

**Office of the State Inspector General**

**Key Officials Attending the Hearing**

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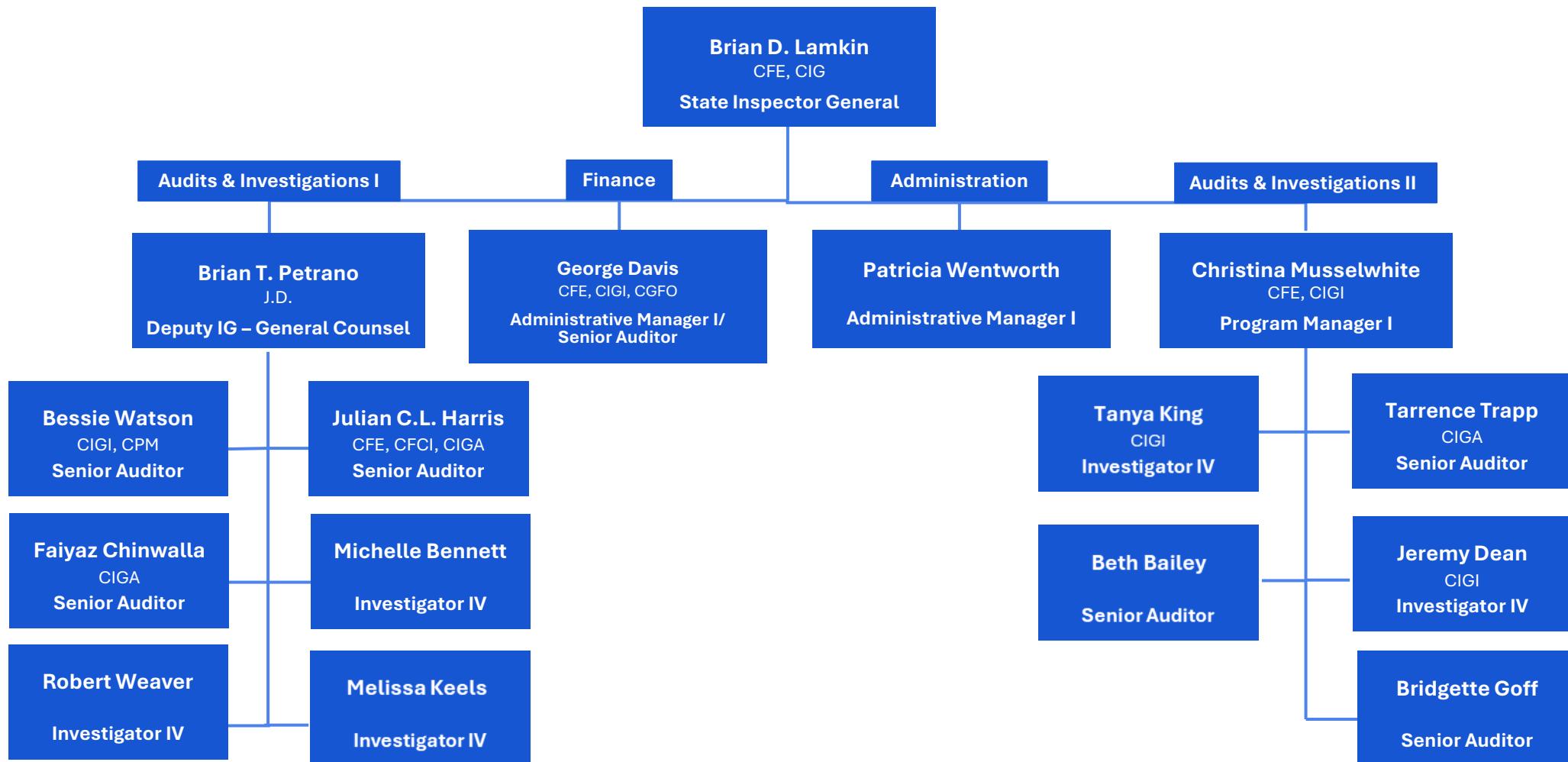
## Office of the State Inspector General

