

**OFFICE OF THE STATE INSPECTOR GENERAL**

**Report to the Governor and the  
General Assembly of Virginia**

**Fiscal Year 2020 Annual Report**

**September 2020**



**Michael C. Westfall, CPA, CIG, CFE  
State Inspector General  
Report No. 2021-ADM-001**

## MESSAGE FROM THE STATE INSPECTOR GENERAL



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

It is my privilege to serve as Virginia’s State Inspector General and to present our agency’s fiscal year (FY) 2020 annual report. This report provides an overview of significant agency accomplishments and activities for the fiscal year ending June 30, 2020.

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.

During the latter part of FY 2020, the COVID-19 pandemic presented the office with a series of challenges on how it conducted business. Despite the fact that staff primarily worked from home, they continued to conduct investigations, audits, interviews and inspections virtually and OSIG’s workflow and accomplishments persisted. Google Meet and Zoom meetings became routine, enabling OSIG staff to maintain dedication to their tasks.

The number of cases opened by OSIG’s Chief of Investigations and her staff more than doubled this year, from 23 to 51. And the number of complaints to the Behavioral Health and Developmental Services (BHDS) Complaint Line, which has expanded to an online complaint form from just the toll-free number, also more than doubled from 269 to 603 and were processed timely by OSIG’s Healthcare Compliance Manager and his BHDS Unit staff. In its three performance audits published this year, the Audit Unit issued 36 findings and 70 recommendations for improvements, more than double last year’s numbers.

OSIG’s numerous investigations and audits in executive branch agencies resulted in many recommendations for improved internal controls, efficiency and effectiveness. Our published reports are on the OSIG website at [www.osig.virginia.gov](http://www.osig.virginia.gov).

OSIG has a camaraderie and spirit that focus on its mission, values and goals. As State Inspector General, my staff and I work to deter fraud, waste, abuse and corruption and promote integrity and ethical conduct. I am proud of my staff and their efforts to improve continually and accomplish all that we do for the citizens of the Commonwealth.

9/29/2020

X Michael C. Westfall

Michael C. Westfall, CPA

Signed by: Westfall Michael wzg39453

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# OSIG RESPONSIBILITIES AND FY 2020 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 the Department of 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 FY 2020:

## Investigations and Administration Division

- **Investigations Unit**
  - Opened 51 executive branch state agency investigations.
  - Investigated allegations of fraud, conflict of interest, misappropriation, procurement violations, and waste and abuse.

- Referred six cases for prosecutorial consideration.
- Closed 26 cases.
  
- **State Fraud, Waste & Abuse Hotline**
  - Assigned 318 cases for investigation.
  - Of the 326 cases closed, 25 percent were substantiated and 75 percent were unsubstantiated.
  - Investigated 33 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 one follow-up investigative review for compliance with recommendations.
  
- **Internal Audit Oversight and Training Services**
  - Conducted one quality assurance review.
  - Coordinated six training courses, which provided up to 48 continuing education credits to more than 250 individuals.

## Audit and Inspections Division

- **Audit Unit**
  - Published three performance audits and a report on unannounced inspections at 13 DBHDS facilities.
  - Issued 36 findings and observations.
  - Issued 70 audit recommendations.
  
- **Behavioral Health and Developmental Services Unit**
  - Processed 603 complaints.
  - Participated in unannounced inspections of 13 DBHDS facilities.
  - Published a special project on medication variances at DBHDS facilities.
  - Participated in Work Group - HB 1942 on local and regional jail mental health standards.
  - Hosted training on mortality reviews, death investigations and root cause analysis.

## Communications and Outreach

- Presented to 17 local, state and national organizations’ meetings.
- Responded to 106 Freedom of Information Act (FOIA) inquiries.

- Processed more than 45 responsive and proactive media contacts.
- Responded to 672 general inquiry complaints.
- Distributed 17 news releases resulting in multiple statewide media placements.
- Added Instagram to the OSIG social media network.

### **OSIG Meets All Major Standards in Peer Review**

The Association of Inspectors General (AIG) Peer Review Team unanimously concluded that OSIG’s Audit and Inspections Division and its Investigations and Behavioral Health and Developmental Services units complied with the major standards set by the AIG Principles and Standards for Offices of Inspector General (Green Book) and the Generally Accepted Government Auditing Standards (GAGAS) (Yellow Book) issued by the U.S. Government Accountability Office (GAO). The AIG Peer Review Team conducted the peer review, OSIG’s first, in fall 2019. State Inspector General Michael C. Westfall said the peer review confirmed that OSIG’s work adheres to professional standards and includes quality controls to ensure that the agency’s work is of the highest possible quality.



State Inspector General Michael C. Westfall speaks to staff during the OSIG Annual Staff Meeting in Richmond on October 16, 2019.

# OSIG'S MISSION, VISION, CORE VALUES AND GOALS



## **Mission**

On behalf of the citizens of the Commonwealth, the Office of the State Inspector General partners with other state agencies to serve as a catalyst for positive change by:

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

## **Vision**

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

## **Core Values**

The Office of the State Inspector General pledges to uphold the following core values in its work and with each other:

- It models integrity, trust and ethical behavior.
- It is dedicated, objective and innovative.
- It intentionally creates an environment of equity, diversity and inclusion that encourages collaborative communication and operation.
- It is vigilant, competent, accountable and respectful.

