

*Virginia Office of the State Inspector General
Annual Report
Fiscal Year 2019*



Championing Better Government Performance

*Michael C. Westfall, CPA, CIG, CFE
State Inspector General
Report No. 2020-ADM-002*

MESSAGE FROM THE STATE INSPECTOR GENERAL



Michael C. Westfall, CPA, CIG, CFE
State Inspector General

It is my honor to serve as Virginia's state inspector general and to present our agency's fiscal year (FY) 2019 annual report. This report provides an overview of significant agency accomplishments and activities for the fiscal year ending June 30, 2019.

Created in 2012 by an act of the General Assembly, the Office of the State Inspector General (OSIG) provides independent oversight of the commonwealth's executive branch agencies and higher education institutions, with a mission to detect and deter fraud, waste and abuse and promote efficiency and effectiveness in government programs and operations.

Fiscal year 2019 saw significant changes and improvements for this agency, with a stabilized staff and high employee satisfaction. It was only recently that OSIG became fully staffed for the first time since it was created in 2012. We now have two Deputy Inspectors General to oversee the Investigations and Administration Division and the Audit Division, a newly promoted Chief of Investigations to manage the increase in workload and a new Healthcare Compliance Manager to oversee a more robust Behavioral Health and Developmental Services (BHDS) Unit that responds to an increasing number of calls to the BHDS Complaint Line.

We have a well-defined organizational structure and policies to guide operations. Our investigations result in sound conclusions and our investigators are experienced and well-qualified. We've done well promoting the State Fraud, Waste and Abuse Hotline, which resulted in the largest number of calls in the past four fiscal years that met the criteria for fraud, waste and abuse and required a formal investigation. Our performance audits are well documented and organized and performed on programs, activities and functions that benefit from our work. And we are meeting our legislative mandate to conduct annual unannounced inspections of all Department of Behavioral Health and Developmental Services facilities.

OSIG's multiple investigations and audits in executive branch agencies resulted in many recommendations for improved internal controls, efficiency and effectiveness. All of our published reports can be found on the OSIG website at www.osig.virginia.gov.

I want to recognize OSIG's staff for these accomplishments and others in this report. I am proud of them and their efforts to continually improve all that we do for the citizens of the Commonwealth.

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OSIG RESPONSIBILITIES AND FY 2019 HIGHLIGHTS

In accordance with Title 2.2 Chapter 3.2 (§ 2.2-307 through 2.2-313) of the Code of Virginia, the Office of the State Inspector General (OSIG) is responsible for:

- Investigating complaints alleging fraud, waste, abuse or corruption by an executive branch state agency, non-state agency or officers, employees or contractors of those agencies.
- Administering the Fraud and Abuse Whistle Blower Reward Fund.
- Overseeing the State Fraud, Waste and Abuse Hotline.
- Conducting performance reviews of state agencies.
- Providing training and coordination of standards for the Commonwealth's internal audit functions.
- Performing inspections and making policy and operational recommendations for Behavioral Health and Developmental Services facilities and providers.
- Reviewing operations of the Virginia Tobacco Region Revitalization Commission.

Consistent with these responsibilities, OSIG completed the following activities during fiscal year (FY) 2019:

- **Investigations and Law Enforcement Services**
 - Opened 23 executive branch state agency investigations.
 - Investigated allegations of fraud, conflict of interest, misappropriation, procurement violations and ineffective management.
 - Referred 12 cases to the Office of the Attorney General.
 - Closed 22 cases.
- **State Fraud, Waste & Abuse Hotline**
 - Assigned 859 cases for investigation.
 - Of the 726 cases closed, 19 percent were substantiated, 48 percent were unsubstantiated, and 33 percent were referred to other agencies.
 - Investigated 19 cases in-house for allegations that involved an agency head, internal audit employee or an "at-will" employee.
 - Completed 10 work paper reviews of internal audit departments or hotline coordinators and three follow-up investigative reviews for compliance with recommendations.

- **Behavioral Health and Developmental Services**
 - Received and coordinated responses to 269 complaints.
 - Reviewed 18 complaints in-house, referred 104 to the Department of Behavioral Health and Developmental Services (DBHDS), opened 82 cases with the DBHDS Central Office, and opened 65 cases with facility directors, local community services boards and other agencies/organizations.

- **Performance Audit Services**
 - Published four performance audits.
 - Issued 23 findings and observations.
 - Issued 32 audit recommendations.
 - Conducted four follow-up reviews.
 - Launched an unannounced inspection project of 13 DBHDS facilities.

- **Internal Audit Oversight and Training Services**
 - Conducted two quality assurance reviews.
 - Coordinated eleven training courses, providing 77 continuing education credits to 322 individuals.

- **Communications and Outreach**
 - Presented before 28 state and national organizations.
 - Responded to 80 Freedom of Information Act (FOIA) inquiries.
 - Appeared on local NBC affiliate Call 12 program taking calls for the State Fraud, Waste and Abuse Hotline.
 - Handled more than 40 responsive and proactive media contacts.
 - Drafted and distributed 11 news releases resulting in multiple statewide media placements.



OSIG staff gave a presentation on Performance Auditing in the Commonwealth of Virginia to a delegation from Guangdong China, in Richmond in March 2019. OSIG staff pictured (back row) are Quality Assurance Manager Eris Jones, Deputy Inspector General for Audit Mike Taylor and Senior Auditor Nancy Edmunds.

DASHBOARD OSIG ACTIVITIES

Here is a snapshot of OSIG activities since its founding, between July 1, 2012, and June 30, 2019:

We Listen:

- Received 12,182 Hotline calls; assigned 4,615 Hotline cases for investigation.
- Received and responded to 342 Behavioral Health & Developmental Services (BHDS) Complaint Line calls.
- Received and responded to 2,658 citizen inquiries.

We Save Money:

- Identified \$1,135,618 of monies recovered by the agency stemming from criminal investigations.

We Make Government Better:

- Issued 32 performance audits and reviews covering 18 state agencies in seven different secretariats, as well as three higher education institutions.
- Issued 21 behavioral health and developmental services oversight reports.
- Offered 298 performance recommendations to improve the efficiency, effectiveness and economy of programs, activities, and functions provided by executive branch agencies.
- Offered 1,258 Hotline recommendations to improve controls, efficiency and effectiveness.
- Offered 33 investigations-related recommendations for agencies to reduce the risk of future wrongdoing.
- Offered 120 BHDS recommendations to prevent problems, abuses, and deficiencies, and improve the effectiveness of DBHDS programs and services.
- Criminal prosecutions resulted in eight convictions resulting in incarceration and/or probation.
- Administrative proceedings stemming from criminal investigations resulted in 18 employees separating from state employment to include one pension forfeiture.



