

Louisiana Streamlining Commission

Suggested Recommendations to Advisory Committee Chairmen

Preamble:

The following comments on this cover sheet have been prepared at the Mercatus Center by Hon. Maurice McTigue. The purpose of the analysis was to identify issues that the committee might pursue and finally develop into recommendations to the full commission.

- The suggested recommendations are based on very limited information and the committee's local knowledge may determine that the suggestions are not viable. In that case the Committee should discard the suggested recommendation.
- If the Committee thinks the suggestion has merit then they should refer it to officials for their analysis.
- Some of our suggestions may be recommending a practice that is already in place, in which case the recommendation may be put aside or may be worded to endorse that practice or to extend it further than is the current practice.

Office of State Inspector General:

- We would suggest that the outcome for the OIG is to improve public confidence in the integrity of government and government officials.
- We would also recommend that the OIG develop a measure that indicates whether the problems of dishonesty and malfeasance are getting better, remaining static or deteriorating.

Savings:

- No savings anticipated.



The Streamlining Government Commission would appreciate your assistance by having you complete the following worksheet. We understand that some of this information is available online and possibly in other documents, but we believe that it is important that you provide this data to ensure that you know what the Commission is reviewing regarding your Department, Agency, or Office. In order to review and compile the data before the next regularly scheduled meeting of the Commission, please complete and return these worksheets to prathert@legis.state.la.us by September 8, 2009. Thank you for your cooperation.

Department name: LOUISIANA OFFICE OF STATE INSPECTOR GENERAL (OIG)

State in one sentence the core business of your department: The OIG, an agency with law enforcement authority, is charged with prevention and detection of fraud, corruption, abuse, waste, inefficiencies, and mismanagement in the executive branch of state government.

For each program managed by your agency, provide the following information. Please limit your answers for each program to no more than half a page and simply write "unknown" next to each program question you are unable to answer.

- Program name: Office of State Inspector General
- Outcome addressed by this program: Prevention and detection of fraud, corruption, and waste in the executive branch. This includes, but is not limited to identifying misappropriated funds, misuse of state equipment and personnel, overcharges by state contractors, improper expenditures by state grantees/subgrantees, etc.
- How many members of the public are directly involved in or affected by this program: All citizens are directly involved and/or affected by this program.

- **How much money was expended on this program in the last fiscal year (The most recent data available are acceptable even if they are from FY 07-08): Fiscal Year Ending 2009: \$1,629,147**
- **Measure used to determine success:**

Our operational plan provides that we measure the effectiveness and efficiency of our audit/investigative activities, which includes completing fieldwork of 80% of cases opened within 12 months from the date the case was opened, and ensuring we provide 100% of the reports to the Governor no later than 30 working days after receipt of requested final responses to the report draft.

The OIG also measures its success by the following:

- **Dollar amount of fraud and waste identified in audit/investigative activities (\$50,000,000 in the last 10 years)**
 - **Providing recommendations to improve internal controls within state government that mitigate potential future losses from fraud and waste (stop the bleeding)**
 - **Arrests and indictments associated with identifying state officials and employees that have violated criminal statutes**
- **Level of success during each of the last three years:**

In the last three years, the OIG has generally met and in most cases exceeded its operational plan performance standards. Examples of recent successful cases demonstrating a return on investment from OIG audit/investigative activities are as follows:

- **August 27, 2009 -- Division of Administration Employee Arrested on 39 Felony Counts** (Nellie Rogers converted retiree health premium checks to her own use in excess of \$4,000, resulting in cancellation of retiree health coverage; investigation continues to determine scope of theft)
- **June 26, 2009 – Louisiana Recreational and Used Motor Vehicle Commission** (Investigation uncovered wide spread payroll fraud and filing false public records by commission investigative staff; six employees resigned and were charged with felony filing false public records. Those employees are paying restitution and OIG cost of investigation under the District Attorney’s supervision. Four other commission employees have resigned or been fired since the OIG report was issued.)

- **June 5, 2009 – Office of Group Benefits** (OIG audit uncovered \$631,046 in premium underpayments -- nearly 38% of OIG's FY09-10 budget; most of the funds owed to OGB have been repaid since our report was issued. Also made recommendations for improving internal controls to avoid future underpayments)
 - **April 20, 2009 – Executive Director Of State Police Commission arrested on multiple felony counts** (OIG investigation revealed that Debra Johnson used state purchasing cards to acquire in excess of \$30,000 in personal property; Ms. Johnson pleaded guilty to malfeasance in office in April of 2009.
 - **April 8, 2009 – Regional Nutrition Assistance Program** (OIG audit uncovered false reimbursement claims made to the Department of Education exceeding \$18,000; made recommendations for improving internal controls)
 - **January 13, 2009 – SUNO Chief of Police Arrested for Filing False Public Records and Malfeasance In Office** (Chief Leatrice Warren resigned and was charged with felony filing false public records and malfeasance in office after OIG investigation uncovered extensive misuse of public property and personnel.
- **The societal issue addressed by this program is getting *better, remaining static, or deteriorating*:**

The OIG's recent designation as a law enforcement agency along with plans to eliminate a layer of upper management and expand investigative staff with the cost savings should enhance the OIG's effectiveness in reducing fraud and corruption in state government. This can only have a positive effect on the public's perception and help create a state government environment where honesty and integrity can flourish.