### Agency Overview

The State Inspector General's (SIG) statutory mission is to investigate and address allegations of "fraud, waste, abuse, mismanagement, misconduct, and wrongdoing" within the Executive Branch consisting of 106 separate agencies, commissions, boards, and universities with annual expenditures exceeding \$29 billion and 60,000 employees. The statutory mission was expanded effective 7/1/2022 to include public school districts, public schools, public charter schools, public charter school districts, public charter school authorizers, voluntary associations for interscholastic sports for public secondary schools, and the Opioid Recovery Fund and subfunds. This broad mission is translated into two strategic objectives: 1) maintaining a high integrity workforce; and 2) increasing the cost/effectiveness of agencies within the SIG's authority.

The SIG operationalizes these strategic objectives through a tactical process of selecting fraud, misconduct, and waste investigations with the broadest impact, based on:

- The significance of the impact to the public's confidence in the integrity or effectiveness of government, and/or the disruption to an agency fulfilling its mission;
- The broadest impact (statewide) when considering the probable individual case outcomes in terms of effectiveness (dollars saved/waste prevented) or seriousness of integrity allegation;
- Proactive risk assessments of waste among agencies; and
- Potential lessons learned to identify root causes of problems or deficiencies to drive positive change within an agency, preferably on a statewide basis.



# **Office of the State Inspector General**

## **Outline of FY 2026-27 Budget Request**

### **Recurring Funding (Priority 1)**

The Office of the State Inspector General is requesting additional recurring funding of \$647,309 to support a request for an increase in staffing of 5.0 full-time equivalent positions (FTEs) to include one Program Manager I (supervisory) position, two Senior Auditor positions, and two Investigator IV positions. The requested recurring funding is comprised of salary and employee taxes and benefits, space needs, IT services, supplies, and training costs.

### **Non-Recurring Funding (Priority 2)**

The Office of the State Inspector General is requesting non-recurring funds of \$38,156 related to the request for the additional 5.0 FTEs. The request for non-recurring funds includes furniture, IT equipment, data wiring, and an expansion of the existing agency security system. While shown as Priority 2 due to the EBO budget system requirements, the recurring and non-recurring requests are interrelated, and one depends upon the other.

### **Justification**

In reviewing the results for the FY2024-25 Annual Accountability Report it was noted that the average investigative time increased 50% over the prior FY. A driver of this increase was the increased number of public school district investigations where the average investigation took 131 business days from inception to completion of a draft report. These in turn increased the average for all investigations in the office. A second area of increased investigative time was related to two budget provisos (117.200 & 117.201) that required the Office of the State Auditor to coordinate with the IG's office in conducting external forensic audits of two political subdivision governments (Town of Calhoun Falls and Hampton County) during FY2024-25. The average completion time of these forensic audits was more than 225 calendar days. These new areas of authority exceeded the staffing capacity of the IG's office to handle investigations in an expeditious manner. In consultation with the Governor's Office and the Department of Education, it was determined that additional investigative and auditing resources would be needed for FY2026-27 to meet the investigative needs of the IG's office. As a sidebar, during IG Lamkin's confirmation hearing before the Senate Judiciary Committee in May 2025, Senate Majority Leader Shane Massey inquired of IG Lamkin if the new authorities and investigations had slowed down the IG's ability to complete the investigations in a timely manner, and if the office needed additional staffing.

The Office of the State Inspector General does not receive Other or Federal Funds.