OSIG'S MISSION, VISION AND VALUES

Mission

On behalf of the citizens of the Commonwealth, OSIG serves as a catalyst for positive change by:

- Facilitating good stewardship of resources.
- Deterring fraud, waste, abuse and corruption.
- Advocating efficiency and effectiveness.
- Promoting integrity and ethical conduct.

Vision

To maximize the public's confidence and trust in state government by promoting the highest level of integrity, efficiency, effectiveness and economy.

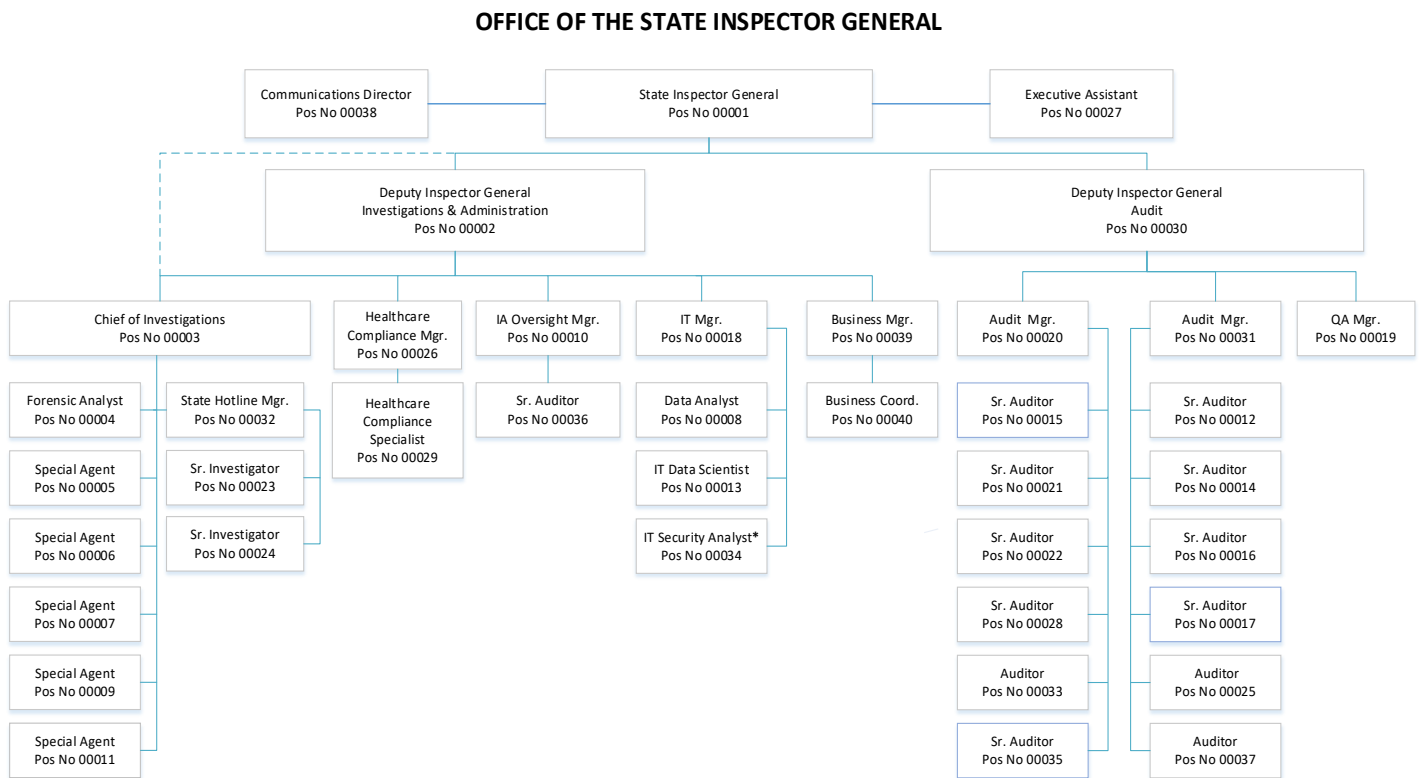
Values

In its work and with each other, OSIG pledges to uphold the following core values:

- Integrity, trust and ethical behavior.
- Dedication, objectivity and innovation.
- Cohesive and collaborative communications and operations.
- Courage, accountability and respect.

OSIG'S ORGANIZATIONAL STRUCTURE

OSIG underwent a restructuring in FY 2019 and became fully staffed for the first time since the agency was created. The addition of a deputy inspector general position and realignment of programs within the Investigations and Administration Division and the Audit Division has resulted in a more efficient and effective office to accomplish statutory mandates and better serve the citizens of Virginia.



INVESTIGATIONS AND ADMINISTRATION DIVISION

INVESTIGATIONS

OSIG Investigations Unit statutory authority and legislative mandates are delineated in *Code of Virginia* § [2.2-309](#)[A](3-6), § [2.2-309.2](#) and § [2.2-311](#); and include:

- Investigate the management and operations of state agencies, non-state agencies and independent contractors of state agencies to determine whether acts of fraud, waste, abuse or corruption have been committed or are being committed by state officers, employees or independent contractors of state agencies or any officers or employees of non-state agencies.
- Investigate to resolve allegations of fraudulent, illegal or inappropriate activities concerning disbursements from the Tobacco Indemnification and Community Revitalization Endowment and the Tobacco Indemnification and Community Revitalization Fund.



OSIG investigators maintain firearms skills with biannual training at Crater Criminal Justice Training Academy in Disputanta, VA.

Investigations' Statistical Summaries

In FY 2019, the Investigations Unit closed the following executive branch state agency investigations:

- Christopher Newport University
- Department of Environmental Quality
- Department of Juvenile Justice
- Department of Military Affairs
- Department of Social Services
- Innovation and Entrepreneurship Investment Authority
- Norfolk State University (three cases)
- Tidewater Community College
- Tobacco Region Revitalization Commission
- University of Virginia (two cases)
- Virginia Department of Health
- Virginia Department of Taxation
- Virginia Department of Transportation (four cases)
- Virginia Museum of Fine Arts
- Virginia Cooperative Extension and Agricultural Experiment Station
- Woodrow Wilson Rehabilitation Center



CATEGORIES OF CASES OPENED IN FY 2019	
Conflict of Interest	1
Fraud	13
Misappropriation	1
Procurement Violations	3
Waste and Abuse	5

INVESTIGATIONS UNIT FY 2019 CASE SUMMARY	
Cases opened	23
Cases closed	22
Cases resulting in corrective action recommendations	6
Cases referred for prosecution	12
Open cases carried over from FY 2018	20
Cases open at the end of FY 2019	21

Noteworthy Cases Completed in FY 2019

Virginia Department of Health

In January 2016, OSIG received a referral from the Virginia Department of Health (VDH) regarding records received from a nonprofit entity seeking reimbursement for its participation in the U.S. Department of Agriculture Summer Food Service Program (SFSP). The allegation stated that a community outreach entity operating as a nonprofit received U.S. Department of Agriculture SFSP funds in 2012, administered by VDH, through the submission of fraudulent reimbursement documents. An investigation by OSIG and Virginia State Police revealed that the nonprofit sponsor submitted false data for the reimbursements VDH processed and paid to the nonprofit in 2011 and 2012. The principal sponsor was indicted by a federal grand jury and subsequently found guilty on October 30, 2018, in federal court. The principal proprietor was sentenced to serve 36 months in federal prison, one year of home detention, supervised probation upon release and restitution of \$79,655.67.

