

LSC Redbook

Analysis of the Executive Budget Proposal

Office of the Inspector General

(Corrected Version)

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READER'S GUIDE

The Legislative Service Commission prepares an analysis of the executive budget proposal for each agency. These analyses are commonly called "Redbooks." This brief introduction is intended to help readers navigate the Redbook for the Office of the Inspector General (IGO), which includes the following three sections.

1. **Overview:** Provides a description of the Inspector General's existing functions and staffing, and an overview of the Inspector General's executive recommended budget for the FY 2012-FY 2013 biennium, and notes other important budgetary matters.
2. **Analysis of Executive Proposal:** Provides a summary of the executive budget recommendations for the line items that fund the Inspector General's operations.
3. **Attachments:** Includes LSC's Catalog of Budget Line Items (COBLI), which describes each line item's purpose, revenue, and expenditures, and the LSC budget spreadsheet, which summarizes each line item's recent expenditure and appropriations history.

TABLE OF CONTENTS

OVERVIEW	1
Agency Overview.....	1
Appropriation Overview	2
Investigation Statistics	3
Transfer of Funds for Casino Control Commission Operations.....	4
ANALYSIS OF EXECUTIVE PROPOSAL	5
Operating Expenses (GRF line 965321)	5
Deputy Inspector General for ODOT (GSF line item 965603).....	6
Deputy Inspector General for BWC/OIC (GSF line item 965604).....	7
Deputy Inspector General for ARRA (GSF line item 965605)	8
 ATTACHMENTS:	
Catalog of Budget Line Items	
Budget Spreadsheet By Line Item	

Office of the Inspector General

- IGO funding split is approximately 46% GRF and 54% non-GRF
- 74% of funding for IGO used for personnel costs

OVERVIEW

Agency Overview

The Office of Inspector General (IGO), created by executive order in 1988, investigates fraud, waste, abuse, corruption, and conflict of interest within the executive branch of state government and, as appropriate, issues a report with recommendations. An investigation is typically triggered by the filing of a complaint, which could come via a telephone call, facsimile, mail, or e-mail. Complaints are filed by private citizens, public employees, or public agencies or officials.

Upon receiving a complaint, an intake committee determines whether the complaint is "credible and reasonable." If it is, an investigation is initiated to determine if the complaint is "founded." That means the complaint is 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. If it is not, an investigation is "declined," the matter is closed, and a final report is issued.¹ If it is determined that the complaint is "founded," a final report is issued with recommendations; it is delivered to the Governor and the subject of the investigation.

The jurisdiction of the Inspector General includes the Governor (and staff), state agencies, departments, boards, commissions, and any other entities appointed, employed, controlled, directed, or subject to the authority of the Governor. Specifically excluded from the Inspector General's jurisdiction are the Ohio General Assembly, Ohio courts, The Offices of Secretary of State, Auditor, Treasurer, Attorney General, their staff and employees, and state community colleges.

The Inspector General employs a full-time staff of 20, with one vacancy for work related to the Casino Control Commission. In addition, the IGO employs one contract staff member with a budget for additional contract staff if needed. This staff is

¹ An investigation of a complaint is "declined" if: (1) the Inspector General has no jurisdiction, (2) there is insufficient cause, (3) it is more appropriate to be handled by another authority, or (4) it is designated "not applicable."

generally organized into four areas or divisions: (1) Bureau of Workers' Compensation, (2) Ohio Department of Transportation, (3) American Recovery and Reinvestment Act, and (4) General. The first three divisions include statutorily designated deputy inspectors general; the fourth investigates all other cases and handles daily operations.

Appropriation Overview

Table 1 below summarizes the Inspector General's executive proposed budget in comparison to estimated FY 2011 expenditures. The split between GRF and non-GRF, (moneys appropriated from an account in the General Services Fund Group), is 46% and 54%, respectively. The executive GRF recommendations for FY 2012 and FY 2013 represent a 7.4% decrease from the FY 2011 estimated expenditure of \$1,214,218. The executive General Services Fund recommendations for FY 2012 and FY 2013 represent a 5.6% decrease from the FY 2011 estimated expenditure of \$1,425,000.

