

Office of the Inspector General

Brian D. Lamkin



House Budget Briefing for
Fiscal Year 2019-20



State of South Carolina

Office of the Inspector General

House Budget Briefing – Fiscal Year 2019-2020

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Office of the Inspector General
Officials Attending the Budget Hearing

Brian D. Lamkin, Inspector General

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Cell: 803-605-3161

Email: brianlamkin@oig.sc.gov

George R. Davis, Investigator
(collateral duty as financial mgr.)

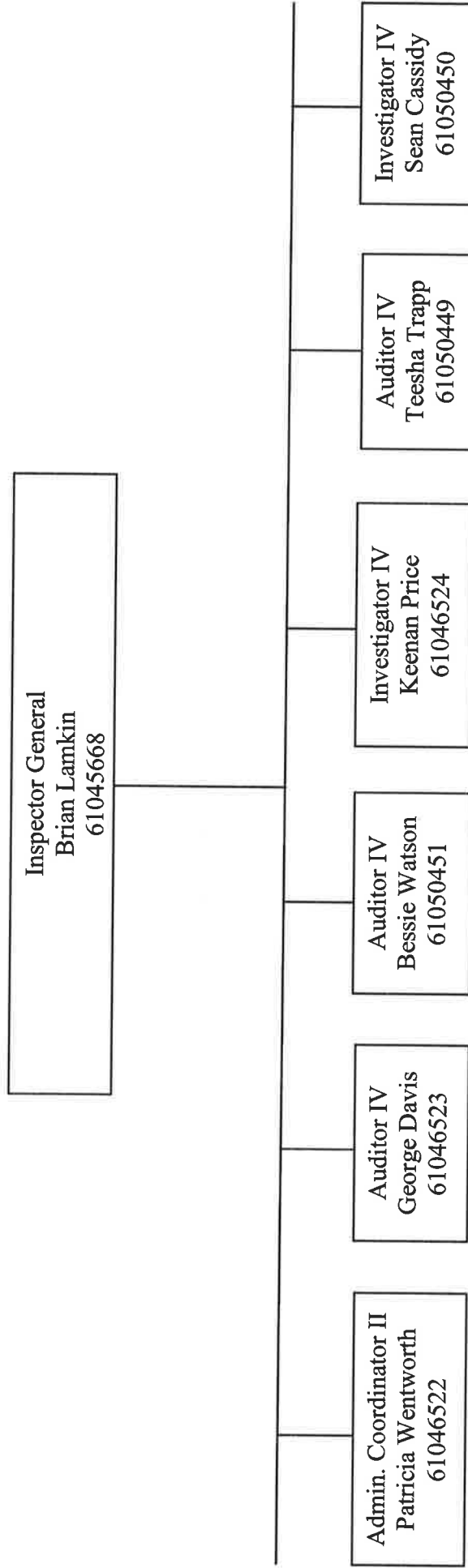
Office: 803-896-4732

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Office of the Inspector General

Organizational Chart



Address:
111 Executive Center Drive, Suite 204
Columbia, SC 29210
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Office of the State Inspector General

Mission Overview

The SC General Assembly created the State Inspector General's Office in FY 2012-13 with a broad statutory mission found in SC Code of Laws §1-6-10 et seq., which is translated 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, misconduct, and waste investigations using the following strategies to select cases consistent with its resource availability (seven total staff):

- 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;
- The highest impact 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 in the Executive Branch; and
- Potential lessons learned to identify root causes of problems/deficiencies to drive positive change, preferably on a statewide basis.

2017-18 Accomplishments

The following accomplishments represent a sample of cases in the SIG's full case portfolio contained in the 2017-18 Annual Accountability Report:

- Conducted seven (7) high impact/time-sensitive reviews of seven statewide agencies or programs;
- Conducted eight (8) proactive risk assessments of waste and mismanagement in state government;
- Conducted six (6) serious misconduct investigations pertaining to senior agency officials;
- Produced 22 statewide recommendations for statewide officials;
- Produced seven (7) "lessons learned" for statewide officials;
- SIG reviews resulted in 67 recommendations being adopted and implemented by agency officials;
- Referred four (4) matters to law enforcement, State Ethics and/or State Auditor for further review;
- Investigations and report findings/recommendations resulted in \$1.86M in economic loss prevented and recovered, which exceeded target goals; and
- 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 logged 601 complaints through this "tip" system, which was a 12% increase over FY 2016-2017 (539).

