



# COMMONWEALTH of VIRGINIA

## Office of the State Inspector General

Michael F. A. Morehart  
State Inspector General

101 North 14<sup>th</sup> Street, 7<sup>th</sup> Floor  
Richmond, Virginia 23219

Telephone (804) 625-3255  
Fax (804) 786-23

August 30, 2013

The Honorable Robert F. McDonnell, Governor of Virginia  
Patrick Henry Building  
1111 East Broad Street  
Richmond, Virginia 23219

The Honorable Walter A. Stosch, Chair  
Senate Finance Committee  
General Assembly Building, Room 626  
Richmond, Virginia 23219

The Honorable Lacy E. Putney, Chairman  
House Appropriations Committee  
General Assembly Building, Room 947  
Richmond, Virginia 23219

Re: *Report to the Governor and the Chairs of the Senate Finance and House Appropriations Committees describing the structure of the OSIG and the division of responsibilities between DOC and the OSIG*

Gentlemen,

This Report is issued to comply with § 1-24.1 *Office of the Inspector General (147)*, Item 64.05 (G) of the *2013 Virginia Acts of Assembly, Chapter 806 (The Budget Bill)* directing the State Inspector General (SIG) to "...review the current organization structure of the Office of the State Inspector General and to make recommendations to promote the most efficient allocation of existing resources needed for internal investigations within the Department of Corrections."

The above cited provision of the Budget Bill directed the State Inspector General to report the results of the above review and recommendations to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by September 1, 2013.

For additional information regarding the evolution of the OSIG's organizational structure and its progress in creating this agency, please refer to our recently issued *Annual Report* that is available on the OSIG's website ([www.osig.virginia.gov](http://www.osig.virginia.gov)).

If you have any questions please contact me or, as always, I will be happy to meet with you to discuss our work during the first year of operation as described in this *Report*.

Respectfully,

Michael F. A. Morehart  
State Inspector General



**2013**

**Report to the Governor,  
the Senate Finance Committee, and  
the House Appropriations Committee**

**OSIG Executive Management**

Performance  
Reviews

Internal  
Audit  
Programs

Investigations

Citizen  
Services

**Office of the State Inspector General**

Michael F. A. Morehart, CPA  
State Inspector General  
August 30, 2013



## Table of Contents

Background .....	2
Staffing Levels, Structure, and Mission .....	3
Staffing Levels .....	3
Structure .....	5
Mission .....	6
Statutory Responsibilities .....	7
Core Responsibilities .....	11
Section 1 Summary .....	17
Assignment of Investigative Staff .....	19
Section 2 Summary .....	20
Conclusion .....	20



## **BACKGROUND**

This Report is issued to comply with § 1-24.1 *Office of the Inspector General (147)*, Item 64.05 (G) of the *2013 Virginia Acts of Assembly, Chapter 806* (The Budget Bill) directing the Office of the State Inspector General (OSIG) to "...review the current organization structure of the Office of the State Inspector General and to make recommendations to promote the most efficient allocation of existing resources needed for internal investigations within the Department of Corrections." Moreover, in satisfaction of this overarching directive, the OSIG was tasked with the following:

1. The State Inspector General shall review the organization structure, staffing levels, and missions of the Office of the State Inspector General, including the required numbers of auditors and investigators, the required numbers of support staff... (See Section 1)
2. [A]nd the appropriate division of responsibilities between the Department of Corrections and the Office of the State Inspector General for criminal investigations, internal operational reviews, and other studies and activities that are essential to the ongoing security of the Department of Corrections, and shall make recommendations as appropriate for the assignment of investigative staff resources in order to achieve the highest and best utilization of existing personnel resources." (See Section 2)

The Office of the State Inspector General was required to report the results of the above to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by September 1, 2013.

The purpose of this Report is to satisfy the reporting requirements described above. For additional information regarding the evolution of the OSIG's organizational structure and its progress in creating this agency, please refer to our recently issued *Annual Report* that is available on the OSIG's website.