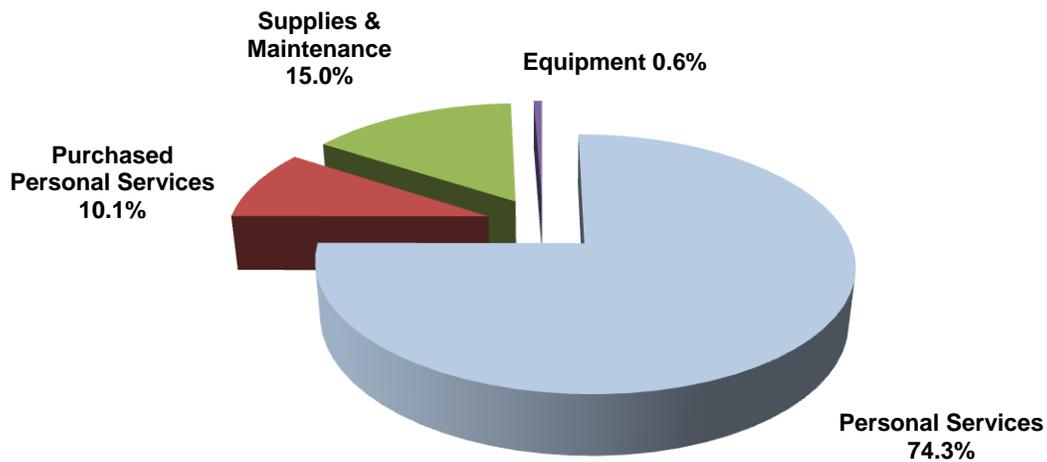
The total amount of recommended GRF and GSF is less than the amount requested by the Inspector General by \$71,300 in FY 2012 and \$19,668 FY 2013. Roughly 75% of the Inspector General's annual budget is typically allocated for payroll expenses. Assuming that the Inspector General will have some flexibility in realigning expenditures as necessary between payroll, contracts, supplies and maintenance, and equipment, the executive recommendations will likely be sufficient to maintain existing service levels. This also assumes that there would not be a sudden and unpredictable increase in the number of complaints filed and investigations initiated.

Table 1. Executive Budget Recommendations by Fund Group, FY 2012-FY 2013					
Fund Group	FY 2011*	FY 2012	% change, FY 2011-FY 2012	FY 2013	% change, FY 2012-FY 2013
General Revenue	\$1,214,218	\$1,124,663	-7.4%	\$1,125,598	0.1%
General Services	\$1,425,000	\$1,345,837	-5.6%	\$1,346,535	0.1%
TOTAL	\$2,639,218	\$2,470,500	-6.4%	\$2,472,133	0.1%

*FY 2011 figures represent estimated expenditures.

As Chart 1 below illustrates, approximately 74% of the Inspector General's expenses planned for the FY 2012-FY 2013 biennium are for the payroll costs associated with 20 full-time staff (personal services). An additional 10.1% is for purchased personal services. Supplies and maintenance account for 15% of expenses. These are primarily for the costs of complying with records requests for information on investigations and litigation.