Budget Requests (FY 2019-2020)

1. FY2019-20 recurring budget request:
 - a. Classified FTE salaries adjustment of \$17,768 represents funds requested to correct a budget shortfall that has developed over several years due to not syncing salaries to the budget at the creation of the agency, and for subsequent years while a separate agency performed administrative duties for the office; salary increases including agency head where no funds were requested and carryover and budget savings due to turnover was utilized.
 - b. Additional FTE position for a Deputy IG/attorney of \$113,803 (salary & benefits) represents salary and benefits cost for a new position to satisfy several needs of the office including oversight of reports to mitigate the risk of publishing an inaccurate report; to provide legal sufficiency review of reports and provide legal advice currently sought from other agencies; and to provide additional investigative capacity.
2. New Proviso Request:
 - a. "All executive branch agencies, commissions and universities will provide a written notice to the State Inspector General's Office within seven days of self-initiating an internal investigation on suspected fraud conducted by a state employee against the agency or referral of a state employee for suspected fraud against the agency to any law enforcement agency."

Office of the Inspector General

2018 Accountability Report Summary

Mission

The State Inspector General's 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, misconduct, and waste case selections 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.

Vision

The SIG strives to utilize its statutory authorities, capabilities, and proactive posture to:

- Provide the State with a unique investigative/audit asset to objectively and independently address integrity or ineffectiveness issues impacting the public's confidence in State government and disruption to an agency fulfilling its mission;
- Demonstrate a willingness to engage integrity and ineffectiveness issues as a deterrence for misconduct and mismanagement among Executive Branch employees and leaders; as well as providing an effective tool to address issues previously unaddressed by affixing accountability with recommendations to drive positive change; and
- Steer the Executive Branch management culture towards an environment of continuous improvement using the simple benchmark of taxpayer value, and challenge State government's greatest risk of complacency, which can easily seep into a governmental environment.

Investigative Activities

The SIG accomplished its FY 2017-18 strategies and measurements through 7 time-sensitive and high impact investigations at the request of the General Assembly and the Governor's Office, 8 proactive risk assessments of waste and mismanagement, 6 reviews of serious misconduct by state employees, and the dissemination of 7 statewide lessons learned in anti-fraud measures, and areas of waste and abuse.

SIG "Hotline" Operation

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 logged 601 complaints through this "tip" system, which was a 12% increase over FY 2016-2017 (539).

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 2017 – 2018.

Performance Measures	FY 2017-2018 Actual	FY 2017-2018 Target	FY 2016-2017 Actual
Forensic accounting investigations	12	4	10
Misconduct investigations	6	5	9
Economic recoveries (incl. waste prevented, based upon SIG findings & recommendations)	\$1,860,950	\$662,000	\$1,610,198
SIG recommendations (Statewide)*	22	15	10
SIG Alerts / "Lessons Learned"	7	6	2
SIG recommendations (Agency review)	67	30	10
SIG recommendations accepted by Agency as a percentage (%)	97%	73%	67%
Complaints received	601	400	539**
SIG referrals to law enforcement, State Ethics Commission, or State Auditor***	4	0	2

*Metric designed to encourage SIG reviews to look at statewide issues, which generally have a higher level and broader potential positive impact.
 **Final adjusted number for FY2016-17. This measure provides feedback on SIG outreach efforts to the public and executive branch employees.
 ***SIG referrals to law enforcement, State Ethics Commission, or the State Auditor's Office is a new internal measurement to provide feedback on SIG investigations and ensure the SIG's coordination and communication on possible criminal conduct and ethics violations as required by SC Code of Laws (§§1-6-40, 1-6-60, 1-6-80) and Proviso 94.1.

