

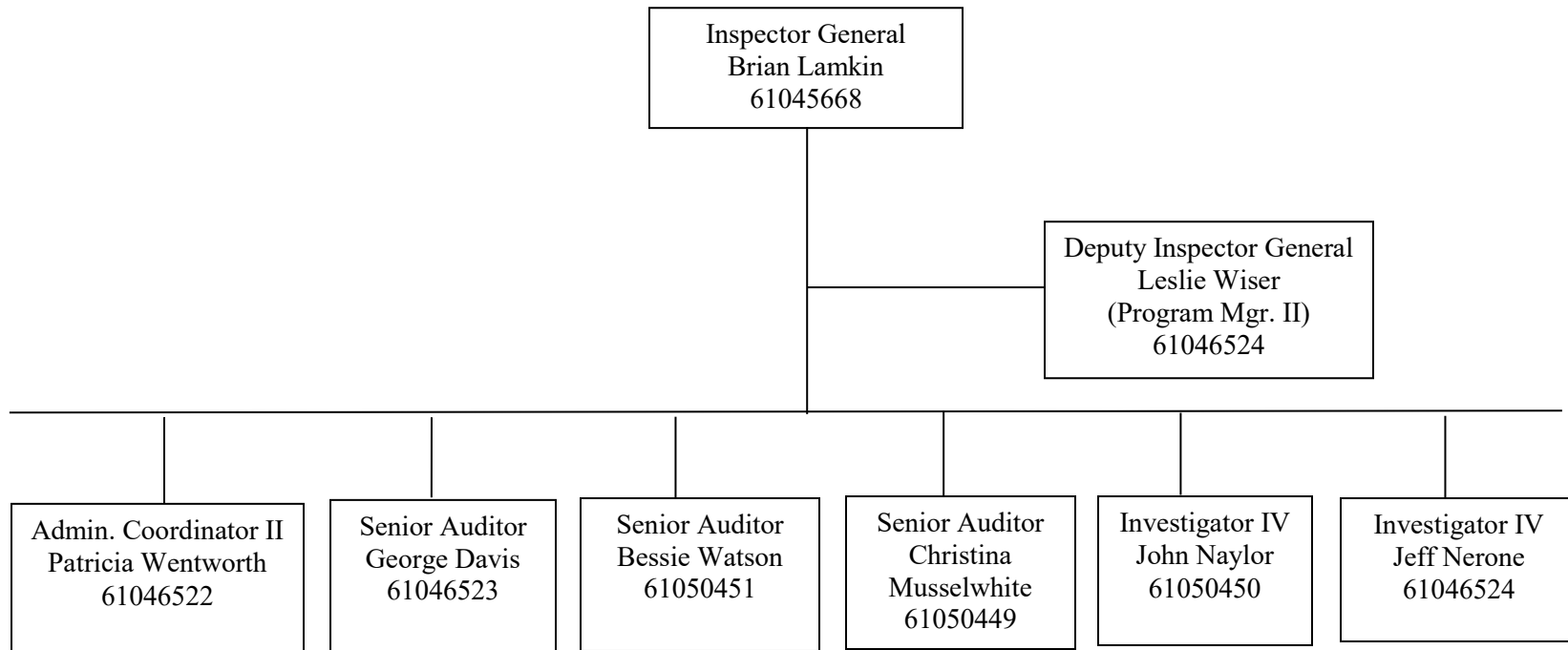
## Office of the State Inspector General

### Officials Attending the Budget Hearing

Brian D. Lamkin, Inspector General	Office: 803-896-1287 Cell: 803-605-3161 Email: <a href="mailto:brianlamkin@oig.sc.gov">brianlamkin@oig.sc.gov</a>
George R. Davis, Senior Auditor (collateral duty as financial mgr.)	Office: 803-896-4732 Cell: 803-622-8908 Email: <a href="mailto:georgedavis@oig.sc.gov">georgedavis@oig.sc.gov</a>
Leslie G. Wiser, Deputy Inspector General	Office: 803-896-9500 Cell: 803-206-1741 Email: <a href="mailto:lesliewiser@oig.sc.gov">lesliewiser@oig.sc.gov</a>
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# Office of the State Inspector General

## Organizational Chart



**Address:**

111 Executive Center Drive, Suite 204

Columbia, SC 29210

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

### **Summary of FY 2022-23 Budget Requests**

- The Office of the State Inspector General is not requesting additional recurring or non-recurring funds or submitting a capital request for FY 2022-23.

