

Office of the State Inspector General

Annual Report for
Fiscal Year 2026



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July 1, 2025 – June 30, 2026



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Welcome from the State Inspector General

October 1, 2026

Dear Reader:

I took the helm at the Office of the State Inspector General on August 31, 2026. In just a few short weeks, I have come to see firsthand the extent to which the staff who work here seek to fulfill the Office's mission with dedication, selflessness, and focus. I hope as you page through this catalogue of their work during the past fiscal year—efforts which predated my tenure but which I am eager to share—you come away with a sense of how deeply these public servants believe in improving government and protecting the interests of all Virginians.

Leadership transitions in public service are rarely straightforward or without challenge. At various points in the past few months, the executive team, unit supervisors, and line staff in this Office have stepped up in extraordinary ways to continue the Office's work and to support its important mission. I am extremely grateful to them for their efforts.

As a former federal prosecutor, and as a veteran of two financial regulators charged with protecting investors and holding fraudsters accountable, I understand the critical importance of having an effective watchdog in place to guard state resources and to protect the taxpayers. I look forward to finding innovative ways to leverage the investigative acumen of this Office in the weeks and months ahead. For now, I hope you take away from the pages that follow some measure of the deep appreciation I have developed for this Office's work and the dedicated public servants who support it.

Sincerely,

A handwritten signature in blue ink that reads "Daniel T. Young". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Daniel T. Young
State Inspector General



The Executive Team

Daniel T. Young, State Inspector General

Daniel Young began serving as State Inspector General in August 2026 following his appointment by Governor Abigail Spanberger. He previously served as an Assistant General Counsel at the Public Company Accounting Oversight Board, the organization created by Congress after the collapse of Enron to protect investors and to police the auditing of public companies. He also worked at the U.S. Securities and Exchange Commission, where he defended enforcement actions against fraudsters. Earlier in his career, Mr. Young spent over five years working in Norfolk and Alexandria as a federal prosecutor in the Eastern District of Virginia, where he focused on white-collar crime and appellate matters. After law school, Mr. Young clerked for two federal judges and worked as a litigator in private practice, maintaining an active pro bono docket that included voting-rights litigation and, after the 2008 financial crisis, representing victims of loan-modification scammers.



Mr. Young graduated with Highest Honors from the University of Virginia as a Jefferson Scholar. After college, he received a Jack Kent Cooke Graduate Fellowship and was selected to serve as a fellow at Harvard's Center for Public Leadership. Mr. Young holds a J.D. from Yale Law School and a Master's in Public Policy from the Harvard Kennedy School.



Corrine Loudon, Chief Deputy Inspector General

Corrine Loudon has served OSIG since August 2018, overseeing the Business Office, Information Technology, Communications, and Ombudsman Units. With over 24 years in state government, Chief Deputy Inspector General Loudon has held the positions of auditor with Longwood University (where she is a double alum); the Auditor of Public Accounts, and Virginia State Police; Controller for the Virginia Resources Authority; and Hotline



Investigations Supervisor for the Virginia Department of Corrections. A native of Oxfordshire, England, Chief Deputy IG Loudon is a Certified Inspector General, Certified Internal Auditor, Certified Investments and Derivatives Auditor, and holds a Certification in Risk Management Assurance. She holds local and national positions in various professional organizations and serves on the Virginia Freedom of Information Advisory Council.

Katrina Goodman, Deputy Inspector General of Investigations

The Deputy Inspector General of Investigations (Chief) since March of 2019, Chief Goodman oversees the Criminal Investigations Unit, Accreditation Program, and the Hotline Unit. Before OSIG, Chief Goodman served at the former Virginia Department of Alcoholic Beverage Control Bureau of Law Enforcement. She also worked for the Roanoke County and City of Lynchburg police departments. A Longwood University double alum, she holds both a Bachelor's and a Master's degree in Sociology/Criminal Justice. She is a Certified Virginia Law Enforcement Command Executive, a Certified Forensic Interviewer, Certified Fraud Examiner, and Certified Inspector General Investigator.



Adam Tagert, Deputy Inspector General of Audit and Compliance



A VCU graduate with a Bachelor of Science in Accounting, Deputy Inspector General Tagert oversees the Audit and Compliance Division at OSIG. He has served in various audit roles at the Auditor of Public Accounts, Capital One, Circuit City, and the Virginia Department of Health.

Deputy IG Tagert has been with the Commonwealth of Virginia for over 22 years and with OSIG for over 12 years. He is a Certified Internal Auditor, Certified Government

Auditing Professional, and Certified Inspector General Auditor. Deputy IG Tagert enjoys working at OSIG and greatly appreciates the opportunity to work with other agencies to improve programs, services, and activities offered by the Commonwealth.

Statutory Responsibilities and Mission

Under §§ 2.2-307 through 2.2-313 and § 53.1-17.2 of the Code of Virginia, the Office of the State Inspector General 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 the Department of Behavioral Health and Developmental Services facilities and providers.
- Reviewing operations of the Virginia Tobacco Region Revitalization Commission.
- Providing oversight of state correctional facilities through the Corrections Ombudsman Unit.



OSIG's Criminal Investigations Unit helped distribute gifts through the Salvation Army of Central Virginia Angel Tree Program. The program provides Christmas gifts for children who are 13 or younger whose families could use a little help making the holidays special.

Mission

To deter fraud, waste, and abuse while promoting accountability and excellence within the Commonwealth.



Organizational Structure

OSIG programs are organized across three Divisions: Audit and Compliance, Investigations, and Administration. Each Division, in turn, contains several Units and Offices which further OSIG's mission of protecting the integrity and efficiency of Virginia's government.

Audit and Compliance Division

Audit Unit

Compliance Unit

Healthcare Compliance Unit

Investigations Division

Criminal Investigations Unit

State Fraud, Waste, and Abuse Hotline Unit

Administration Division

Corrections Ombudsman Unit

Communications Office

Business Office

Information Technology Services



Compliance Manager Andrew McWhinney and Hotline Manager Jennifer DeVaughn present at the College and University Auditors of Virginia Conference at Virginia Tech, May 2026.



2026 Highlights

State Inspector General Michael C. Westfall Retires, Receives Lifetime Achievement Award

After over 39 years in federal, state, and local government, including 11 years with OSIG, Michael Westfall retired as State Inspector General with his last day in office on April 30, 2026.

Mr. Westfall was appointed State Inspector General by Governor Ralph S. Northam in April 2018 and later reappointed by Governor Glenn Youngkin.



Prior to OSIG, Mr. Westfall served as the Chief Audit Executive for the Virginia State Police and Assistant Director and Director of the Chesterfield County Office of Internal Audit. Mr. Westfall began his career as an auditor for the U.S. Department of the Interior's Office of Inspector General.

Mr. Westfall also served as the secretary for the Association of Local Government Auditors, chairman of the Constitution and Bylaws Committee and the Membership Committee, and contributed as a member of the Education Committee and Peer Review Committee. In May 2026, Mr. Westfall received the Association's Lifetime Achievement Award. The award recognizes auditors who have made lasting and worthwhile contributions to local government auditing through their extraordinary service to the Association.

Governor Abigail Spanberger (left) and Chief Goodman attend the 2026 Virginia Association of Chiefs of Police and the Virginia Association of Campus Law Enforcement Administrators Joint Winter Conference, February 2026.



VIRGINIA ASSOCIATION
of CHIEFS of POLICE
& Foundation



Executive Leadership Highlights

- Chief Deputy IG Loudon presented at the 2025 Association of Inspectors General Annual Training Conference in San Diego, CA, November 2025.
- Chief Deputy IG Loudon and Chief Goodman presented at the Virginia Local Government Auditors Association Annual Spring Conference, April 2026.

OSIG Passes Peer Review

On September 10, 2025, OSIG officially passed its Peer Review with unanimous votes that all current and relevant standards of the Association of Inspectors General and/or the United States General Accountability Office were met.



Peer Reviews are conducted every three years. This review evaluated OSIG's work from July 1, 2022, through June 30, 2025.

The Peer Review Team conducted an independent, qualitative review of the operations of OSIG's Audit Unit, the Criminal Investigations Unit, the Hotline Unit, and the Healthcare Compliance Unit. The Team focused on compliance with agreed-upon standards, covering the Units' compliance with their relevant policy and process manuals and procedural guides; staff qualifications; and professional training requirements, including firearms training for law enforcement staff.

The Peer Review Team also assessed supervisory review and quality control over work product and the reporting of results. The Team also met with external stakeholders with whom OSIG frequently works to assess the quality of the Office's work product.

Retirements

Vernon Harry

Vernon Harry retired from state government effective September 1, 2025.

Vernon served 21 years in state government and 31 with the FBI. Vernon started his state career as the Inspector General for the Department of Juvenile Justice in September 2004. He joined OSIG when the agency was first created in 2012.

David Garrison

Gerald (David) Garrison retired from state government effective January 1, 2026.

David served 34 years in state government. He started his state career at VCU and also worked at the Auditor of Public Accounts, the Virginia Department of Alcoholic Beverage Control (as then named), and Virginia State University. David joined OSIG in April 2014.



OSIG staff celebrates “Rock Your Socks” Day on March 21, 2026, in support of World Down Syndrome Day.