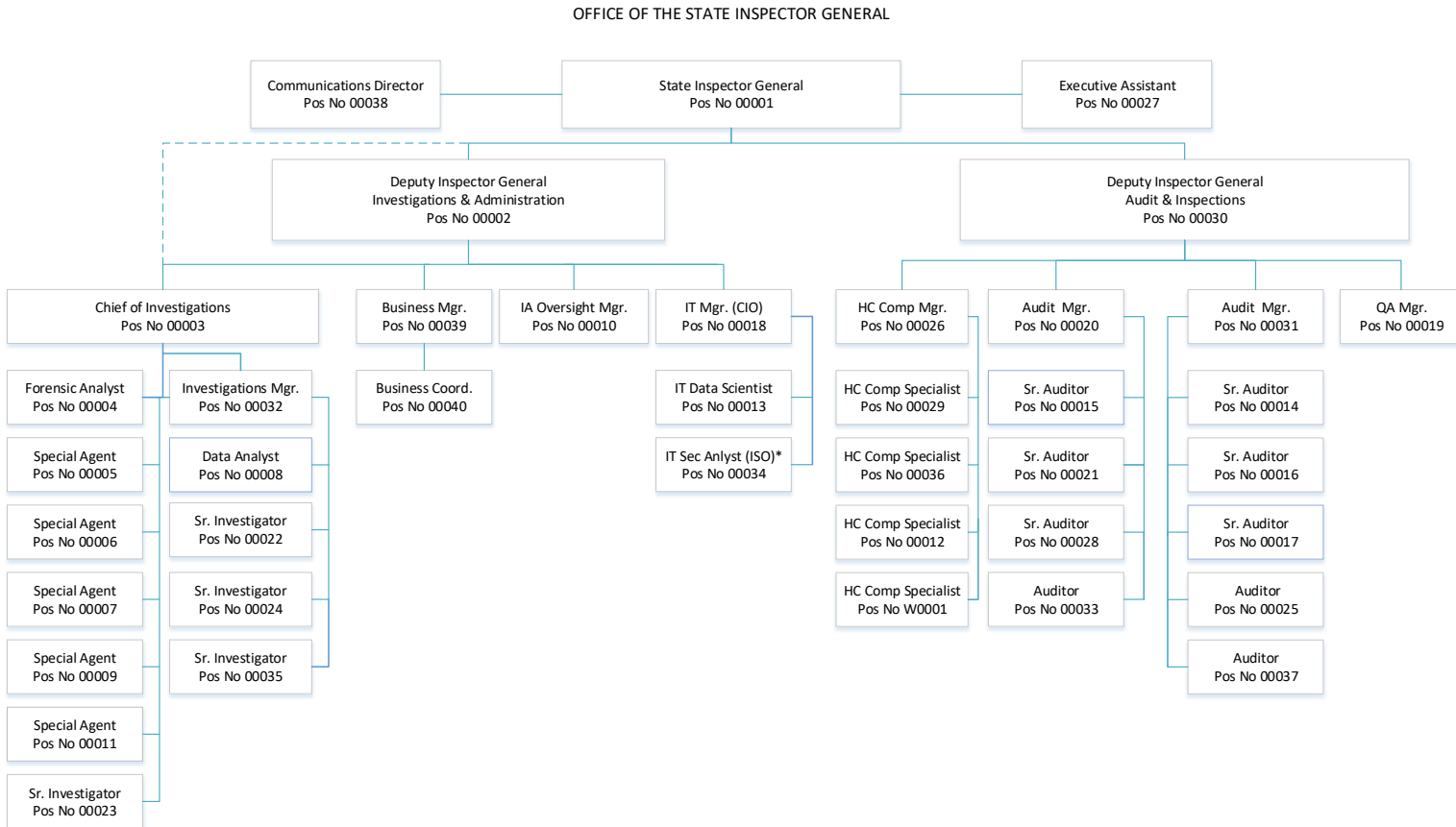
## Goals

- Ensuring investigations, inspections and audits are performed in a timely, accurate and relevant manner so that stakeholders can make informed decisions, take appropriate actions and improve programs.
- Increasing confidence and trust in government.
- Attracting, developing and retaining a qualified, diversified and exceptional workforce by encouraging individualism and initiative in its staff.
- Continuing to be recognized as an entity that adds value to the commonwealth and seeks to improve the lives of the individuals herein through creative solutions.
- Promoting effective working relationships and communication with internal and external stakeholders.



# OSIG'S ORGANIZATIONAL STRUCTURE

OSIG programs within the Investigations and Administration Division and the Audit and Inspections Division are efficient and effective, and the office meets statutory mandates and better serves the citizens of Virginia.



\* ISO functions of this position report directly to the agency head

## INVESTIGATIONS AND ADMINISTRATION DIVISION



### INVESTIGATIONS UNIT

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.