Risk Assessment, Mitigation Strategy and Recommendation (AAR Goal #3)

The SIG's greatest risk is losing its credibility and confidence with the public and stakeholders by releasing an inaccurate report. This risk is mitigated by the Inspector General's direct involvement in the draft report process, while serving as the first line supervisor to five investigators in addition to his executive role.

In order to reduce waste in Executive Branch operations, the SIG proposes for consideration the General Assembly to authorize and appropriate funding for an increase of one classified FTE position for a Deputy IG/attorney for the FY 2019-20 budget. SC Code of Laws, §1-6-20(A) authorizes the SIG to have a deputy inspector general position. This FTE will increase the capacity for quality control and legal review of SIG reports.

Restructuring Recommendation (AAR Goal #3)

A restructuring recommendation in support of the identified risk mitigation/strategy and recommendation was submitted and detailed as follows:

- Description: Increase and fund a Deputy IG/Attorney position for the SIG.
- Anticipated Benefit: Risk mitigation set forth in the "Risk Assessment" subsection.
- Stage of Change Analysis: Based on current SIG review process and workload.
- Presented & Approved by Board/Commission: To be included in SIG budget request to the Executive Budget Office for FY 2019-20.
- Needed to implement change: Inclusion in Governor's budget request to the General Assembly, and General Assembly approval through the appropriations process.

FY 19-20 Budget Priorities Summary

Office of the Inspector General

Budget Priorities		Funding					FTEs					
Priority No.	Priority Type (non-recurring / other funds adjustment / federal funds adjustment)	Priority Title	Priority Description	Non - Recurring	Recurring	Other	Federal	Total	State	Other	Federal	Total
1	recurring	Classified salary adjustment	To adjust the classified salaries budget amount to match actual salaries.		17,768			17,768	0.00			0.00
2	recurring	Deputy Inspector General/Staff Attorney	The addition of a Deputy/Attorney to facilitate supervision of investigations and reviews, and conduct legal sufficiency reviews of reports.		113,803			113,803	1.00			1.00

AGENCY NAME:	Office of the Inspector General		
AGENCY CODE:	D250	SECTION:	94



**Fiscal Year 2019-20
Agency Budget Plan**

FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS (FORM B1)

For FY 2019-20, my agency is (mark "X"):	
<input checked="" type="checkbox"/>	Requesting General Fund Appropriations.
<input type="checkbox"/>	Requesting Federal/Other Authorization.
<input type="checkbox"/>	Not requesting any changes.

NON-RECURRING REQUESTS (FORM B2)

For FY 2019-20, my agency is (mark "X"):	
<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
<input checked="" type="checkbox"/>	Not requesting any changes.

CAPITAL REQUESTS (FORM C)

For FY 2019-20, my agency is (mark "X"):	
<input type="checkbox"/>	Requesting funding for Capital Projects.
<input checked="" type="checkbox"/>	Not requesting any changes.

PROVISOS (FORM D)

For FY 2019-20, my agency is (mark "X"):	
<input checked="" type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
<input type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	George R. Davis	803-896-4732	georuedavis@oig.sc.gov
SECONDARY CONTACT:	Brian D. Lamkin	803-896-1287	brianlamkin@oig.sc.gov

I have reviewed and approved the enclosed FY 2019-20 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

SIGN/DATE:	<i>Agency Director</i>	<i>Board or Commission Chair</i>
		n/a
TYPE/PRINT NAME:	Brian D. Lamkin	9/20/2018

This form must be signed by the agency head – not a delegate.

AGENCY NAME:	Office of the State Inspector General (SIG)		
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FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY

Provide the Agency Priority Ranking from the Executive Summary.

TITLE

Classified Salaries Adjustment

Provide a brief, descriptive title for this request.

AMOUNT

General: \$ 17,768
Federal:
Other:
Total: \$ 17,768

What is the net change in requested appropriations for FY 2019-20? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS

Please provide the total number of new positions needed for this request.

