

Annual Management and Program Analysis Report

Fiscal Year 2013-2014

Department: Louisiana Office of State Inspector General

Department Head:

Name: Stephen B. Street, Jr.
Title: Louisiana State Inspector General

Undersecretary (or Equivalent):

Name:
Title:

I. What outstanding accomplishments did your department achieve during the previous fiscal year?

The Louisiana Office of State Inspector General (OIG) is an independent office dedicated to investigating fraud and public corruption. The Inspector General has led the transformation of the office from an internal audit shop into a statutorily empowered law enforcement agency. The statutes enacted in 2008 (La. R.S. 49:220.21 et seq) conferred law enforcement powers, independence measures and political safeguards to ensure that the office could function in a manner consistent with its duty to the taxpayers to root out fraud, waste and corruption in the executive branch of Louisiana state government. The office is now focused primarily on criminal fraud and public corruption investigations, with an eye toward securing indictments and convictions. The Inspector General is staffed with seasoned law enforcement professionals experienced in complex white collar fraud and public corruption investigations.

The performance of the Office of State Inspector General is now measured primarily by the percentage of dollars identified as fraud, corruption and waste compared to the OIG general fund budget using the average of the most recent three years. In Fiscal Year 2013-2014, the total of fraud, corruption and waste dollars identified (\$17,663,728) amounted to 993% of the OIG general fund appropriation in House Bill 1 (\$1,778,219). (The three-year average reported on the state LaPas system was 418%.) In simple terms, for every dollar appropriated to OIG from the state general fund in Fiscal Year 2013-2014, \$9.93 in fraud, corruption and waste was identified. Included among these numbers was a theft of over \$1 million from the Department of Health and Hospitals that resulted in a ten year prison term, over \$1.8 million in tax credit fraud that resulted in a 70 month federal prison term, and over \$15 million in identified waste following Hurricane Isaac. Not included among these numbers was an additional \$4,578,286 in fraudulent tax credit payments that OIG was able to prevent from going out.

These accomplishments are significant to the principal clients of OIG, the Louisiana taxpayers who benefit from open, accountable and honest government. By rooting out fraud and corruption in a way that is demonstrably effective and has criminal consequences where appropriate, citizens can have confidence that tax dollars are being used honestly and that government will function in their best interests. The effectiveness of the office can also be seen in prevention and deterrence that results from successful criminal prosecutions of those who abuse the public trust. In situations where waste is identified, OIG works with state agencies to recommend changes to address and prevent future problems.

These accomplishments also directly contribute to the success of the OIG strategic plan, which has two overall goals: 1) To provide the Governor, state officials and employees, and the general public with an independent law enforcement body that will audit, examine, investigate, and make recommendations with respect to the prevention and detection of fraud, corruption, waste, inefficiencies, mismanagement, misconduct, and abuse in the executive branch of state government as authorized by LSA-R.S. 49:220.21-25; and 2) To increase public confidence and trust in state government by providing the general public with a means to report concerns and have those concerns investigated as authorized by LSA-R.S. 49:220.21-25.

Because of the unique role which OIG plays in state government, many of its “best practices” are unique to the IG community and may not necessarily be transferrable to other state agencies in their daily operations. However, the common sense practice of investigating complaints of fraud and corruption without regard to political allegiances or influence can certainly be employed by any state agencies that have internal audit functions.

II. Is your department five-year strategic plan on time and on target for accomplishment?

Yes. See **I** above for outstanding accomplishments and discussions of the strategic plan goals.

- ◆ **Please provide a brief analysis of the overall status of your strategic progress.** The numbers provided above, i.e., the fraud, waste and corruption dollars identified in comparison with the OIG state general fund appropriation (993% for FY 13-14; 418% three year average) show the progress being made.
- ◆ **Where are you making significant progress?**
See above. Though OIG has consistently met the goal of matching the three year average OIG state general fund appropriation in fraud, waste and corruption dollars identified, the 993% from FY 13-14 includes \$15 million from one case. From year to year the numbers will vary.
- ◆ **Where are you experiencing a significant lack of progress?**
None, but progress could be improved even more if certain areas of operations detailed in **III** below are improved.

♦ **Has your department revised its strategic plan to build on your successes and address shortfalls?**

- Yes. If so, what adjustments have been made and how will they address the situation?
- No. If not, why not? Not applicable. See above.