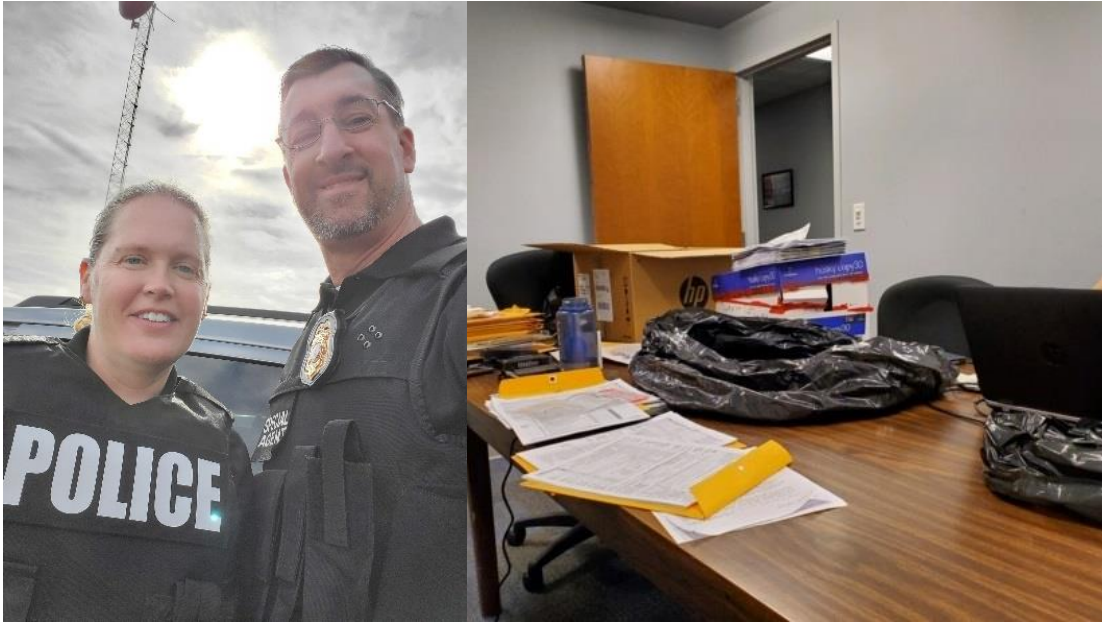


Photo left: OSIG Chief of Investigations Katrina Goodman and Special Agent John Sutherland prepare to conduct a search warrant in an investigation. Photo right: The OSIG Investigations and Law Enforcement Unit delves into a table of evidence during an investigation.

## Investigations' Statistical Summaries

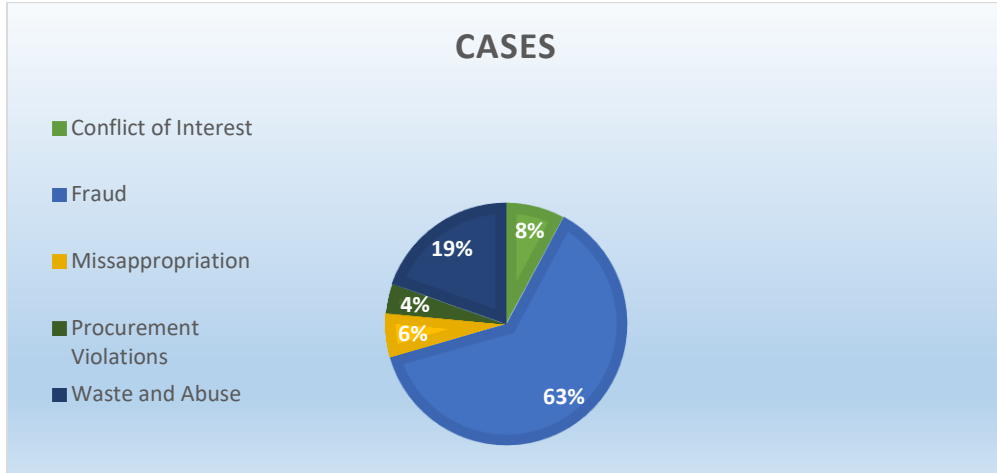
In FY 2020, the Investigations Unit closed the following executive branch state agency investigations:

- Department of Aging and Rehabilitative Services (two cases).
- Department of Corrections (three cases).
- Department of Education.
- Department of Fire Programs.
- Department of Historic Resources.
- Department of Medical Assistance Services.
- Department of Motor Vehicles.
- Department of Social Services (three cases).
- George Mason University (two cases).
- Marine Resources Commission.
- Paul D. Camp Community College.
- Radford University.
- Virginia Department of Health (two cases).
- Virginia Department of Taxation.
- Virginia Department of Transportation (two cases).
- Virginia Board of Accountancy.