## Section 1

### Staffing Levels, Structure, and Mission

#### A. Staffing Levels

**ENABLING LEGISLATION:** Chapters 798 [H2076] and 871 [S1477] of the 2011 *Acts of the General Assembly* (hereafter enabling legislation) created the Office of the State Inspector General (OSIG) through the consolidation of the Division of State Internal Audit (DSIA), Department of Accounts (DOA) and Inspectors General from:

- Department of Corrections (DOC)
- Department of Juvenile Justice (DJJ)
- Department of Transportation (DOT)
- Office of Inspector General for Behavioral Health and Developmental Services (OIG-BHDS)

The enabling legislation further charged the Governor, in consultation with stakeholders, to complete a plan for the coordination and oversight of internal audit programs. Specifically, this charge tasked the plan to consider "where transfer of the internal audit programs to the Office [OSIG] is necessary or when a dual reporting structure is most practicable." [Chapter 798 [H2076] (5)].

**ADVANCE PLANNING:** In the months following the enactment of enabling legislation, the Department of Planning and Budget (DPB) created *A Plan for Establishing the Office of the State Inspector General (The Governor's Plan)*. *The Governor's Plan* did not specifically address the OSIG's organizational structure, but suggested several options for the transition of personnel, and resources, and tangible assets from the consolidated agencies. Additionally, *The Governor's Plan* did not fully address the legislative charge with regard to the transfer of internal audit programs.



The Governor's Plan suggested three alternatives with respect to the transition of personnel resources; however, it concluded that "...the final configuration and organization of the OSIG should be made by the appointed state inspector general." The Governor's Plan listed three organizational options ranging from a structure with 13 Full Time Equivalents (FTE) to a structure with 77.5 FTEs. The three options were as follows:

- "OSIG without Direct Authority Over Investigators or Internal Auditors" (13 FTEs)
- "OSIG with Direct Authority Over [a] Limited Number of Investigators, but No Direct Authority Over Internal Auditors" (28 FTEs)
- "OSIG with Direct Authority Over Investigators and Internal Auditors" (77.75 FTEs)

The organization structure proposed by the OSIG, and discussed below, is one having direct authority over a *limited number* of investigators and a *limited number* of internal auditors. Of the total number of personnel resources available for consolidation (77.75 FTEs per *The Governor's Plan*), those consolidated into the OSIG were as follows:

Agency	Total Available Staff Resources	Transferred to OSIG	Retained by Agency
VDOT	28	14	14
DOC	34	12	22
DJJ	6	4	2
BHDS	6.75	4	2.75
DSIA	3	3	0
<b>Totals<sup>1</sup></b>	<b>77.75</b>	<b>37</b>	<b>40.75</b>

<sup>1</sup> The Governor's *original* budget request reflected 37 individuals and vacant positions (FTEs) to be transferred from the five contributing agencies, with six additional FTEs to be added for a total of 43 FTEs. The General Assembly approved an additional three FTEs for the OSIG resulting in a total of 40 FTEs.



## B. Structure

While the aforementioned *Governor's Plan* set forth a number of options with respect to parsing personnel resources available to the OSIG from consolidated agencies, it did not (nor did the OSIG's enabling legislation) provide guidance as to how those resources ought to be structured to effectively achieve its legislatively mandated mission responsibilities. Thus, since its inception, the most significant and challenging issue in

standing up the organization has been how to best structure the organization for maximum mission success in terms of its myriad of legislated mandates, within the confines of available resources.

*The most challenging issue in standing up the organization has been how to best structure the OSIG for maximum mission success in accomplishing statutory mandates within the resources available.*

The development of the OSIG's organization structure has been an iterative and evolutionary process, which began with the content of its enabling legislation. The process was, however, complicated as a result of widely differing opinions as to the meaning and intent behind several mandates included in the legislation. These included differences of opinion as to:

- ✓ The number of personnel and other resources to be transferred to the OSIG from consolidated agencies;
- ✓ What previously existing responsibilities, if any, should remain with consolidated agencies; and
- ✓ What role the OSIG should play in terms of Internal Audit Programs serving executive branch agencies—to cite some of the persistent divergent views.





Since the start of this process, the OSIG considered and developed a variety of alternative organizational structures. The evaluative process took into consideration, among other things:

- i. The contents of *The Governor's Plan*;
- ii. Clarifications provided by the Office of the Attorney General; and,
- iii. The results of consultations with numerous individuals including many stakeholders.

A description of the OSIG's current proposed organization structure resulting from this effort is depicted by the organization chart attached at Appendix I. The reader should, however, note that the OSIG's structural plan is intended to be flexible to allow for change as the agency matures.