Department of Social Services - Wythe County

In March 2018, OSIG attended a meeting with the Department of Social Services (DSS) Chief Deputy Commissioner and was informed of allegations that a Wythe County DSS employee misappropriated social services funds and mismanaged the agency's credit card processes. Evidence supported allegations made by the complainant. Unauthorized credit card charges made by the DSS-Wythe County staff member were found to be out of compliance with the DSS-Wythe County credit card policy. The staff member was indicted on one felony count of embezzling public funds. In September 2018, the former staff member accepted a plea agreement and restitution in the amount of \$10,833.52 was paid in full. The former staff member is now serving two years of supervised probation.

Virginia Department of Transportation

In April 2018, OSIG received an electronic communication alleging theft of Virginia Department of Transportation (VDOT) materials by an employee working for a supply chain company that provides materials for VDOT throughout the Commonwealth of Virginia. The information received indicated that some of the items ordered by VDOT were unaccounted for. As a result of the investigation, it was uncovered that the supply chain company employee and a VDOT employee were taking VDOT materials home for personal use. Both defendants pled guilty to felony grand larceny and in January 2019 and February 2019 were both sentenced to one year in jail and one year suspended.

Tidewater Community College

In June 2017, OSIG received a criminal referral providing information that a professor at Tidewater Community College (TCC) used their position to facilitate interest in, plan and promote travel activities. An investigation revealed evidence that the TCC professor used state resources to solicit and conduct personally organized travel trips during state business hours and used state resources to plan trips that were not school sponsored or supported. The professor's commitment to actually travel abroad could not be confirmed and the professor eventually refunded the monies prepaid by the prospective travelers because the trips never occurred. Ultimately, the professor resigned from his position at the college.

Norfolk State University

In June 2018, the OSIG Hotline received allegations of irregularities and issues in the procurement and payment of off-site cloud services. OSIG collaborated with VSP and the office of the commonwealth's attorney. The investigation revealed evidence of communication deficiencies in the procurement process. The Norfolk State University (NSU) staff member separated from employment with the university. NSU's internal audit department has taken steps to ensure proper procedures are followed in the future.



OSIG Chief of Investigations Katrina Goodman presented to the Richmond Chapter of the Association of Government Accountants on February 15, 2019, about her work at OSIG and her undercover work with the Roanoke Police Department in "Operation Babyface."

Special Initiatives and Projects

Point of Contact Initiative

The Point of Contact (POC) initiative is designed to foster professional and collaborative relationships between OSIG and counterparts within executive branch agencies, usually the internal audit director or other senior manager. The POC initiative promotes the exchange of information with executive branch agency officials regarding pertinent activities within OSIG, as well as relevant issues within agencies. Each OSIG special agent is assigned as the POC liaison representative for several state agencies. POC liaison representatives are tasked to meet with assigned agency POC counterparts annually.

Staffing

The Investigations Unit is staffed by a chief, five special agents and one forensic analyst.

Association of Inspectors General - Standards & Principles

The Investigations and Law Enforcement Services Unit adheres to the standards and principles published by the Association of Inspectors General, Copyright 2014.

Law Enforcement Liaison and Intelligence Resource Partnerships

Pursuant to *Code of Virginia § 2.2-311*, OSIG maintains a formal Memorandum of Agreement with the Virginia State Police.

OSIG partnered with the following agencies on cases of mutual interest during FY 2019:

- Virginia State Police
- Federal Bureau of Investigation
- U.S. Department of Homeland Security
- U.S. Department of State
- Offices of Inspector General of the U.S. Department of Agriculture, U.S. Department of Education and U.S. Department of Energy

The OSIG Investigations Unit participates in regularly scheduled meetings or collaborates with the following law enforcement and professional criminal justice affiliated entities:

- Virginia State Police, Bureau of Criminal Investigations
- Central Virginia Law Enforcement Chief Executives Association

- Federal Bureau of Investigation
- Internal Revenue Service – Criminal Investigations Division
- U.S. Secret Service & U.S. Postal Inspections Service - Financial Crimes Task Force
- Virginia Association of Chiefs of Police

The OSIG Investigations Unit maintains membership in the following criminal intelligence and investigative resource organizations:

- National White Collar Crime Center
- Newport News Financial Crimes Task Force
- Regional Organized Crime Information Center
- Virginia Fusion Center

The OSIG Investigations Unit observes the professional education and training requirements of the following:

- Association of Certified Fraud Examiners*
- Association of Inspectors General**
- Crater Criminal Justice Training Academy
- Department of Criminal Justice Services
- International Association of Interviewers

*Applicable to certified fraud examiner staff members.

**The Association of Inspectors General (AIG) conducts assessments of AIG member agencies' compliance with association principles and standards. During FY 2019, one OSIG special agent participated in an AIG assessment. Peer reviews consider overall compliance with AIG principles and standards, best practices, comments of internal and external stakeholders, continuing education and levels of competence to perform effectively and with high regard for integrity and ethical principles.