Audit and Compliance Division 2026 Highlights

Audit Unit

- Issued 11 performance audits and one follow-up report.
- Issued 51 findings.
- Issued 159 recommendations.
- Participated in 15 unannounced inspections of 12 Department of Behavioral Health and Developmental Services facilities.

Compliance Unit

- Coordinated a quality assurance review with the Department of Motor Vehicles.
- Coordinated ten training courses in which 653 attendees from across the Commonwealth participated, earning up to 81 continuing professional education credits to maintain certifications necessary for their positions.
- Issued the FY 2025 Audit Directive Compliance Report.
- Coordinated OSIG's peer review by the Association of Inspectors General, which reached the unanimous conclusion that OSIG met all relevant standards.

Healthcare Compliance Unit

- Processed 1,125 calls, emails, and voicemails.
- Processed an additional 1,237 constituent inquiries.
- Assigned 519 cases for review.
- Issued 69 reports.
- Issued 102 recommendations.
- HCU staff attended the Virginia Association of Community Services Boards conference in Roanoke in October 2025.
- HCU hosted its first information table at the Virginia Association of Community Services Boards annual conference in Richmond in May 2026.



Investigations Division 2026 Highlights

Criminal Investigations Unit

- Investigated allegations involving benefits fraud, conflicts of interest, falsifying state documents, procurement violations, theft of government funds and property, waste, and abuse.
- Opened 29 cases and closed 30 cases.
- Gave six presentations to state agencies and professional organizations.

State Fraud, Waste, and Abuse Hotline Unit

- Processed 4,151 calls, emails, web submissions, and voicemails.
- Assigned 340 cases for investigation involving 709 separate allegations.
- Processed 1,444 citizen inquiries.
- Investigated 17 cases with allegations that involved an agency head, internal audit employee, or an at-will employee.
- Issued 48 recommendations to agencies.
- Completed five workpaper reviews of agency internal audit programs.
- Completed 63 investigative review follow-ups to assess compliance with recommendations.



Administration Division 2026 Highlights

Corrections Ombudsman Unit

- Conducted initial inspections of 25 facilities maintained by the Virginia Department of Corrections to monitor conditions of confinement, assess compliance with existing policies and best practices, and make recommendations to facilities.
- Issued 35 reports following inspections of state correctional facilities.
- Established and maintained a statewide toll-free telephone number for inmates, family members, friends, and advocates to submit complaints and inquiries regarding covered issues on behalf of inmates incarcerated in a Virginia Department of Corrections facility.
- Processed 1,822 complaints containing 4,909 separate allegations.
- Closed 1,868 complaints.

Communications Office

Managed media contacts, FOIA requests, issuance of agency-wide final reports, preparation for monthly briefings with the Governor's Chief of Staff, and finalization of quarterly reports for Executive Branch Secretaries.

Business Office

Maintained daily operations for OSIG employees, including fiscal services, procurement, fleet management, contract administration, payroll, human resources, safety, and records compliance.

Information Technology Services

- Mitigated a long-running security weakness by setting up a tracking process in the centralized data log application, Splunk.
- Improved documentation of agency IT applications in the Commonwealth of Virginia Governance, Risk, and Compliance Archer application.
- Implemented data dashboard for Healthcare Compliance, Hotline, and Corrections Ombudsman Units.
- Began development of OSIG database for analytics and reporting.

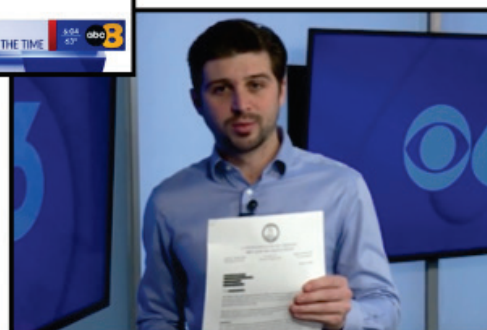
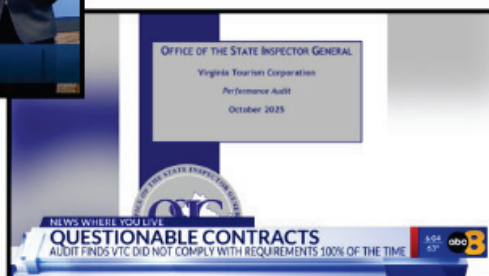
OSIG in the Media

Earned media is publicity or brand exposure gained through unpaid, third-party channels rather than through direct advertising. OSIG greatly increased its media presence this year, reflecting several impactful audits, noteworthy findings, more publicly accessible reports, and growing engagement from citizens.

- **FY 2025:** 16 earned media mentions
- **FY 2026:** 34 earned media mentions



**Former contractor
sentenced to four years in
prison for embezzling \$1.5
million from Virginia
charity drive**



Images reprinted with permission from Charlotte Rene Woods/Virginia Mercury, WRIC 8News, and WTVR CBS 6.



Audit and Compliance Division



Audit Unit

The Audit Unit's legislative mandates appear in Code of Virginia §§ 2.2-309(A)(10), 2.2-309.1, and 2.2-309.2. Among other responsibilities, these provisions require OSIG to conduct performance reviews of state agencies to assess the efficiency, effectiveness, or economy of state programs.

Audit Standards

The Audit Unit follows Generally Accepted Government Auditing Standards issued by the U.S. Government Accountability Office. These standards promote transparency and accountability and strengthen the framework of high-quality government audits.

The Audit Unit also follows Principles and Standards for Offices of Inspector General issued by the Association of Inspectors General for all work performed.

Featured Audits

The pages that follow feature four important audits from the past fiscal year:

- Department of Professional and Occupational Regulation – Compliance and Investigations Performance Audit (September 2025)
- Department of Juvenile Justice Bon Air Juvenile Correctional Center Audit Report (December 2025)
- Virginia Employment Commission – Recovery of Unemployment Insurance Benefits Performance Audit (May 2026)
- Department of Behavioral Health and Developmental Services State-Operated Facilities – Intake of Forensic Patients (April 2026)

All of OSIG's audits are available to the public at osig.virginia.gov/reports/#AuditReports.



Department of Professional and Occupational Regulation – Compliance and Investigations Performance Audit (September 2025)

Significance

The Department of Professional and Occupational Regulation protects the public by issuing professional licenses, setting minimum training standards, and enforcing rules for many occupations. This audit examined how the Department’s Compliance and Investigations Division processes and resolves complaints, focusing on whether investigations are handled in a timely and well-managed manner. This work was important because the Division reviews and investigates reports of regulatory violations or illegal unlicensed work directly affecting consumer protection, regulatory enforcement, and public confidence in licensed professions.

Findings

Six findings in total, including:

- Significant amount of unresolved complaints still awaiting review.

- 34% of sampled unresolved complaints remained open for more than 150 days.
- Among that 34%, 9% were delayed due to data entry errors within the Compliance Investigations Division.

- Inaccurate data entry causing significant errors and delays.

- 29% of sampled cases were erroneously listed as “Open Cases” due to data entry errors.



- Aggressive retention policies preventing agency from following up on unresolved case files.

- Of the cases reviewed, 17 files, representing 33% of those tested, had already been disposed of.
- The lack of long-term investigative records complicates the agency's ability to address legal inquiries, respond to follow-up concerns, or demonstrate the resolution of past cases.

Recommendations

18 recommendations in total, including:

- Ensure that current systems can support effective performance monitoring and process management.
- Implement enhanced complaint-tracking systems that provide real-time visibility into case progress, ensuring bottlenecks are immediately identified and addressed.
- Establish a structured backlog monitoring protocol to track aging complaints, prioritize urgent cases, and ensure timely resolution while maintaining compliance with agency processing goals.
- Implement a regular open-case report to proactively monitor and address cases remaining open beyond the expected timeline.

Corrective Action Plan

The Department of Professional and Occupational Regulation will implement all of OSIG's recommendations by the end of 2028.



Department of Juvenile Justice Bon Air Juvenile Correctional Center Audit Report (December 2025)

Significance

OSIG was asked by the Governor's Office to provide an objective assessment of operations at the Bon Air Juvenile Correctional Center after concerns were raised by the public and elected officials. Bon Air Juvenile Correctional Center is Virginia's only state-run, secure facility for housing and rehabilitating youth up to the age of 21. The audit provided Commonwealth leaders with clear, objective information that could be used to guide decisions about the facility and about public programs that influence community safety and outcomes for court-involved or court-committed youth.

Findings

18 findings in total, including:

- Inconsistent record-keeping (often relying on paper records).
 - Bon Air relied on paper documentation and was inconsistent in its record-keeping.
 - This significantly impacted audit testing and resulted in a lack of evidence of adequate care.
- Wellness checks not being performed.
 - Residents are periodically confined behind a secure door due to behavior or health issues.
 - 73% of sampled confinement-monitoring forms lacked evidence that all required safety checks occurred.



- Low class attendance rates for residents.
 - Bon Air residents are school-aged, meaning class attendance is required by law.
 - 28% of sampled attendance records had at least one class that was never attended. 20% showed classes with attendance rates of 50% or less. 76% maintained attendance rates below 75% across all classes.
 - Among that 76%, 11% showed an average attendance rate <50%.
- Therapeutic services not provided in a timely fashion.
 - Under the law, a lack of timely therapeutic treatment can be classified as “mistreatment.”
 - 82% of sampled treatment records reveal residents did not receive individual therapy at least once every 30 days. 67% did not receive substance abuse therapy appropriately and on time. 64% did not receive aggression management therapy appropriately and on time.
 - 100% did not receive sex-offender treatment as required.