# Office of the State Inspector General

## 2021 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. The SIG employs two strategic objectives: 1) maintaining a high integrity workforce, and 2) increasing the cost/effectiveness of EB operations to execute its mission by utilizing the following strategies to select cases for investigation that:

- Significantly impact the public's confidence in the integrity/effectiveness of state government and/or causing a significant disruption to an agency carrying out its mission;
- Have the broadest (statewide) impact with probable individual case outcomes in terms of effectiveness (dollars saved/waste prevented) or seriousness of integrity allegation;
- Conduct proactive risk assessments of waste in the EB; and
- Identify 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 2020-21 strategies and measurements through six high-impact/time-sensitive investigations at the request of the General Assembly, the Governor's Office, and a state-wide elected official; eleven proactive risk assessments of waste and mismanagement; and ten serious misconduct reviews of EB employees. The SIG utilized its forensic accounting and financial investigative skills in thirteen investigations. The SIG issued 25 recommendations to EB agencies that resulted in 100% compliance and implementation, along with a combined recovery and waste prevention of \$586,049 in South Carolina tax dollars. The SIG issued ten 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 to improve program efficiency and effectiveness and training opportunities to two EB agencies on procurement and whistleblower matters.

During FY 2020-21, 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 "2020 Debt Collection Report" and the "2020 Report to the Nations – Government Edition" 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 the public the ability to report fraud and waste in government. During FY 2020-21, the SIG addressed 3,195 complaints, a 324% increase over FY 2019-20. The 3,195 complaints are the most received by the SIG in its ten-year history. Of the 3,195 complaints received in FY 2020-21, the SIG addressed 2,668 complaints related to unemployment insurance (UI). The SIG triaged these complaints for referral of identifiable UI fraud to the SCDEW investigative team that resulted in the identification and referral of 415 UI fraud complaints for further investigation. The SIG's

average turnaround for complaint processing (download-assessment-action) was eight calendar days – a 20% increase in efficiency in complaint processing over its ten-day average in FY 2019-20. The SIG received an additional 2,381 “hotline” calls that were non-jurisdictional complaints, which the SIG referred to the applicable agency or entity. Over the past two fiscal years, the SIG has experienced an 842% increase in complaints through its fraud complaint program. In the prior fiscal year (2019-20), the SIG experienced a 122% increase (753) over FY 2018-19 (339).

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 2020-21 and internal agency metrics.

Performance Measures	Strategic Plan / Internal Metric	FY 2020-21 Actual	FY 2020-21 Target	FY 2019-20 Actual
Forensic accounting investigations	Strategic	13	6	8
Waste and mismanagement investigations †	Internal	11 †	0 †	8 †
Misconduct investigations	Strategic	10	6	4
Voluntary Program Reviews	Strategic	5	3	5
Economic recoveries (incl. waste prevented, based upon SIG findings & recommendations)*	Strategic	\$586,049	\$0*	\$1,811,897
SIG recommendations	Strategic / Internal	25	20	24
SIG recommendations accepted / implemented by Agency as a percentage (%)	Strategic / Internal	100%	95%	96%
SIG referrals to law enforcement, SC Department of Revenue, State Ethics Commission, or State	Internal	10	0*	2
SIG Alerts / “Lessons Learned”	Strategic	6	6	6
Complaints received+	Strategic	3,195+	400	753
Complaint triage – process, triage, action	Strategic / Internal	8 calendar	30 calendar	10 calendar days
Investigative completion time	Strategic / Internal	64 business	90 business	83 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.

(†) New measure in strategic plan for FY 2021-22.

(+) Total complaints comprised of 527 Hotline calls, 415 SCDEW UI fraud referrals, and 2,253 SCDEW UI claim complaints.

**FY 22-23 Budget Priorities Summary**

**Office of the State Inspector General**

Budget Priorities				Funding					FTEs			
Priority No.	Priority Type (recurring/ non-recurring /other funds adjustment/ federal funds adjustment)	Priority Title	Priority Description	Recurring	Non - Recurring	Other	Federal	Total	State	Other	Federal	Total

**No new recurring or non-recurring funds are requested for FY 2022-23**

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



**Fiscal Year FY 2022-2023  
Agency Budget Plan**

**FORM A - BUDGET PLAN SUMMARY**

<b>OPERATING REQUESTS</b>  <i>(FORM B1)</i>	<b>For FY 2022-2023, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting General Fund Appropriations.
	<input type="checkbox"/>	Requesting Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.

<b>NON-RECURRING REQUESTS</b>  <i>(FORM B2)</i>	<b>For FY 2022-2023, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.

<b>CAPITAL REQUESTS</b>  <i>(FORM C)</i>	<b>For FY 2022-2023, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input checked="" type="checkbox"/>	Not requesting any changes.

