained on Kentucky Medicaid;
- multiple people used the same social security number to obtain Medicaid;
- ineligible noncitizens received Medicaid benefits;
- an executive branch data system housing Kentucky taxpayers' personal info was hacked in five minutes during a security test; and
- Medicaid funded long-term care facilities in Kentucky were not being inspected every 15 months as required by law. Some had not received an inspection since 2019.

And that's not all. My Office's Ombudsman unit reviews Kentucky's processing of SNAP, Medicaid, Medicare, and TANF benefits and performs a variety of error reviews, one of them being payment error rate reviews. In just one year, we've been able to assist the Commonwealth in dropping its SNAP payment error rate from 9.1% to 3.5%.

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, Kentucky's executive branch simply

has not paid as much attention to other programs as it should. That is why Kentucky has a payment error rate of 47.5% for the Medicaid Long-Term Care program, 28.5% for the Medicare Savings program, 9.7% for the TANF program, and 5.3% for the MAGI Medicaid program. These error rates likely implicate hundreds of millions of dollars in federal funding.

I could go on and on about all the waste, fraud, and abuse my office has uncovered. But it's more productive to talk about solutions. I recognize that auditor's offices across the country are all structured differently. In Kentucky, I am an independent statewide elected official who 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 don't 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 aspects of our work. AI can help us look at whole populations of data versus traditional sampling methods used in auditing, which will drastically cut down on 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 database housing far better information than what states normally have access to.

And finally, the unfortunate reality is that some people simply won't 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 auditor's offices can assist Congress in doing so.

This is a non-partisan 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 Committee has.