

Inspector General

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- A maximum of \$100,000 per fiscal year is set aside for special investigations
- Up to an additional \$750,000 appropriation in FY 2006 to conduct BWC fiduciary review

OVERVIEW

Duties and Responsibilities

The Office of Inspector General (IG) investigates fraud, waste, abuse, and corruption within the executive branch of state government. Complaints received by the office are reviewed and evaluated to determine whether there is reasonable cause to believe the underlying allegations, if true, would constitute a "wrongful act or omission" on the part of a state officer, agency, or employee. The jurisdiction of this office extends to the Governor, his staff, state agencies, departments, boards, commissions, and any other entities appointed, employed, controlled, directed, or subject to the authority of the Governor.

The IG has contracted with anywhere from one to five investigators to assist with cases involving special skills and expertise. The IG is currently authorized to have nine full-time employees and one part-time employee. These nine employees consist of four investigators, one legal counsel, a secretary, two administrative assistants, and the Inspector General. One of the four investigators is currently on military leave, and the IG has not yet filled the part-time position.

At the conclusion of an investigation by the IG, a report of investigation is completed and provided to the Governor and the agency subject to investigation. The report may include recommendations for the board to consider in addressing and avoiding the recurrence of fraud, waste, abuse, or corruption uncovered by the investigation. When appropriate, a report of investigation may also be forwarded to a prosecutor for review to determine whether the underlying facts give rise to a criminal prosecution.

Agency in Brief

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Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2006	2007	2006	2007	
9*	\$1,800,868	\$1,079,085	\$1,700,868	\$979,085	Am. Sub. HB 66

*Employee count obtained from Department of Administrative Services (DAS) payroll reports as of June 2005.

Vetoed Provisions

There were no vetoed provisions that affected this agency.

FY 2006-2007 Budget Issues

Bureau of Workers' Compensation Fiduciary Review

The enacted budget provides up to an additional \$750,000 in fiscal year 2006 to be used to conduct a fiduciary review of the investment assets invested by the Bureau of Workers' Compensation in light of investment management difficulties identified there. A copy of the fiduciary review must be submitted to the Governor, Attorney General, Auditor of State and General Assembly. The IG has hired an individual that will work with the office to conduct this investigation.

ANALYSIS OF THE ENACTED BUDGET

For budget purposes, as detailed below, the Inspector General is considered a single program series agency and its activities are not subdivided into separate programs.

Program Series 1

Investigations

Purpose: To investigate complaints of fraud, waste, and abuse in the executive branch of government.

The following table shows the line items that are used to fund the Investigations program series, as well as the enacted budget funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	965-321	Operating Expenses	\$1,700,868	\$979,085
4Z3	965-602	Special Investigations	\$100,000	\$100,000
Total Funding: Investigations			\$1,800,868	\$1,079,085

Program Description: This program extends to the Governor, the Governor's cabinet and staff, state agencies, departments, boards and commissions, state universities, and state medical colleges. Outside of the jurisdiction of the office are community colleges, the courts, the legislature, and the offices of the Secretary of State, Auditor, Treasurer, Attorney General, and their staff and employees.

Funding Sources: GRF and \$100,000 each fiscal year from a Controlling Board transfer for special investigations

Implication of the Enacted Budget: The enacted budget meets the request for funding issued by the Inspector General's office, but will not permit the agency to fill an open part-time employee position. The funding will permit the office to maintain its levels of staffing and services. In order to further identify management problems at the Bureau of Worker's Compensation (BWC), the IG received up to an additional \$750,000 in FY 2006 to conduct a fiduciary review of assets invested by the BWC. The agency has hired an employee to pursue this investigation rather than hiring a consulting firm. A copy of the fiduciary review must be submitted to the Governor, Attorney General, Auditor of State and General Assembly.

Temporary Law Provisions: Bureau of Workers' Compensation Fiduciary Review (Section 206.60). As noted above, this provision allows the IG to use up to \$750,000 to conduct a review of BWC investments. This provision stems from management problems that came to light during the spring of 2005. The IG's involvement covers only one aspect of the investigation.

Special Investigations (Section 206.60). This recurring provision permits up to \$100,000 per fiscal year to be spent from line item 965-602, Special Investigations, for investigative costs. The controlling Board may release up to this amount to assist the IG in conducting lengthy and complex investigation.