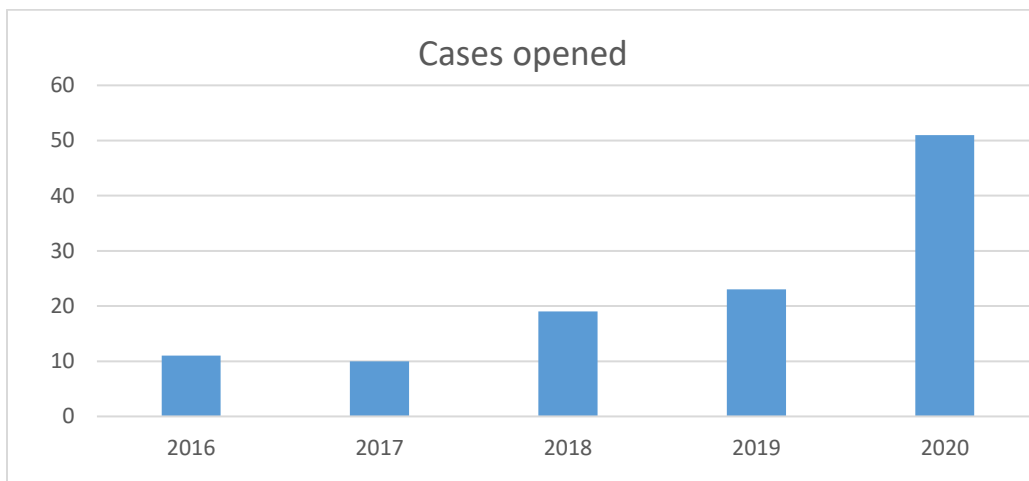


- Virginia Port Authority.
- Virginia State Police.

In FY 2020, the Investigations Unit opened 51 executive branch state agency investigations.



INVESTIGATIONS UNIT FY 2020 CASE SUMMARY	
Cases opened	51
Cases closed	26
Cases resulting in corrective action recommendations	2
Cases referred for prosecution	6
Open cases carried over from FY 2019	21
Cases open at the end of FY 2020	46



## Noteworthy Cases Completed in FY 2020

### Virginia Department of Health

On July 9, 2019, Mount Rogers Health District learned through an audit that its Business Office Specialist embezzled funds from its Environmental Health Unit. The specialist perpetrated the fraud by withholding Environmental Health fees received from clients totaling \$1,875. After the completion of the audit, investigation and due process, Mount Rogers Health District terminated the office specialist on July 18, 2019, and reported the fraud to the Virginia Department of Health. On November 1, 2019, the former specialist pled guilty in an agreement reached between the Smyth County Commonwealth's Attorney Office and the specialist's attorney. The plea agreement, accepted in Smyth County Circuit Court, directed that Mount Rogers Health District receive full restitution of \$1,875, the former specialist spend 30 days in jail with 12 months suspended and the felony embezzlement charge be reduced to a misdemeanor. OSIG and Virginia State Police worked conjointly on this case.

### Department for Aging and Rehabilitative Services

In July 2019, OSIG was notified about a recent internal review of Roanoke City Department of Social Services (DSS) financial records and case files. The review revealed potentially irregular financial activity conducted by a former Department for Aging and Rehabilitative Services Adult Services Supervisor. The investigation identified an employee who may have received DSS funds to which they were not entitled. The investigation confirmed the employee received a check for \$850 from DSS on or about December 23, 2015. It is alleged that the employee requested DSS make a rent payment of \$850 to prevent a family member from being evicted. The investigation revealed evidence of a check that appeared forged. The investigation did not conclusively show the disposition of the funds nor substantiate the claim of a conflict of interest. At the investigation's conclusion, OSIG recommended that Department for Aging and Rehabilitative Services employees receive additional training on matters that constitute a conflict of interest.

### Department of Fire Programs

In June 2019, the Virginia Department of Fire Programs (DFP) Chief Deputy Director (CDD) notified OSIG about a potentially fraudulent small purchase charge card (SPCC) authorizations and transactions by a DFP employee. Someone mistakenly gave the employee global administrative computer access control not required for his/her Accountant Supervisor (AS) position. The Department of Accounts detected the AS' access and contacted Bank of America. The bank learned that one of its employees who had assisted the AS on the online reconciliation project accidentally upgraded the AS' computer access status to global. The investigation revealed the AS made several

unauthorized changes in the online reconciliation project, including removing users from the application, but the AS' computer transactions were not related to any financial gain. As a probationary employee, DFP terminated the AS effective July 3, 2019.

## Virginia Department of Taxation

In September 2019, the Department of Taxation (TAX) informed OSIG that Tax was conducting a preliminary investigation involving the misappropriation of funds by one of its employees. OSIG's investigation revealed that the TAX employee misrepresented the hours they worked. Prior to the investigation, TAX terminated the employee. TAX offset the loss of \$1,163.28 by withholding 14.3 hours of leave payout from the employees' final check and non-payment of 11 hours of overtime the employee submitted just prior to termination.



OSIG Special Agent John Sutherland presented to the Association of Government Accountants (AGA) during the AGA Annual Fraud and Technology Seminar on October 22, 2019, in Richmond.

## Special Initiatives and Projects

### Point of Contact Initiative

OSIG designed the Point of Contact (POC) initiative to foster professional and collaborative relationships between OSIG and its 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 about pertinent activities within OSIG, as well as relevant issues within agencies. OSIG assigns each special agent as a POC liaison representative for several state agencies.

POC liaison representatives meet with assigned agency POC counterparts annually.

## Staff, Certifications and Accomplishments

A chief, five special agents, one senior investigator and one forensic analyst staff the Investigations Unit.

- In March 2020, Forensic Analyst Charen Johnson and Special Agent John Sutherland earned Certified Fraud Examiner certifications.
- In November 2019, Chief of Investigations Katrina Goodman became recertified as a General Instructor with the Virginia Department of Criminal Justice Services.
- Special agents Susan Day and John Sutherland are general instructors with the Virginia Department of Criminal Justice Services.
- Special Agent Susan Day is a firearms instructor.

