



TESTIMONY TO THE UNITED STATES HOUSE  
OVERSIGHT COMMITTEE

SUBCOMMITTEE ON GOVERNMENT OPERATIONS

HEARING: “FRAUD PREVENTION:  
UNDERSTANDING FRAUD IN FEDERALLY FUNDED  
PROGRAMS RUN BY THE STATES”

DR. OJ OLEKA  
CHIEF EXECUTIVE OFFICER  
STATE FINANCIAL OFFICERS FOUNDATION

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Chairman Sessions, Ranking Member Mfume, and distinguished members of the Subcommittee:

Thank you for the opportunity to testify today. My name is Dr. OJ Oleka, and I serve as Chief Executive Officer of the State Financial Officers Foundation (SFOF). 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 the son of Nigerian immigrants who came to this country with nothing. Through hard work, faith, and the opportunities America provides, they lived the American Dream. That Dream is why I have dedicated my career to public service, ensuring government works for the people who pay for it and that American generosity is not taken advantage of by fraudsters, foreign or domestic.

### **The Role State Financial Officers Play in Stopping Waste, Fraud, and Abuse**

In our inaugural SFOF Oversight Report<sup>1</sup> released on February 27, 2026, 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 \$1.04 billion in lapsed salaries across 46 state agencies; Kentucky Auditor Allison Ball, who uncovered more than \$836 million in wasted Medicaid payments; and Utah Auditor Tina Cannon, who uncovered \$463.7 million in inappropriate hospital payments. These are not isolated successes. They represent a nationwide movement of elected officials taking their fiduciary duty seriously and demonstrating exceptional vigilance in their stewardship of the public's money.

State treasurers play a critical role in stopping waste, fraud, and abuse before it occurs. Through payment authorization and cash management oversight, treasurers verify vendors, enforce eligibility requirements, monitor transactions in real time, and maintain strong procurement and disbursement controls. State auditors complement this work by exposing waste, fraud, and abuse after the fact. Through independent performance and compliance audits, auditors evaluate program operations, identify weaknesses in internal controls, publicly report findings, and refer potential fraud cases for enforcement action. Together, these elected officers 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<sup>2</sup> shows that 87% of voters express concern about fraud or misuse of taxpayer dollars, and 83% 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, infrastructure, or tax relief. State financial officers have clear statutory authority to conduct audits, verify eligibility, and safeguard public funds. Yet significant gaps remain. Many states choose not to layer additional regulations on top of federal programs like Medicaid, SNAP, and unemployment insurance because of limited resources, political pressure, or the assumption that federal rules alone are sufficient.

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<sup>1</sup> <https://sfof.com/wp-content/uploads/2026/02/SFOF-2025-Oversight-Report.pdf>

<sup>2</sup> [https://x.com/SFOF\\_States/status/2041572181763649568](https://x.com/SFOF_States/status/2041572181763649568)

Agency leaders often argue they do not need a statewide inspector general or extra oversight, claiming existing federal processes are adequate. The result is that fraud becomes a feature in the system, not a bug. Defrauding the American taxpayer has become a multi-billion-dollar industry. 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 our government benefits system.

On behalf of SFOF and our 41 state financial officers, we 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:

### **Recommendation 1: Formalize Partnerships Between State Financial Officers and Federal Inspectors General**

#### **Problem Statement**

State financial officers routinely identify fraud, waste, and abuse in federally funded programs administered at the state level, but there is no formal, mandatory mechanism to share that information with federal Inspectors General. Referrals are currently ad-hoc and voluntary.

#### **How This Contributes to Fraud**

Without standing liaisons, standardized data-sharing protocols, or joint task forces, valuable state-level findings are often not escalated quickly enough for federal investigation and prosecution. Federal agencies lack real-time visibility into patterns that state auditors and treasurers see every day.

#### **How This Hurts the American People**

Fraud that could have been stopped early continues to drain taxpayer dollars. Hardworking families pay higher taxes and face higher costs while scarce resources are diverted from those who truly need assistance.

#### **Desired Outcome**

State discoveries should move seamlessly and rapidly into federal investigations so that fraud is stopped at the source rather than after millions have already been lost.

#### **Recommended Solution**

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. This would create a formal pipeline so that fraud identified at the state level is automatically reviewed and acted upon at the federal level.

### **Recommendation 2: Mandate Real-Time Eligibility Verification**

## **Problem Statement**

Federal benefit programs such as Medicaid, SNAP, and unemployment insurance still rely heavily on self-attestation or periodic checks rather than real-time verification of income, residency, and citizenship status before payments are issued.

## **How This Contributes to Fraud**

Ineligible recipients, duplicate claims, and payments to deceased individuals or non-residents are often discovered only after the money has already left the Treasury. Many state financial officers have the statutory authority to audit these programs, but without a nationwide real-time system, the gaps remain wide open.

## **How This Hurts the American People**

Every improper payment increases the overall cost of these programs, leading to higher taxes and reduced funding for legitimate needs. Families who rely on the safety net face longer wait times and greater competition from fraudulent claims.