The statutory responsibilities upon which the structure was based are, in part, addressed below under the caption "Core Responsibilities." The OSIG's current structure, while still evolving, was designed to ensure the creation of an agency that is capable of successfully addressing its myriad of statutory responsibilities in an efficient, effective and economical manner. The structure was also designed to ensure that affected agencies retained sufficient personnel resources to address critical functions such as internal audit and internal affairs matters outside the ability and jurisdiction of the OSIG.

### **C. OSIG Mission**

The below Mission Statement was developed and ratified by all OSIG staff in November, 2012.

To promote integrity and accountability, as well as efficient and effective government, through the conduct of independent investigations, performance reviews and other services designed to provide objective and useful information to the citizens of the Commonwealth and those charged with its governance.



### Statutory Responsibilities

The OSIG’s statutory responsibilities can be functionally grouped into five categories as follows:

FTEs			
	Current	Vacant	Total
Executive	3	0	3
Administrative Services (including IT)	3	3	6
Review/Audit	13	7	20
Citizen Services (Hotline/Whistle Blower, etc.)	3	0	3
Investigations	8	0	8
<b>Totals</b>	<b>30</b>	<b>10</b>	<b>40<sup>2</sup></b>

The OSIG’s statutory responsibilities within each of the aforementioned functional categories are as follows:

**I. EXECUTIVE MANAGEMENT AND ADMINISTRATION**

Code Section	Statutory Mandate
§ 2.2-309 A (1)	Operate and manage the Office of State Inspector General.
§ 2.2-309 A (2)	Make contracts and accept grants.

<sup>2</sup> Supra



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- § 2.2-309 A (6) Notify Commonwealth's Attorneys of violation of state criminal law.
- § 2.2-309 A (17) Do all acts necessary to carry out the purposes of the enabling statutes.
- § 2.2-309.1 (B)(4) Keep the General Assembly fully and currently informed of significant problems, abuses, and deficiencies relating to programs and services at state facilities.
- § 2.2-313 A Prepare an Annual Report to the Governor and the General Assembly summarizing the activities of the Office.
- § 2.2-313 C At least quarterly, keep Cabinet Secretaries advised of activities and significant problems.

## **2. OVERSIGHT OF INTERNAL AUDIT PROGRAMS AND CARRY-OUT PERFORMANCE REVIEWS**

<b>Code Section</b>	<b>Statutory Mandate</b>
§ 2.2-309 A (9)	Conduct Performance Reviews of state agencies to ascertain whether sums are spent for the appropriated purposes.
§ 2.2-309 A (10)	Coordinate internal audit programs and require appropriate standards to protect the Commonwealth's assets.
§ 2.2-309 A (11)	As deemed necessary, assess the condition of accounting, financial and administrative controls in state and non-state agencies and make recommendations to protect the Commonwealth's assets.



- § 2.2-309.2 Review the condition of the Tobacco Indemnification and Community Revitalization Commission's accounting, financial, and administrative controls; Investigate allegations of fraudulent, illegal, or inappropriate activities; Detect fraud waste and abuse and take actions to prevent same.
- § 2.2-309.1 (B) 1 Provide oversight and conduct annual unannounced inspections of 16 state operated facilities.
- § 2.2-309.1 (B) 1 Investigate specific complaints of abuse, neglect, or inadequate care at state-operated facilities or providers in over 5,000 different venues around the Commonwealth and in mental health units of state correctional facilities.
- § 2.2-309.1 (B) 5 Review and report on quality of care issues and those related to seclusion and restraint and medication usage, abuse and neglect, and staff recruitment and training and other systemic issues. Review and make recommendations about critical incident reports.
- § 2.2-309.1 (B) 6 Monitor and participate in adoption of regulations by the State Board for the DBHDS.
- § 2.2-309.1 (B) 7 Receive reports and complaints from the Virginia Office for Protection and Advocacy (VOPA).

### 3. CITIZEN SERVICES

<b>Code Section</b>	<b>Statutory Mandate</b>
§ 2.2-309 A (3)	Receive complaints from whatever source that allege fraud, waste, including task or program duplication, or corruption by a state or non-state agency employee...and determine whether



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the complaints give reasonable cause to investigate.

