

Office of the Inspector General

Brian D. Lamkin



House Budget Briefing for
Fiscal Year 2021-22



State of South Carolina

Office of the Inspector General

House Budget Briefing – Fiscal Year 2021-22

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Office of the Inspector General
Officials Attending the Budget Hearing

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Summary of FY 2021-22 Budget Requests

- **Priority 1 - (\$3,918) Information Technology (IT):** Comprised of software subscription renewals/updates (\$3,330), and mobile device management (MDM) service (\$588) through the Dept. of Admin-DTO. Maintaining current versions of software improves information security and assures the availability of technical support and the avoidance of incompatibility issues. The MDM service improves information security on the use of SIG-owned employee cell phones.
- **Priority 2 - (\$5,474) Cost Escalation in Office Lease – FY2019-2022:** Comprised of annual 3% increases totaling \$5,474 instituted by the property owner beginning with FY2019.
- **Priority 3 - (\$6,873) Health Insurance Adjustment for Covered Employee:** Represents the employer portion of employee health insurance for one new employee where the employee's predecessor (a federal retiree) did not elect the state health insurance coverage. The amount requested is the composite annual employer premium as provided by PEBA.
- **Priority 4 – (\$4,038) Tort Liability Premium Increase:** Represents the annual increase in the agency's existing tort liability premium instituted by the IRF in FY2021.
- **Priority 5 – (\$13,983) Increased Office Space and Physical Security Need:** Provides the additional lease cost of a larger office suite to accommodate increase space needs (800 sf) beyond the size of the current office suite originally leased at the inception of the agency in 2013. Further, the increased space will allow for security enhancements for the protection of the staff including a dedicated reception area with controlled access to staff offices and a separate secured entrance for staff.
- **Priority 6 - (\$4,800) Employee Training and Training-Related Travel:** Represents the establishment of recurring funding for SIG employees to obtain and maintain certifications with the Association of Inspectors General and the Association of Certified Fraud Examiners.

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2020 Accountability Report Summary

Mission

The State Inspector General's (SIG) broad statutory mission translates into two strategic objectives: 1) maintaining a high integrity workforce, and 2) increasing the cost/effectiveness of executive branch operations. The SIG executes its mission through fraud, waste, abuse, and misconduct investigations using the following strategies to select cases consistent with resource availability:

1. Significantly impacting the public's confidence in the integrity/effectiveness of state government and/or causing a significant disruption to an agency carrying out its mission;
2. Consider the highest impact cases with probable individual case outcomes in terms of effectiveness (dollars saved/waste prevented) or seriousness of integrity allegation;
3. Proactive risk assessments of waste in the executive branch; and
4. Potential lessons learned to identify root causes of problems/deficiencies to drive positive change, preferably on a statewide basis.

Investigative Activities

The SIG accomplished its FY 2019-2020 strategies and measurements through eight high impact/time-sensitive investigations at the request of the General Assembly, the Governor's Office, and a constitutional officer; eight proactive risk assessments of waste and mismanagement; four serious misconduct reviews of Executive Branch (EB) employees; and the dissemination of six statewide lessons learned in anti-fraud measures, and areas of waste and abuse. The SIG provided voluntary program reviews to five EB agencies to improve program efficiency and effectiveness, and provided five presentations to the public on financial oversight, managing fraud risk, and state job recruitment.

SIG "Hotline" Operation and Complaint Filing Program

The SIG operated a toll-free "hotline" and a web-based reporting system to provide the public the ability to report fraud and waste in government. The SIG received, reviewed, and assessed 753 complaints during FY 2019-20, a 122% increase over the 339 from FY 2018-19. For the April – June period alone the SIG received 480 complaints following the COVID-19 State of Emergency declaration in March 2020. The 753 complaints is the most received by the SIG in its nine-year history. The average turnaround for complaint processing (download-assessment-action) was ten calendar days for FY 2019-20. The tracking of complaints acts as a barometer of the SIG's communication efforts with the public and executive branch employees, and gauges the SIG's triage of complaints more effectively. The SIG received an additional 923 "hotline" calls that were non-jurisdictional complaints, or misdirected calls, which the SIG referred to the applicable agency or entity.