## **Desired Outcome**

Eligibility should be confirmed instantly and automatically before any benefit is paid, closing the loopholes that allow fraud to occur at the point of entry.

## **Recommended Solution**

Mandate truly real-time, nationwide cross-checking of income, residency, and citizenship status before benefits are issued. Building on the improvements already made by the 2025 reconciliation law and Treasury's Do Not Pay system, Congress should require every major federal benefit program to integrate with a unified verification hub.

## **Recommendation 3: Accelerate Modern Fraud Detection Technology**

### **Problem Statement**

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.

### **How This Contributes to Fraud**

Current systems rely on post-payment audits instead of proactive AI, data analytics, and blockchain verification. Some state financial officers use these technologies effectively at the state level, but federal programs have been slow to adopt them at scale.

### **How This Hurts the American People**

Billions of dollars are paid out improperly each year and must later be recovered — or written off — at taxpayer expense. This inefficiency drives up costs and reduces public confidence that government programs are being run responsibly.

## **Desired Outcome**

Fraud should be detected and stopped before the payment leaves the Treasury, not months or years later.

## **Recommended Solution**

Accelerate adoption of modern fraud detection technology across all federal benefit programs. Federal agencies are already using AI and data analytics through Treasury's Do Not Pay system with great success. We should expand these tools, including blockchain for claims verification, to prevent fraud before payments are made.

## **Recommendation 4: Expand Performance-Based Funding**

### **Problem Statement**

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.

### **How This Contributes to Fraud**

Without meaningful financial consequences, states have weak motivation to aggressively pursue fraud prevention. Eligibility errors, duplicate claims, and payments to ineligible recipients persist because the cost of poor performance is largely borne by federal taxpayers rather than the administering state. The existing Payment Error Rate Measurement (PERM) program in Medicaid imposes limited penalties, but it is narrow in scope.

### **How This Hurts the American People**

Every dollar lost to fraud is a dollar that cannot be used for education, infrastructure, or tax relief. Hardworking families pay higher taxes and face higher premiums while those who truly need assistance compete with individuals who game the system. This erodes public trust in government and makes the social safety net unsustainable.

### **Desired Outcome**

States should be rewarded for achieving measurable reductions in fraud and improper payments, while those that allow persistent waste face clear financial consequences.

### **Recommended Solution**

Expand performance-based funding across federal benefit programs administered by states. Building on the PERM penalties already in law for Medicaid, Congress should tie a meaningful portion of federal matching funds to verifiable reductions in fraud and improper payment rates. States that demonstrate strong results would receive bonus funding or full matching rates, while states with persistently high error rates would face graduated penalties. This approach would empower elected

state financial officers, who already have statutory authority to conduct audits and protect public funds, to lead aggressive fraud-prevention efforts with the full backing of federal policy.

## **Recommendation 5: Create a Single Real-Time Public Dashboard**

### **Problem Statement**

Taxpayers and elected officials currently lack a single, accessible, real-time view of fraud, waste, and improper payments across federal programs.

### **How This Contributes to Fraud**

Without transparent, up-to-date data, there is limited public and legislative pressure to fix problems quickly. Agencies can continue inefficient practices because the full scope of the issue is not visible in one place.

### **How This Hurts the American People**

Citizens cannot easily see where their tax dollars are being lost, which reduces accountability and makes it harder for Congress and the public to demand meaningful reform.

### **Desired Outcome**

Taxpayers and policymakers should have immediate visibility into exactly where fraud and waste are occurring so that problems can be addressed in real time.

### **Recommended Solution**

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. Building on existing reporting tools, Congress should direct the Office of Management and Budget and Treasury to build and maintain one unified, user-friendly platform that aggregates data from all major federal benefit programs.

### **Kentucky Auditor Allison Ball: Case Study in Model Leadership**

It takes real courage for elected state financial officers to push back against waste and abuse, especially when powerful agencies resist additional scrutiny. The solution is the same reason states elect treasurers and auditors in the first place: the people must be able to hold someone directly accountable if the public purse is stolen on his or her watch. States should formally designate the elected treasurer or auditor as the lead office for fraud prevention and compel them through legislation to provide the necessary checks and balances.

In Kentucky, Auditor Allison Ball used her statutory authority to uncover more than \$836 million in wasted Medicaid payments caused by eligibility failures and improper concurrent capitation payments to other states. Auditor Ball's office partnered with the U.S. Department of Health and Human Services Office of Inspector General and collaborated with officials in Washington, Oregon, and Ohio, sharing data and coordinating examination procedures. This multi-state, federal

partnership shows how state-level oversight can identify gaps that federal rules alone had not closed and drive meaningful reforms nationwide.

A social safety net is vitally important, but it must be reserved for those who truly need it. When fraud and abuse inflate costs and erode trust, the system becomes unsustainable and hurts the very people it was designed to help.

Mr. Chairman, as a policy leader, the son of immigrants, and the father to 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 and its network are ready to partner with Vice President Vance, this administration, and this committee to defend our nation's treasure, defeat corruption, and deliver real results worthy of the American people's trust.

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