- § 2.2-309 A (13) Assist citizens in understanding their rights and the processes available to them to express concerns about any state or non-state agency or any officer or employee of the foregoing.
- § 2.2-309 A (7) Administer the Fraud and Abuse Whistle Blower Reward Fund created pursuant to § 2.2-3014.
- § 2.2-309 A (8) Oversee the Fraud, Waste, and Abuse Hotline
- § 2.2-309 A (14) Maintain data on inquiries received, assistance requested, action taken, and disposition of matter.
- § 2.2-309 A (15) Upon request, assist citizens in using procedures and processes available to express concerns.

#### 4. INVESTIGATIONS (Fraud, waste, abuse and/or corruption)

<b>Code Section</b>	<b>Statutory Mandate</b>
§ 2.2-309 A (4)	Investigate the management and operations of state and non-state agencies where fraud, waste, abuse, corruption or other criminal acts are alleged.
§ 2.2-309 A (16)	Ensure that citizens have access to services provided by State Inspector General and that they receive timely responses.
§ 2.2-309 A (5)	Prepare “a detailed report” for each investigation.



## Core Responsibilities

The lion's share of the OSIG's statutory responsibilities are contained in the three core functions of:

- I. Investigations
- II. Internal Audit Programs
- III. Performance Reviews

While the OSIG has important statutory charges for citizen services (refer to item 3 on page 9 above) the demands of investigations, internal audit programs, and performance reviews will consume most the Office's resources. The organizational structure for the Office is premised on the following three core statutory duties and underlying assumptions:

- I. **Code § 2.2-309(A)(4): "Investigate the management and operations of state agencies and non-state agencies..." (Refer to item 4 on page 10 above for a more complete listing of the OSIG's statutory investigative responsibilities.)**

The OSIG is charged with investigative and attendant law enforcement powers and duties. The OSIG is mandated by statute to "investigate the management and operations of state agencies and non-state agencies to determine whether acts of fraud, waste, abuse, or corruption have been committed or are being committed by state officers or employees...including any criminal acts affecting the operations of state agencies and non-state agencies." In fulfilling this mandate, the OSIG does not intend, given its available resources and legislated limitations, to investigate all minor administrative, compliance and/or criminal infractions (e.g. leave abuse, petty theft, etc.) or other types of criminal infractions (e.g., assaults, violent crimes, etc.) that do not fall within the OSIG's mandate to address fraud, waste, abuse or corruption. The former, i.e., minor infractions, in the SIG's opinion, are better addressed by the agency where the infraction occurs; the latter by other Commonwealth law enforcement entities with broader law



## *Integrity and Accountability in State Government*

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enforcement authorities, i.e. §9.1 authority [e.g. Virginia State Police (VSP), etc.]. In making the aforementioned distinctions, the OSIG will consider such factors as the:

- i. Nature of the alleged violation;
- ii. Dollar amount [or asset value] involved;
- iii. Position held by and/or the level of trust placed in involved persons;
- iv. Ability of the involved agency to address allegations; and,
- v. Independence of the involved agency in terms of performing an objective investigation.

Nevertheless, the OSIG intends to play a role in overseeing the investigative activities of other agencies and will, within the confines of available resources, track and evaluate same in order to ensure the OSIG's involvement where warranted. Moreover, the OSIG is in the process of entering into written agreements with appropriate agencies (i.e. Virginia State Police, Auditor of Public Accounts, Department of Corrections, Department of Juvenile Justice, and others as deemed necessary) in order to ensure coordination of efforts, and to define and delineate investigative responsibilities.

In addition, the OSIG intends to institute the following, where necessary, in order to maximize the efficiency and effectiveness of its investigative efforts:

1. Leverage relationships (and thus resources) with the Virginia State Police and other law enforcement entities (i.e. joint investigations);
2. Enter into agreements, formal and informal, as considered necessary, to leverage task force/working group type relationships where advantageous to the Commonwealth and the OSIG (e.g. participation in a FBI public corruption working group); and,
3. Refer matters involving criminal misconduct to the appropriate law enforcement and/or prosecutorial authorities.