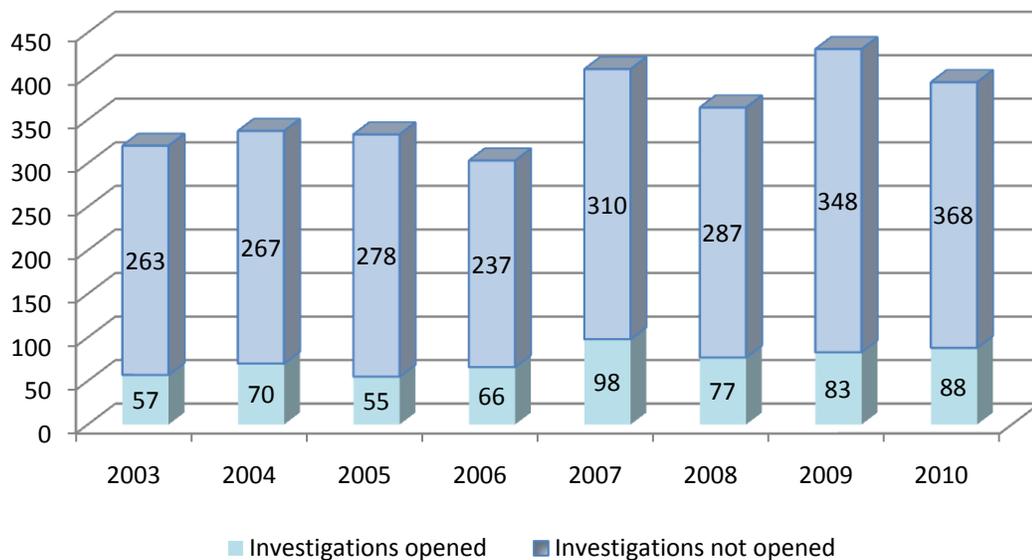
Chart 1: Biennial Executive Budget Recommendations by Expense Category, FY 2012-FY 2013



Investigation Statistics

Chart 2 below displays investigation statistics from 2003 to 2010. The total number of investigation is broken down into two categories: (1) the number of complaints in which the Inspector General declined to investigate and (2) the number of complaints in which an investigation was opened.

Chart 2: Investigation Activity, Calendar Years 2003-2010



Transfer of Funds for Casino Control Commission Operations

Section 512.60 of H.B. 114 of the 129th General Assembly, the transportation and public safety budget bill, authorizes the Director of Budget and Management, in consultation with the Executive Director of the Casino Control Commission, to transfer, in each of FYs 2011 and 2012, GRF funds as are necessary for the initial operating expenses and casino investigations of the Office of Inspector General and the Ohio Ethics Commission. The transferred funds would be deposited in the Casino Control Commission Operating Fund (Fund 5HS0).

ANALYSIS OF EXECUTIVE PROPOSAL

This section provides a more detailed discussion of the appropriations that finance the Inspector General's duties and responsibilities. The recommended FY 2012 and FY 2013 appropriations for the four line items that fund those duties and responsibilities are shown in Table 2 below. Assuming that the number and complexity of the complaints filed and investigations initiated do not noticeably increase in the next biennium, the executive recommendations should be sufficient for the Office of the Inspector General to perform its statutorily required duties and responsibilities.

Table 2. Executive Recommended Amounts				
Fund	ALI and Name		FY 2012	FY 2013
General Revenue Fund				
GRF	965321	Operating Expenses	\$1,124,663	\$1,125,598
General Revenue Fund Subtotal			\$1,124,663	\$1,125,598
General Services Fund Group				
5FA0	965603	Deputy Inspector General for ODOT	\$400,000	\$400,000
5FT0	965604	Deputy Inspector General for BWC/OIC	\$425,000	\$425,000
5GI0	965605	Deputy Inspector General for ARRA	\$520,837	\$521,535
General Services Fund Group Subtotal			\$1,345,837	\$1,346,535
Total Funding: Inspector General			\$2,470,500	\$2,472,133

Operating Expenses (GRF line 965321)

This GRF line item generally pays for operating costs of the Inspector General's General Division, including payroll for 11 employees and investigation expenses. This more or less means costs not directly attributable to the work of the statutorily designated deputy inspectors general for Workers' Compensation, Transportation, and the American Recovery and Reinvestment Act of 2009.