How does your department ensure that your strategic plan is coordinated throughout the organizational and management levels of the department, regularly reviewed and updated, and utilized for management decision-making and resource allocation? T

The Office of State Inspector General has only one program and programmatic activity that includes the following functions: Administration, Audit, Investigation and Prevention. The office has a T.O. of 17, and management consists of the IG, Chief Investigator and General Counsel, who review the strategic plan as needed.

III. What significant department management or operational problems or issues exist? What corrective actions (if any) do you recommend?

One issue that has arisen that affects OIG operations is the difficulty in retaining experienced staff members because of the inability to assign vehicles to POST Certified Criminal Investigators. On three occasions, experienced POST Certified Criminal Investigators have left OIG for employment at other state agencies where they were paid the same salary, but assigned a vehicle. To our knowledge, OIG is the only law enforcement agency in state government where POST Certified Criminal Investigators are not assigned vehicles, though assignment of such vehicles is standard in law enforcement. OIG is based in Baton Rouge, but has jurisdiction over the entire state. Investigators are often required to use a limited number of pool vehicles or their personal vehicles. This has become more of a problem recently in the wake of several investigations being opened in North Louisiana that require repeated travel to and from those areas. The allocated fuel budget for the current FY is being used at a faster rate than anticipated. One avenue being explored is the embedding of investigators in specific geographic areas of the state. At present we have one assigned to the Lafayette area with the FBI field office there, and are exploring assigning another to the Monroe area to handle cases in the northern area of the state. We are also gathering information on the possibility of leasing vehicles or getting vehicles at reduced cost.

B. Corrective Actions

1. Does the problem or issue identified above require a corrective action by your department?

- No. If not, skip questions 2-5 below.
- Yes. If so, complete questions 2-5 below.

2. What corrective actions do you recommend to alleviate or resolve the problem or issue?

At the appropriate time, the IG will meet with the Commissioner and her staff to request the ability to assign vehicles to OIG Criminal Investigators, and that the necessary budget for vehicles, fuel and maintenance is in place.

3. Has this recommendation been made in previous management and program analysis reports?

No. The problem has recently become more pronounced with the increase in cases in North Louisiana and the recent departure of two experienced criminal investigators.

4. Are corrective actions underway?

OIG is exploring a number of options to mitigate the problem as outlined above, and is gathering information to present to the Commissioner at the appropriate time.

5. Do corrective actions carry a cost?

- No. If not, please explain.
 Yes. If so, what investment is required to resolve the problem or issue?

Will require an additional amount of funds for vehicles, fuel and maintenance to be determined after meeting with the Commissioner and her staff.

IV. How does your department identify, analyze, and resolve management issues and evaluate program efficiency and effectiveness?

- A. Check all that apply. Add comments to explain each methodology utilized.

- Internal audit
 External audits (Example: audits by the Office of the Legislative Auditor)
 Policy, research, planning, and/or quality assurance functions in-house
 Policy, research, planning, and/or quality assurance functions by contract
 Program evaluation by in-house staff
 Program evaluation by contract
 Performance Progress Reports (Louisiana Performance Accountability System)
 In-house performance accountability system or process
 Benchmarking for Best Management Practices
 Performance-based contracting (including contract monitoring)
 Peer review
 Accreditation review

- Customer/stakeholder feedback
- Other (please specify):

OIG is subject to annual Executive Department audits by the Louisiana Legislative Auditor. Internal policies and operations are reviewed by General Counsel and the Inspector General. LaPas Numbers are reported quarterly. OIG has a Case Management system that helps track the performance indicators.

B. Did your office complete any management reports or program evaluations during the fiscal year covered by this report?

- Yes. Proceed to Section C below.
- No Skip Section C below.

C. List management reports and program evaluations completed or acquired by your office during the fiscal year covered by this report. For each, provide:

1. Title of Report or Program Evaluation
2. Date completed
3. Subject or purpose and reason for initiation of the analysis or evaluation
4. Methodology used for analysis or evaluation
5. Cost (allocation of in-house resources or purchase price)
6. Major Findings and Conclusions
7. Major Recommendations
8. Action taken in response to the report or evaluation
9. Availability (hard copy, electronic file, website)
10. Contact person for more information, including
 - Name:
 - Title:
 - Agency & Program:
 - Telephone:
 - E-mail: