

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

### **Officials Attending the Budget Hearing**

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

### **Summary of FY 2023-24 Budget and Proviso Requests**

#### **Expanded Authority Under Act No. 223 of 2022**

- The Office of the State Inspector General is not requesting additional recurring or non-recurring funds or submitting a capital request for FY 2023-24.
- The Office of the State Inspector General is requesting a new proviso for a 'special carry forward provision' of unexpended funds over the 10% carryover that will lapse and be returned to the General Fund. These funds will be utilized for three specific purposes: (1) payment for outside legal counsel, (2) payment of outside forensic audit services, (3) staff professional development and continuing education training requirements of the Association of Inspectors General, Association of Certified Fraud Examiners, Institute of Internal Auditors, and other services to ensure the agency can conduct investigations as authorized by statute.
- During FY 2021-22, the General Assembly expanded the SIG's authority through the passage of S.202 (Act No. 223 of 2022) to provide for the investigation of public schools and districts, public charter schools and authorizers, and voluntary associations that enact rules and provide oversight to interscholastic sports competitions among secondary public schools. In support of this added responsibility, the General Assembly increased the SIG's recurring appropriations by \$734,000 and seven additional positions. On 6/23/22, the SIG initiated an investigation of the Richland School District Two and its Board of Trustees at the request of Governor McMaster based on this new law. A report was issued on 11/3/22 with findings and recommendations for improvement. (See: IG Report of the Richland School District Two)

**Constitutional Subcommittee Proviso Request Summary FY 2023-24**

Proviso # in FY 22-23 Act	Renumbered FY 23-24 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
New	New	Special Carry Forward	The funds appropriated for the Office of 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 that the Office can conduct investigations as needed.	Add

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

### **All Provisos Including Those Referencing the Inspector General**

#### **SECTION 94 - D250 - OFFICE OF INSPECTOR GENERAL**

**NEW**

**94.** (OIG: Carry Forward) The funds appropriated for the Office of 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 that the Office can conduct investigations as needed.

#### **SECTION 94 - D250 - OFFICE OF INSPECTOR GENERAL**

**Keep**

**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**

**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.

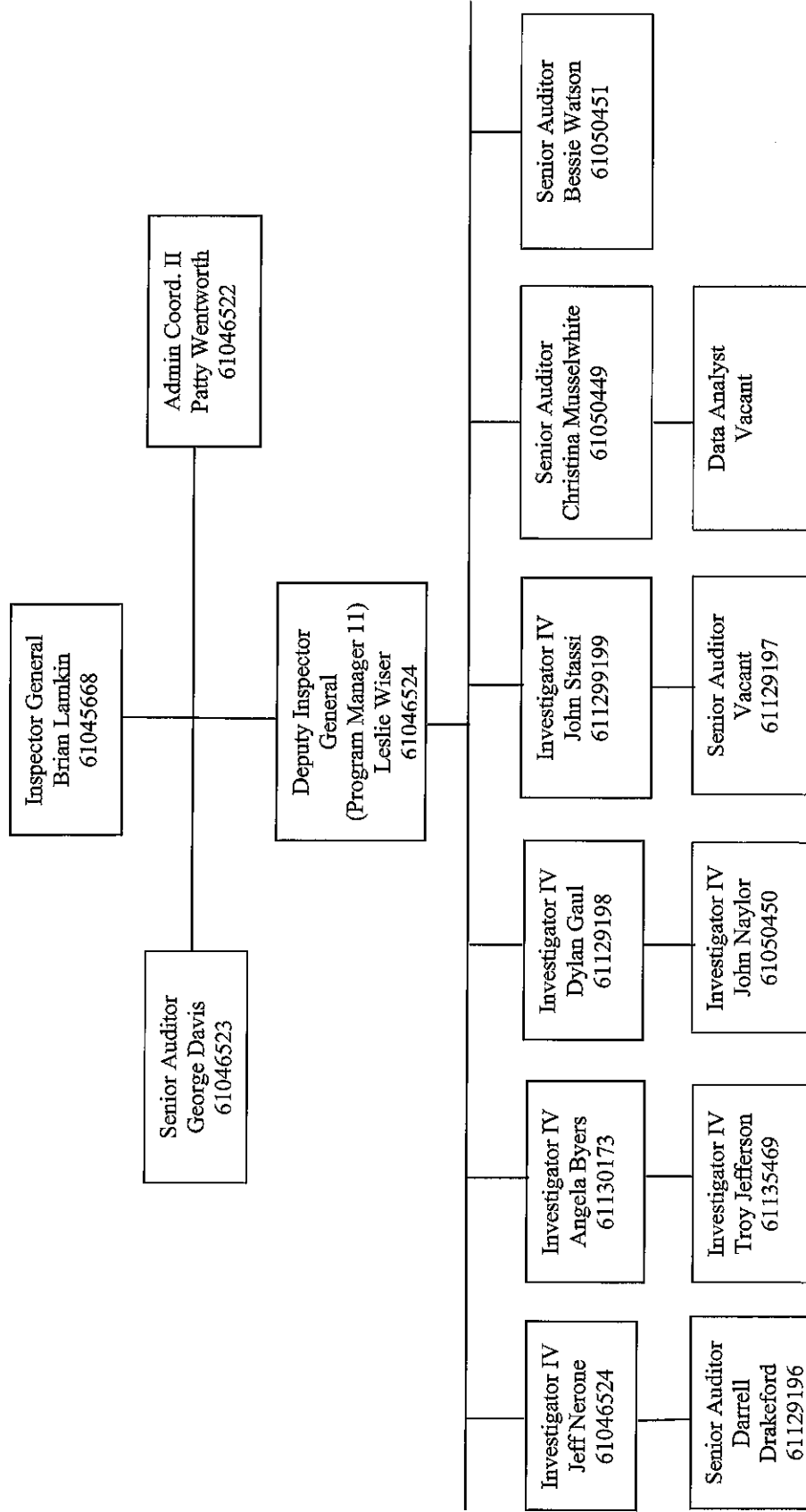
#### **SECTION 117 - X900 - GENERAL PROVISIONS**