## Association of Inspectors General - Standards & Principles

The Investigations 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 collaborated with the following agencies on cases of mutual interest during FY 2020:

- Virginia State Police.
- Federal Bureau of Investigation.
- U.S. Department of Health and Human Services.
- 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 Investigations Unit participates in regularly scheduled meetings or collaborates with the following law enforcement and professional criminal justice affiliated entities:

- Central Virginia Financial Compliance Task Force.
- Federal Bureau of Investigation.

- Internal Revenue Service – Criminal Investigations Division.
- Virginia Association of Chiefs of Police.
- Virginia State Police, Bureau of Criminal Investigations.
- Central Virginia Law Enforcement Chief Executives Association.
- Public Corruption Workgroup with the FBI and Virginia State Police.
- Commonwealth Managers Association.
- U.S. Secret Service.
- U.S. Postal Service's Financial Crimes Task Force.
- Newport News Financial Crimes Task Force.
- International Association of Financial Crimes Investigators.

The 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 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.
- Virginia Institute of Procurement.

\*Applicable to certified fraud examiner staff members.



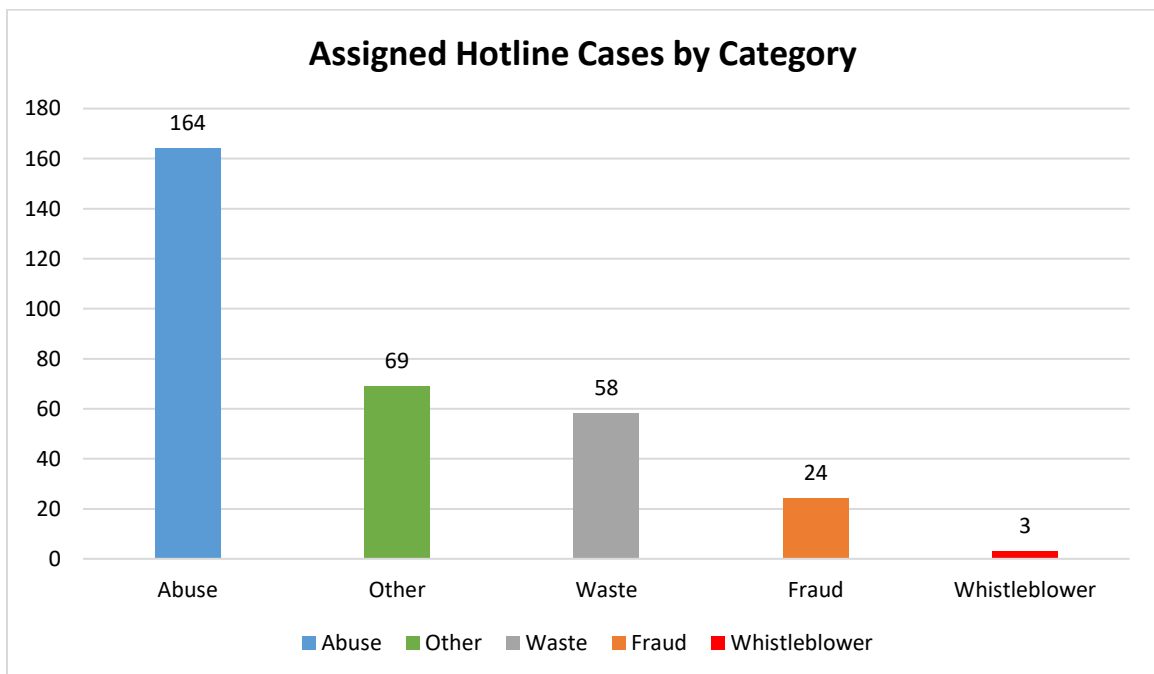
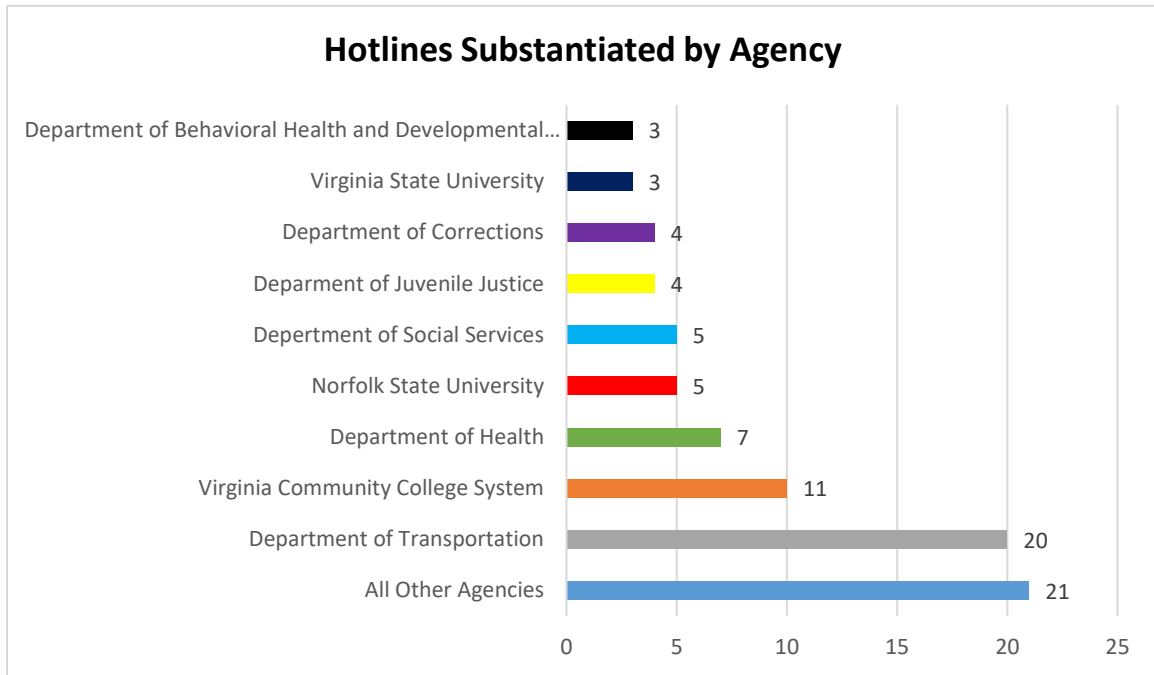
## STATE FRAUD, WASTE AND ABUSE HOTLINE