**FACTORS
ASSOCIATED WITH
THE REQUEST**

- Mark "X" for all that apply:**
- Change in cost of providing current services to existing program audience
 - Change in case load/enrollment under existing program guidelines
 - Non-mandated change in eligibility/enrollment for existing program
 - Non-mandated program change in service levels or areas
 - Proposed establishment of a new program or initiative
 - Loss of federal or other external financial support for existing program
 - Exhaustion of fund balances previously used to support program
 - IT Technology/Security related
 - Consulted DTO during development
 - Related to a Non-Recurring request – If so, Priority # _____

**STATEWIDE
ENTERPRISE
STRATEGIC
OBJECTIVES**

- Mark "X" for primary applicable Statewide Enterprise Strategic Objective:**
- Education, Training, and Human Development
 - Healthy and Safe Families
 - Maintaining Safety, Integrity, and Security
 - Public Infrastructure and Economic Development
 - Government and Citizens

AGENCY NAME:	Office of the State Inspector General (SIG)		
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ACCOUNTABILITY OF FUNDS

The addition of these funds supports all of the Agency's activities including the Agency's investigative efforts and general operations under the Statewide Enterprise Strategic Objectives of "Maintaining Safety, Integrity and Security" and "Government and Citizens" (Strategies no. 1.1, 2.1, 3.1, 3.2, 3.3, 4.1). This request supports all activities of the Agency and is evaluated through the overall performance of the Agency in assuring integrity within Executive Branch agencies through its investigations and reviews; identifying waste in Executive Branch agencies; and assisting the public in receiving and addressing complaints concerning Executive Branch agencies.

What specific strategy, as outlined in the FY 2018-19 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS

The Agency's six employees in classified positions. These funds are allocated based on the employees' salaries being set at or near the midpoints of their pay bands.

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST

These funds are requested to correct a budget shortfall in classified employees salaries that has developed over several years for several reasons. When the Agency was created in July 2012 and for the succeeding three fiscal years, administrative support was provided by a separate agency, and there was no one at the Agency performing financial management duties including closely monitoring the budget. As a result, as employees were hired, the budget was never adjusted to reflect the actual salaries paid. Subsequently, there has been turnover involving at least one of the seven staff members in each fiscal year. This turnover and the ensuing periods of position vacancies, produced relatively significant budget savings from year to year, resulting in the actual salaries paid being under budget in each fiscal year.

Performance raises were given to employees, which were funded by the turnover savings and carryforward that came about primarily due to the initial staff not being in place at the beginning of the Agency's first fiscal year.

In addition, no requests were made for budget increases for agency head salary increases during several years resulting in the classified salaries line item being reduced to fund the increase in the agency head salary line item.

This purpose of this request is to increase the recurring budget to match actual salary cost and not rely on possible turnover or the existence of carryforward. If not received, at some point, the Agency would have to reduce its level of operation.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY

Provide the Agency Priority Ranking from the Executive Summary.

TITLE

Provide a brief, descriptive title for this request.

AMOUNT

What is the net change in requested appropriations for FY 2019-20? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS

Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST

Mark "X" for all that apply:

<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
<input type="checkbox"/>	Non-mandated program change in service levels or areas
<input type="checkbox"/>	Proposed establishment of a new program or initiative
<input type="checkbox"/>	Loss of federal or other external financial support for existing program
<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
<input type="checkbox"/>	IT Technology/Security related
<input type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority # _____

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES

Mark "X" for primary applicable Statewide Enterprise Strategic Objective:

<input type="checkbox"/>	Education, Training, and Human Development
<input type="checkbox"/>	Healthy and Safe Families
<input checked="" type="checkbox"/>	Maintaining Safety, Integrity, and Security
<input type="checkbox"/>	Public Infrastructure and Economic Development
<input checked="" type="checkbox"/>	Government and Citizens

AGENCY NAME:	Office of the State Inspector General (SIG)		
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ACCOUNTABILITY OF FUNDS

The creation of the Deputy State Inspector General (D/SIG) position, authorized under SC Code of Laws §1-6-20 (A) would enhance the agency’s 2018-19 strategic plan through strategies 2.1; 3.1 3.2; 3.3 and 4.1.