Public records requests for information on closed investigations and litigation are also paid from this line item. This includes requests from the recently completed investigations of the Department of Public Safety, as well as investigations involving the deputy inspectors general for Workers' Compensation, Transportation, and the American Recovery and Reinvestment Act. This tends to be a time and labor intensive process, as the Inspector General must at times redact certain (e.g., personal) information from these records. Where costs of public record requests and litigation involving the deputy inspector generals for Transportation, Workers' Compensation, and the American Recovery and Reinvestment Act of 2009 cannot be supported by their respective funds, the costs will be allocated to the GRF.

A summary of the General Division's complaint and investigations workload over the course of CYs 2009 and 2010 appears in Table 3 below.

Action	2009	2010
Complaints Received	346	364
Investigations Opened	47	42
No Jurisdiction	90	89
Investigations Declined	137	164
Referrals	58	52
Not Applicable	14	17
Investigations Closed	68	40

Deputy Inspector General for ODOT (GSF line item 965603)

This GSF line item pays more or less for all of the operating expenses associated with the statutorily designated Deputy Inspector General for Transportation. This includes the payroll costs of four employees. This deputy inspector general is responsible for: (1) investigating wrongful acts or omissions by Ohio Department of Transportation employees and (2) conducting a program of random review of the processing of contracts associated with building and maintaining the state's infrastructure.

The recommended appropriation for this purpose is \$400,000 in each fiscal year, and is supported by cash transfers totaling \$400,000 in each fiscal year from the Department of Transportation's budget to the Deputy Inspector for ODOT Fund (Fund 5FA0). Note that the transfers, however, are authorized not in the main operating appropriations bill, but rather Section 512.30 of H.B. 114, the transportation and public safety budget bill for the FY 2012-FY 2013 biennium. Section 512.30 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).

A summary of the Deputy Inspector General for Transportation's complaint and investigations workload over the course of CYs 2009 and 2010 appears in Table 4 below.

Action	2009	2010
Complaints Received	36	44
Investigations Opened	19	27
No Jurisdiction	0	1
Investigations Declined	6	9
Referrals	7	7
Not Applicable	4	0
Investigations Closed	16	25

Deputy Inspector General for BWC/OIC (GSF line item 965604)

This GSF line item pays more or less for all of the operating expenses associated with the statutorily designated Deputy Inspector General for the Bureau of Workers' Compensation (BWC) and the Ohio Industrial Commission (OIC). This includes the payroll costs of three employees. This deputy inspector general is responsible for investigating wrongful acts or omissions that have been committed by, or are being committed by, officers or employees of BWC or OIC.

The recommended appropriation for this purpose is \$425,000 in each fiscal year. This appropriation is supported by a temporary law provision that essentially requires the Director of Budget and Management to transfer \$425,000 from the Workers' Compensation Fund (Fund 7023) to the Deputy Inspector General for the Bureau of Workers' Compensation and Industrial Commission Fund (Fund 5FT0). That provision is in Section 221 of H.B. 123, the workers' compensation budget bill for the FY 2012-FY 2013 biennium, which, as of March 25, 2011, has been passed by the Ohio House of Representatives and is awaiting action by the Ohio Senate.

A summary of the Deputy Inspector General for BWC and OIC's complaint and investigations workload over the course of calendar years 2009 and 2010 appears in Table 5 below.

Action	2009	2010
Complaints Received	34	29
Investigations Opened	12	9
No Jurisdiction	0	0
Investigations Declined	22	17
Referrals	0	3
Not Applicable	0	0
Investigations Closed	15	6

Deputy Inspector General for ARRA (GSF line item 965605)

This GSF line item pays more or less for all of the operating expenses associated with the statutorily designated Deputy Inspector for Funds Received through the American Recovery and Reinvestment Act of 2009. This includes the payroll costs of four employees. This deputy inspector general is responsible for: (1) monitoring relevant state agencies' distribution of funds received from the federal government under ARRA, (2) investigating all wrongful acts or omissions committed by officers or employees of, or contractors with, relevant state agencies with respect to ARRA money, and (3) conducting a program of random review of the processing of contracts associated with ARRA projects.