**Office of the State Inspector General**  
**Fiscal Year 2026-27 – Proviso Requests**

<b>Proviso No. in FY2026 Act</b>	<b>Renumbered FY 2027 Proviso No.</b>	<b>Proviso Title</b>	<b>Short Summary</b>	<b>Action Recommended</b>
94.1	94.1	Coordination with State Auditor	The State Inspector General will prepare an annual report to the Chairmen of the House Ways and Means Committee and the Senate Finance Committee and the Governor detailing all written referrals of fraud, waste, and abuse from the State Auditor and all corresponding actions taken by the State Inspector General.	Keep
94.2	94.2	Carry Forward	The funds appropriated to the Office of the State Inspector General may be carried forward from the prior fiscal year and expended in the current fiscal year to secure legal services, forensic auditing, staff training, and other services to ensure the office can conduct investigations as needed.	Keep

## OFFICE OF THE STATE INSPECTOR GENERAL

Budget vs. Actual and Carry-Forward  
Final for FY2025 and Year-to-Date for FY2026

### APPROPRIATION:

Appropriation  
Statewide Raise Allocation  
Annual Health Ins. & Retirement Allocations  
**TOTAL REVISED APPROPRIATION**

Fiscal Year 2025 (Final)		Fiscal Year 2026 To Date	
Budget - State Level	Actual for FY 2025	Budget - State Level	Actual thru 11/30/2025
1,913,227	1,913,227	1,950,167	1,950,167
26,397	26,397	26,002	26,002
10,543	10,543	11,814	11,814
<b>1,950,167</b>	<b>1,950,167</b>	<b>1,987,983</b>	<b>1,987,983</b>
<b>EXPENDITURES:</b>			
<u>PERSONAL SERVICE</u>	1,152,912	1,114,585	1,172,557
<u>OTHER OPERATING EXPENSES</u>	277,845	295,148	277,845
<u>SPECIAL ITEM - FRAUD HOTLINE</u>	321	149	321
<u>EMPLOYEE PAYROLL TAXES &amp; FRINGE BENEFITS</u>	519,089	453,387	537,260
<b><u>TOTAL EXPENDITURES</u></b>	<b>1,950,167</b>	<b>1,863,268</b>	<b>1,987,983</b>
<u>SURPLUS OR (DEFICIT) - BEFORE CARRY-FORWARD</u>		86,899	
<u>Special Carry-Forward* from Prior Year</u>		510,510	
<u>Surplus or (Deficit) - After Special Carry-Forward from Prior Year</u>		597,409	
<u>Special Carry-Forward* to Next Year</u>		597,409	

\*Per Proviso 94.2, the Special Carryforward is to be expended "to secure legal services, forensic auditing, staff training, and other services to ensure the office can conduct investigations as needed."

## **SIG Annual Performance Measures**

Below are the quantitative metrics developed specifically in the SIG's strategic plan to provide outcome indicators that address the stated objectives for FY 2024-25 and internal agency metrics.

<b>Performance Measures</b>	<b>Strategic Plan / Internal Metric</b>	<b>FY 2024-25 Actual</b>	<b>FY 2024-25 Target</b>	<b>FY 2023-24 Actual</b>
Forensic accounting investigations	Strategic	13	6	12
Waste and mismanagement investigations	Strategic	8	6	10
Misconduct investigations	Strategic	6	6	5
Voluntary Program Reviews	Strategic	3	4	2
Public Schools and Interscholastic Sports Investigations	Strategic	3	0	2
Economic recoveries (incl. waste prevented, based upon SIG findings & recommendations)*	Strategic	\$37,973,856	\$0*	\$157,914,575
SIG recommendations	Strategic / Internal	112	20	80
SIG recommendations accepted / implemented by Agency as a percentage (%)	Strategic / Internal	100%	95%	100%
SIG referrals to law enforcement, State Ethics Commission, SC Department of Revenue, or State Auditor*	Strategic	11	0*	9
Agency Head Referrals	Strategic	12	5	7
SIG Alerts / “Lessons Learned”	Strategic	6	6	6
Complaints received	Strategic	492	400	443
Complaint triage – process, triage, action	Strategic / Internal	6 calendar days	25 calendar days	12 calendar days
Investigative completion time	Strategic / Internal	105 business days	80 business days	85 business days

(\*) The target values are set at zero to keep investigative efforts focused on the inefficiencies under review that result in findings and recommendations that may or may not result in a referral to law enforcement or a recapture of funds.