The D/SIG would facilitate the supervision of agency investigations and reviews thereby allowing the IG to focus on overall strategies and executive leadership, a risk factor identified in the current and prior Annual Accountability Reports (AAR). The addition of a D/SIG with a preferred qualification of a Juris Doctorate would allow the agency to focus on its other authorities defined in the SC Code of Laws §1-6-70, regarding the civil recovery of funds resulting from misconduct, misappropriation, diversion, or unlawfully gained.

Measurements would be identified specific to the strategies previously identified, and would include a legal sufficiency review for all agency reports issued, which goes to the crux of the agency’s risk assessment and mitigation strategy identified in the current and prior AARs.

What specific strategy, as outlined in the FY 2018-19 Strategic Planning and Performance Measurement template of agency’s accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS

The agency would be the recipient of the funds, and the allocation of these funds would go to personnel costs for the staffing of this position.

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST

The State Inspector General’s Office (SIG) has identified a risk to the agency in the current and prior AAR submissions. The SIG’s greatest risk is losing its credibility and confidence with the public and stakeholders by releasing an inaccurate report, which in turn, negatively affects the public by losing a critical asset in objectively investigating and auditing the Executive Branch in both terms of integrity and effectiveness.

The SIG currently mitigates this risk by the IG’s direct involvement in the draft report process, while serving as the first line supervisor to five investigators in addition to the executive role. The authorization and appropriation for an increase of one classified FTE position for a Deputy IG, with the preferred qualification as an attorney for the FY 2019-20 budget would go directly to mitigating this risk. SC Code of Laws, §1-6-20(A) authorizes the SIG to have a deputy inspector general position. This FTE will increase the capacity for quality control and legal review of SIG reports.

The Department of Administration’s Division of State Human Resources assisted the SIG in the identification of the appropriate job description and salary banding. The D/SIG position, with a preferred qualification as an attorney, would not be restricted to legal reviews and supervisory roles, but would include investigative duties as well. It was determined that a Program Manager II (Band 8) would be the most appropriate job description and classification for this new position.

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There are currently no vacancies within the SIG, and there are no positions within the SIG with the requested position classification or qualifications. In addition, the SIG has never had a D/SIG with a legal background since its inception in 2012. Consequently, the SIG has relied upon the Governor's Office and the Attorney General's Office to provide legal advice on issues upon request, but has never conducted a legal sufficiency review of its reports. A legal sufficiency review is a standard procedure for quality investigations throughout the IG community as set forth by the Association of Inspectors General in its Principles and Standards for Offices of Inspector General. The impact to the SIG, if the position is not authorized or funded, would be the continued risk to the SIG it is reporting as set forth in the risk assessment section of the agency's AAR.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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FORM B2 – NON-RECURRING OPERATING REQUEST

AGENCY PRIORITY
Provide the Agency Priority Ranking from the Executive Summary.

TITLE
Provide a brief, descriptive title for this request.

AMOUNT
What is the net change in requested appropriations for FY 2019-20? This amount should correspond to the total for all funding sources on the Executive Summary.

FACTORS ASSOCIATED WITH THE REQUEST

Mark "X" for all that apply:

- Change in cost of providing current services to existing program audience
- Change in case load/enrollment under existing program guidelines
- Non-mandated change in eligibility/enrollment for existing program
- Non-mandated program change in service levels or areas
- Proposed establishment of a new program or initiative
- Loss of federal or other external financial support for existing program
- Exhaustion of fund balances previously used to support program
- IT Technology/Security related
- Consulted DTO during development
- Request for Non-Recurring Appropriations
- Request for Federal/Other Authorization to spend existing funding
- Related to a Recurring request – If so, Priority # _____

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES

Mark "X" for primary applicable Statewide Enterprise Strategic Objective:

- Education, Training, and Human Development
- Healthy and Safe Families
- Maintaining Safety, Integrity, and Security
- Public Infrastructure and Economic Development
- Government and Citizens

ACCOUNTABILITY OF FUNDS

What specific strategy, as outlined in the FY 2018-19 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

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FORM D – PROVISO REVISION REQUEST

NUMBER	NEW
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Cite the proviso according to the renumbered list for FY 2019-20 (or mark "NEW").