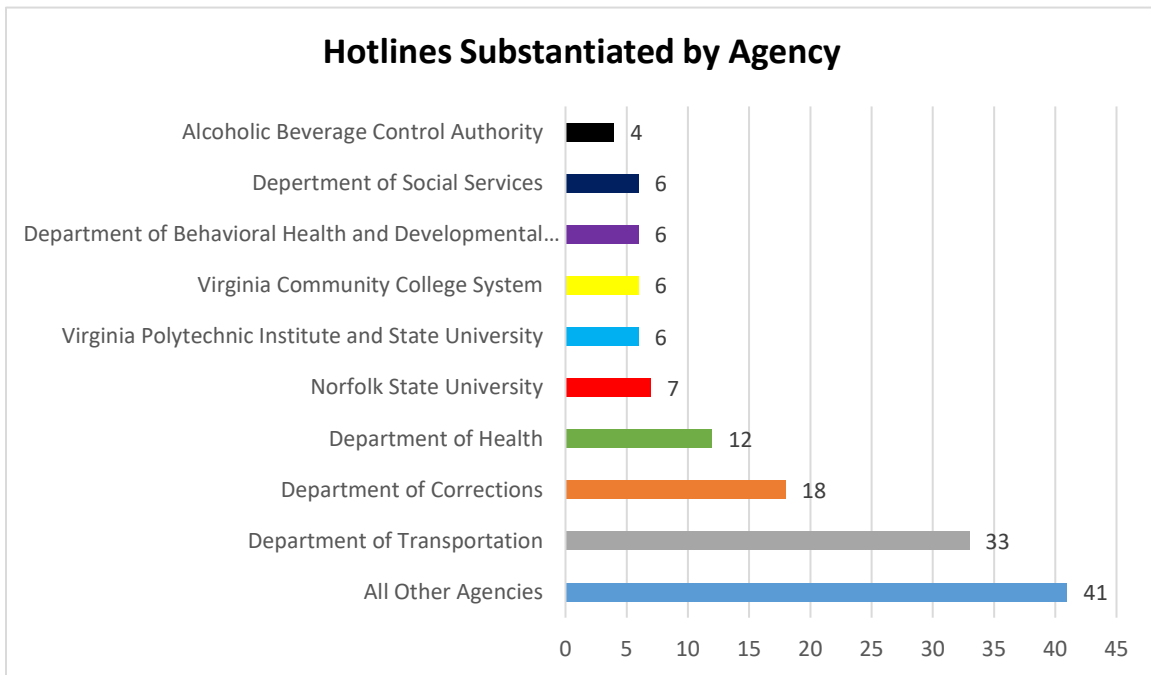
STATE FRAUD, WASTE AND ABUSE HOTLINE

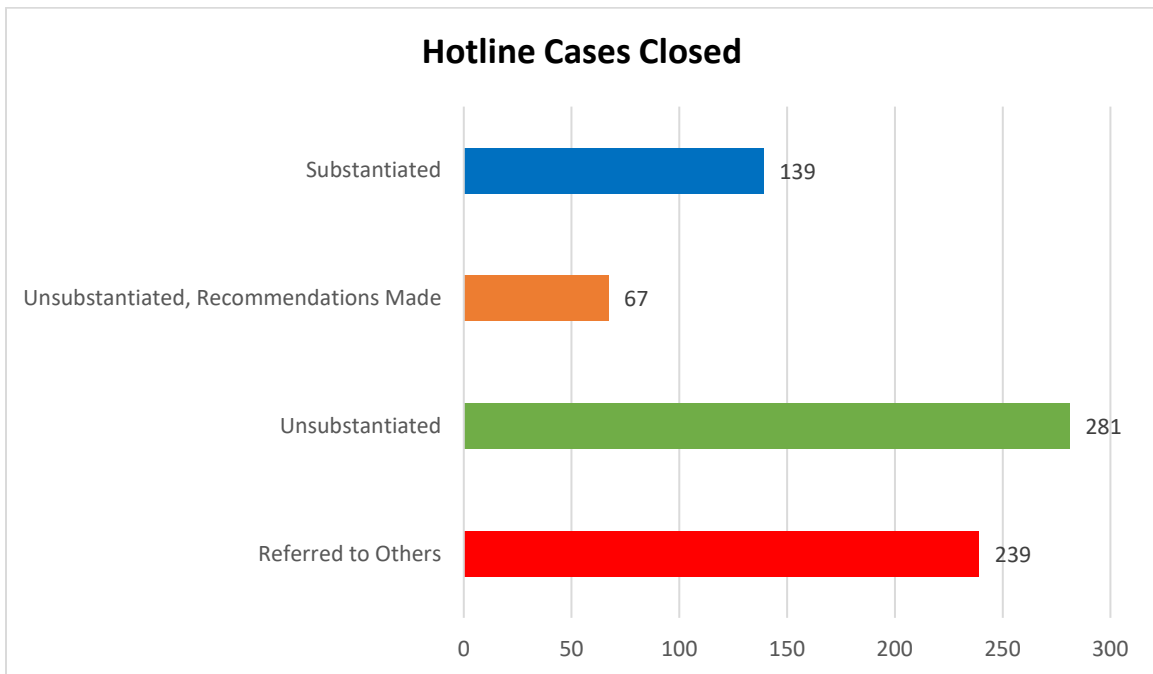
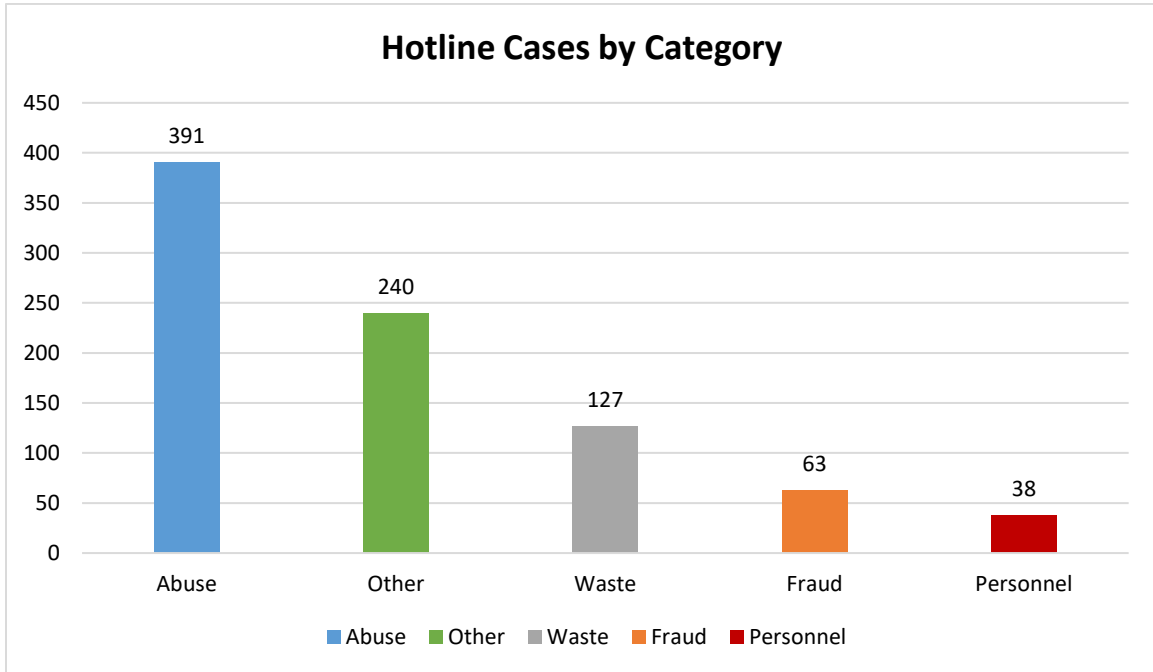
FY 2019 Hotline Statistics