Recommendations

61 recommendations in total, including:

- Increase staffing levels to ensure adequate therapist coverage across all units and treatment programs.
- Ensure visual wellness checks on residents are conducted and confinement monitoring forms are properly documented and reviewed to document that checks were performed.
- Develop and implement a contingency plan to maintain therapy coverage during staff absences or separations, such as the use of contract or part-time therapists.
- Ensure that all instructional staff are trained on proper electronic documentation of daily attendance, class schedules, and grading, and establish accountability for daily compliance.

Corrective Action Plan

The Department of Juvenile Justice plans to implement their corrective actions by the end of 2026.



Virginia Employment Commission – Recovery of Unemployment Insurance Benefits Performance Audit (May 2026)

Significance

The Virginia Employment Commission administers Virginia’s unemployment insurance benefits program. Unemployment insurance overpayments occur when individuals receive more unemployment benefits than they were legally allowed to receive. This audit reviewed the process for recovering these overpayments. Improving recovery enhances the financial integrity of the unemployment benefit system, protects taxpayer resources, and ensures fair treatment for all claimants. Overpayments recovered are then available for future benefit payments.

Findings

Four findings in total, including:

- Lack of a robust overpayment recovery process.

- Less than 68% of Commission overpayments were recovered (in nine of the last 12 fiscal quarters sampled).

- Not ensuring collection activities are performed prior to write-off.

- \$296 million written off for overpayment claims between July 2021 – June 2023.
- \$184 million of the overpayment claims may have had no collection activities conducted from claims still recoverable.

- Lack of strong criteria to assess applications for waiving repayments.

- The Commission established \$523 million in overpayments and waived more than 23% of them (March 2020 – September 2025).



- The Commission does not promptly resume the recovery process after unemployment insurance claim appeals.

- Of the 60 overpaid claims reviewed, 28 claims involved an appeal that required the Commission to manually initiate the recovery process.
- 64% of those appealed claims involved recovery efforts reinitiated outside the required 31-day window.

Recommendations

15 recommendations in total with \$125 million in recoverable costs, including:

- Implement more robust recovery procedures to reclaim overpaid benefits.
- Develop a process to refer accounts to private collection agencies after internal collection attempts have proven unsuccessful.
- Identify all outstanding overpayments that have not been discharged where collection attempts have not been made.
- Perform reasonable collection activities on each of these overpayment accounts identified prior to the account's discharge.

Corrective Action Plan

The Virginia Employment Commission will implement all recommendations by the end of 2028.

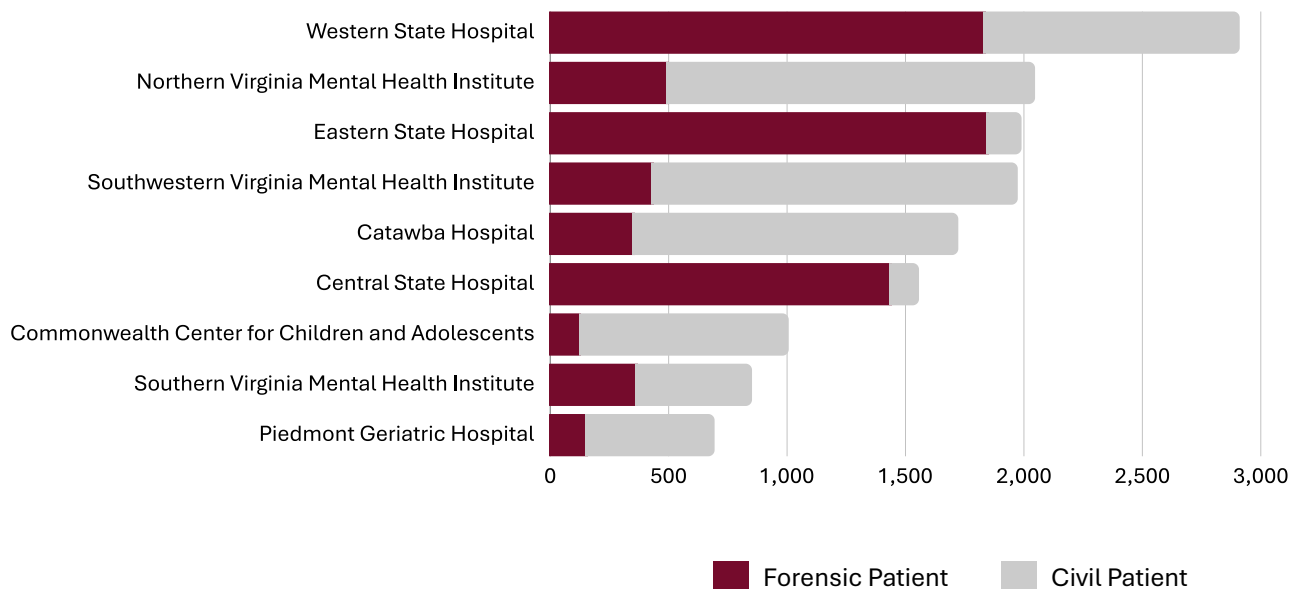


Department of Behavioral Health and Developmental Services State-Operated Facilities – Intake of Forensic Patients (April 2026)

Significance

This audit reviewed how state-operated facilities overseen by the Department of Behavioral Health and Developmental Services handle the admission and custody transfer of forensic patients—that is, patients found not guilty by reason of insanity, those deemed incompetent to stand trial, those receiving an assessment to determine competency, or individuals transferred from correctional facilities with mental illness or cognitive impairments. The audit focused on determining if the facilities had processes in place to establish when law enforcement relinquishes custody and the facility becomes responsible for the safety of the individual. Clarifying these processes is essential to safeguarding vulnerable patients, reducing safety risks, and maintaining trust in both mental-health and legal systems.

Patient Admissions by Facility





Patient Admission Statistics (FY23 – FY25)

Total Admissions	14,755
Forensic Admissions	7,047
% of Total Admissions Forensic	47.8%
Facilities Over 50% Forensic Admission	3

Findings

The Department of Behavioral Health and Developmental Services does not have a clearly defined, consistently implemented, or documented point at which forensic patients officially transition into Department of Behavioral Health and Developmental Services custody during the admission process.

Recommendations

Five recommendations in total, including developing and implementing statewide admission procedures that define the specific point custody transfers from law enforcement, requirements for these transfers, expectations for camera coverage of intake and custody transfer, guidance to facility staff and law enforcement agencies, and require signatures of both parties involved in the transfer.

Corrective Action Plan

The Department of Behavioral Health and Developmental Services concurred with the findings and plans to implement corrective actions from March 2027 through June 2027.



Additional Audits Completed

August 2025

- Motor Vehicle Dealer Board
- Virginia Economic Development Partnership

September 2025

- Department of Behavioral Health and Developmental Services State Operated Facilities — Abuse and Neglect Investigations

October 2025

- Virginia Tourism Corporation

February 2026

- FY 2025 annual follow-up of previous findings in state agencies

March 2026

Unannounced inspections at the Department of Behavioral Health and Developmental Services relating to:

- Managing female intake and treatment at the Virginia Center for Behavioral Rehabilitation
- Hurricane preparedness at Southeastern Virginia Training Center
- Mitigation of legionella bacteria at Hiram W. Davis Medical Center

Audit Staff Highlights

- Audit Unit staff held officer and board of governors' positions in the Central Virginia Chapter of the Institute of Internal Auditors and the National Association of Black Accountants.
- Senior Auditor Michael Gallo earned the Certified Inspector General Auditor Certification.
- OSIG staff participated in Peer Reviews for the City of New Orleans and Montgomery County Maryland Office of Inspector General.



Compliance Unit

OSIG's legislative mandates relating to Internal Audit Oversight and Training Services appear in Code of Virginia § 2.2-309(A)(10)–(13).

The Compliance Unit also is responsible for coordinating and overseeing standards for other internal audit programs in executive branch agencies and non-state agencies as needed to ensure that the Commonwealth's assets are subject to appropriate internal management controls.

The Unit also assists other agencies' internal auditing programs with technical auditing issues and coordinating and providing training to the Commonwealth's internal auditors.

Internal Audit Program Compliance

OSIG Directive 001 was created in accordance with Code § 2.2-309 to provide oversight of state and specific nonstate agencies' internal audit programs. The directive requires all executive branch state agencies and institutions with internal audit functions to submit specific documents to OSIG to ensure that the Commonwealth's assets are subject to appropriate internal management control. The Compliance Unit updated the Directive in FY 2026 to reflect changes in the Institute of Internal Auditors Standards.

There are 32 executive branch agencies with an internal audit program.

OSIG annually tracks compliance with the Directive by ensuring that each internal audit program maintains key documents in compliance with the Institute of Internal Auditors Standards. As a result, OSIG issued the FY 2025 Audit Directive Compliance Report in September 2025.

All except one of the internal audit programs submitted the required documents for FY 2026. All of the agencies follow Institute of Internal Auditors Standards, which require internal audit programs to go through an external assessment process every five years to ensure they are in conformance with all Institute standards.



