

**The State Inspector General’s Annual Report of Fraud**  
**Conducted by Executive Branch State Employees**  
**Fiscal Year (FY) 2025-26**

The South Carolina Office of the State Inspector General (SCOIG) tracks fraud conducted by Executive Branch employees against state agencies. This is done to assist these agencies in their investigations, to serve as an indicator of integrity within the Executive Branch workforce, and to transparently report to the public to maintain its confidence in the integrity of state government. At this time, the SCOIG does not track fraud conducted by external parties against the state, such as tax, Medicaid, pharmaceutical diversion, SNAP, unemployment insurance, or contract fraud, most of which are investigated by sworn law enforcement personnel located in their respective state agencies.

The SCOIG identifies Executive Branch employee fraud through mandatory reporting by each agency, law enforcement reporting, agencies’ annual reports to the Office of the Comptroller General, the Office of the State Auditor, and open source reporting. In FY 2025-26, the SCOIG received 16 notifications of potential fraud involving 18 Executive Branch employees at seven state agencies, which resulted in estimated losses of \$475,312 in the below categories:

<b>Fraud Scheme Category</b>	<b>Reported Incidents</b>	<b>Employees Involved</b>	<b>Fraud Losses by Scheme</b>
Bribery/ Kickbacks	9	11	\$95,381
Computer Fraud	1	1	\$50,000
Embezzlement	1	1	\$400
Fleet Card Fraud	2	2	\$9,245
Theft	2	2	\$28,498
Wire Fraud	1	1	\$291,788
<b>TOTALS</b>	<b>16</b>	<b>18</b>	<b>\$475,312</b>

Below is a year-over-year comparison of the reported fraud schemes for the past four FYs:

<b>Fraud Scheme Category</b>	<b>Reported Incidents</b>				<b>Total Reported Losses</b>			
	<b>FY 2025-26</b>	<b>FY 2024-25</b>	<b>FY 2023-24</b>	<b>FY 2022-23</b>	<b>FY 2025-26</b>	<b>FY 2024-25</b>	<b>FY 2023-24</b>	<b>FY 2022-23</b>
Bribery/ Kickbacks	9*	5	3	0	\$95,381	\$222,129	\$219,500	\$0
Computer Fraud	1	0	0	0	\$50,000	\$0	\$0	\$0
Contract/Grant Fraud	0	0	0	0	\$0	\$0	\$0	\$0
Embezzlement	1	0	0	1	\$400	\$0	\$47,000	\$10,000
Fleet Card Fraud	2	0	1	0	\$9,245	\$0	\$9,944	\$0
Forgery	0	1	1	0	\$0	\$10,000	\$0	\$0
Misconduct	0	1	0	0	\$0	\$800	\$0	\$0
Procurement Fraud	0	1*	1	0	\$0	\$1,489,789	\$0	\$0
Theft	2	4	1	1	\$28,498	\$14,740	\$2,000	\$2,000
Wire Fraud	1	0	0	0	\$291,788	\$0	\$0	\$0
<b>Totals</b>	<b>16</b>	<b>12</b>	<b>7</b>	<b>2</b>	<b>\$475,312</b>	<b>\$1,737,458</b>	<b>\$278,444</b>	<b>\$12,000</b>

\*Incidents involved multiple subjects.

The following observations were made following an analysis of FY 2025-26:

- FY 2025-26 reported losses of \$475,312 are less than the losses of the previous fiscal year of \$1,737,458.
- FY 2025-26 incidents (16) represent a 129% increase of the average number of incidents of the three previous fiscal years (7). This is largely attributable to increased detection as a result of increased enforcement action by agencies' internal controls, law enforcement, and enhancements to reporting mechanisms.
- The job levels for the 18 Executive Branch employees reported for fraud included two executive/upper-level managers, two supervisory employees, and 14 front-line employees.
- All 16 of the schemes and incidents resulted in the arrest and termination of the employees.