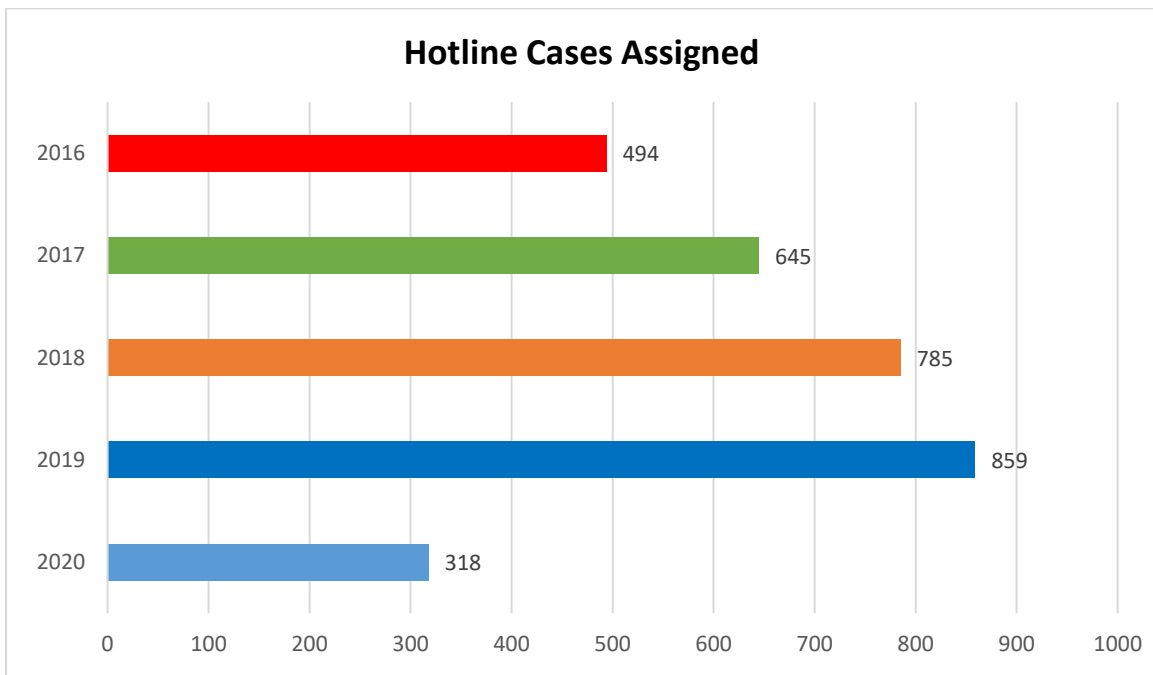
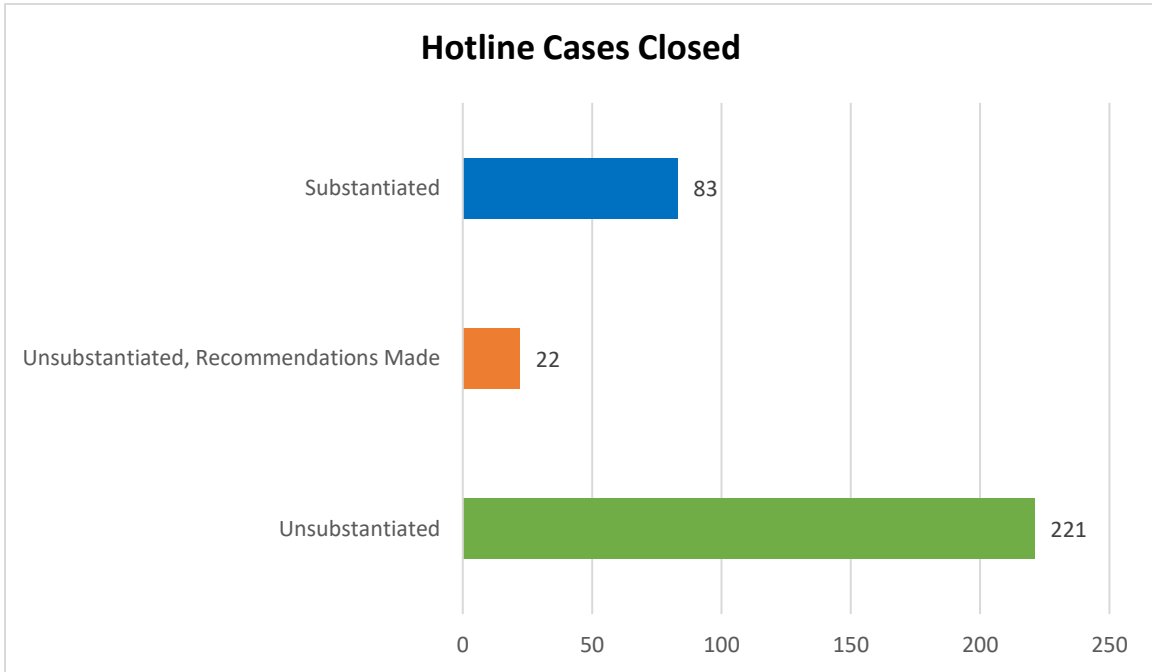