Quality Assurance Reviews

OSIG monitors compliance with Institute of Internal Auditors Standards and provides a cost-effective alternative with its Quality Assurance Review team to conduct Quality Assurance Reviews. This team eliminates the need for agencies to contract these services and can save the agency from between \$5,000 to \$30,000 per Review.



OSIG completed a Quality Assurance Review in FY 2026 for the Department of Motor Vehicles. The Department received an overall rating of “Generally Achieves,” which is the highest rating.

Agency Risk Management and Internal Control Standards

In FY 2026, OSIG completed the Agency Risk Management and Internal Control Standards (ARMICS) review and anticipates certifying compliance per Department of Accounts requirements.

The ARMICS program includes agency control environment, risk, and financial controls assessments. ARMICS fieldwork determined OSIG has a strong internal control program with no significant weaknesses.

Fiscal Year 2026 Training

In FY 2026, OSIG significantly increased class size by offering the courses virtually. The virtual format also resulted in cost savings in time and travel for the 653 participants. Many auditors attended multiple training classes, resulting in savings to their agency and enabling the participants to receive continuing professional education credits from each of the courses attended.



Training Courses Offered in Fiscal Year 2026

Course Name	Dates	Number of Students	CPE
Communicating Effectively Internally and Externally	Oct. 2025	63	8
Deep Dive Walkthrough for Walkthroughs	Oct. 2025	64	8
Creating Value Added Work Programs	Nov. 2025	61	8
Conducting Contract Audits and Investigating Contract Allegations	Nov. 2025	85	8
Audit 201 - Keys to Being an Effective Audit Senior	Dec. 2025	57	16
Using Generative AI in Auditing	Jan. 2026	92	8
Write It Right: Creating Policies That Work in the Real World	Mar. 2026	42	8
Chief Audit Executive Roundtable	Apr. 2026	35	1
Beyond the Justification: Detecting Sole Source Procurement Deficiencies	Apr. 2026	56	8
It's A Wrap: Effective Audit Follow-up & 2026 Ethics	May 2026	98	8
Total		653	81

Healthcare Compliance Unit

OSIG's healthcare compliance legislative mandates appear in Code of Virginia § 2.2-309. The duties of the Healthcare Compliance Unit include:

- Inspecting, monitoring, and reviewing the quality of services at state-operated facilities and more than 1,000 licensed providers of behavioral health, substance abuse, and developmental services.
- Ensuring that the General Assembly, Joint Commission on Health Care, and the Behavioral Health Commission are informed about significant problems, abuses, and deficiencies.
- Investigating specific complaints of abuse, neglect, or inadequate care.
- Reviewing, commenting on, and making recommendations about any reports prepared by the Department of Behavioral Health and Developmental Services, as appropriate, and the critical incident data collected by the Department.
- Submitting an annual report to the General Assembly on or before December 1 of each year that states the number of complaints received by the Office alleging abuse, neglect, or inadequate care at a state psychiatric hospital during the prior fiscal year and the number of such complaints that were fully investigated by the Office.

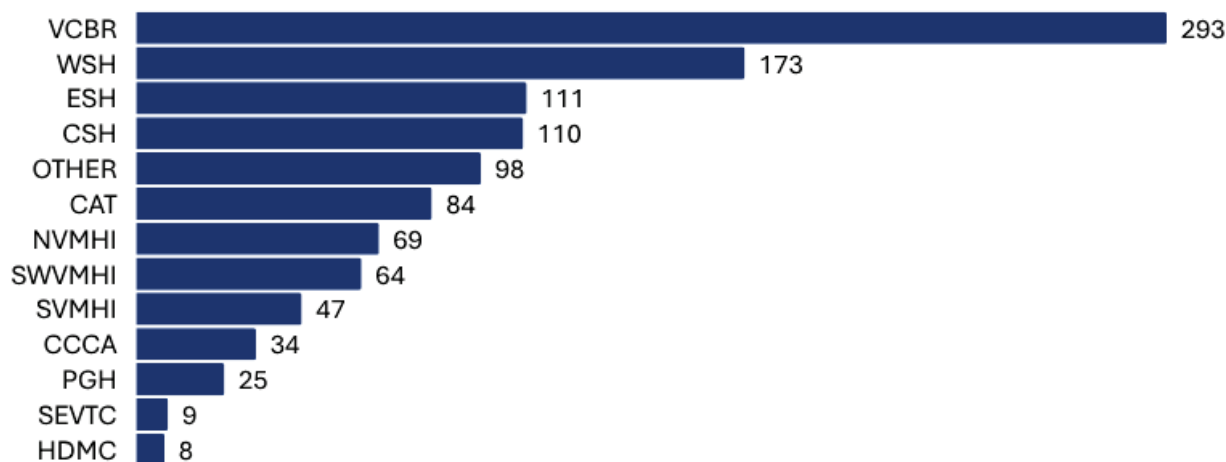


Healthcare Compliance Unit Manager Dr. Teresa Smith and Unit Specialist Lisa Latham table at the Virginia Association of Community Services Boards Training and Development Conference, May 2026.



Monitoring Activities

The Healthcare Compliance Unit processed 1,125 complaints in FY 2026.



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



Healthcare Compliance Unit Staff Highlights

- Staff visited all 12 Department of Behavioral Health and Developmental Services facilities at least once during the year, with several facilities visited multiple times.
- Healthcare Compliance Manager Dr. Teresa Smith attended the Joint Commission Behavioral Health Conference in October 2025.
- The Unit hosted a booth at the Virginia Association of Community Services Boards Annual Training Conference in May 2026.



Investigations Division

Criminal Investigations Unit

The Criminal Investigations Unit's statutory authority and legislative mandates appear in Code of Virginia §§ 2.2-309 (A)(3)–(6), 2.2-309.2, and 2.2-311.

The Unit investigates 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.

Principles and Standards

The Criminal Investigations Unit follows Principles and Standards for Offices of Inspector General issued by the Association of Inspectors General for all investigations conducted.

Point of Contact Initiative

OSIG's Point of Contact program strengthens accountability across executive branch agencies by ensuring stakeholders understand their statutory reporting obligations and have direct access to OSIG special agents for guidance. Each agent serves as a liaison to assigned agencies, maintaining consistent communication, reviewing reporting requirements, and discussing issues relevant to OSIG's investigative authority.

Through this outreach, the Point of Contact program supports timely reporting and enhances OSIG's awareness of agency activities central to its mission.



Special Agents John Sutherland (left) and Pat Brown (middle) represent OSIG at National Night Out, August 5, 2025.



On January 17, 2026, OSIG's Criminal Investigations Unit agents provided additional security at the inauguration of Governor Abigail Spanberger.

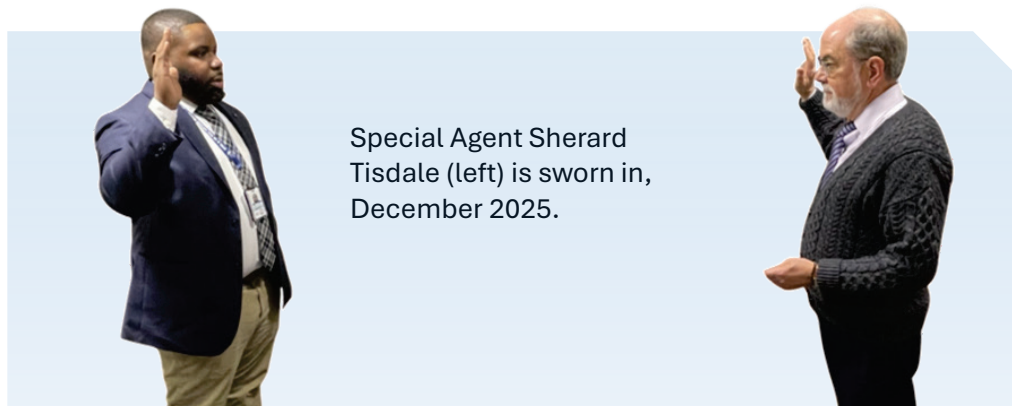
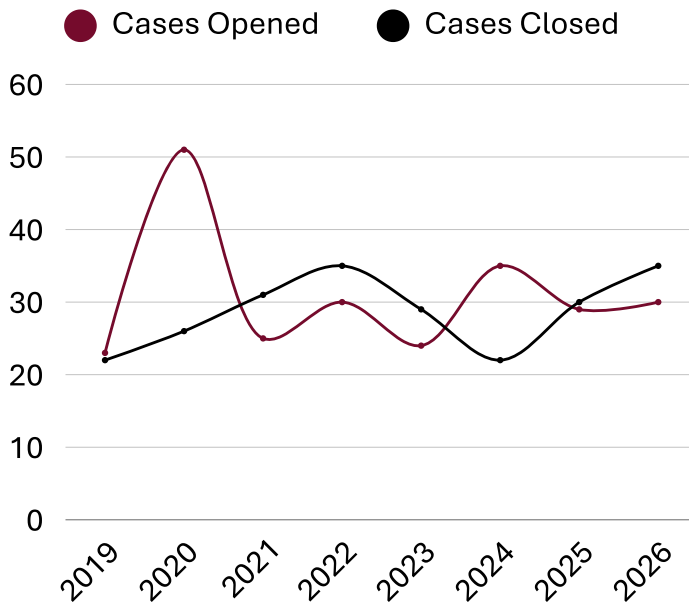


Accreditation

Since July 2024, OSIG has held dual accreditation at both the state and national level through the Virginia Law Enforcement Professional Standards Commission (VLEPSC) as well as the Commission on Accreditation for Law Enforcement Agencies (CALEA).