TITLE	Suspected Fraud Reporting
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Provide the title from the FY 2018-19 Appropriations Act or suggest a short title for any new request.

BUDGET PROGRAM	n/a
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Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	n/a
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Is this request associated with a budget request you have submitted for FY 2019-20? If so, cite it here.

REQUESTED ACTION	Add
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Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	All Executive Branch Agencies – A new requirement would be added requiring reporting of suspected employee fraud within seven days to the Inspector General's Office. <i>Which other agencies would be affected by the recommended action? How?</i>
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SUMMARY & EXPLANATION	<p>Currently, the Inspector General attempts to compile a comprehensive report of fraud involving state employees in the Executive Branch. Agencies voluntarily provide this information, and it appears the result is an incomplete listing of state employee fraud.</p> <p>The Office of the Comptroller General (CG) would also benefit from this required disclosure in so much as the reporting of suspected employee fraud aids in identifying internal control weaknesses in the financial management of the state agency. The identification of internal control weaknesses is an important disclosure the CG must make in its representation letter to the external auditors as the State's chief accountant</p>
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

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FISCAL IMPACT

The fiscal impact should be minimal.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

**PROPOSED
PROVISO TEXT**

All Executive Branch agencies, commissions, and universities will provide a written notice to the State Inspector General’s Office within in seven days of self-initiating an internal investigation on suspected fraud conducted by a state employee against the agency or referral of a state employee for suspected fraud against the agency to any law enforcement agency.

Paste FY 2018-19 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

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**FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION
CONTINGENCY PLAN**

TITLE Agency Cost Savings and General Fund Reduction Contingency Plan

AMOUNT \$ 20,494
What is the General Fund 3% reduction amount (minimum based on the FY 2018-19 recurring appropriations)? This amount should correspond to the reduction spreadsheet prepared by EBO.

ASSOCIATED FTE REDUCTIONS Two of the office’s seven employees would have their hours reduced approximately 5.6 hours per week. The two employees’ hours would be reduced from 37.5 hours per week to 31.9 hours per week. This would be an overall reduction of 0.30 FTEs.
How many FTEs would be reduced in association with this General Fund reduction?

PROGRAM/ACTIVITY IMPACT The investigation of fraud, waste, abuse and mismanagement involving the Executive Branch of State Government.
What programs or activities are supported by the General Funds identified?

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SUMMARY

A 3% budget reduction would reduce employee hours devoted to the investigations from 9,750 hours annually to 9,168 hours, or a reduction of 582 hours annually - a 6% reduction in investigative capacity.

Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

AGENCY COST SAVINGS PLANS

A reduction in costs in excess of \$50,000 would amount to a reduction of 7% or more of the agency's budget, and could only be accomplished by eliminating a full time position, since 92% of the agency's budget is in the personnel area. There are no plans at present to implement a cost reduction of more than \$50,000.

What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

TITLE	<p>Notation of Indirect Benefits to Businesses and Citizens Through SIG’s Ongoing Efforts</p> <p><i>Provide a brief, descriptive title for this request.</i></p>
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EXPECTED SAVINGS TO BUSINESSES AND CITIZENS	<p>N/A</p> <p><i>What is the expected savings to South Carolina’s businesses and citizens that is generated by this proposal? The savings could be related to time or money.</i></p>
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FACTORS ASSOCIATED WITH THE REQUEST	<p>Mark “X” for all that apply:</p> <table border="0"> <tr> <td><input type="checkbox"/></td> <td>Repeal or revision of regulations.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Reduction of agency fees or fines to businesses or citizens.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Greater efficiency in agency services or reduction in compliance burden.</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Other</td> </tr> </table>	<input type="checkbox"/>	Repeal or revision of regulations.	<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.	<input type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.	<input checked="" type="checkbox"/>	Other
<input type="checkbox"/>	Repeal or revision of regulations.								
<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.								
<input type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.								
<input checked="" type="checkbox"/>	Other								

