

# Redbook

## LBO Analysis of Executive Budget Proposal

### Office of Inspector General

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February 2021

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# LBO Redbook

## Office of Inspector General

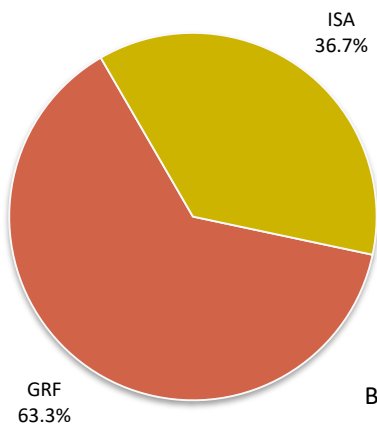
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### Quick look...

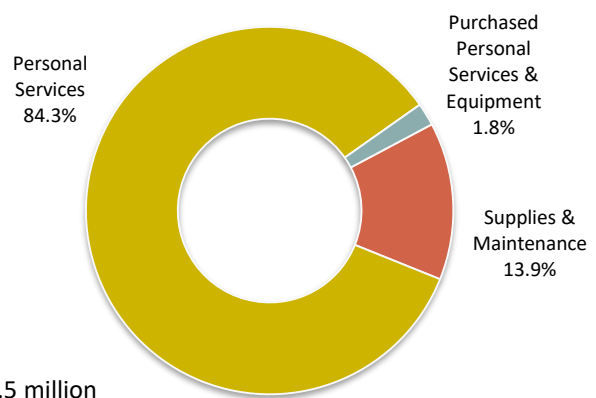
- The Inspector General’s Office examines, investigates, and makes recommendations concerning alleged wrongful acts and omissions within the executive branch of state government.
- Total budget recommendations of \$2.2 million for FY 2022 and \$2.3 million for FY 2023.
- Revenue sources: GRF (63%) and state non-GRF (37%).
- 84%, or \$1.9 million, of the Inspector General’s annual budget allocated for personal services (wages, salaries, fringe benefits, and payroll check off charges).
- From CY 2015-CY 2019, the Inspector General reviewed an average of 338 complaints annually.

Fund Group	FY 2020 Actual	FY 2021 Estimate	FY 2022 Introduced	FY 2023 Introduced
General Revenue (GRF)	\$1,327,954	\$1,375,000	\$1,403,910	\$1,437,000
Internal Service Activity (ISA)	\$793,513	\$797,000	\$825,000	\$825,000
Total	\$2,121,468	\$2,172,000	\$2,228,910	\$2,262,000
% change	--	2.4%	2.6%	1.5%
<i>GRF % change</i>	--	3.5%	2.1%	2.4%

**Chart 1: IGO Budget by Fund Group  
FY 2022-FY 2023 Biennium**



**Chart 2: IGO Budget by Expense Category  
FY 2022-FY 2023 Biennium**



## Agency overview

The Office of the Inspector General, 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. 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.

Over the past eight years, the Inspector General's workforce has varied between 16 and 17 full-time equivalent (FTE) staff; however, due to budget restrictions, it is currently operating with 14 FTE and one part-time staff. The staff is organized into three areas or divisions: (1) Bureau of Workers' Compensation, (2) Ohio Department of Transportation, and (3) General. The first two divisions include statutorily designated deputy inspectors general; the third investigates all other cases and handles daily operations.

## Analysis of FY 2022-FY 2023 budget proposal

### Overview

The executive budget provides a total appropriation of \$2.2 million in FY 2022 and \$2.3 million in FY 2023. The table and Chart 1 shown in the preceding "**Quick look**" section present the executive recommended appropriations by fund group. As shown in Chart 1, money appropriated from the GRF will provide 63%, or \$2.8 million, of the Inspector General's biennial funding. The remainder, 37%, or \$1.7 million, will come from cash transfers to funds within the Internal Service Activity Fund Group used to support two statutorily designated deputy inspector generals.

Under the executive budget proposal for the FY 2022-FY 2023 biennium, the amount appropriated for the operating costs of the General Division of the Inspector General is increased by 2.1% (\$28,910) in FY 2022 and then increases again in FY 2023 (2.4%, or \$33,090). It is unclear whether these funding increases will support the equivalent of 17 FTE staff that the Inspector General believes is the minimum number necessary to maintain current service delivery levels.

In the budget request submitted to the Office of Budget and Management, the Inspector General indicated that it needs at least 16 FTE staff to provide the appropriate level of oversight to meet its mission and statutorily required obligations. Because recurrent increases in personal services costs negatively affect its budget each year, the Inspector General estimates \$3.0 million in GRF funding (\$159,090 above the executive recommendation) would be required to support these positions over the biennium.