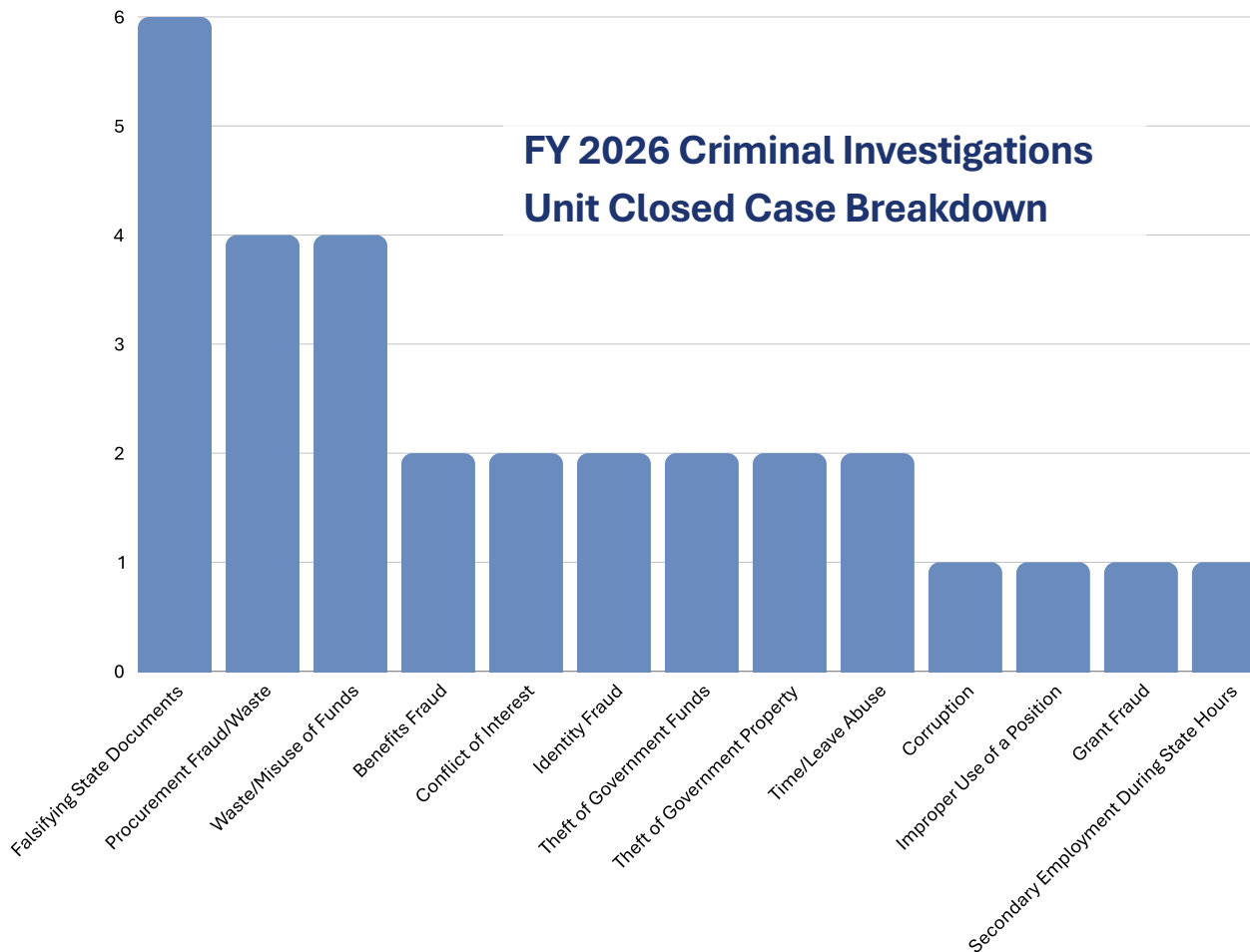
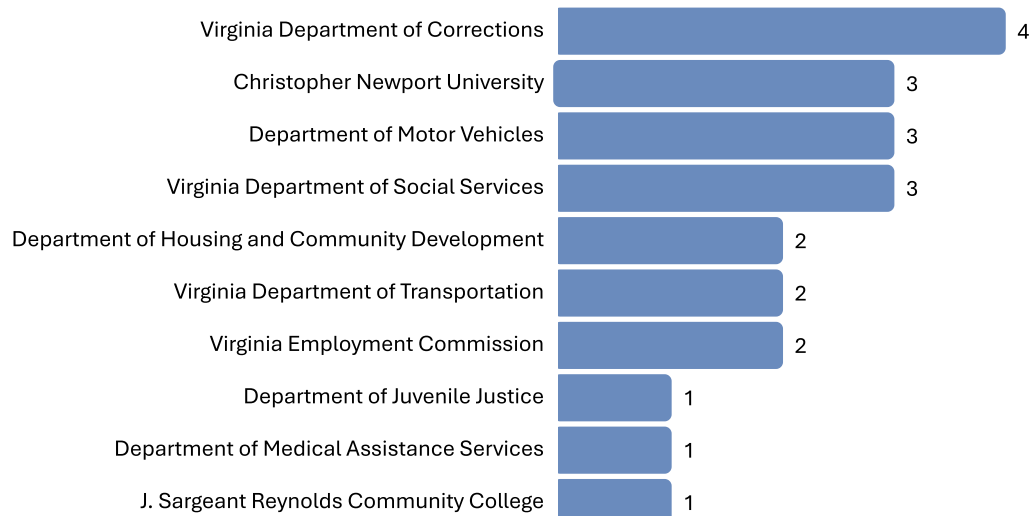
Criminal Investigations Unit Cases by FY



Special Agent Sherard Tisdale (left) is sworn in, December 2025.



FY 2026 Criminal Investigations Unit Cases by State Agency



Commonwealth's Attorney Outreach

In the Spring of 2025, the Criminal Investigations Unit launched an initiative to engage local prosecutors to strengthen collaboration between OSIG and Commonwealth's Attorneys. Members of the Unit continued building on this initiative by hosting informational tables at the Virginia Association of Commonwealth's Attorneys Annual Summer Conference in Virginia Beach in July 2025; its Executive Program in Staunton in December 2025; and its Spring Institute in Norfolk in April 2026. The Unit remains committed to expanding these relationships and building even stronger partnerships with local prosecutors in the years ahead.



Special Agent Pat Brown speaking at a Commonwealth's Attorneys event.

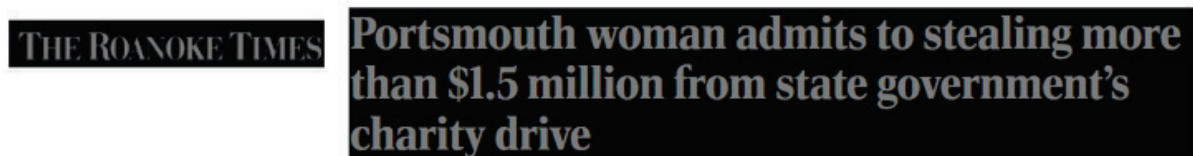
Noteworthy Cases Completed in FY 2026

Department of Human Resource Management

\$1,563,396 in restitution | Four years in prison for wire fraud

The Commonwealth of Virginia Campaign is an annual charity fundraising program for Virginia state employees operated by the Department of Human Resource Management. The defendant in this case, a former state contractor for the Department from 2017 through 2023, embezzled over \$1.5 million in Campaign funds.

OSIG's Criminal Investigations Unit was notified by the Department of Human Resource Management after more than half a million dollars of Campaign funds were unaccounted for. OSIG's law enforcement team partnered with Internal Revenue Service Criminal Investigation unit, the United States Postal Inspection Service, and the U.S. Attorney's Office to bring charges against the defendant.



The defendant spent the embezzled funds on plastic surgery, luxury hotels, out-of-state property, payroll for her own business, and beauty products, as well as a fish pedicure in Las Vegas. She was ordered to pay \$1,563,396 in restitution to the Commonwealth of Virginia and was sentenced to four years in prison in May 2026.

Virginia Employment Commission

\$18,094 in restitution

A full-time Virginia Department of Corrections employee managed to collect more than \$18,000 in unemployment benefits—despite being actively employed—by submitting weekly claims to the Virginia Employment Commission from April through September 2020. OSIG investigated the case in collaboration with the Virginia Office of the Attorney General.

In December 2025, the employee pleaded guilty in Henrico Circuit Court and received a 12-month jail sentence, fully suspended, along with supervised probation. The employee was also ordered to pay \$18,094 in restitution to the Commission.

Mountain Empire Community College

\$6,000 in restitution | Eight counts of misdemeanor embezzlement

The former Grill Manager at the Red Fox Grill (located on the Mountain Empire Community College campus) was found guilty of embezzling more than \$8,600

through 83 separate small purchase charge card transactions spanning the period from December through June 2023.