These executive recommendations of \$520,837 in FY 2012 and \$521,535 in FY 2013 will largely be supported transfers of cash by the Director of Budget and Management from the GRF to the Deputy Inspector General for Funds Received through the American Recovery and Reinvestment Act of 2009 (Fund 5G10).

A summary of the Deputy Inspector General for ARRA's complaint and investigations workload over the course of CYs 2009 and 2010 appears in Table 6 below.

Action	2009	2010
Complaints Received	15	19
Investigations Opened	5	10
No Jurisdiction	5	3
Investigations Declined	4	5
Referrals	1	1
Not Applicable	0	0
Investigations Closed	2	7

Office of the Inspector General

General Revenue Fund

GRF 965321 Operating Expenses

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$1,178,244	\$1,361,363	\$1,102,156	\$1,214,218	\$1,124,663	\$1,125,598
	15.5%	-19.0%	10.2%	-7.4%	0.1%

Source: General Revenue Fund

Legal Basis: Section 305.10 of Am. Sub. H.B. 1 of the 128th G.A. (originally established by Am. Sub. H.B. 117 of the 121st G.A.)

Purpose: The line item's appropriation is used to pay for personnel, maintenance, and equipment costs of the Office of the Inspector General. Associated temporary law permits \$50,000 in each of FYs 2010 and 2011 to be used to defray any expenses associated with the review of the operation of video lottery terminal operations as specified in Chapter 3770. of the Revised Code.

GRF 965403 BWC Investigation and Prosecution

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$2,013	\$0	\$0	\$0	\$0	\$0
	-100%	N/A	N/A	N/A	N/A

Source: General Revenue Fund

Legal Basis: Discontinued line item (originally established by Controlling Board on June 26, 2006)

Purpose: The line item's appropriation was used to cover the costs associated with the investigation of the Bureau of Workers' Compensation investments program and any subsequent prosecutions.

General Services Fund Group

4Z30 965602 Special Investigations

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$325,563	\$385,253	\$11,028	\$0	\$0	\$0
	18.3%	-97.1%	-100%	N/A	N/A

Source: General Services Fund Group: Transfers of cash from the Controlling Board's Emergency Purposes appropriation

Legal Basis: As needed line item; ORC 121.481 (originally established by Am. Sub. H.B. 283 of the 123rd G.A.)

Purpose: The line item's appropriation is for the purpose of paying the costs of special investigations conducted by the Inspector General.

Office of the Inspector General

5FA0 965603 Deputy Inspector General for ODOT

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$308,488	\$385,134	\$348,292	\$400,000	\$400,000	\$400,000
	24.8%	-9.6%	14.8%	0.0%	0.0%

Source: General Services Fund Group: Transfers of cash from the Department of Transportation's Highway Operating Fund (Fund 7002); Section 512.40 of Am. Sub. H.B. 2 of the 128th G.A. (1) requires that, on January 1 and July of each year of the FY 2010-FY 2011 biennium, or as soon as possible thereafter, \$200,000 in cash be transferred from Fund 7002 to the Deputy Inspector General for ODOT Fund (Fund 5FA0), and (2) permits, if additional amounts are necessary, the Inspector General, with the consent of the Director of Budget and Management, to seek Controlling Board approval for additional transfers of cash and to increase the amount appropriated from line item 965603

Legal Basis: ORC 121.51; Section 512.40 of Am. Sub. H.B. 2 of the 128th G.A.; Section 305.10 of Am. Sub. H.B. 1 of the 128th G.A. (originally established by Am. Sub. H.B. 67 of the 127th General Assembly)

Purpose: The line item's appropriation is for the purpose of paying the costs that the Deputy Inspector General for the Department of Transportation (ODOT) incurs in performing the statutory requirement to investigate wrongful acts or omissions by ODOT employees and to conduct a program of random review of the processing of contracts associated with building and maintaining the state's infrastructure.