The current FY 2020-FY 2021 biennial budget funded 17 FTE staff. Two of those FTE positions became vacant in FY 2020. Those positions remain unfilled because of the state's hiring freeze during the COVID-19 pandemic.

Chart 2 in the "**Quick look**" section shows the executive recommended biennial appropriation by expense category. The largest amount, 84%, or \$3.8 million, is allocated for

personal services followed by supplies and maintenance (14%, or \$622,010), and purchased personal services (2%, or \$80,000).

### Summary of executive recommendations

This section provides a more detailed discussion of the appropriations that finance the Inspector General’s duties and responsibilities.

#### Operating Expenses (ALI 965321)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Introduced	FY 2023 Introduced
<b>GRF ALI 965321, Operating Expenses</b>					
\$1,329,305	\$1,315,111	\$1,327,954	\$1,375,000	\$1,403,910	\$1,437,000
% change	-1.1%	1.0%	3.5%	2.1%	2.4%

This GRF line item pays for operating costs of the General Division of the Inspector General. This means costs not directly attributable to the work of the statutorily designated deputy inspectors general for Workers’ Compensation and Transportation.

Under the executive budget, each fiscal year, around 78% (roughly \$1.1 million) of the line item’s appropriation is allocated for personal services, and the remainder primarily for supplies and maintenance.

A summary of the General Division’s complaint workload from CY 2015 through CY 2019 appears in Table 1 below.

Action	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Cases Opened	43	34	30	33	26
No Jurisdiction	81	98	124	70	72
Insufficient Cause	95	85	81	73	67
Referred	79	128	95	70	74
Pending	17	7	2	3	3
<b>Complaint Total</b>	<b>315</b>	<b>352</b>	<b>332</b>	<b>249</b>	<b>242</b>

## Deputy Inspector General for ODOT (ALI 965603)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Introduced	FY 2023 Introduced
<b>ISA 5FA0 ALI 965603, Deputy Inspector General for ODOT</b>					
\$386,112	\$384,464	\$388,926	\$389,500	\$400,000	\$400,000
% change	-0.4%	1.2%	0.1%	2.7%	0.0%

This line item pays for the operating expenses associated with the statutorily designated Deputy Inspector General for the Ohio Department of Transportation (ODOT). This Deputy Inspector General is responsible for: (1) investigating wrongful acts or omissions by ODOT 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 appropriations for this purpose fully fund the Inspector General's request, and will be supported by cash transfers totaling \$400,000 in each fiscal year from the Department of Transportation's budget to the Deputy Inspector for the ODOT Fund (Fund 5FA0). Under the executive budget, each fiscal year, 95% (about \$381,500) of the line item's appropriation is allocated for personal services, and the remainder primarily for supplies and maintenance.

Note that the transfers, however, are authorized not in the main operating appropriations bill, but rather H.B. 74, the transportation and public safety budget bill for the FY 2022-FY 2023 biennium. Section 203.60 of that bill requires the Director of the Office of Budget and Management (OBM) 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 the ODOT Fund (Fund 5FA0). If additional amounts are needed, the Inspector General is permitted, with the consent of the Director of OBM, to request Controlling Board approval for additional cash transfers and to increase the appropriation. The appropriation for this purpose has remained at \$400,000 annually since Fund 5FA0 was created in 2007.

A summary of the Deputy Inspector General for ODOT's complaint workload from CY 2015 through CY 2019 appears in Table 2 below.

Action	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Cases Opened	9	10	7	7	4
No Jurisdiction	1	0	0	0	0
Insufficient Cause	2	3	3	1	4
Referred	1	3	3	1	3
Pending	0	1	0	0	0
<b>Complaint Total</b>	<b>13</b>	<b>17</b>	<b>13</b>	<b>9</b>	<b>11</b>

## Deputy Inspector General for BWC/OIC (ALI 965604)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Introduced	FY 2023 Introduced
<b>ISA 5FT0 ALI 965604, Deputy Inspector General for BWC/OIC</b>					
\$403,047	\$403,508	\$404,587	\$407,500	\$425,000	\$425,000
% change	0.1%	0.3%	0.7%	4.3%	0.0%

This line item pays for 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 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 fully funds the Inspector General's request. Under the executive budget, each fiscal year, 94% (around \$398,500) of the line item's appropriation generally is allocated for personal services (wages, salaries, fringe benefits, and payroll check off charges), and the remainder primarily for supplies and maintenance.