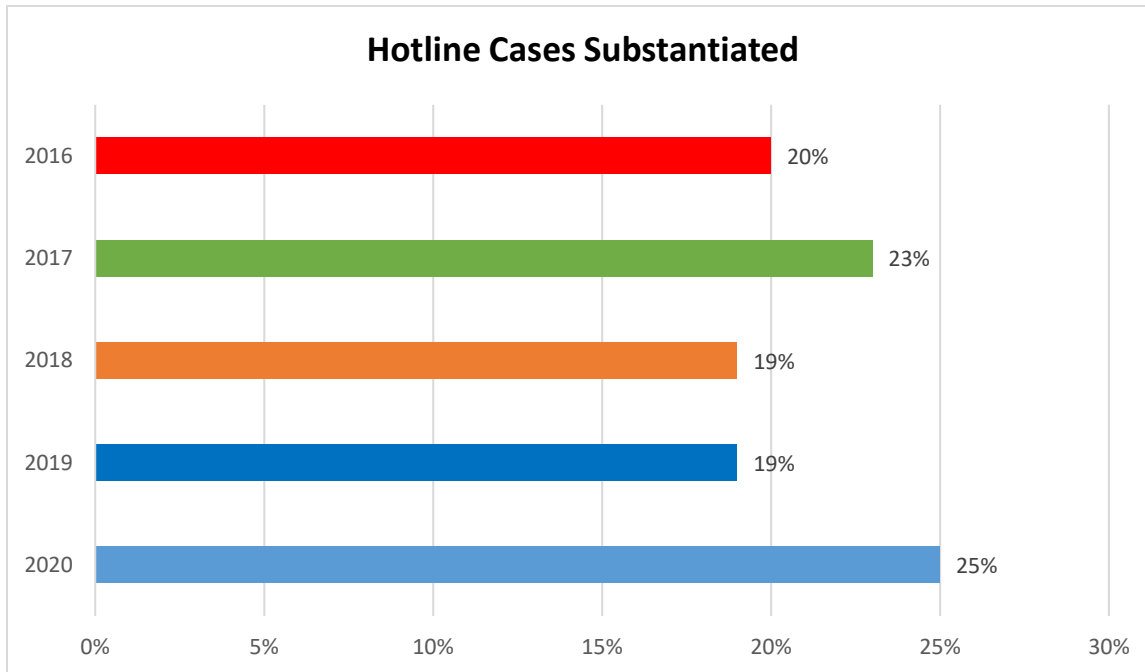
### FY 2020 Hotline Statistics

- Of the 1,509 calls received, OSIG determined 318 met the criteria for fraud, waste or abuse and required a formal investigation.
- The most common allegations received were: Employee misconduct; poor internal policies or noncompliance with an agency’s internal policy; waste of state funds; improper hiring, including violations of state policies; misuse of state-owned vehicles and operating inefficiencies.
- Of the 326 Hotline cases closed, 25 percent were substantiated and 75 percent were unsubstantiated.
- Hotline investigators investigated 33 Hotline calls with allegations that involved an agency head, internal audit employee or an “at-will” employee. This total increased beginning in February 2020, when OSIG implemented a new policy of only referring investigations to agencies with internal audit programs. As of that date, OSIG began performing investigations in-house for any agency without an internal audit program. OSIG added a Senior Hotline Investigator position in anticipation of the caseload increase. OSIG conducted 10 work paper reviews of internal audit departments or hotline coordinators where they performed investigations for the Hotline, with one follow-up investigative review for

compliance with recommendations.







## Hotline Outreach

The Hotline staff attended regional fairs and other activities, resulting in more than 540 contacts.