Office of the Inspector General

5FT0 965604 Deputy Inspector General for BWC/OIC

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$0	\$0	\$338,890	\$425,000	\$425,000	\$425,000
	N/A	N/A	25.4%	0.0%	0.0%

Source: General Services Fund Group: Moneys received from the Administrator of Workers' Compensation and the Industrial Commission; Section 211 of Am. Sub. H.B. 15 of the 128th G.A. (1) requires, on July 1, 2009, January 1, 2010, July 1, 2010, and January 1, 2011, or as soon after each date as possible, the Director of Budget and Management transfer \$212,500 in cash from the Workers' Compensation Fund (Fund 7023) to the Deputy Inspector General for the Bureau of Workers' Compensation and Industrial Commission Fund (Fund 5FT0), and (2) permits, if additional amounts are necessary, the Inspector General to seek Controlling Board approval for additional transfers of cash and to increase the amount appropriated from line item 965604

Legal Basis: ORC 121.52; Section 211 of Am. Sub. H.B. 15 of the 128th G.A.; Section 305.10 of Am. Sub. H.B. 1 of the 128th G.A.

Purpose: The line item's appropriation is for the purpose of paying the costs that the Deputy Inspector General for the Bureau of Workers' Compensation (BWC) and Industrial Commission (OIC) incurs in performing the statutory requirement to investigate wrongful acts or omissions that have been committed by or are being committed by officers or employees of the BWC or OIC.

Office of the Inspector General

5GI0 965605 Deputy Inspector General for ARRA

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$0	\$0	\$410,153	\$600,000	\$520,837	\$521,535
	N/A	N/A	46.3%	-13.2%	0.1%

Source: General Services Fund Group: Cash transfers from the General Revenue Fund

Legal Basis: ORC 121.53; Sections 318.10 and 512.41 of Am. Sub. H.B. 2 of the 128th G.A.

Purpose: The line item's appropriation is for the purpose of paying the costs that the Deputy Inspector General for Funds Received through the American Recovery and Reinvestment Act of 2009 incurs in performing the statutory requirement to: (1) monitor relevant state agencies' distribution of funds received from the federal government under the American Recovery and Reinvestment Act of 2009, (2) investigate all wrongful acts or omissions committed by officers or employees of, or contractors with, relevant state agencies with respect to money received under the federal act, and (3) conduct a program of random review of the processing of contracts associated with projects to be paid for with such money. Any unencumbered and unexpended appropriations remaining on June 30, 2010, are reappropriated for the same purposes in FY 2011.

FY 2012 - FY 2013 Introduced Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2010	Estimate FY 2011	Introduced FY 2012	FY 2011 to FY 2012 % Change	Introduced FY 2013	FY 2012 to FY 2013 % Change
Report For Main Operating Appropriations Bill			Version: As Introduced					
IGO Office of the Inspector General								
GRF	965321	Operating Expenses	\$ 1,102,156	\$ 1,214,218	\$ 1,124,663	-7.38%	\$ 1,125,598	0.08%
General Revenue Fund Total			\$ 1,102,156	\$ 1,214,218	\$ 1,124,663	-7.38%	\$ 1,125,598	0.08%
4Z30	965602	Special Investigations	\$ 11,028	\$ 0	\$ 0	N/A	\$ 0	N/A
5FA0	965603	Deputy Inspector General for ODOT	\$ 348,292	\$ 400,000	\$ 400,000	0.00%	\$ 400,000	0.00%
5FT0	965604	Deputy Inspector General for BWC/OIC	\$ 338,890	\$ 425,000	\$ 425,000	0.00%	\$ 425,000	0.00%
5GI0	965605	Deputy Inspector General for ARRA	\$ 410,153	\$ 600,000	\$ 520,837	-13.19%	\$ 521,535	0.13%
General Services Fund Group Total			\$ 1,108,363	\$ 1,425,000	\$ 1,345,837	-5.56%	\$ 1,346,535	0.05%
Office of the Inspector General Total			\$ 2,210,520	\$ 2,639,218	\$ 2,470,500	-6.39%	\$ 2,472,133	0.07%