In May 2025, the defendant pleaded guilty to eight counts of misdemeanor embezzlement. On each charge, the court sentenced the defendant to 12 months of incarceration, fully suspended, with supervised probation. The defendant was also ordered to pay \$6,000 in restitution to Mountain Empire Community College.

Southwest Virginia Community College

\$5,126 in restitution | Two felony counts and one misdemeanor count

Over multiple semesters from Spring 2019 through Fall 2024, a former Southwest Virginia Community College employee submitted six fabricated tuition reimbursement requests supported by doctored transcripts, falsified billing statements, and forged supervisor signatures. The employee also improperly used a state-issued small purchase charge card to make a personal purchase. When confronted with allegations of more than \$5,000 in fraudulent education-expense requests, the employee resigned.

OSIG pursued criminal charges in Tazewell County Circuit Court, and in June 2025 the former employee entered a no-contest plea to one felony count of forgery of a public record, one felony count of obtaining money by false pretenses, and one misdemeanor count of credit card fraud. The court imposed a three-year prison sentence, fully suspended, along with three years of supervised probation and restitution totaling \$5,126.



Special Agent Pat Brown (left) and Supervisory Special Agent Chris Harris (right) co-present at the Virginia Advanced Fraud Academy, September 2025.





Law Enforcement Liaison and Intelligence Resource Partnerships

Under Code of Virginia § 2.2-311, OSIG maintains a formal Memorandum of Understanding with the Virginia State Police.

OSIG collaborated with the following agencies on cases during FY 2026:



CIU participates in regularly scheduled meetings or collaborates with the following law enforcement and professional criminal justice affiliated entities:

- Association of Certified Fraud Examiners
- Central Virginia Crime Intelligence Working Group
- Central Virginia Financial Crimes Task Force
- Central Virginia Healthcare Fraud Working Group
- Central Virginia Law Enforcement Chief Executives Association
- Crater Criminal Justice Training Academy
- Fraud Liaison & Alert Group
- International Association of Financial Crime Investigators
- International Association of Interviewers
- National Insurance Crime Bureau Working Group
- Newport News Financial Crimes Task Force
- Regional Organized Crime Information Center
- Richmond Suspicious Activity Report Review Team
- Virginia Association of Chiefs of Police
- Law Enforcement Safety & Wellness Committee

OSIG Agent Receives DOJ Award

Special Agent Pat Brown received a United States Attorney's Office 2025 Public Service Award in September 2025.

Special Agent Brown worked with the FBI, IRS, and Virginia State Police to prosecute Adam Lamar Harrell, who embezzled over \$4 million from the Virginia Department of Health's Office of Emergency Medical Services. Members of all agencies were recognized for their outstanding work.

Harrell was sentenced to six years in prison thanks to the efforts of Special Agent Brown and others.



Special Agent Pat Brown stands with former State Inspector General Michael Westfall at the U.S. Attorney's Office awards ceremony, September 2025.

CIU Staff Highlights

- Special Agent Shekisha Hodge earned the Certified Forensic Interviewer designation in November 2025.
- Supervisory Special Agent Chris Harris earned the Certified Forensic Interviewer designation in March 2026.
- Special Agent Sherard Tisdale earned the Certified Inspector General Investigator designation in March 2026.
- Elizabeth Knudson completed a Commission on Accreditation for Law Enforcement Agencies training course, bringing her one step closer to her Certified Accreditation Manager status.



Special Agent Shekisha Hodge (right) distributes Christmas Gifts to the Salvation Army of Central Virginia Angel Tree Program, December 2025.

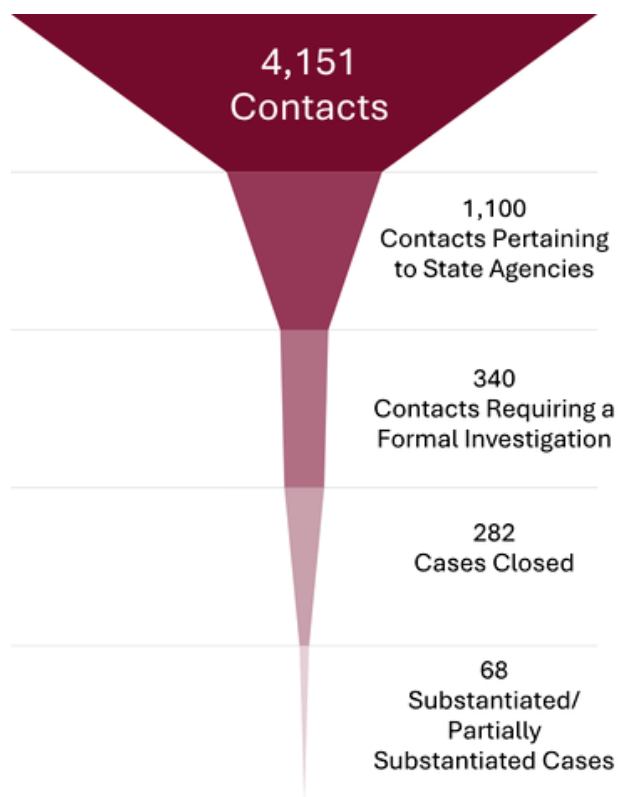


State Fraud, Waste, and Abuse Hotline Unit

The State Fraud, Waste, and Abuse Hotline was established in 2012 to allow citizens of the Commonwealth to anonymously report instances of state fraud, waste, and abuse. Citizens can submit their complaints via phone, email, web form submission, or written letter.

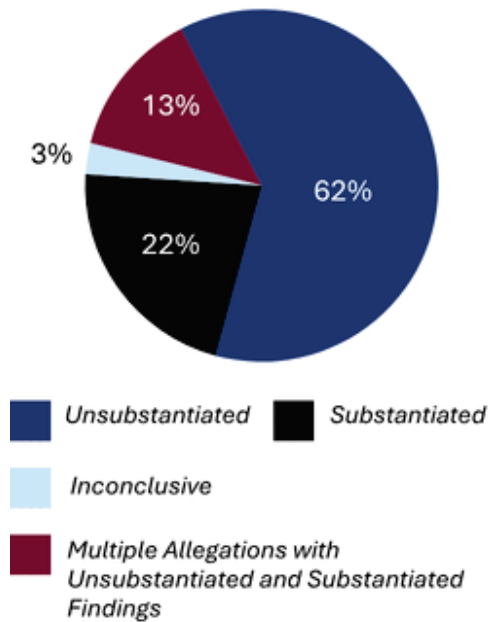
The Hotline Pipeline

- When a citizen or state employee contacts the Hotline (either by phone, email, mail, voicemail, or a web submission), it is noted as a “contact.”
- Hotline received 4,151 contacts in FY 2026.
- Many contacts’ allegations pertain to the federal government, local government, or private businesses. These are out of OSIG’s jurisdiction. When possible, Hotline investigators refer the complainant to the proper agency. These contacts are logged but do not result in a Hotline investigation.
- Contacts pertaining to state agencies are assigned a Hotline case number in OSIG’s software system.
- 1,100 contacts pertained to state agencies in FY 2026.
- Of the contacts pertaining to state agencies, 340 required a formal investigation since they met the criteria for fraud, waste, or abuse.
- 282 cases were closed in FY 2026.
- 68 of the closed cases were substantiated or partially substantiated.





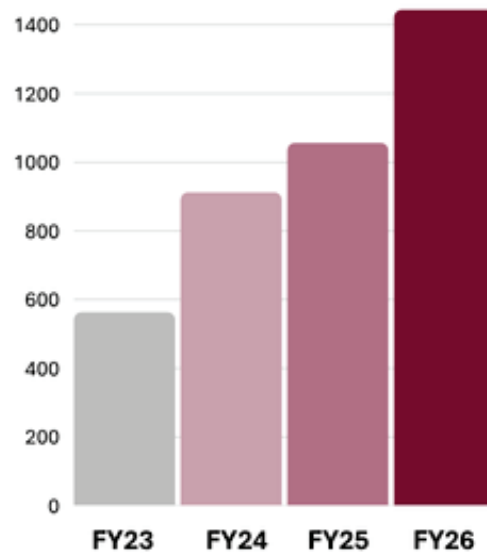
Hotline Case Outcomes



Hotline closed 282 cases in FY 2026.

The most common allegations received were non-compliance with agency policy, waste and misuse of funds, inadequate job performance, safety/security concerns, and vehicle or time abuse.

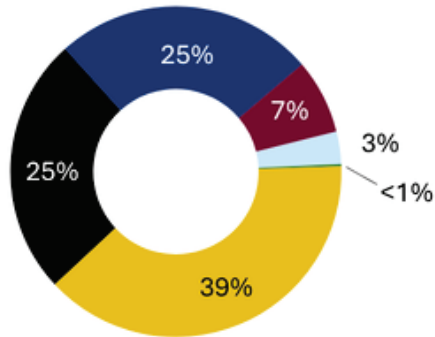
Citizen Inquiries



Hotline processed 1,444 citizen inquiries in FY 2026.

Citizen inquiries are concerns or questions brought to OSIG but that fall outside of our jurisdiction. When possible, these inquiries are directed to the proper agency or authority.