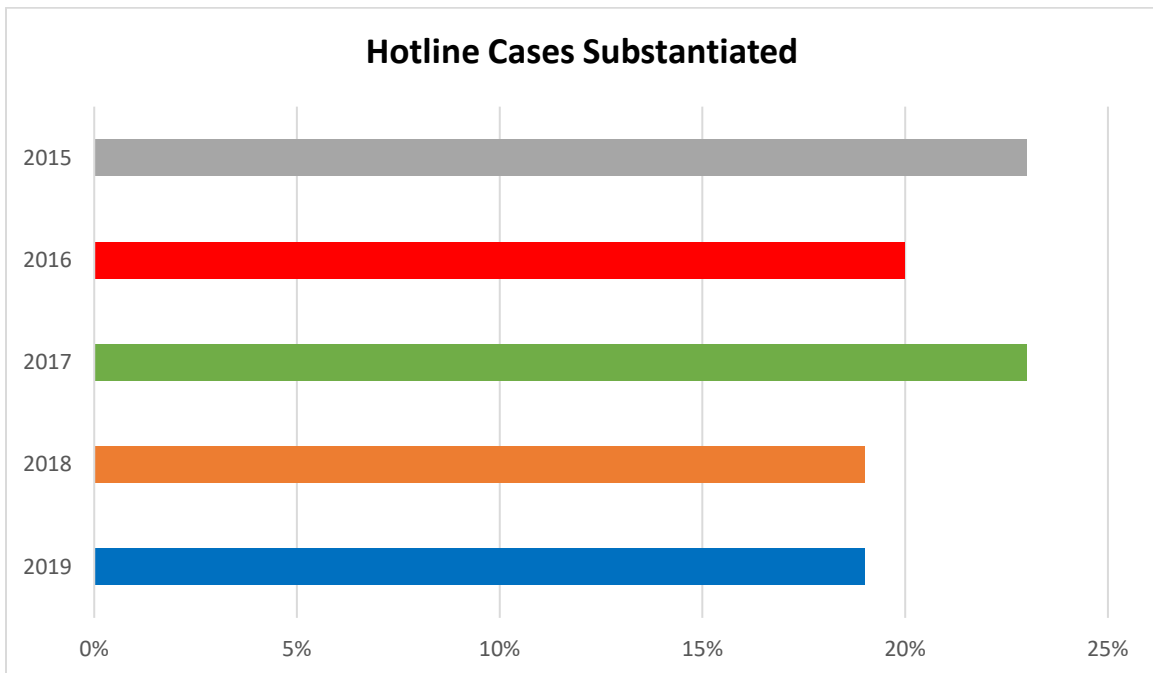
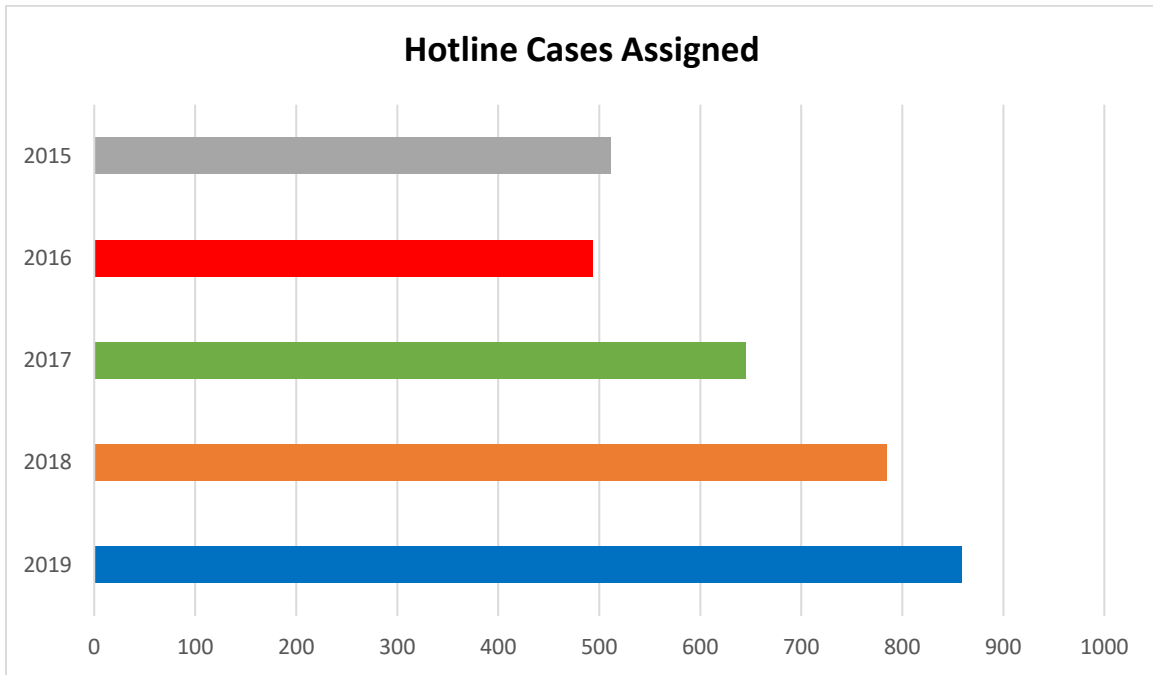
- Of the 2,043 calls received, 859 were determined to meet the criteria for fraud, waste and abuse and required a formal investigation. This number reflects an increase from the previous four fiscal years: 785 in 2018; 645 in 2017; 494 in 2016 and 511 in 2015.
- The most common allegations received were: waste of state funds; poor internal policies or noncompliance with an agency's internal policy; assigned job duties/responsibilities not performed; misuse of state-owned vehicles and time abuse.



- Of the 726 Hotline cases closed, 19 percent were substantiated, 48 percent were unsubstantiated and 33 percent were referred to other agencies.
- Nineteen Hotline calls were investigated by OSIG Hotline investigators when allegations involved an agency head, internal audit employee or an “at-will” employee. In addition, 10 work paper reviews were conducted of internal audit departments or hotline coordinators where they performed investigations for the Hotline with three follow-up investigative reviews for compliance with recommendations.







Hotline Investigative Reviews

Three follow-up investigative reviews were completed for agencies with previous Hotline cases to ensure agency management implemented OSIG recommendations to improve internal controls or policies.

Hotline Promotion

The Hotline attended regional fairs and other activities, making over 350 contacts.



OSIG Business Office Coordinator Whitney Berkley and Senior Auditor Zach Yarbrough promoted the State Fraud, Waste and Abuse Hotline at the CommonHealth's 3rd Annual Employee Health & Benefits Fair on May 9, 2019.