- II. Code § 2.2-309(A)(10): "Coordinate and require standards for those internal audit programs in existence as of July 1, 2012, and for other internal audit programs in state and non-state agencies..." (Refer to item 2 on page 8 above for a more complete list of the OSIG's statutory responsibilities relating to internal audit programs.)**

Enabling legislation Chapter 798 [H 2076] (5) is applicable to this discussion:

*"...This plan shall consider where transfer of the internal audit program to the Office is necessary or when a dual reporting structure is most practicable."*

The Governor's Plan addressed internal audit programs/personnel and is also applicable to this discussion:

*...What exactly to do with the many internal auditors across four agencies cited in the legislation (and those internal auditors working in state agencies not cited in the legislation) and how they will conduct business with both their respective agency heads and the state inspector general posed the biggest challenge to the team, legislative architects, and interviewees. The challenge will most likely remain even after the OSIG is established and operating.*

With respect to this requirement, the OSIG does not possess the resources to provide full internal audit services to the 109 executive branch agencies of government for which it is responsible; nor, according to an Opinion provided by the Attorney General, does the legislation appear to require this based upon Chapter 798 [H 2076] (5), above. While the OSIG may employ some of the same techniques as internal auditors, particularly as they apply to performance reviews, the SIG views the Office's core functions with respect to internal audit as follows:

1. Coordinate and require [uniform] standards for internal audit programs in order to ensure that the Commonwealth's assets are subject to appropriate internal management controls;





## *Integrity and Accountability in State Government*

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2. Assess the sufficiency of existing internal audit programs (and develop and maintain future internal audit programs as necessary) in terms of protecting and managing the Commonwealth's assets;
3. Provide training opportunities to internal auditors;
4. Provide counsel and guidance, as requested, to existing agency internal audit programs; and,
5. Promulgate a "dual reporting" structure rather than a "transfer of the internal audit program" as contemplated in Chapter 798 [H 2076] (5).<sup>3</sup>

In addition, the OSIG will conduct performance reviews, to the extent personnel and fiscal resources permit, which may include an assessment of internal audit programs, and may assess the condition of the accounting, financial, and administrative controls of state and non-state agencies.<sup>4</sup>

In summary, the OSIG will serve in an oversight, advisory and standard setting capacity with regard to agency internal audit programs. As part of this function, and to ensure the independence of agency specific internal audit programs, the OSIG intends, as

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<sup>3</sup> At the present time, the Commonwealth has approximately 109 Executive Branch agencies (211 if you consider parent agencies and their subsidiaries). Of these, approximately 32, including 14 institutions of higher education) have active internal audit programs. It is noteworthy that the OSIG was created by consolidating selected internal audit staff from only four state agencies. The aforementioned plan of action takes into account the fact that, given available personnel and resources, the OSIG cannot physically perform internal audit functions for scores of Executive Branch agencies.

Furthermore, in the opinion of the SIG, the OSIG's wholesale provision of internal audit services would violate its independence. Simply put, the OSIG's execution of performance reviews, required by *Code* § 2.2-309(A)(12), would render the Office unable to comply with generally accepted government auditing standards, particularly as they pertain to independence, inasmuch as the OSIG would likely be reviewing and commenting upon its own work product.

<sup>4</sup> The assessment of the condition of the accounting, financial and administrative controls of state agencies is typically performed during the conduct of financial or attestation audits, much like those performed by the Commonwealth's Auditor of Public Accounts (APA). As such, the OSIG, in accordance with the GAO Government Auditing Standards, will, where appropriate, leverage/utilize, rather than duplicate, the work of the APA.



## *Integrity and Accountability in State Government*

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resources permit, to study the existing internal audit programs and take appropriate steps to consider productivity, coverage, and independence. Areas that may be addressed include:<sup>5</sup>

1. Dual administrative reporting requirements (i.e. concurrent provision of audit reports to the OSIG and agency management);
2. Structure of reporting relationships (including the utilization of audit committees);
3. Creation of internal audit programs;
4. Consolidation of audit programs;
5. Oversight with respect to agency reports pertaining to the implementation and status of audit findings/recommendations [from whatever source];
6. Oversight of quality assurance reviews; and,
7. Independence of internal audit programs in accordance with the International Standards for the Professional Practice of Internal Auditing.

**III. Code § 2.2-309 (A)(9): "Conduct performance reviews of state agencies to ascertain that sums appropriated have been or are being expended for the purposes for which the appropriation was made; evaluate the effectiveness of the programs in accomplishing such purpose; and prepare a report for each performance review ..." (Refer to item 2 on page 8 above for a more complete list of the OSIG's statutory performance review responsibilities.)**

One of the OSIG's primary responsibilities involves ascertaining "that sums appropriated have been or are being expended for the purposes for which the appropriation was

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<sup>5</sup> While the exact nature of this dual reporting function will take some time and study to develop, it is anticipated that the OSIG will, at a minimum, require agency internal audit programs to concurrently provide to the OSIG, and those charged with agency governance, annual audit plans, audit reports, and reports pertaining to the resolution of audit findings and recommendations.