Contact Method

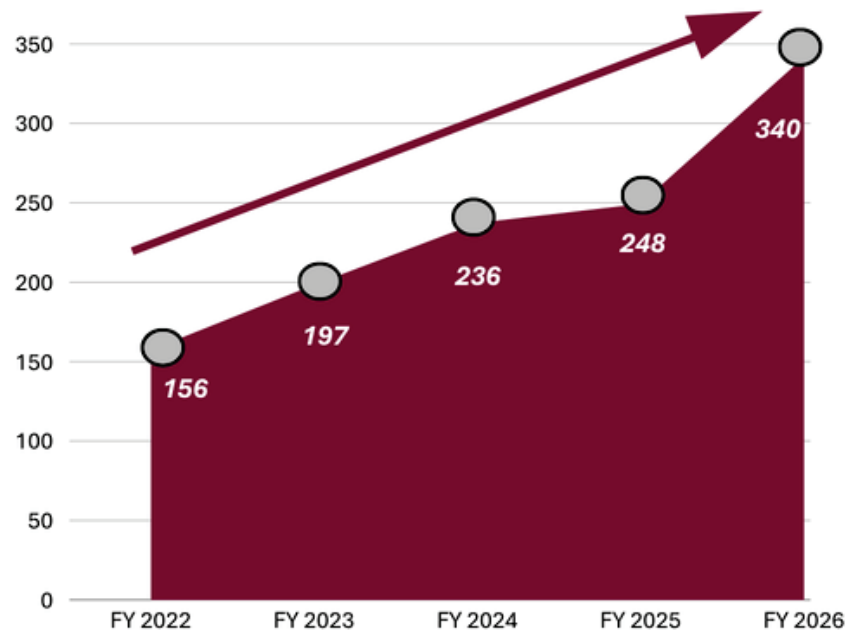


Hotline received 1,100 points of contact.

The most common method of contacting OSIG's Hotline was our web submission form, followed by phone calls and emails.

All complaints can be submitted anonymously.

Cases Investigated by Fiscal Year



A Hotline case is investigated when a complaint about a state agency or employee meets the criteria for fraud, waste, or abuse. OSIG attributes the increased volume of Hotline cases to the agency's strategic plan, which pushes for broader community outreach, points of contact, and a heightened profile within executive branch agencies.

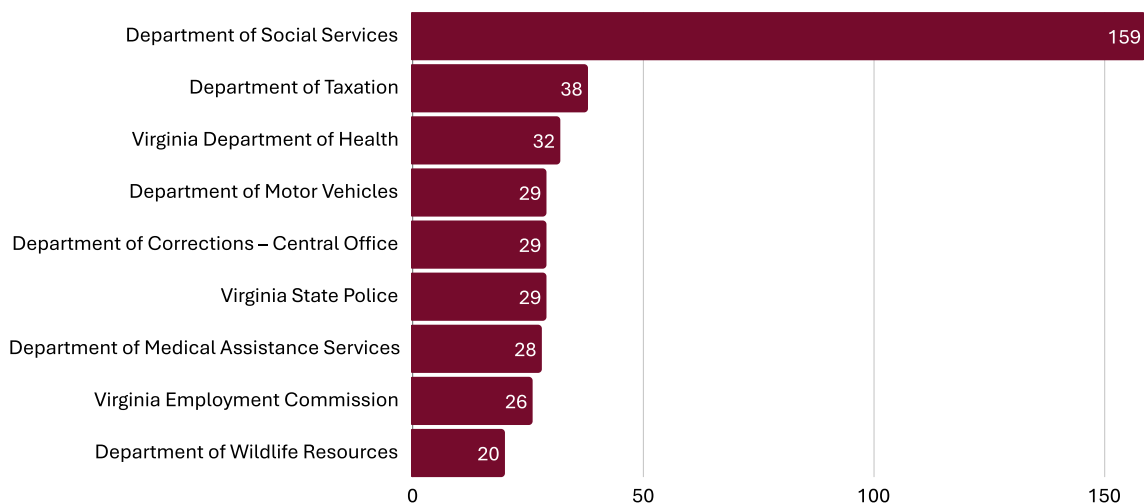


17 Hotline contacts with allegations that involved an agency head, internal audit employee, or an appointed employee.	63 Investigative review follow-ups for compliance with recommendations. Following the conclusion of Hotline investigative cases where a recommendation is issued, follow-up occurs to ensure recommendations are addressed. Follow-up occurs within 90 days of a report's issuance.	48 Recommendations made to the agencies because of an investigation.	5 In-depth workpaper reviews were conducted in the FY 2026 cycle for the Department of Behavioral Health and Developmental Services, George Mason University, the Department of Juvenile Justice, University of Mary Washington, and the Virginia Community College System. Workpaper reviews are detailed assessments of an internal audit program where the program performed investigations for the Hotline. The workpapers are reviewed to ensure they comply with OSIG standards of investigations.
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Total FY 2026 Cases Referred Out

OSIG works with internal audit programs throughout the Executive Branch. When a complaint is received regarding a state agency with an internal audit program, OSIG will often refer the case to that agency so it can determine if further action is warranted.

These are the top ten agencies to which OSIG referred cases in FY 2026.



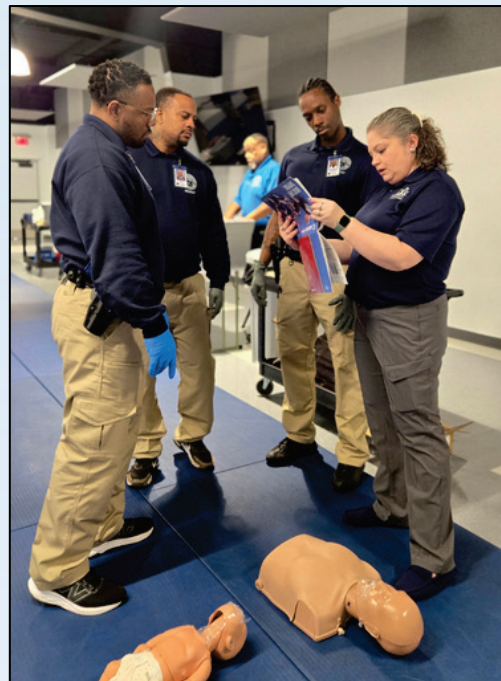
Spreading the Word

Hotline staff have presented at educational events with multiple state agencies in attendance, including the Department of General Services, the Department of Human Resource Management, and the College and University Auditors of Virginia Conference.

Staff also participated in the Public Procurement Forum 2025, the Environment Virginia Symposium, On the Square, and farmers markets.

Hotline Unit Staff Updates

- The State Fraud, Waste, and Abuse Hotline team consists of a Hotline Manager and four senior investigators.
- Hotline Manager Jennifer DeVaughn and Accreditation Manager Elizabeth Knudson provided CPR/AED and Bloodborne Pathogens certification training to OSIG staff.



Hotline Manager Jennifer DeVaughn (right) leads a training in CPR and First Aid at Crater Criminal Justice Training Academy.



Administration Division

Corrections Ombudsman Unit

The Corrections Ombudsman Unit was established by the General Assembly in 2024 as a component within OSIG. The Unit promotes the health, safety, welfare, and rehabilitation of inmates within correctional facilities operated by the Virginia Department of Corrections.