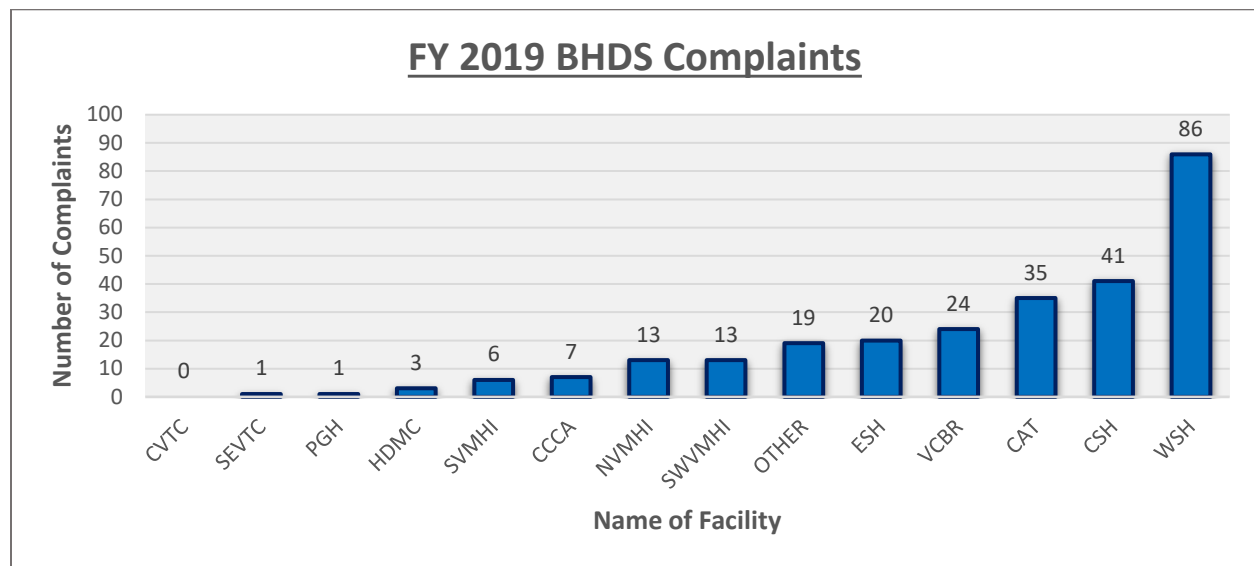
BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES

OSIG’s Behavioral Health and Developmental Services (BHDS) legislative mandates are delineated in *Code* § [2.2-309.1](#) and include:

- Conducting annual unannounced inspections of the 13 state facilities operated by the Department of Behavioral Health and Developmental Services (DBHDS).
- Inspecting, monitoring and reviewing the quality of services at state-operated facilities and more than 1,000 licensed providers of behavioral health, substance use and developmental services.
- Ensuring the General Assembly and Joint Commission on Health Care are fully and currently informed of significant problems, abuses and deficiencies.
- Investigating specific complaints of abuse, neglect or inadequate care.
- Reviewing, commenting on and making recommendations about, as appropriate, any reports prepared by DBHDS and the critical incident data collected by DBHDS.

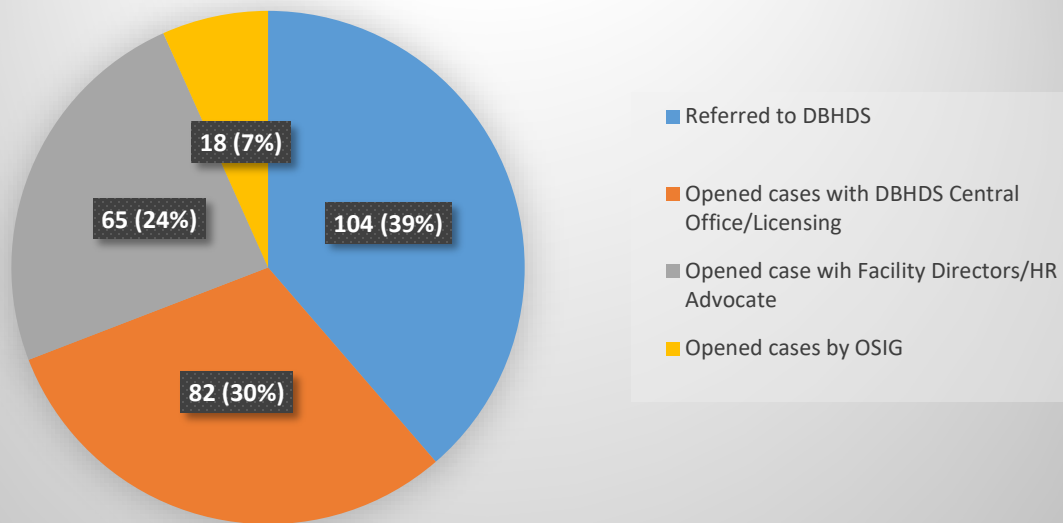
Monitoring Activities

Two-hundred and sixty-nine BHDS complaints were received in FY 2019:



Legend	
CVTC - Central Virginia Training Center	SWVMHI - Southwestern Virginia Mental Health Institute
SEVTC - Southeastern Virginia Training Center	OTHER - Community Services Board or Private Provider
PGH - Piedmont Geriatric Hospital	ESH - Eastern State Hospital
HDMC - Hiram Davis Medical Center	VCBR - Virginia Center for Behavioral Rehabilitation
SVMHI - Southern Virginia Mental Health Institute	CAT - Catawba Hospital
CCCA - Commonwealth Center for Children & Adolescents	CSH - Central State Hospital
NVMHI - Northern Virginia Mental Health Institute	WSH - Western State Hospital

Status of FY 2019 BHDS Complaint Line



Ongoing Reviews

During FY 2019, the following activities were initiated:

- Review of medication variance reporting at all DBHDS facilities.
- Mortality review underway at all DBHDS facilities.
- FY 2018-2019 annual unannounced inspections of DBHDS facilities.

Revised BHDS Complaint Process

In an ongoing effort to respond to the needs of constituents, OSIG BHDS has revised its complaint process to better serve citizens with concerns. The revised process provides additional methods to submit complaints, including a newly designated complaint phone line and email address, to ensure those matters are processed in a consistent and efficient manner.

HIPAA Compliance Plan

OSIG BHDS instituted an internal HIPAA Compliance Plan to include an annual risk assessment, staff training and ongoing compliance monitoring.

OFFICE OF THE STATE INSPECTOR GENERAL
COMPLAINT LINE
CALL : 833-333-OSIG (6744)
Report concerns of:
ABUSE
NEGLECT
INADEQUATE CARE
TTY Users: Dial 7-1-1
Translation Services Available
Email: OSIGBHDSComplaints@osig.virginia.gov
Website: <https://osig.virginia.gov>

AUDIT DIVISION

OSIG's Audit Division legislative mandates are delineated in *Code* § [2.2-309](#)[A](10) and § [2.2-309.2](#) and include:

- Conducting performance reviews to assess the efficiency, effectiveness and economy of executive branch agencies' programs and operations.
- Assessing the condition of the accounting, financial and administrative controls of state and non-state agencies as necessary.
- Reviewing the condition of the Tobacco Region Revitalization Commission's accounting, financial and administrative controls.