Annual Performance Measures

The SIG reconstructed and added additional performance metrics to provide insight into the effectiveness and impact of SIG investigations. Below are the quantitative metrics developed specifically in the SIG's strategic plan to provide outcome indicators that address the stated objectives for FY 2019-2020.

Performance Measures	Strategic Plan / Internal Metric	FY 2019-20 Actual	FY 2019-20 Target	FY 2018-19 Actual
Forensic accounting investigations	Strategic	8	6	8
Misconduct investigations	Strategic	4	5	8
Economic recoveries (incl. waste prevented, based upon SIG findings & recommendations)	Strategic	\$1,811,897	\$815,000	\$2,615,949
SIG Statewide recommendations	Strategic / Internal	24	15	12
SIG recommendations accepted / implemented by Agency as a percentage (%)	Strategic / Internal	96%	80%	100%
SIG Alerts / “Lessons Learned”	Strategic	6	6	7
Complaints received	Strategic	753	350	339+
SIG referrals to law enforcement, State Ethics Commission, or State Auditor	Internal	2	0	6
Voluntary Program Reviews	Strategic	5	3	5
Complaint triage – process, triage, action	Strategic / Internal	10 calendar days	30 calendar days	*
Investigative completion time	Strategic / Internal	83 business days	90 business days	*

+Revised from FY 2018-19

COVID-19 Impact to SIG Operations

On 3/13/2020, the Governor’s declaration of a COVID-19 State of Emergency resulted in the SIG shifting to remote/telework operations. This adversely affected SIG investigative activities, to include person-to-person interviews and review of Executive Branch (EB) agencies. The SIG re-focused its efforts by bridging the communication gap for South Carolinians experiencing difficulties in contacting the SC Department of Employment Workforce (SCDEW) about unemployment. These efforts shifted in mid-May when the SIG initiated a triage process of identifiable unemployment fraud for referral to the SCDEW investigative team. These efforts resulted in over 108 fraud referrals to SCDEW.

FY 21-22 Budget Priorities Summary

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Budget Priorities				Funding					FTEs			
Priority No.	Priority Type (non-recurring/ recurring /other funds adjustment/ federal funds adjustment)	Priority Title	Priority Description	Recurring	Non - Recurring	Other	Federal	Total	State	Other	Federal	Total
1	recurring	Information Technology Needs	Funding for software subscription/updates and mobile device management service.	3,918				3,918	0.00			0.00
2	recurring	Cost Escalation in Office Lease	Funding for annual lease cost increases.	5,474				5,474	0.00			0.00
3	recurring	Health Insurance Adjustment- Number of Covered Employees	The employer health insurance premium for a new employee where the employee's predecessor (federal retiree) had waived the coverage.	6,873				6,873	0.00			0.00
4	recurring	Tort Liability Premium Increase	Increased premium of the existing tort liability insurance coverage.	4,038				4,038	0.00			0.00
5	recurring	Increased Office Space and Physical Security Need	Additional lease cost of for a larger office space to accommodate increased space needs and provide adequate security to office staff.	13,983				13,983	0.00			0.00
6	recurring	Employee Training and Training-Related Travel	Funding for employee training and training-related travel to allow employees to obtain and maintain certifications.	4,800				4,800	0.00			0.00

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Efforts to Mitigate Costs Under the CR:

- Built Virtual Private Network to conduct remote work while three-fourths of the office worked from home due to Executive Orders to have non-essential personnel work remotely. This required additional monitoring by DTO to reduce the risk to the IG server.
- Retrofitted computers with webcams to conduct meetings, receive training, conduct interviews in a virtual setting.
- Curtailed training travel for CPEs needed for the Association of Inspectors General and the Association of Certified Fraud Examiners. Reduced training costs.
- Upgraded computer equipment to extend life of equipment instead of replacing the equipment. Added two years to the life-cycle management of the equipment.
- Held open the FTE vacancy in order to provide necessary funds to reduce personnel costs during the first six months of FY 2020-21. This provided for the upgrading of the computer equipment, the VPN build-out, and the additional monitoring from DTO.
- Paused office relocation efforts that were initiated in January 2020.