## **SIG Investigative Activities**

The SIG “is responsible for investigating and addressing allegations of fraud, waste, abuse, mismanagement, misconduct, violations of state or federal law, and wrongdoing in agencies” per South Carolina Code of Laws §1-6-20 (B), and as it relates to the South Carolina Opioid Recovery Fund, per South Carolina Code of Laws §11-58-30 (F). Pursuant to Act No. 223 of 2022, the SIG’s investigative authority expanded to include public schools/school districts, public charter schools and authorizers, and voluntary associations that establish and enforce bylaws and rules for interscholastic sports competitions for public secondary schools.

In FY 2023-24, the SIG’s authority was further expanded by the General Assembly through the passage of three provisos ([117.200](#), [117.201](#) and [117.203](#))<sup>1</sup> which placed the SIG in a coordinating oversight role with the Office of the State Auditor for outside forensic audits conducted of certain local governments.

The SIG initiated seven high impact/time-sensitive investigations requested by the General Assembly, and the State Superintendent of Education, that included three investigations of public school districts; eight proactive risk assessments of waste and mismanagement; and six investigations of serious misconduct by state employees. The SIG also conducted three voluntary program reviews for three executive branch (EB) agencies to improve program efficiency and effectiveness for these agencies.

The SIG utilized its forensic accounting and financial investigative skills in thirteen investigations and disseminated six anti-fraud lessons learned and alerts to agency heads. The SIG made eleven referrals for potential criminal and ethics violations of law to state and federal authorities.

In addition to its investigative role, the SIG’s outreach program provided twelve training opportunities to other EB agencies and the public on financial oversight and managing fraud risk to include the SC House of Representatives new member orientation, the LeadSC, the [Charter Institute at Erskine](#), the [SC Association of Title 1 Administrators](#), the [SC Association of Governmental Purchasing Officials](#), and the [Association of Certified Fraud Examiners \(ACFE\)](#) [Law Enforcement and Government Alliance \(LEGA\)](#). In addition, the SIG provided outreach to the USC Business School of Accountancy, the [SC Associate Public Manager Mentoring Program](#) administered by the SC Department of Administration (SCDOA), the SCDOA 4th Annual Veteran’s Career Counseling Day and Virtual Career Fair, the Columbia Office of the Federal Bureau of Investigation, the Shepherd Center Community Services Organization, and presented to a local school on career day.