A consistent trend in the reported frauds for the past four fiscal years revolved around accountability in internal controls. The higher the employee's position in the organization, the greater the employee's access to larger funds, and thus led to correspondingly higher losses.

The total reported fraud of approximately \$475,312 indicated a continued low risk of employee fraud in the Executive Branch of state government. Included below is a summary of the reported fraud matters, as well as a recap of lessons learned from other SCOIG investigations and reviews during FY 2025-26.

#### **VIGNETTE – Fraud Conducted by Executive Branch State Employees in FY 2025-26**

1. A state employee was arrested after voiding a \$400 customer transaction in a payment system and diverting the funds for personal use.
2. Two state employees were arrested after accepting \$100 in bribes in exchange for furnishing contraband to a juvenile in state custody.
3. A state employee was arrested for conspiring to smuggle valuable dental fixtures, commonly known as "grillz," to inmates in exchange for \$2,500 in bribes.
4. An information technology employee was charged with violating the Computer Crimes Act after unauthorized access to a state agency computer system and the malicious deletion of irrecoverable records, resulting in an estimated \$50,000 in damages.
5. A state employee was arrested after accepting \$290 in bribes in exchange for furnishing contraband to inmates in state custody.
6. A state agency executive director was charged after using an agency fleet card to purchase \$5,482.74 in fuel for personal use.
7. A state agency senior executive was charged with wiretapping after placing a concealed recording device in a conference room with the intent to secretly record discussions concerning

personal employment matters and that of other agency leader(s), whose combined annual salaries totaled \$291,788.

8. A state employee was charged with accepting \$2,000 in bribes in exchange for furnishing contraband to inmates.
9. Two state employees were charged with financial fraud, violations of the Computer Crimes Act, and bribery of a public official after accepting \$8,255 in exchange for furnishing contraband to inmates and altering data records.
10. A medical employee at a state agency was arrested for the theft of medication valued at approximately \$10.
11. A state employee was charged with use of official position for financial gain and acceptance of extra compensation after receiving kickbacks from vendors in the amount of \$50,416 with whom the agency maintained an existing contractual relationship.
12. A state employee was charged with use of official position for financial gain, acceptance of extra compensation, and receiving money to influence official actions after receiving kickbacks from vendors in exchange for \$31,150 with whom the agency maintained an existing contractual relationship.
13. A state employee was charged with receiving bribes in exchange for furnishing contraband to inmates.
14. A state employee was arrested after using an agency fleet card to purchase \$3,762 in fuel for personal use.
15. A state employee was arrested after accepting \$700 in bribes in exchange for furnishing contraband to an inmate.
16. A state employee was arrested for the theft of \$28,488 after stealing and cashing a check that did not belong to him/her.

## **Recap of Lessons Learned for Fiscal Year 2025-26**

**Procurement Policies and Code of Conduct** – Agencies should adhere to the SC Consolidated Procurement Code and the State Ethics Commission in the awarding of contracts and regarding conflicts of interest. Agencies should provide training to staff on the policies and procedures for procurement. Agencies should also conduct an employee affirmation and review of their code of conduct to confirm that employees have read and understand them.

**Span of Control & Separation of Duties** – Separation of duties ensures proper oversight and review to avoid errors. It serves as an internal control requiring more than one person to handle transactions and is intended to prevent fraud and error.

**Internal Controls & Standard Operating Procedures** – Maintaining current policies and procedures is imperative to the operations and management of an agency and its employees. Agencies should develop and maintain updated internal procedures governing processes for the management and control of the organization. They should also maintain proper supervisory oversight of employees.

Below is an Association of Certified Fraud Examiners (ACFE) report that the SCOIG provides to agency leaders to raise awareness concerning fraud to state employees.

[ACFE Occupational Fraud 2026: A Report to the Nations](#)

[Lessons Learned – FY 2025-26](#)