

From:

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In 2011, Governor Nikki Haley created the office of the Inspector General by executive order to strengthen the trust between the citizens of South Carolina and the Executive Branch of state government. Specifically to investigate and detecting fraud, waste, abuse, mismanagement, misconduct, violations of state or federal law, and wrongdoing in the Executive Branch of South Carolina State Government.

In 2012, Governor Haley appointed Patrick Maley as South Carolina's Inspector General citing his experience in the Federal Bureau of Investigation "focusing on fraud, waste, managing costs and program evaluations."

- Maley served in the FBI for over 30 years as Special Agent in charge of Birmingham, AL, assistant special agent in Columbia, SC, supervisory special agent in Covington, KY, and as Chief Inspector for Operations & Audits in the FBI's Inspection Division.

Upon taking office, Inspector General Maley identified the following strategies to select cases to investigate in order to strengthen the trust between South Carolinians and their Executive Branch of government.

1. cases significantly impacting the public's confidence in the integrity/effectiveness of State government and/or causing a significant disruption to an agency carrying out its mission;
2. cases of the highest impact when considering the probable individual case outcomes in terms of effectiveness (dollars save/waste prevented) or seriousness of integrity allegation;
3. cases involving proactive risk assessments of waste in the Executive Branch; and
4. cases in which potential lessons learned that could be extrapolated to identify root causes of problems/deficiencies to drive positive change, preferably on a statewide basis.

Under the leadership of Inspector General Maley the Office of the Inspector General's office has:

- Determined a statewide inadequate information security posture after the Department of Revenue breach;
- Determined wrongdoing allegations at the Retirement System Investment Commission (RSIC) did not have merit, yet identified serious operational weaknesses to include framing the comparative low investment returns as a legitimate issue in need of greater transparency and monitoring;
- Identified the state's lack of a strategy to address the prescription drug crisis;
- Uncovered serious financial mismanagement at SC State University, as well as millions of dollars inappropriately diverted to university foundations for expenses inconsistent with state procurement and public expectations;
- Identified operational & collection weaknesses in the State's billion dollars in past due accounts receivables;
- Identified the Executive Branch's inadequate codes of conduct in agencies;
- Proactively identified and initiated cases on statewide functions with traditional or perceived high risk for waste/fraud; three functions determined to be low risk (statewide procurement fraud; SNAP benefit waste/fraud; and state employee embezzlement) and three high risk (statewide agency performance management system; contract/grant monitoring; and the \$2.7 billion annual Managed Care Medicaid contract, the state's largest).
- Identified deficiencies in DHEC's residential care facilities serving 17,000 vulnerable, disabled citizens;
- Conducted 10 serious misconduct allegations against high ranking Executive Branch managers with most unsubstantiated to restore the public's trust; however, two cases did contribute to separations from State government and one Ethics Commission referral;
- Conducted four major frauds investigations requiring forensic accounting capabilities totaling two million dollars;
- Determined safety and process issues at DJJ under time-sensitive circumstances, which created a factual

foundation to eliminate misperceptions, bring together diverging viewpoints on DJJ operations in legislative oversight hearings, and focus on solutions; and

- Placed an emphasis on improving management controls and processes to save taxpayer dollars, which will be, conservatively, in the tens of millions of dollars (prescription drugs; SC State 1890 fund & foundations; statewide accounts receivables & DOR collection systems; SNAP; Medicaid MCO contract & program integrity; contract/grant monitoring; agency performance management; and RSIC low investment returns).

Although Inspector Maley has made significant headway investigating and detecting fraud, waste, abuse, mismanagement, misconduct, violations of state or federal law, and wrongdoing within the Executive Branch, he has identified opportunities to continue his work and improve its accountability.

1. The State lacks an adequate agency Performance Management System to ensure agencies are operating using fundamental business practices using strategic objectives, tactical strategies, and results aligned with stated objectives, which creates a high risk of waste in state government. A renewed emphasis in a statewide agency Performance Management System represents the single best opportunity to address waste in State government.
2. The State lacks adequate requirements for agencies to conduct contract/grant monitoring, which has resulted in a high risk for waste in state government.
3. The State extensively uses the Commission form of oversight for state agencies which suffers from a lack of uniform expectations, which can result in some Commissions not assuming full ownership or possessing executive skills to carry out their fiduciary duty to ensure agency effectiveness. Citizens with subject matter expertise serving as Commissioners to provide oversight to government certainly has obvious and intuitive benefits, but it also increases the risk of potential conflicts of interest, both real and perceived, when subject matter expert Commissioners also have business interests potentially regulated or impacted by agency decisions.
4. State agency internal audit functions should shift focus away from traditional low risk compliance and financial audits and follow the private sector trend towards improving operational performance through improving risk management, control, and governance processes. Agency enterprise-wide risk assessments, a basic internal audit function, are not systematically conducted, which misses the opportunity to create internal and oversight visibility/accountability to address opportunities to improve.
5. The State has no systemic leadership development program, nor do agencies utilize standard leadership/climate surveys as a tool for feedback to assess opportunities to improve.