

**Written Statement of**  
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**& CFO, Headquarters Indian Health Service, Rockville, Maryland**

**Before the**  
**United States Senate**  
**Committee on Indian Affairs**

**Concerning**  
**Fraud, Waste, and Abuse of Property within**  
**Indian Health Service**

Thank you, Chairman Dorgan and Members of the Committee, for taking the time to hear my testimony in regards to the blatant fraud, waste, and abuse of property throughout Indian Health Service (IHS).

My name is Fernand R. Verrier. Until 6<sup>th</sup> March 2008, I was the Deputy Director of the Office of Finance and Accounting (OFA) and Chief Financial Officer (CFO) for Headquarters, Indian Health Service in Rockville, Maryland.

I have served in the Federal Government since 1976, starting as a GS-9 Auditor and working until my forced retirement on the 6<sup>th</sup> of March 2008, due to a hostile and stressful work environment. My final position was at the GS-15 grade. I have served in the Federal Government as an Auditor, Supervisory Accountant, Budget Analyst, Supervisory Budget Analyst, Supervisory Accountant, Supervisory Auditor, Financial Manager, Financial Advisor, Auditor, Senior Auditor, and Deputy Director (Supervisory Accountant).

I have also served in the Navy from 1962 to 1966 in the Far East. In 1977, I received a Direct Commission as a 1<sup>st</sup> Lieutenant in the Army Reserves and served on Active Duty during the following periods: Just Cause/Promote Liberty, Panama, December 1989 to September 1990; Desert Shield/Storm in Saudi Arabia, Kuwait, and Iraq, December 1990 to May 1991; and Operation Enduring Freedom in Bosnia from May 1996 to December 1996. After 9/11, I was once again called to Active Duty and served 1 year at Headquarters, Central Command, and 1 year at the U.S. Embassy, Yemen until my retirement at age 60.

My responsibility at IHS as Deputy Director of the Office of Finance and Accounting and CFO was to serve as the Principal Deputy Director to the office Director. This means that I fully shared in the responsibility to exercise broad authority for development, presentation, and justification of the IHS budget, and for the allocation and management of financial resources available to IHS executives on financial management matters. I also had responsibility for implementation the provisions of the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. I applied

supervisory responsibilities and managed the daily operations of the office; supervised and provided direction to subordinate staff either directly or through subordinate supervisors; served as principal advisor to the CFO on accounting principles, standards, practices, and functions and chief financial operating official requirements; and interpreted and provided direction for the development and execution of policies, guidelines, manual issuance, circulars, and other directives.

As Deputy Director, I reported to Mr. Tommy Thompson, Director of the Office of Finance and Accounting, who reported to Ms. Phyllis Eddy, Deputy Director for Management Operations, who reported to Dr. Charles W. Grim, Director of Indian Health Service.

I would like to share my personal experience with property problems at IHS.

In the fall of 2007, the IHS Property Book Office submitted a request to my office requesting that we conduct a complete inventory of all our computer equipment. Mr. Thompson, Director, informed me that as the Deputy Director, it would be my responsibility.

I asked our secretary to conduct this inventory. Out of approximately 100 items, she could not locate about 20 assigned to the OFA. Hearing this, I decided to conduct the inventory myself and found the same discrepancies. I then contacted the Property Book Office and asked if they could send someone to conduct an independent inventory to verify ours. They performed the same inventory and came up with the same results. I then sent an e-mail to all our staff (approx. 35 individuals at the time) and asked whether anyone knew of the possible location of the missing items. The responses allowed us to locate one laptop and one desktop computer which individuals had at their homes.

I asked for the documentation that permitted these individuals to remove federal government property and take it home. Their response was, "we do not do this around here." My response was, "effective immediately we will begin doing this."

I then re-contacted the Property Book Office and informed them that we had located two of the missing items.

The Property Book Office told me they would prepare a new Property Book reflecting what we had found.

My response was, "O.K., however, what are you going to do about the items that are still missing?" Their response was, "We are going to write it off." My response to that was: "WHAT? Are you not going to conduct an investigation about the missing items?" And their response was, "NO, we just write it off as we have always done." My response was, "I can't believe this!"

At this point I contacted the Property Book Officer and informed him of what was going on. He told me that he would look into it.

I would estimate that the value of the approximately 18 items that were still missing was between \$18,000 and \$20,000.

Now you are probably asking how this relates to the GAO report, "IHS Mismanagement Led to Millions of Dollars in Lost or Stolen Property." Well, I say to you, that this is proof beyond a doubt that IHS has a very large problem in regards to property management. If this is what was found in a small Headquarters office of only approximately 35 individuals, what would you expect in the other offices and throughout the agency?

I am very grateful to have had the honor and opportunity to address this Committee and to assist its efforts to help implement proper property management control within IHS. Proper property management control will allow IHS to allocate its funding wisely and frugally in providing medical care for our Native American and Alaskan natives.

At this time, I am happy to answer any of your questions, if you have any.