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Date: 10/7/2013 11:37:48 AM  
Subject: FW: State Inspector General Formal Request Regarding Fraud & Corruption Allegations

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FYI re our meeting last week. Thanks

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From: Maley, Patrick  
Sent: Monday, October 07, 2013 11:31 AM  
To:  
Subject: State Inspector General Formal Request Regarding Fraud & Corruption Allegations

The purpose of this email is to solicit your help and cooperation in ensuring the Executive Branch upholds the highest standards for integrity. At the end of this email, I will set forth a formal request, but I am hopeful I can persuade each of you to the merit of this initiative rather than relying on a "mandate." If we roll out this program correctly, it will be an asset to each of your agency's integrity program, which then when combined, will benefit the entire Executive Branch and enhance the public's trust and confidence in State government.

A review of the Comptroller General's FY 2012-2013 "Year End Financial Reporting Package" revealed four frauds during the FY by state employees totaling \$19,196, which were reported by four of the 75 reporting agencies and commissions (did not include universities). Consistent data from the federal United States Attorney's Office for FY 2012-2013 revealed one fraud conviction of a state employee at a Technical College in a scheme to falsify admission test results. During FY 2012-2013, the State Attorney General reported two fraud/corruption investigations and no convictions. Data from SLED and the FBI were consistent with the negligible reporting of frauds/embezzlements/corruption involving state employees.

Based on the available data, the Executive Branch, containing 58,000 employees, executes a \$24 billion budget with incredibly high integrity. Although I too believe State government operates in a high integrity environment, these numbers do not ring completely true. In the SIG's first year of interacting with Agencies, particularly internal auditors, numerous anecdotal examples were provided of frauds being addressed through personnel dismissals without criminal prosecution. There are many reasons for this, to include the difficulty and time to develop a forensic analysis of the fraud, criminal investigator's comfort in pursuing fraud cases, the prosecutive merit of these cases in overcrowded solicitors' offices, and the potential of avoiding "bad press."

Maybe the anecdotal data and laws of averages do not apply to the Executive Branch's phenomenally low fraud rate. Let's hope so, but if we are wrong, we are completely undermining the Executive Branch's integrity because these employees leave and come right back to another agency and the troops in both agencies know it. In order to have a high integrity workplace, we have to root out fraud and corruption and ensure these cases receive attention to be prosecuted to the fullest for employees betraying their fiduciary responsibilities.

The SIG is requiring all agencies notify the SIG upon any fraud or corruption allegation involving a State employee as a suspect or subject. The SIG is staffed with forensic accountants and experienced criminal investigators who stand ready to help your agency in any fraud or corruption allegation, and then coordinate, as well as to continue to support cases with merit with law enforcement for criminal prosecution. Some of the bigger agencies have their own investigative capabilities or can efficiently interface with law enforcement direct. In these instances, the SIG will defer to your in-house investigations. However, the SIG still needs to be notified to provide assurance to the public of a comprehensive approach to fraud and corruption; share lessons learned without attribution with all agencies to sharpen our collective fraud internal controls; and support each Agency Head's duty to maintain a high integrity workplace. This does not include fraud conducted against the agency by third parties, although if you need technical help in this area, please don't hesitate to call.

I am hopeful, if not certain, every Agency Head sees this initiative as also in its best interest, but for those who are skeptical, I will provide the State Statute requiring each agency's cooperation:

*"Upon request of the State Inspector General for information or assistance, all agencies are directed to fully cooperate with and furnish the State Inspector General with all documents, reports, answers, records, accounts, papers, and other necessary data and documentary information to perform the mission of the State Inspector General (SC Code 1-6-20)."*

Thanks in advance for your interest and involvement in this fraud program which will benefit your agency, State government, and the public's trust in confidence in our good stewardship of taxpayer funds.

SIG Requirement to All Executive Branch Agencies, Commission, Boards, and Universities:

- 1) Upon identifying a fraud or corrupt allegation with criminal potentiality involving a State employee as a possible suspect or subject, notify the SIG of the incident; and
- 2) Report all pending investigations at this time to establish an immediate baseline of Executive Branch wide fraud and corruption allegations and to stimulate agencies to consider how the SIG can support your current investigations.

For each agency allegation, please complete a simple complaint form using the following link: <http://oig.sc.gov/agencyheadComplaintForm.aspx>. A SIG investigator will respond telephonically to the POC in the same business day of the notification to offer SIG services. FOR IMMEDIATE CONTACT OF THE SIG, PLEASE CALL 855-723-7283 (business hours) or email investigator Brian Lamkin (after hours) at [blamkin@oig.sc.gov](mailto:blamkin@oig.sc.gov).