

# **LSC Greenbook**

**Analysis of the Enacted Budget**

**Office of the Inspector General**

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# Office of the Inspector General

- Appropriations of \$2.0 million in each fiscal year
- New funding mechanisms for Deputy Inspector General positions

## OVERVIEW

### Agency Overview

The Office of Inspector General (IGO) 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, state agencies, departments, boards, commissions, and any other entities appointed, employed, controlled, directed, or subject to the authority of the Governor. As of August 2010, the IGO maintained a headcount of 23 employees.

At the conclusion of an investigation, 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.

### Appropriation Overview

As the table below shows IGO's appropriations are \$2.0 million in each fiscal year. Overall, this is 4.3% below FY 2009 spending of \$2.1 million, a reduction attributed to a decrease in GRF funding.

| Appropriations by Fund Group, FY 2010-FY 2011 |                    |                    |                              |                    |                              |
|---|--------------------|--------------------|------------------------------|--------------------|------------------------------|
| Fund Group                                    | FY 2009            | FY 2010            | % change,<br>FY 2009-FY 2010 | FY 2011            | % change,<br>FY 2010-FY 2011 |
| General Revenue                               | \$1,361,363        | \$1,214,218        | (10.8%)                      | \$1,214,218        | 0%                           |
| General Services                              | \$770,387          | \$825,000          | 7.1%                         | \$825,000          | 0%                           |
| <b>TOTAL</b>                                  | <b>\$2,131,750</b> | <b>\$2,039,218</b> | <b>(8.1%)</b>                | <b>\$2,039,218</b> | <b>0%</b>                    |

\*FY 2009 figures represent actual expenditures.

## Issues of Interest

### **New Funding Mechanism for Deputy Inspector General for ODOT and BWC/OIC and Positions**

To cover the costs of IGO's oversight responsibilities concerning the Ohio Department of Transportation (ODOT), the Bureau of Workers' Compensation (BWC), and the Ohio Industrial Commission (OIC), the main operating budget act provides two General Service Fund (GSF) appropriation items to pay for the Deputy Inspector General for ODOT and Deputy Inspector General for BWC/OIC positions. Both positions were originally funded by payments remitted from ODOT and BWC and deposited in the Special Investigations Fund (Fund 4Z30). In turn, IGO would request Controlling Board approval to appropriate these funds. Under the budget, the Deputy Inspector General for ODOT Fund (Fund 5FA0) and the Deputy Inspector General for BWC/OIC Fund (Fund 5FT0) have been created to receive these payments. This is described in more detail in the following section.

## ANALYSIS OF ENACTED BUDGET

| Appropriation Amounts for the Inspector General |              |                                      |                    |                    |
|---|--------------|--------------------------------------|--------------------|--------------------|
| Fund  | ALI and Name |                                      | FY 2010            | FY 2011            |
| <b>General Revenue Fund</b>                     |              |                                      |                    |                    |
| GRF   | 965321       | Operating Expenses                   | \$1,214,218        | \$1,214,218        |
| <b>General Revenue Fund Subtotal</b>            |              |                                      | <b>\$1,214,218</b> | <b>\$1,214,218</b> |
| <b>General Services Fund Group</b>              |              |                                      |                    |                    |
| 5FA0  | 965603       | Deputy Inspector General for ODOT    | \$400,000          | \$400,000          |
| 5FT0  | 965604       | Deputy Inspector General for BWC/OIC | \$425,000          | \$425,000          |
| <b>General Services Fund Group Subtotal</b>     |              |                                      | <b>\$825,000</b>   | <b>\$825,000</b>   |
| <b>Total Funding: Inspector General</b>         |              |                                      | <b>\$2,039,218</b> | <b>\$2,039,218</b> |

**Operating Expenses (965321)**

This GRF line item pays for all the administrative costs of the IGO's office, including payroll, and all investigation costs not directly attributable to ODOT or BWC. In the last two calendar years, IGO has received 947 complaints and opened 175 investigations. Public records requests for information stemming from closed investigations and litigation are also paid from this line item. This includes requests from the recently completed IGO investigation of the Office of the Attorney General, as well as investigations involving BWC and ODOT. Because IGO must at times redact personal information from these records, this tends to increase administrative costs to the office. The appropriation for this line item is \$1.2 million in both FY 2010 and FY 2011, a decrease of 10.8% from FY 2009 spending of \$1.4 million.