Audit Standards

OSIG adopted Generally Accepted Government Auditing Standards (GAGAS) in FY 2017, changing the division's work product from performance reviews to higher quality performance audits. Among the factors that impact work quality in a positive manner are requirements for annual internal assessments of audit quality and an external peer review every three years. The Audit Division conducted an internal assessment during the year and has made preparations for its first ever external peer review.



OSIG Deputy Inspector General for Audit Mike Taylor (l) and OSIG Quality Assurance Manager Eris Jones met with Richmond AGA President Winston Lucombe following their presentation on "Performance Auditing, Peer Reviews & Yellow Book Standards" at the May 9 meeting of the Association of Government Accountants-Richmond Chapter.

Issued Reports

During FY 2019, OSIG published four performance audits, which included 23 findings and 32 recommendations and a commendation.



Department of Rail and Public Transportation: Payments to Washington Metropolitan Area Transit Authority Performance Audit

- This performance audit of payments under the Passenger Rail Investment and Improvement Act (PRIIA) focused on the following areas:
 - Determine whether Commonwealth payments to Washington Metropolitan Area Transit Authority (WMATA) were properly calculated and expended appropriately and in compliance with the Capital Funding Agreement.
 - Determine compliance with the terms and conditions of the PRIIA agreement.
- The report included three findings with four recommendations:
 - Determine a comprehensive methodology to effectively and consistently review WMATA's PRIIA-related expenditures to validate that funding is being properly expended, calculated and supported.
 - Document the methodology to evaluate the appropriateness of expenditures, programmatic achievements and spending rates.
 - Ensure that Capital Funding Agreement reconciliations are accurate, complete, comparable and verifiable.
 - Create a mechanism to maintain compliance with key terms, conditions and dates outlined in the PRIIA agreement.

For details, see the [December 19, 2018, report](#).



Health and Human Resources Subrecipient Monitoring

- This performance audit of the Subrecipient monitoring process within the Health and Human Resources Secretariat focused on the following areas:
 - Evaluate the efficiency and coordination of the Subrecipient monitoring process within the Health and Human Resources Secretariat.
 - Evaluate the achievement of program goals through effective Subrecipient monitoring.
- The report included nine findings with nine recommendations:
 - Plan Subrecipient monitoring in accordance to Medicaid program guidelines and regularly verify regional consultant adherence to those schedules (Virginia Department of Social Services (VDSS)).
 - Develop effective procedures to ensure that Local Departments of Social Services (LDSS) develop corrective action plans to address compliance errors and to ensure those plans are properly retained and reviewed.
 - Develop a basis for performance metrics that matches the desired outcome, the industry standard and federal regulations (Department of Medical Assistance Services (DMAS) and VDSS).
 - Ensure that cross-training takes place to ensure Subrecipient monitoring activities continue (VDSS).
 - Develop a means to identify applications processed through CoverVirginia CPU so the performance of the CPU and the LDSS are accurately reported.
 - Develop a method to ensure accurate entry of newly eligible, re-enrolled and ongoing Medicaid recipient's case information bridges from VaCMS to the Maintenance Management Information System.
 - The MOU between VDSS and DMAS should be updated to include specific requirements for the sharing of Subrecipient monitoring results between the agencies.
 - Establish a clear methodology for determining locality classification and the number of associated case reviews.
 - Communicate with Department of Health about what monitoring activities are expected and define that in the agency agreement.

For details, see the [April 30, 2019, report](#).



Virginia Department of Corrections: Performance Audit of Virginia Correctional Enterprises Furniture Program

- This performance audit of the Furniture Program at Vocational Correctional Enterprises (VCE) focused on the following areas:
 - Determine whether furniture prices are competitive with the market.
 - Determine whether furniture products meet state agencies' needs and the catalogue is kept up to date.
 - Determine if offenders learn current, viable job skills.
 - Determine whether furniture production training results in improved outcomes for participants.
- The report included one commendation to Vocational Correctional Enterprises for displaying a commitment to assist offenders who participate in the furniture program through continued efforts to improve training opportunities.
- The report included seven findings with 13 recommendations:
 - Establish and document a formalized pricing policy and methodology.
 - Establish a systematic control that requires approval by VCE management before a product can be listed and sold on govce.net for less than total cost.
 - Consider incorporating temporary staff to expedite the website update process.
 - Expand current system integration between Syteline and Magento to enhance the speed, efficiency and security of item updates on the website.
 - Expand the waiver tracking report to include additional detail as to the specific type of furniture.
 - Consider a number of improvements to the customer survey process.
 - Implement additional controls and improvements in the waiver process.
 - Centralize responsibility for certifications and training oversight so guidance can be applied uniformly across work centers.
 - Implement a process to maintain a VCE training and skills file for each offender who participates in the program.
 - Identify areas with potential for shared training with the Department of Corrections Career and Technical Education program to provide offenders with additional certification opportunities.
 - Consider establishing and communicating additional performance measures that support VCE's success factors.

- Consider implementing a post-incarceration experience survey for former participants.
- Formalize the process for providing job and skills references.

For details, see the [June 11, 2019, report](#).



Virginia Department of General Services: eVA Procurement Bureau

- This performance audit of Virginia’s electronic procurement system (eVA) focused on the following areas:
 - Determine if the Department of General Services Division of Purchases and Supply (DPS) eProcurement Bureau has defined goals for the eVA eProcurement system.
 - Determine if eVA users are receiving regular, timely and effective communication from DPS about updates to the functionality and usability of eVA.
 - Determine if other states use e-procurement and if the Commonwealth could benefit from functionality in place in other states.
 - Determine if all eVA fees are being applied fairly and effectively.
 - Determine if a process exists in the new vendor registration process for vetting new vendors.
- The report included four findings with six recommendations:
 - Prioritize collaborations with institutions of higher education to ensure their needs are considered when procurement issues are discussed.
 - Ensure each institution of higher education is represented when new procurement platforms are considered.
 - Compile and update the policies and procedures manual.
 - Implement a process to ensure all vendors are authorized to conduct business in the Commonwealth, as required by the Code of Virginia.
 - Publish a more thorough fee schedule to include standard fee amounts and all other factors that affect the application of those fees.
 - Consider adding a number of criteria to performance monitoring activities.

For details, see the [June 13, 2019, report](#).