Ombudsman Unit FY 2026 Accomplishments

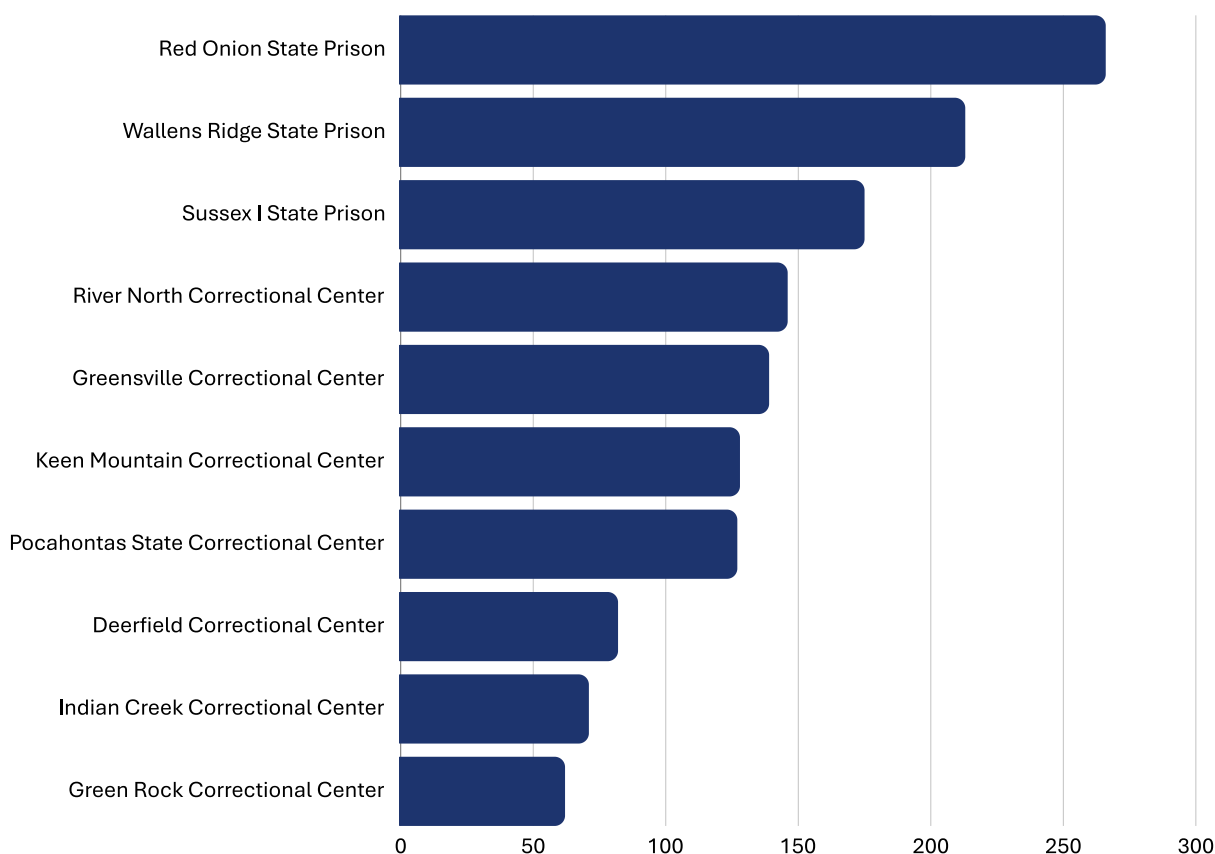
- Conducted initial inspections of 25 facilities maintained by the Virginia Department of Corrections to monitor conditions of confinement, assess compliance with existing policies and best practices, and make recommendations to facilities.
- Issued 35 unannounced inspection reports of correctional facilities.
- Participated in two Corrections Oversight Committee meetings.
- Convened two public stakeholder meetings.
- Established and maintained a statewide toll-free telephone number for inmates, family members, friends, and advocates to submit complaints and inquiries regarding covered issues on behalf of inmates incarcerated in a Virginia Department of Corrections facility.
- Processed 1,822 complaints containing 4,909 separate allegations.
- Closed 1,868 complaints during FY 2026.



Former Governor Glenn Youngkin meets with former State Inspector General Westfall and Ombudsman Andrea Sapone.



Top Ten Facilities by Complaints Received — FY 2026



Ombudsman Staff Highlights

- The Ombudsman met with stakeholder representatives to gather input into Ombudsman Unit activities and priorities.
- Team members held six meetings with Virginia Department of Corrections leadership to discuss trends, improvements, and advancements.
- The Ombudsman and two team members received Inspector General Investigator certifications.
- The Ombudsman attended the United States Ombudsman Association Conference.
- The Ombudsman attended a Prison Jail Innovation Lab Peer Learning Community Meeting and a virtual Public Safety Chapter Meeting to review the Iowa Ombudsman's annual report.

Communications Unit

OSIG's Communication's Unit focuses on increasing OSIG's outreach in executive branch agencies, the media, and throughout the Commonwealth. The Unit also processes requests received from the public under the Virginia Freedom of Information Act (FOIA).

Communications Highlights for FY 2026

- OSIG's presence in the media continues to steadily grow, with major news outlets running stories about OSIG's audits, Hotline reports, criminal cases, and the Corrections Ombudsman Unit.
- OSIG's Public Relations Officer led the charge in building relationships with communications colleagues across the Executive Branch, starting the first "Coffee with State Comms" gatherings for professional communicators working in Virginia government.
- The Public Relations Officer organized several community-focused initiatives (including two food drives) to raise OSIG's local profile.

Public Relations Officer Maggie Sotos poses with former Governor Glenn Youngkin at the Virginia Press Corps Reception, December 2025.



Public Relations Officer Maggie Sotos (right) speaks on a panel at the Communications Officers of State Departments of Agriculture Conference, Virginia Beach, October 2025.

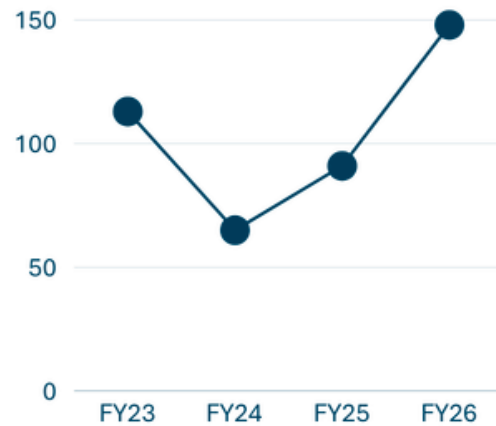


FOIA Requests

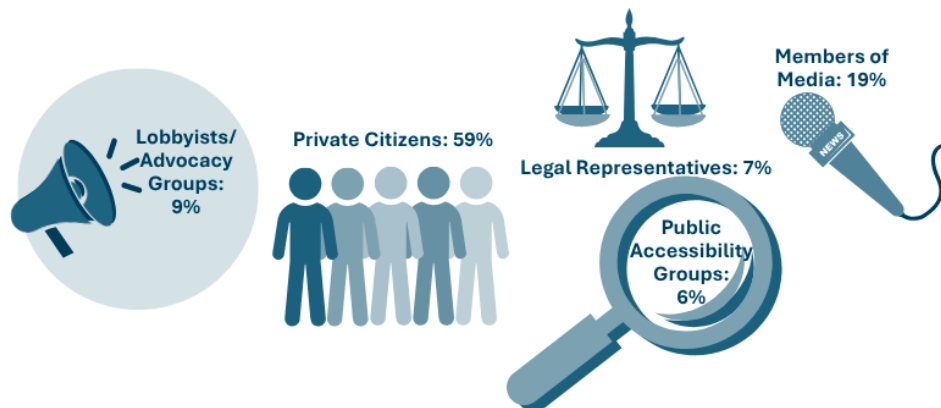
Any resident of Virginia can submit requests under FOIA. Agencies that receive a request have five business days to release the specified documents.

OSIG received 148 FOIA requests between July 1, 2025, and June 30, 2026. The requests ranged widely in scope. When confidential reports were requested, required redactions were completed to protect sensitive information.

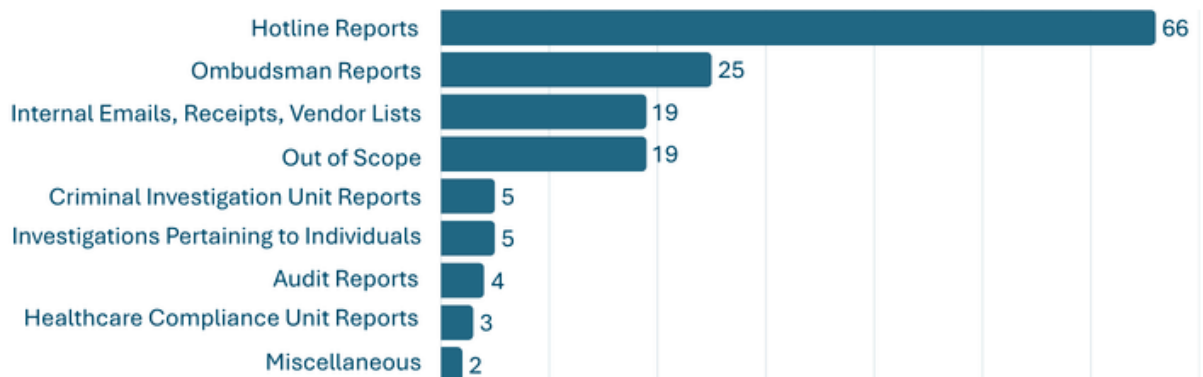
Number of FOIA Requests



Who Is Making FOIA Requests



What Gets Requested Through FOIA





Business Office

The Business Office maintains daily operations for OSIG employees, including overseeing fiscal services, procurement, fleet management, contract administration, payroll, human resources, safety, and records compliance.

This year's Business Office highlights include:

- Business Manager Ginger Terrell attended the Virginia Institute of Procurement Forum and became a notary public for the Commonwealth.
- Business Office Coordinator Lorne Powell served in his first year on the Association of Government Accountants Chapter Executive Committee and has been nominated as Upcoming President for the 2027–28 year.

Information Technology Services

OSIG's Information Technology Services Unit provides technological advancement, support for key initiatives, and oversight of policies and procedures that safeguard agency information and assets.

The Information Technology Services Unit (which consists of the IT Services Manager, IT Security Analyst, and two Data Analysts) has led OSIG through some remarkable changes in FY 2026. This year, the Unit:

- Reviewed and updated the Annual Risk Assessment and Business Impact Analysis and completed required reporting to the Virginia Information Technologies Agency.
- Reviewed and updated the agency's Disaster Recovery Plan and participated in the annual Commonwealth of Virginia Disaster Recovery exercise.
- Prepared a variety of dashboards and reporting tools to enable data-driven decision making within the agency.
- Automated portions of the reporting process for the Hotline, Healthcare Compliance, and Corrections Ombudsman Units.
- Responded to more than 50 data requests/items in an analytic or consulting capacity from all OSIG units.



Contact Us



(804) 625-3255



communications@osig.virginia.gov



www.osig.virginia.gov



P.O. Box 1151
Richmond, VA 23218



Virginia Office of the State Inspector General



VaOSIG