



# COMMONWEALTH of VIRGINIA

## Office of the State Inspector General

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State Inspector General

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September 18, 2013

The Honorable Robert F. McDonnell  
Governor of Virginia  
Patrick Henry Building, 3<sup>rd</sup> Floor  
1111 East Broad Street  
Richmond, Virginia 23219

Virginia General Assembly  
General Assembly Building  
201 North 9<sup>th</sup> Street  
Richmond, Virginia 23219

Dear Governor McDonnell and Members of the General Assembly:

This report is provided in furtherance of the requirements of § 2.2-3014 of the *Code of Virginia*, which requires the Office of the State Inspector General (OSIG) to annually summarize the activities of the Fraud and Abuse Whistle Blower Reward Fund (hereafter Fund). Set forth below is the OSIG's report pertaining to Fund activities occurring during fiscal year 2013.

Effective July 1, 2012, the Commonwealth established the OSIG. The OSIG's responsibilities include administration of the Fraud, Waste, and Abuse Whistle Blower Protection Act (WBPA).

The WBPA was first enacted in 2009, with oversight then assigned to the Department of Accounts, Division of the State Internal Auditor. In 2012, WBPA oversight responsibilities were transferred to the newly created OSIG. The Fund provides financial incentives, as well as a confidential means, for state employees to report information regarding fraud, waste or abuse associated with state resources.

§ 2.2-3009 *Policy, et Seq. Code of Virginia* sets out the Commonwealth's policy encouraging employees of state government to report instances of wrongdoing or abuse by state and non-state agencies without fear of discrimination or reprisal; and, in the event of retaliation, provides a procedure for initiating a grievance.

§ 2.2-3014 *Fraud and Abuse Whistle Blower Reward Fund* provides for the creation and administration of a Fund to be administered by the State Inspector General (SIG).

The General Assembly revised the reward fund legislation, effective July 1, 2013. The 2013 provisions enacted by the General Assembly included:

- i) Authorized the State Inspector General (SIG) to administer the Fund;
- ii) Clarified that the Fund is for whistle blowers to report waste, fraud, abuse, or other wrong doing; not to compensate state employees for money saving ideas;
- iii) Simplified the reimbursement formula to provide for a reward (up to 10%) when sums recovered are at least \$5,000 and, in the event of multiple whistle blowers, authorized the SIG to split rewards;
- iv) Provided that 85% of recovered funds would be returned to the state agency on whose behalf the recovery was secured, and that 15% of the recovered funds would be retained by the OSIG to finance the Fund and offset expenses for advertising; and,
- v) Required that the OSIG submit an annual report to the General Assembly summarizing the activities of the Fund.

**Operations: FY 2013**

WBPA incidents reported to the OSIG	None
Fund claims made to the OSIG	None

**Financial Activity: FY 2013**

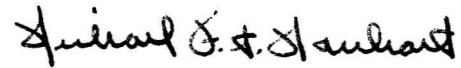
Fund Balance as of July 1, 2012	\$ 0.00
Fund Deposits: July 1, 2012 - June 30, 2013	\$ 0.00
Fund Withdrawals: July 1, 2012 - June 30, 2013	\$ 0.00
Fund Balance as of July 1, 2013	\$ 0.00

Governor McDonnell and GA Members  
September 17, 2013

The OSIG is in the process of finalizing regulations for the proper administration of the Fund, including eligibility requirements and procedures for filing claims. The OSIG is also working to develop a communications plan to encourage state employees' participation in this program.

If you have any questions, please contact me or, as always, I would be happy to meet in person to discuss this report.

Respectfully,

A handwritten signature in black ink, appearing to read "Michael F.A. Morehart".

Michael F.A. Morehart

Cc: Martin Kent, Chief of Staff