## *Integrity and Accountability in State Government*

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made, and to evaluate the effectiveness of the programs in accomplishing such purpose." In other words, the OSIG is tasked to conduct performance reviews and make recommendations designed to enhance the efficiency, effectiveness, and economy of executive branch agencies and certain non-state agencies operations.

To this end, the OSIG established a Performance Review Services Unit that is charged to conduct performance reviews.<sup>6</sup> In order to accomplish this requirement, the OSIG will employ a risk-based methodology (coined "Intelligence Led/Risk Driven") to identify and prioritize those agencies and/or specific operations/functions for review. The OSIG will evaluate quantitative and qualitative data such as previous audit findings and/or recurring findings (e.g. results of APA and external audits), complaints received, anecdotal reports, etc., to determine its selection of candidates for performance review.

During its first year of operations, the OSIG staff collected data from various sources to be used in the development of the OSIG Commonwealth-wide risk assessment and performance review plan. A list of all of the Executive Branch agencies was developed and data from the following areas were collected and analyzed:

- Appropriations
- Strategic Plans and Performance Measures
- Audits and reviews by other entities such as the APA, JLARC, DOA, etc.
- Media reports

The accounting firm of Deloitte & Touche LLP (Deloitte) was hired by this office to prepare a risk assessment using the data gathered above and by conducting personal interviews with the Governor's Chief of Staff, Cabinet Secretaries, and selected agency heads. Additional information was obtained by sending surveys to all other agency

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<sup>6</sup> The Joint Legislative Audit and Review Commission (JLARC) and the APA are also mandated to conduct performance reviews/audits. As such, the OSIG intends to coordinate closely with JLARC and the APA to avoid a duplication of efforts.



heads, internal audit directors, and fiscal officers. OSIG staff assisted in the interview process and in collecting, organizing, and analyzing the survey results.

Deloitte delivered the completed risk assessment document to the OSIG at fiscal year-end. The assessment outlined those areas within the high risk agencies where performance reviews should first be conducted in the current fiscal year (FY 2013-2014), as well as those areas and agencies where performance reviews should be conducted during the following three years. Using the assessment, the OSIG is in the process of crafting a detailed performance review plan that will serve as a guide in the conduct of future performance reviews.

## Section 1 Summary

Since the OSIG's inception on July 01, 2012, the agency has been involved in an iterative process to develop, from the ground up, an organization structure capable of successfully addressing its statutory mandates, i.e. "mission," within the confines of available personnel resources, i.e. "staffing levels," in an efficient, effective and economical manner. The SIG is of the opinion that the organization structure, discussed above and depicted at Appendix 1, is the best choice - among several alternatives - to achieve this goal.

With respect to assessing the sufficiency of staffing levels (i.e. numbers of auditors, investigators and support staff), a variety of factors were taken into consideration. These included, but were not limited to: the depth and breadth of the OSIG's legislated mission responsibilities; suggestions set forth in *The Governor's Plan*; the impact upon affected, i.e. consolidated, agencies and vis-à-vis the Commonwealth; input provided by stakeholders; the number of available FTEs; position types transferred from the consolidated agencies; the recent budget request reduction of three FTEs; the OSIG's estimated performance review, investigation and administrative workloads; and the structure and staffing of similar organizations around the country.

The relative infancy of the organization also impacted this assessment. That is, the OSIG does not yet possess sufficient historical performance data on which to more precisely assess the adequacy of currently available resources. Therefore, the determination of the number and type of positions needed by the OSIG to accomplish its varied mission



## *Integrity and Accountability in State Government*

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responsibilities, although based, in part, upon the aforementioned factors, depended heavily on the judgment, expertise and experience of agency management. As such, the estimate of the requisite number of positions needed to perform mandated responsibilities is subject to change as the OSIG matures and additional data is collected and analyzed.