**Deputy Inspector General for ODOT (965603)**

This line item pays all the costs associated with the operations of the Deputy Inspector General for ODOT. It includes payroll costs for four employees. The appropriation for this purpose is \$400,000 in each fiscal year. This amount would be supported by transfers totaling \$400,000 in each fiscal year from the Department of Transportation. Note that the transfers, however, are authorized not in this bill, but rather in H.B. 2, the transportation budget bill for FY 2010-FY 2011. Section 512.40 of that bill requires the Director of Budget and Management to make transfers on January 1 and July 1 of each year from the Highway Operating Fund (Fund 7002) to the Deputy Inspector General for ODOT Fund (Fund 5FA0) appropriated in this bill.

**Deputy Inspector General for BWC/OIC (965604)**

This line item pays all the costs associated with the operations of the Deputy Inspector General for BWC/OIC, including four employees. The funding source that supports this appropriation is a transfer of up to \$425,000 in each fiscal year from the

Workers' Compensation Fund (Fund 7023) to the Deputy Inspector General for BWC/OIC Fund (Fund 5FT0). This amount is based upon quarterly billings submitted by IGO to BWC, beginning on October 1, 2009. Fund 5FT0 would also be capitalized by a \$106,000 cash transfer in early FY 2010. The language directing this transfer can be found in Section 211 of H.B. 15, the workers' compensation budget act for FY 2010-FY 2011.

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**FY 2010 - 2011 Final Appropriation Amounts**

**All Fund Groups**

| <i>Line Item Detail by Agency</i>                     |        |                                      | <i>FY 2008</i>          | <i>FY 2009</i>      | <i>FY 2010<br/>Appropriations</i> | <i>% Change<br/>FY09 - FY10</i> | <i>FY 2011<br/>Appropriations</i> | <i>% Change<br/>FY10 - FY11</i> |
|---|--------|--------------------------------------|-------------------------|---------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| <b>Report For: Main Operating Appropriations Bill</b> |        |                                      | <b>Version: Enacted</b> |                     |                                   |                                 |                                   |                                 |
| <b>IGO Office of the Inspector General</b>            |        |                                      |                         |                     |                                   |                                 |                                   |                                 |
| GRF   | 965321 | Operating Expenses                   | \$ 1,178,244            | \$ 1,361,363        | \$ 1,214,218                      | -10.81%                         | \$ 1,214,218                      | 0.00%                           |
| GRF   | 965403 | BWC Investigation and Prosecution    | \$ 2,013                | \$ 0                | \$ 0                              | N/A                             | \$ 0                              | N/A                             |
| <b>General Revenue Fund Total</b>                     |        |                                      | <b>\$ 1,180,256</b>     | <b>\$ 1,361,363</b> | <b>\$ 1,214,218</b>               | <b>-10.81%</b>                  | <b>\$ 1,214,218</b>               | <b>0.00%</b>                    |
| 4Z30  | 965602 | Special Investigations               | \$ 325,563              | \$ 385,253          | \$ 0                              | -100.00%                        | \$ 0                              | N/A                             |
| 5FA0  | 965603 | Deputy Inspector General for ODOT    | \$ 308,488              | \$ 385,134          | \$ 400,000                        | 3.86%                           | \$ 400,000                        | 0.00%                           |
| 5FT0  | 965604 | Deputy Inspector General for BWC/OIC | \$ 0                    | \$ 0                | \$ 425,000                        | N/A                             | \$ 425,000                        | 0.00%                           |
| <b>General Services Fund Group Total</b>              |        |                                      | <b>\$ 634,051</b>       | <b>\$ 770,387</b>   | <b>\$ 825,000</b>                 | <b>7.09%</b>                    | <b>\$ 825,000</b>                 | <b>0.00%</b>                    |
| <b>Office of the Inspector General Total</b>          |        |                                      | <b>\$ 1,814,308</b>     | <b>\$ 2,131,750</b> | <b>\$ 2,039,218</b>               | <b>-4.34%</b>                   | <b>\$ 2,039,218</b>               | <b>0.00%</b>                    |