Follow-Up Reviews

OSIG completed a follow-up review of significant items related to two performance reviews and two performance audits issued from FY 2016 through 2017 where corrective action was scheduled for completion. As summarized in the table below, management implemented corrective action or was making sufficient progress on the implementation of corrective action for all findings. As a result of the review, OSIG made no further recommendations.

Agency/Report ID	No. of Items for Follow-up	No. of Items Resolved	No. of Items with Sufficient Progress	No. of Items Without Corrective Action
SWaM/2017.PR.12	2	0	2	0
DOAV/2017.PR.011	3	3	0	0
DMAS/2016.PR.002	1	0	1	0
VCU/2016.PR.006	2	1	1	0
Total for Review	8	4	4	0

Ongoing Performance Audits and Inspections

As of July 1, 2019, the following performance audits and inspections were continuing:

- Chemical Inventory Management Performance Audit (select institutions of higher education).
- Tobacco Region Revitalization Commission Performance Audit.
- Department of Human Resources Management Performance Audit of Employee Recruitment Management.
- Virginia Department of Transportation Performance Audit of Snow Removal.
- Natural Resources Secretariat Performance Audit of Law Enforcement Recruitment.
- Department of Behavioral Health and Developmental Services Unannounced Inspections of state facilities.

INTERNAL AUDIT OVERSIGHT & TRAINING SERVICES

OSIG's Internal Audit Oversight and Training Services' legislative mandates are delineated in *Code* § [2.2-309](#)[A](10-12) and include:

- Coordinating and requiring standards for internal audit programs in existence as of July 1, 2012.
- Coordinating and requiring standards for other internal audit programs in state agencies and non-state agencies as needed in order to ensure that the

Commonwealth's assets are subject to appropriate internal management controls.

- Assisting agency internal auditing programs with technical auditing issues and coordinating and providing training to the Commonwealth's internal auditors.



Internal Audit staff attend training courses throughout the year to obtain continuing education credits.

Quality Assurance Reviews

All internal audit programs that adopt the Institute of Internal Auditors standards are required to have a Quality Assurance Review (QAR) completed once every five years. OSIG monitors compliance with these standards and provides a cost-effective alternative through the use of the Quality Assurance Review Committee to conduct QARs. This committee eliminates the need for agencies to contract services out, savings upwards of \$5,000 per QAR.

OSIG completed a QAR for Christopher Newport University (CNU) on January 23, 2019. CNU received an overall rating of "generally conforms," the highest achievable rating.

Training

In FY 2019, OSIG coordinated 11 training courses for internal audit programs. Internal auditors from across the Commonwealth participated in these courses, earning up to 77 Continuing Professional Education credits to maintain certifications necessary for their positions.

TECHNOLOGY AND SECURITY SERVICES

OSIG's Technology and Security Services (TSS) Unit provides technological support and advancement for key initiatives, as well as oversight of policies and procedures that safeguard agency information and assets. During FY 2019, TSS accomplishments include:

- NG/VITA disentanglement transition.
- Continued development of purchasing card database.
- Technology and information access support for agency departments and staff.
- Completion of information security training, audits and monitoring.
- Policy and procedures execution.
- Maintaining a green status on the Commonwealth of Virginia agency-points dashboard.
- Deployment of agency project and risk management software (Pentana).
- Maintain Continuity of Operations Plan.
- Maintain agency IT Strategic Plan.
- Maintain VITA IT Strategic Plan.
- Continued education and certification for TSS staff.
- Agency badge implementation.

COMMUNICATIONS AND OUTREACH

In a continuing effort to inform and educate others about OSIG's mission and activities, staff made numerous presentations and participated in panel discussions at state and national meetings and gatherings, including the:

- Association of Government Accountants.
- Association of College & University Auditors.
- Chief Audit Executive Roundtable.
- Crater Criminal Justice Training Academy.
- Institute of Internal Auditors - Southwest Virginia and Central Virginia chapters.
- Virginia Department of Criminal Justice Services.
- Virginia Executive Institute Alumni Association.
- Virginia Local Government Auditors Association.
- Virginia Small Business Commission.

In FY 2019, OSIG drafted and distributed the following news releases:

- **OSIG Finds eVA Does Not Meet Procurement Needs of Commonwealth's Institutions of Higher Education:** OSIG outlines findings and recommendations

for improvement to the Department of General Services' online electronic procurement system – June 20, 2019

- **OSIG Audit Finds Ineffective Oversight of Medicaid Program Monitoring:** OSIG outlines recommendations for better oversight of the subrecipient monitoring program in several state agencies – June 5, 2019
- **OSIG Hires New Healthcare Compliance Manager:** OSIG has named Keith A. Davies, a former law enforcement officer with more than 18 years of healthcare compliance experience, to the new role – April 2, 2019
- **OSIG Names Chief of Investigations:** OSIG announces Katrina M. Goodman as its new Chief of Investigations – March 14, 2019
- **Deputy Inspector General Receives National Leadership Award:** Deputy Inspector General Corrine A. Louden is the recipient of the Association of Government Accountants' (AGA) 2019 Excellence in Government Leadership Award – February 28, 2019
- **OSIG Names Deputy Inspector General for Audit:** The Virginia Office of the State Inspector General (OSIG) is pleased to announce F. Michael (Mike) Taylor as the agency's new deputy inspector general for audit – January 9, 2019
- **Virginia Office of the State Inspector General's Auditor Professional Connect Goes Live:** A new, user-friendly application for internal file storage and blog hosting has been crafted and launched by Virginia Interactive (VI) for the Office of the State Inspector General (OSIG) – October 22, 2018
- **OSIG Welcomes New Deputy Inspector General:** OSIG is pleased to announce Corrine A. Louden as the agency's new deputy inspector general – August 15, 2018
- **OSIG Plans Audits of Drinking Water Regulations, Meat, Poultry Inspections and Snow Removal in 2019:** Sparked by the Flint water crisis, a performance audit of Virginia's drinking water regulations tops the list of audits planned for fiscal year 2019 – August 6, 2018
- **Cybersecurity Audit Reveals Lack of Compliance with Security Standards:** Findings revealed 11 of 18 state agencies evaluated had not performed required sensitive system security audits over the last three fiscal years (2015-2017) – July 17, 2018
- **OSIG Auditor Earns CPA Credential:** OSIG Auditor Zach Yarbrough passed all sections of the 16-hour CPA exam on his first attempt, attaining his CPA license effective June 6 – June 21, 2018

CONTACT INFORMATION

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State Fraud, Waste and Abuse Hotline

Reports made to the Hotline are anonymous and confidential.

Toll-free number: (within Virginia): 800-723-1615

Mailing Address:

Attention: State Fraud, Waste and Abuse Hotline

P.O. Box 1151 Richmond, VA 23218

Online form: Complete and submit [online form](#)

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