Constitutional Subcommittee Proviso Request Summary FY 2020-21

Proviso # in FY 19-20 Act	Renumbered FY 20-21 Proviso #	Proviso Title	Short Summary	Agency Recommended Action (keep, change, delete, add)
94.1	94.1	Coordination with State Auditor	The 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

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All Provisos Including Those Referencing the Inspector General

SECTION 94 - D250 - OFFICE OF INSPECTOR GENERAL

Keep

(FY19-20 94.1) **94.1.** (OIG: 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.

SECTION 105 - F270 - SFAA, STATE AUDITOR'S OFFICE

Keep

(FY19-20 105.3) **105.3.** (SFAA-AUD: Coordination with Inspector General) In the event the State Auditor's Office identifies instances of fraud, waste, and abuse during any state agency audit, the State Auditor shall refer such instances to the State Inspector General for examination. The State Auditor shall prepare and submit 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 submitted to the State Inspector General.

SECTION 117 - X900 - GENERAL PROVISIONS

Keep

(FY19-20 117.34) **117.33.** (GP: Debt Collection Reports) Each state agency shall provide to the Chairmen of the Senate Finance and House of Representatives Ways and Means Committees and the Inspector General a report detailing the amount of its outstanding debt and all methods it has used to collect that debt. This report is due by the last day of February for the previous calendar year. For purposes of this provision, outstanding debt means a sum remaining due and owed to a state agency by a nongovernmental entity for more than sixty calendar days.

FM Budget vs Actual

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Information

FY 2021 Budget with Carry Forward from FY

Table

Fund	Commitment Items	Original Budget	Budget Adjustments	Current Budget	MTD Actual Expense	YTD Actual Expense	Balance Before Commitment	Commitments and Other Transactions	Remaining Balance
GENERAL FUND	Agency Head Salary	\$ 124,993.00		\$ 124,993.00			\$ 124,993.00		\$ 124,993.00
	Classified Salaries	\$ 433,127.00		\$ 433,127.00			\$ 433,127.00		\$ 433,127.00
	Other Expenses	\$ 69,572.00		\$ 69,572.00			\$ 69,572.00		\$ 69,572.00
	Employee Benefits	\$ 206,877.00		\$ 206,877.00			\$ 206,877.00		\$ 206,877.00
	Fraud Hotline	\$ 321.00		\$ 321.00			\$ 321.00		\$ 321.00
	Carry Forward-FY2020		\$ 53,638.21	\$ 53,638.21			\$ 53,638.21		\$ 53,638.21
	Result	\$ 834,890.00	\$ 53,638.21	\$ 888,528.21			\$ 888,528.21		\$ 888,528.21

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FTE Breakdown

	Authorized FTEs	Current FTEs	Vacant FTEs
Number of State FTEs	8	7	1
Number of Federal FTEs	0	0	0
Number of Other Funded FTEs	0	0	0
TOTAL FTEs	8	7	1

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Other Considerations

The SIG's pending request for additional office space was initially due to the FTE increase for FY 2019-20 that resulted in the elimination of its training/conference room for the additional office to accommodate the new Deputy IG position.

This request took on added significance and importance due to a security issue that resulted in a threat assignment by SLED and the temporary assignment of a Bureau of Protective Services officer at the SIG office on 8/19/2020 for additional security.

The current security posture of the SIG office offers no security buffer between the SIG personnel and the general public. The current office configuration does not provide necessary footprint to accommodate the additional security needs and the necessary office and training space.