<b>PROVISOS</b>  <i>(FORM D)</i>	<b>For FY 2022-2023, my agency is (mark "X"):</b>	
	<input 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 checked="" type="checkbox"/>	Not requesting any proviso changes.

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

	<i>Name</i>	<i>Phone</i>	<i>Email</i>
<b>PRIMARY CONTACT:</b>	George R. Davis	(803) 896-4732	georgedavis@oig.sc.gov
<b>SECONDARY CONTACT:</b>	Brian D. Lamkin	(803) 896-1287	brianlamkin@oig.sc.gov

I have reviewed and approved the enclosed FY 2022-2023 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

<b>SIGN/DATE:</b>  <b>TYPE/PRINT NAME:</b>	<i>Agency Director</i>	<i>Board or Commission Chair</i>
	 9/20/21 BRIAN D. LAMKIN	

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

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

BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
TOTALS			0	0	0	0	0	0.00	0.00	0.00	0.00	0.00



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

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

<b>TITLE</b>	Agency Cost Savings and General Fund Reduction Contingency Plan
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<b>AMOUNT</b>	\$26,247
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*What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.*

<b>ASSOCIATED FTE REDUCTIONS</b>	Two of the office's eight employees would have their hours reduced by 6 hours per week, reducing each employee's weekly hours from 37.5 to 31.5 hours per week. This would be an overall reduction of 0.32 FTEs.
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*How many FTEs would be reduced in association with this General Fund reduction?*

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

<b>SUMMARY</b>	A 3% budget reduction would reduce employee hours devoted to investigations from 11,700 hours annually to 11,076 hours, a 5.3% reduction in investigative capacity.
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*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 at least 6% of the agency's budget. Since 90% of the agency's budget is in the personnel area, the only practical way to achieve a cost reduction in excess of \$50,000 would be to eliminate a position. No measures have been taken for such a reduction. If the agency was ordered to do so, the savings would amount to \$75,706.

*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?*

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

## **FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS**

<b>TITLE</b>	N/A - see below
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*Provide a brief, descriptive title for this request.*

<b>EXPECTED SAVINGS TO BUSINESSES AND CITIZENS</b>	The State Inspector General's Office does not generate revenue or assess fees or fines through its statutory authority, and the Office does not have the statutory authority to promulgate regulations on businesses and citizens in South Carolina.
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*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.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<p>Mark "X" for all that apply:</p> <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 type="checkbox"/> Other
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<b>METHOD OF CALCULATION</b>	N/A
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*Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.*

<b>REDUCTION OF FEES OR FINES</b>	N/A
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*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?*

<b>REDUCTION OF REGULATION</b>	N/A
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*Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?*

<b>SUMMARY</b>	N/A
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*Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?*

**Constitutional Subcommittee Proviso Request Summary FY 2022-23**

Proviso # in FY 21-22 Act	Renumbered FY 22-23 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

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

### **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

# Office of the State Inspector General

Author JGRANT

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## FY 2022 Budget with Carryforward from FY

Table									
Fund	Commitment Items	Original Budget	Budget Adjustments	Current Budget	MTD Actual Expense	YTD Actual Expense	Balance Before Commitment	Commitments and Other	Remaining Balance
GENERAL FUND	501018	\$ 124,993.00	\$ 0.00	\$ 124,993.00			\$ 124,993.00		\$ 124,993.00
	501058	\$ 433,127.00	\$ 0.00	\$ 433,127.00			\$ 433,127.00		\$ 433,127.00
	512001	\$ 102,699.00	\$ 0.00	\$ 102,699.00			\$ 102,699.00		\$ 102,699.00
	513000	\$ 213,750.00	\$ 0.00	\$ 213,750.00			\$ 213,750.00		\$ 213,750.00
	561000	\$ 321.00	\$ 0.00	\$ 321.00			\$ 321.00		\$ 321.00
	Carry Forward-2021		\$ 83,489.00	\$ 83,489.00			\$ 83,489.00		\$ 83,489.00
	<b>Result</b>	<b>\$ 874,890.00</b>	<b>\$ 83,489.00</b>	<b>\$ 958,379.00</b>			<b>\$ 958,379.00</b>		<b>\$ 958,379.00</b>

# Office of the State Inspector General

## FTE Breakdown

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



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

### **Other Considerations**

The SIG wishes to thank the House Ways and Means Constitutional Subcommittee for providing the SIG with the additional recurring funding to address its additional office space and security needs in FY 2021-22. As a result, the SIG has no immediate needs for FY 2022-23.