METHOD OF CALCULATION	<p>The direct cost or time savings to businesses and citizens is not applicable.</p> <p>The SIG calculates a “potential economic loss prevented” or recovery by identifying the future savings attained by an agency when the SIG has identified and recommended changes in its processes and policies which have specific costs associated with the processes or policies. This is an indirect benefit to citizens and businesses.</p> <p><i>Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.</i></p>
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REDUCTION OF FEES OR FINES	<p>N/A. The SIG does not generate revenue or assess fees or fines through its statutory authority.</p> <p><i>Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?</i></p>
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REDUCTION OF REGULATION	<p>N/A. The SIG does not have the statutory authority to promulgate regulations on businesses and citizens in South Carolina.</p> <p><i>Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?</i></p>
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AGENCY NAME:

Office of the State Inspector General (SIG)

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SECTION:

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SUMMARY

The SIG does not have statutory authority to assess fees, fines, or promulgate regulations which directly impact the businesses and citizens of South Carolina. As such, the costs and burden to the citizens and businesses is zero.

The SIG has a positive, but indirect benefit to the citizens and businesses of South Carolina through the findings and recommendations it issues to statewide agencies when conducting a review of a program or agency. The SIG has developed a methodology of identifying "potential economic loss prevented" through the SIG recommendations accepted and implemented. These savings are indirectly passed along to the citizens and businesses when the state agencies submit budgets to the Executive Budget Office each year.

Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?

Agency Code: D250
 Office Of Inspector General
 Agency Name:
 Section: 94

Priority		Request Type		Request Title		BUDGET REQUESTS					FUNDING					FTES				
		Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total		
1	B1 - Recurring		Classified Salaries Adjustment	17,768				17,768												
2	B1 - Recurring		Deputy Inspector General/Staff Attorney	113,803				113,803					1.00							
3																				
4																				
5																				
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TOTAL BUDGET REQUESTS				131,571	0	0	0	131,571	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	1.00		

Constitutional Subcommittee Proviso Request Summary FY 2019/20

Proviso # in FY 18-19 Act	Renumbered FY 19-20 Proviso #	Proviso Title	Short Summary	Agency Recommended Action (keep, change, delete, add)
New		Suspected Fraud Reporting	All Executive Branch agencies will provide a written notices to the Inspector General upon self-initiating an internal investigation on suspected fraud or the referral of a state employee to any law enforcement agency for suspected fraud.	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

Office of the Inspector General

All Provisos Including Those Referencing the Inspector General

SECTION 94 - D250 - OFFICE OF INSPECTOR GENERAL

Keep

(FY18-19 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

(FY18-19 105.3) **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

(FY18-19 117.34) **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.

Office of the Inspector General
FY 2019 Budget with Carry Forward from FY 2018

[Chart](#) [Filter](#) [Information](#)

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	\$ 122,542.00		\$ 122,542.00			\$ 122,542.00		\$ 122,542.00
	Classified Salaries	\$ 326,626.00	\$ 0.00	\$ 326,626.00			\$ 326,626.00		\$ 326,626.00
	Other Expenses	\$ 69,572.00	\$ 0.00	\$ 69,572.00			\$ 69,572.00		\$ 69,572.00
	Employee Benefits	\$ 155,678.00	\$ 8,393.00	\$ 164,071.00			\$ 164,071.00		\$ 164,071.00
	Fraud Hotline	\$ 321.00	\$ 0.00	\$ 321.00			\$ 321.00		\$ 321.00
	Carry Forward-FY2018		\$ 44,997.57	\$ 44,997.57			\$ 44,997.57		\$ 44,997.57
	Totals	\$ 674,739.00	\$ 53,390.57	\$ 728,129.57	\$ 0.00	\$ 0.00	\$ 728,129.57	\$ 0.00	\$ 728,129.57

Office of the Inspector General

FTE Breakdown

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