**Keep**

**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 State Inspector General

Organizational Chart



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## Office of the State Inspector General

### FTE Breakdown

	Authorized FTEs	Current FTEs	Vacant FTEs
Number of State FTEs	14.5	13	1.5
Number of Federal FTEs	0	0	0
Number of Other Funded FTEs	0	0	0
TOTAL FTEs	14.5	13	1.5

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

### **Other Considerations**

#### **1. State Inspector General Special Carry Forward Provision**

This new proviso request would allow the Office of the State Inspector General to carryover a portion of the increase in funding received for fiscal year 2023 that will be unspent and be returned to the General Fund because it will exceed the 10% carryover provision. The agency will be unable to expend a significant portion of the increased funding due to the time lag in filling new positions included in the fiscal year 2023 budget.

The Office of the State Inspector General is requesting that the funds that would be returned to the General Fund be allowed to be retained by the agency and used for three specific purposes: (1) payment for outside legal counsel, (2) payment of outside forensic audit services, (3) staff professional development and continuing education training requirements of the Association of Inspectors General, Association of Certified Fraud Examiners, Institute of Internal Auditors, and other services to ensure the agency can conduct investigations as authorized by statute.

## 2022 Accountability Report Summary

### Mission

The State Inspector General's (SIG) broad statutory mission is to investigate "fraud, waste, abuse, mismanagement, misconduct and wrongdoing" within the Executive Branch (EB) of state government that is comprised of 106 state agencies, boards, commissions and public universities with an annual budget of \$29 billion and 60,000 employees.

### Investigative Accomplishments

The SIG accomplished its FY 2021-22 strategies and measurements through five high-impact/ time-sensitive investigations at the request of the General Assembly and the Governor's Office; six proactive risk assessments of waste and mismanagement; and nine serious misconduct reviews of EB employees. The SIG utilized its forensic accounting and financial investigative skills in nine investigations. The SIG issued 65 recommendations to EB agencies that resulted in 100% compliance and implementation, along with a combined recovery and waste prevention of \$472,503 in South Carolina tax dollars. The SIG issued twelve law enforcement referrals to SLED and other statewide investigative agencies based on its investigative findings as required by statute. Additionally, the SIG provided voluntary program reviews to five EB agencies, four training presentations to improve financial oversight, managing fraud risk, as well as procurement training to one EB agency. The SIG completed its investigations, on average in 57 business days.

During FY 2021-22, the SIG disseminated six statewide lessons learned in anti-fraud measures and areas of waste and abuse identified in its "Annual Report of Fraud Conducted by Executive Branch State Employees." Additionally, the SIG disseminated fraud detection and prevention tips, fraud risks, and delinquent accounts receivables identified in its "2021 Debt Collection Report" and the "2022 Report to the Nations" and the "2022 Anti-Fraud Benchmarking Report" issued by the Association of Certified Fraud Examiners.

### SIG "Hotline" Operation and Complaint Filing Program

The SIG operated a toll-free "hotline" and a web-based reporting system to provide public access to report fraud and waste in government. During FY 2021-22, the SIG addressed 587 with an average turnaround for complaint processing (download-assessment-action) of ten calendar days. The SIG received an additional 3,051 "hotline" calls that were non-jurisdictional complaints, which the SIG referred to the applicable agency or entity.

### 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 2021-22 and internal agency metrics.

<b>Performance Measures</b>	<b>Strategic Plan / Internal Metric</b>	<b>FY 2021-22 Actual</b>	<b>FY 2021-22 Target</b>	<b>FY 2020-21 Actual</b>
Forensic accounting investigations	Strategic	9	6	13
Waste and mismanagement investigations †	Internal	6	6 †	11 †
Misconduct investigations	Strategic	9	6	10
Voluntary Program Reviews	Strategic	5	3	5