

**OFFICE OF THE STATE INSPECTOR GENERAL
ANNUAL REPORT TO THE GOVERNOR
& VIRGINIA GENERAL ASSEMBLY**

FRAUD AND ABUSE WHISTLE BLOWER FUND

OCTOBER 2017



**MICHAEL C. WESTFALL, CPA
ACTING STATE INSPECTOR GENERAL
REPORT No. 2018-ADM-002**



COMMONWEALTH OF VIRGINIA
Office of the State Inspector General

Michael C. Westfall
Acting State Inspector General

Post Office Box 1151
Richmond, Virginia 23218

Telephone (804) 625-3255
Fax (804) 786-2341
www.osig.virginia.gov

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The Honorable Terence R. McAuliffe
Governor of Virginia
Patrick Henry Building, Third Floor
1111 East Broad Street
Richmond, VA 23219

Members of the Virginia General Assembly
Pocahontas Building
900 E. Main Street
Richmond, VA 23219

Dear Governor McAuliffe and Members of the Virginia General Assembly:

Pursuant to *Code of Virginia* (Code) § [2.2-3014](#), the Office of the State Inspector General (OSIG) submits its fiscal year 2017 summary of Fraud and Abuse Whistle Blower Reward Fund activities.

Fraud and Abuse Whistle Blower Protection Act Program

The Fraud and Abuse Whistle Blower Reward Fund is solely used to provide monetary rewards to Commonwealth of Virginia citizens and state government employees who have disclosed information of wrongdoing or abuse under the Fraud and Abuse Whistle Blower Protection Act (WBPA) for a disclosure that results in a recovery of at least \$5,000. The amount of the reward shall be up to 10 percent of the actual sums recovered by the Commonwealth as a result of the disclosure of the wrongdoing or abuse. Regardless of the sums recovered, at no time shall the amount of any reward, even if less than 10 percent, exceed the balance of the Fund.

OSIG assumed responsibility for administering the WBPA effective July 1, 2012. Commonwealth citizens and state government employees are encouraged to report instances of wrongdoing or abuse by state and non-state agencies without fear of discrimination or reprisal per Code § [2.2-3009](#) et seq.

Whistle Blower Reward Fund FY 2017 Operations	
WBPA incidents reported to OSIG	7
Fund claims made to OSIG	None

Whistle Blower Reward Fund FY 2017 Financial Activity	
Fund balance: July 1, 2016	\$0.00
Fund deposits: July 1, 2016-June 30, 2017	\$0.00
Fund withdrawals: July 1, 2016-June 30, 2017	\$0.00
Fund balance: June 30, 2017	\$0.00

The Fraud and Abuse Whistle Blower Protection Act Manual

Policies and procedures for proper administration of the Fund, including eligibility requirements and rules for filing claims, are published and available on OSIG's [website](#).

WBPA Regulation

The WBPA is currently operating under an emergency regulation to comply with Code of Virginia §2.2-3014: Fraud and Abuse Whistle Blower Reward Fund, while the Notice of Intended Regulatory Action (NOIRA) process is underway.

The proposed regulation, 1 VAC 42-30 Fraud and Abuse Whistle Blower Reward Fund, defines the Fraud and Abuse Whistle Blower Reward Fund and its administration by OSIG, including eligibility requirements, amount, distribution, process for leftover monies at the end of the fiscal year and the Fund's establishment on the books of the Comptroller.

A Regulatory Advisory Panel — consisting of General Assembly senators and delegates; president of the National Association of Inspectors General, who is also a state inspector general; attorneys who represent government whistleblowers; and executive directors of oversight organizations — met during the fiscal year to make suggestions for and provide guidance to the development of the permanent regulations. These regulations are currently in the process of being finalized.

If you have any questions, please contact me at (804) 625-3255 or via email at michael.westfall@osig.virginia.gov. I am also available to meet with you to discuss this report or any aspects of this office at your convenience.

Respectfully,



Michael C. Westfall, CPA
Acting State Inspector General

cc: Paul Reagan, Chief of Staff for Governor McAuliffe
Suzette Denslow, Deputy Chief of Staff for Governor McAuliffe