This appropriation is supported by a temporary law provision that requires the Director of OBM to transfer \$425,000 annually from the Workers' Compensation Fund (Fund 7023) to the Deputy Inspector General for the Bureau of Workers' Compensation and Industrial Commission Fund (Fund 5FT0). If additional amounts are needed, the Inspector General is permitted to request Controlling Board approval for additional cash transfers. That provision is in Section 2 of H.B. 75, the workers' compensation budget bill for the FY 2022-FY 2023 biennium.

A summary of the Deputy Inspector General for BWC and OIC's complaint workload from CY 2015 through CY 2019 appears in Table 3 below.

Action	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Cases Opened	14	8	11	11	15
No Jurisdiction	0	1	0	0	0
Insufficient Cause	11	12	5	13	5
Referred	5	7	8	4	5
Pending	0	0	0	1	0
<b>Complaint Total</b>	<b>30</b>	<b>28</b>	<b>24</b>	<b>29</b>	<b>25</b>

## Complaints and investigations

Anyone may file a complaint with the Inspector General's Office alleging wrongful acts or omissions on the part of a state officer, agency, employee, or contractor. Complaints are processed as follows:

- Reviewed by the intake committee (consisting of the Inspector General, chief legal counsel, and case manager) to determine whether the complaint falls within the jurisdiction of the Inspector General.
- Assigned to a Deputy Inspector General for investigation when the intake committee determines the complaint to be under jurisdiction and offering credible allegations of wrongful acts or omissions.
- In instances where a complaint is unsubstantiated, the Inspector General lacks jurisdiction, or another agency is better suited to address a complainant’s issues, the Office will refer the complainant to a more appropriate agency, organization, or resource.
- At the conclusion of an investigation, the Inspector General issues a report of the investigation that may contain recommendations to prevent future wrongful acts and omissions and may include referrals to prosecuting authorities or licensing agencies. The report is submitted to the Governor and the agency subject to investigation.
- For each report where the Inspector General concludes that wrongful acts or omissions have occurred, the agency subject to the investigation is asked to respond within 60 days of the issuance of the report, detailing how the recommendations will be implemented.

Chart 3 below displays investigation statistics from CY 2015 through CY 2019. The total number of investigations is broken down into two categories: (1) the total number of complaints received and (2) the number of complaints in which an investigation was opened after the determination that the complaint offers credible allegations and falls within jurisdiction. Chart 4 below shows the number of cases closed, and percent of allegations in those cases that were found to be substantiated.

**Chart 3: Investigation Activity, CY 2015-CY 2019**

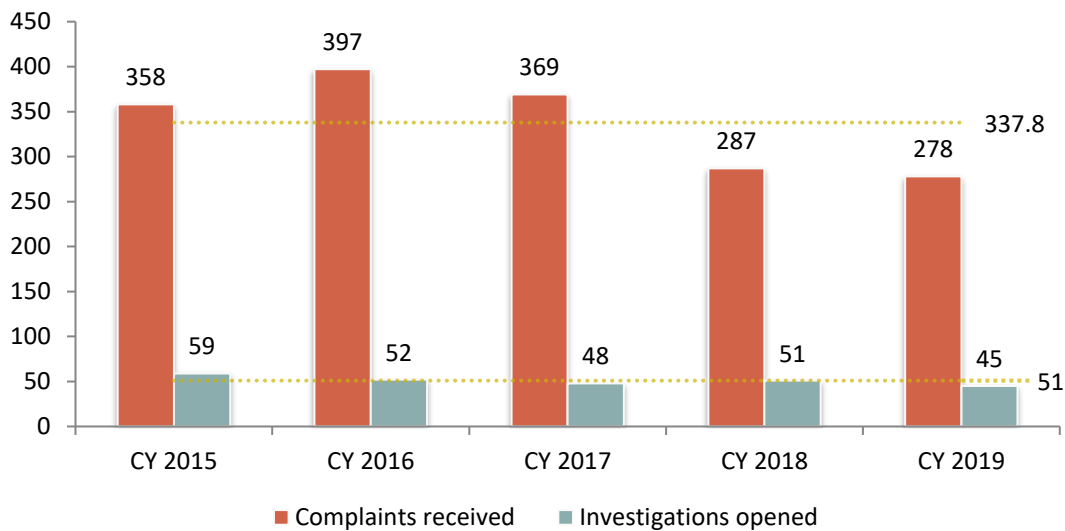


Chart 4: Case Closures and Allegations Substantiated, CY 2015-CY 2019

