

TO: All Legislature

FROM: Sen. David Craig and Rep. Joe Sanfelippo

RE: Co-Sponsorship of [LRB-1366/1](#): creating a legislative office of inspector general and making an appropriation.

DATE: January 7, 2020

[Deadline for Co-Sponsorship: Thursday, January 16, 2020 at 5pm.](#)

This legislation authorizes the Joint Committee on Legislative Organization to appoint inspectors general in various state agencies directed with actively investigating fraud, waste, and abuse within state government. One of the legislature's most important duties is to act as a watchdog of tax dollars and placing inspectors general - that report to the legislature - directly in state agencies will allow for increased oversight.

While the Legislative Audit Bureau (LAB) does exemplary work with their statutorily assigned duties, the statutory process under which the LAB operates focuses more on retrospective examination rather than proactive fiscal action and bad practice deterrence. In many instances, by the time an audit has occurred, the political will (or legislative composition) necessary to change a state program has diminished. By maintaining the LAB's robust investigative process and complementing their work with inspectors general, the legislature will significantly increase its role as a watchdog of the executive branch.

Under the bill, the inspector general must report fraud to the Department of Justice and instances of waste and abuse to the chairs of the appropriate legislative committees of jurisdiction. Further, under the bill the Assembly and Senate chairmen of jurisdiction, as well as a joint effort by the Speaker of the Assembly and the Majority Leader of the Senate can direct the inspector general to investigate specific programs within state agencies. Additionally, this bill will allow any citizen to bring their concerns regarding state government directly to the inspector general who may review whether or not the agency complied with law and administrative rule in issuing the decision. If the inspector general finds the agency acted improperly, they are required to report that to the Speaker of the Assembly, Senate Majority Leader, standing legislative committees of jurisdiction, and the Legislative Audit Committee.

Should you wish to be added on as a co-sponsor of this legislation, please reply to this email prior to 5pm on, January 16, 2020. Should you have any questions, please feel free to contact Sen. Craig's office (6-5400) or Rep. Sanfelippo's office at (6-0620).

Analysis by the Legislative Reference Bureau

This bill creates a nonpartisan, legislative service agency known as the "Legislative Office of Inspector General," consisting of 14 inspectors general and their staff who are assigned to and housed at the headquarters of certain state agencies. The state agencies are the departments of administration; agriculture, trade and consumer protection; children and families; corrections; financial institutions; health services; justice; natural resources; public instruction; revenue; safety and professional services; transportation; and workforce development; the elections commission; the ethics commission; the office of commissioner of insurance; and the Board of Regents of the

University of Wisconsin System. The Wisconsin Economic Development Corporation and the Wisconsin Housing and Economic Development Authority are also subject to inspector general services under the bill. The Joint Committee on Legislative Organization appoints each inspector general for a six-year term expiring March 1 of the odd-numbered year.

Under the bill, each state agency must provide office space for the inspector general assigned to the agency and must pay for services provided by the inspectors general. Inspectors general and their staffs serve in the unclassified service of the state civil service system. In addition, the Legislative Audit Bureau, upon request, must provide assistance to inspectors general in the Legislative Office of Inspector General.

Under the bill, the current offices of inspector general of the departments of children and families and health services are eliminated. The bill provides that each inspector general may examine the accounts and other financial records of the agency to which he or she is assigned, and may review the performance and program accomplishments of the agency. The bill also provides that an inspector general must at all times with or without notice have access to any books, records, or other documents maintained by the agency relating to its expenditures, revenues, operations, and structure, including specifically any such books, records, or other documents that are confidential by law.

Under the bill, each inspector general must investigate fraud in state agency programs or activities and report any finding of fraud to the Department of Justice and to the appropriate standing committee in each house of the legislature; investigate waste, abuse, or inefficiency in state agency programs or activities and report any finding of waste, abuse, or inefficiency to the appropriate standing committees in each house of the legislature; and submit an annual report of inspector general activities to the chief clerk of each house of the legislature. In addition, in investigating waste, abuse, or inefficiency in state agency programs, an inspector general must endeavor to identify savings for state agencies that would pay at least the costs incurred by the inspector general in carrying out the investigations.

Under the bill, the speaker of the assembly and the senate majority leader, jointly, may direct the inspector general assigned to any state agency to examine the records or programs of the state agency. The chairpersons of the appropriate standing committees in the assembly and senate, jointly, may also direct the inspector general assigned to any state agency to examine the records or programs of the state agency over which the committees have subject matter jurisdiction.

Finally, the bill provides that, at the discretion of the inspector general, an inspector may review claims by any person that an agency action or order has adversely affected a substantial interest of the person. A person requesting such a review must do so before the commencement of a contested case or other similar state agency review process. Under the bill, if an inspector general elects to review a claim, the inspector must determine whether the agency action or order was inconsistent with any law or administrative rule. An inspector must report all such determinations to the appropriate standing committees in each house, the Joint Legislative Audit Committee, and the Joint Committee for Review of Administrative Rules.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.