The OSIG's structure was initially based upon a proposed consolidated staffing level of 43 FTEs (of an available 77.75 FTEs per *The Governor's Plan*). This staffing level, at DPB's suggestion, was to be achieved via the transfer of 37 FTEs from consolidated agencies and the submission of a budget enhancement request for an additional six FTEs. The six FTEs, of which only three were approved, were to be utilized to fill: the State Inspector General position; an Office Manager position; an Office Services Assistant position; and, three auditor positions. Thus, as a result of the budget reduction, the OSIG reduced its auditor complement by three to achieve its currently approved staffing level of 40 FTEs.

The SIG will continue to work to address each of its legislated mission responsibilities. Toward this end, the OSIG will apply sound resource management and workload prioritization techniques. However, it should be noted that the OSIG is now responsible for not just five, but 109 executive branch agencies (211 if you consider 102 parent agency subsidiaries). In effect, this equates to about 22 times the pre-consolidation work of the affected agencies (i.e. 109 agencies divided by five consolidated agencies) with roughly half of their pre-consolidation staffing. In other words, the OSIG will dedicate resources as described in Appendix I to each facet of its statutory mission, will prioritize the workload associated with each, and, thereafter, will address same to the extent possible with available personnel and fiscal resources.



## Section 2

### Assignment of Investigative Staff Resources DOC and OSIG

The OSIG, in accordance with its enabling legislation, was authorized to consolidate personnel and fiscal resources into the organization [OSIG] which previously comprised the Department of Corrections (DOC), Office of Inspector General (OIG). The ultimate goal of this consolidation was to ensure sufficient personnel and fiscal resources to address the OSIG's fundamental and legislatively mandated task of investigating the management and operations of executive branch and non-state agencies in response to information indicating possible fraud, waste, abuse or corruption.

Following discussions with the Secretary of Public Safety and DOC's Director, a parallel goal was to ensure that sufficient staff, whether managed directly by the OSIG or DOC, remained after consolidation to address administrative and criminal internal affairs matters affecting the activities and programs unique to DOC, but outside the scope of the OSIG's legislated responsibilities.

Since the OSIG's inception, considerable debate centered on the question of whether DOC should retain a portion of its investigative staff or whether the entire DOC-OIG staff should be transferred and managed by the OSIG. With regard to this question, the SIG critically evaluated the advantages and disadvantages of each course of action.

The benefits to the OSIG of a total consolidation of DOC, OIG resources included, for example, an expanded geographic reach afforded by staff assigned to DOC facilities throughout the Commonwealth. The disadvantages included the OSIG's management and administration of DOC internal investigative matters outside the scope of its legislated mandates (i.e. fraud, waste, abuse or corruption), such as inmate and/or DOC employee related murders, assaults, contraband, drugs, escape, larceny, sex crimes, weapons possession, and a host of other non-fraud related matters.

The most significant disadvantage, however, was the almost certain creation of a cumbersome reporting structure between the OSIG and DOC. In the SIG's opinion, such



a structure would likely result in the delayed reporting of exigent facts and circumstances discovered during the conduct of OSIG led investigations to DOC management and, thus, a delay in DOC's ability to more timely address and remedy critical safety and security related issues within its facilities.

## Section 2 Summary

After a thorough examination and reexamination of advantages and disadvantages, it was ultimately concluded that DOC's retention of a portion of its original complement of personnel resources was by far the more appropriate and logical course of action. Nevertheless, the OSIG, as discussed earlier, still intends to play a role in overseeing the investigative activities of other agencies, including DOC, to ensure the OSIG's involvement where warranted.

## Conclusion

This Report is issued to comply with § 1-24.1 *Office of the Inspector General (147)*, Item 64.05 (G) of the *2013 Virginia Acts of Assembly, Chapter 806 (The Budget Bill)* directing the OSIG to review its current organizational structure in order to i) identify the appropriate division of responsibilities between the DOC and the OSIG; and, ii) to make recommendations for the most efficient allocation of existing resources for internal investigations within the Department of Corrections.

The tables on pages four and six and the appended organizational chart illustrate that after researching Inspectors General offices in other states, outreach to affected agencies, and discussions with elected leadership the SIG decided to transfer only 37 (staff and positions) out of the available 77.75 from the five contributing agencies to create the OSIG.



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This Report sets-out the rationale for the OSIG's structure within the context of the previously cited legislated mandates. If you would like additional information about the content of this report, or if you have any questions about the OSIG or our operations, as always feel to contact the SIG at (804) 625-3255.





## Appendix I OFFICE OF THE STATE INSPECTOR GENERAL