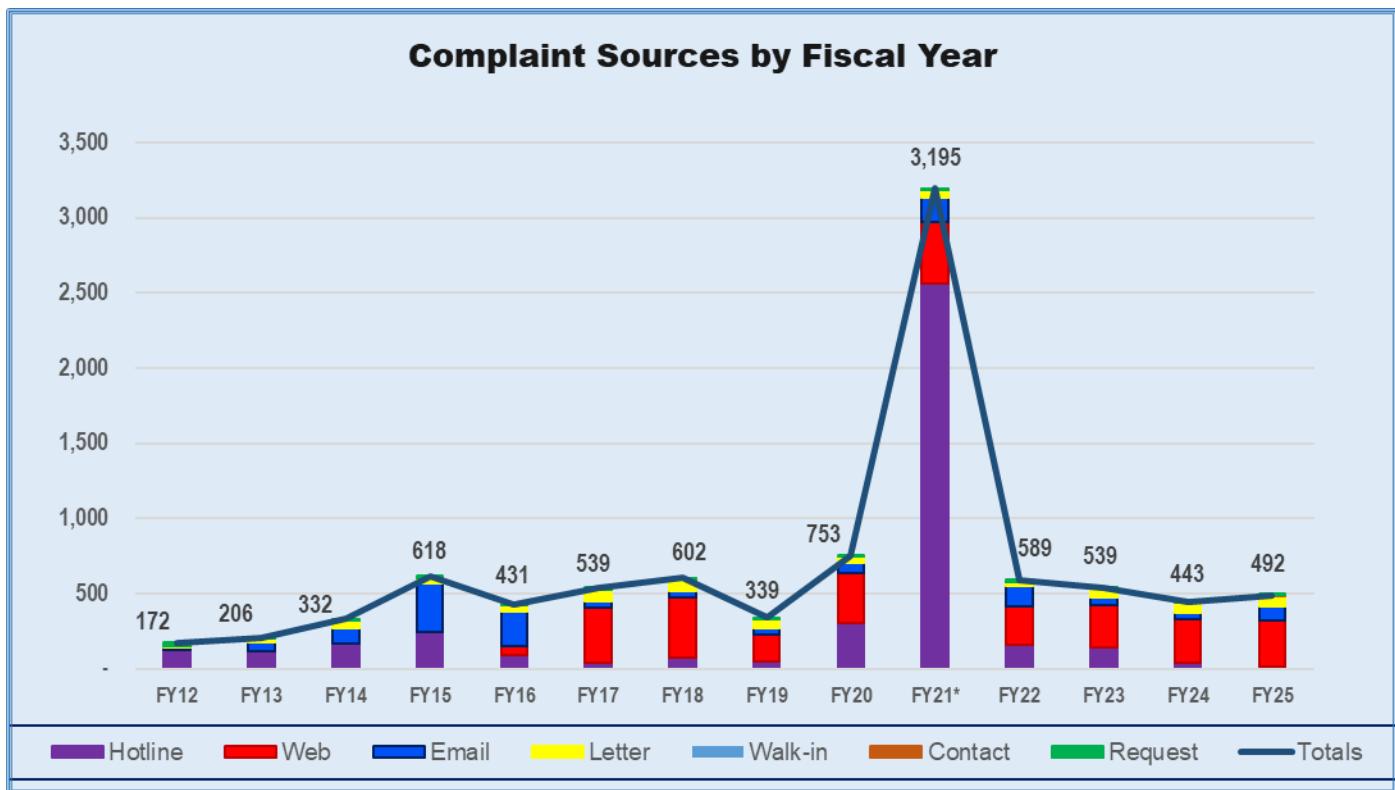
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<sup>1</sup> Provisos 117.200, 117.201 and 17.203 were also included in South Carolina’s 2024-25 state budget that grants the SIG limited authority to oversee forensic audits of certain local governments. These provisions were initiated by the General Assembly to strengthen accountability and transparency in local government financial practices.

## **SIG “Hotline” Operation and Fraud Complaint Program**

The SIG operated a toll-free telephone “hotline” for the public to report fraud in state government. In addition to receiving complaints through the SIG’s fraud hotline and the traditional method of in-person and direct correspondence with the SIG, the SIG also utilized a web-based reporting system that provided the public and state employees the ability to report fraud in a confidential manner directly to the SIG.

During FY 2024-25, the SIG addressed 492 complaints with an average turnaround for complaint processing (download-assessment-action) of 6 calendar days. The SIG received an additional 3,207 “hotline” calls that were non-jurisdictional complaints or misdirected calls, which the SIG referred to the applicable agency or entity. *(See chart below)*



\* The SIG complaint volume returned to normal levels following the explosion in complaints during the COVID-19 State of Emergency in 2020.

The tracking of complaints acts as a barometer of the SIG’s communication efforts with the public and EB agencies and gauges the SIG’s triage of complaints more effectively.

## **Office of the State Inspector General**

### **FTE Breakdown**

	Authorized FTEs	Current FTEs	Vacant FTEs
Number of State FTEs	16	16	0
Number of Federal FTEs	0	0	0
Number of Other Funded FTEs	0	0	0
<b>TOTAL FTEs</b>	<b>16</b>	<b>16</b>	<b>0</b>