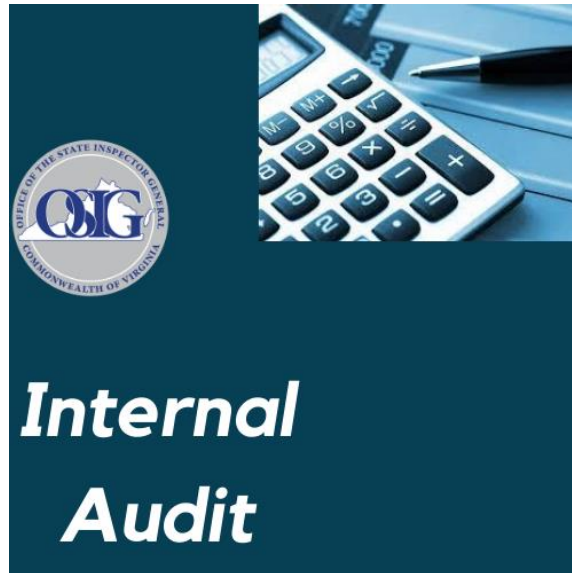
Senior Investigator Janet Crawford promoted the State Fraud, Waste and Abuse Hotline at the Chesterfield County Fair on August 23 – 31, 2019. Hotline staff also set up a booth at the State Fair Of Virginia on September 27-October 6, 2019.

## Staff, Certifications and Accomplishments

An investigations manager, three senior investigators and a data analyst staff the State Fraud, Waste and Abuse Hotline.

- Senior Investigator Janet Crawford attended the Association of Inspectors General training in March 2020, in Jacksonville, Florida, and joined Investigations Manager Richard Scholl as a Certified Inspector General Investigator.
- Crawford was named Vice President for Membership and Operations for the Central Virginia Chapter of the Association of Certified Fraud Examiners.

## INTERNAL AUDIT OVERSIGHT AND 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.

### Quality Assurance Reviews

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 with its Quality Assurance Review team to conduct QARs. This team eliminates the need for agencies to contract services and can save the agency up to \$5,000 per QAR.

OSIG completed a QAR for the Department of Juvenile Justice on August 28, 2019. The department received an overall rating of "partially conforms," which is the second-highest rating.

## Training

In FY 2020, OSIG coordinated six training courses for internal audit programs. Internal auditors and related professionals from across the Commonwealth participated in these courses, earning up to 48 Continuing Professional Education credits to maintain certifications necessary for their positions. The courses included:

- Effective Contract Auditing.
- Detecting Fraud Using Data Analysis.
- How to Develop an Effective ERM Program.
- Optimized Operational Auditing.
- IT for the Non-IT Auditor.
- Agile Auditing/IIA Ethics.

Starting in the fall of 2019, OSIG began offering free training courses to executive branch agency internal auditors. OSIG has a statutory obligation to provide training to this group. OSIG management determined it would help smaller departments with budgetary constraints by providing the training courses at no cost.

## Agency Risk Management and Internal Control Standards

In FY 2020, OSIG completed the Agency Risk Management and Internal Control Standards (ARMICS) project in compliance with the Virginia Department of Accounts (DOA) ARMICS. The program includes agency control environment, risk and financial controls assessments. ARMICS developed testwork programs and workpaper templates for OSIG to document current and future years' testwork under the standards. ARMICS completed FY 2019 requirements before the DOA's September 30 deadline. ARMICS fieldwork determined OSIG has a strong internal control program with no significant weakness.

## TECHNOLOGY AND SECURITY SERVICES



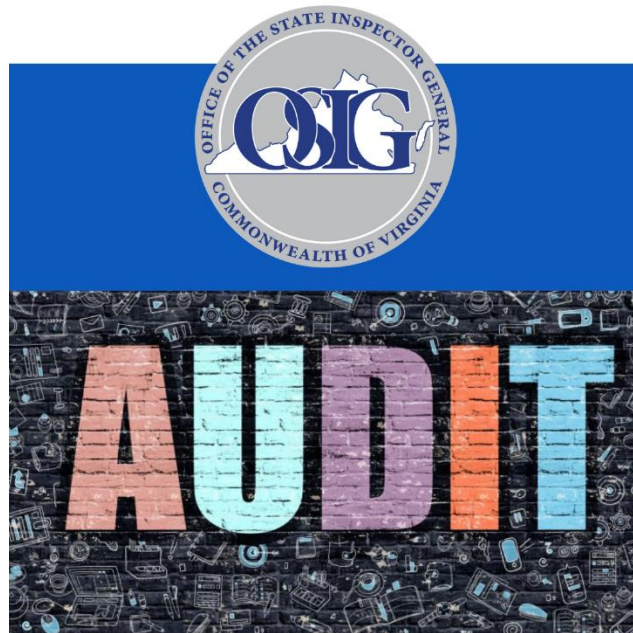
OSIG’s Technology and Security Services (TSS) Unit provides technological advancement and support for key initiatives, as well as oversight of policies and procedures that safeguard agency information and assets. The TSS staff, which consists of a manager, data scientist and an information security officer, accomplished the following in FY 2020:

- Maintained the green status on the Commonwealth of Virginia agency points dashboard.
- Continued integrating OSIG business units into the Pentana application.
- Rolled out OSIG main telephone line automation.
- Created agency badges.
- Participated in the application migration to Cardinal.
- Continued to import and manage Commonwealth Small Purchase Charge Card data for analysis.
- Retired the Findings database.
- Oversaw the migration of computers from Windows 7 to Windows 10.
- Refreshed nearly half of the OSIG computers.
- Developed a system access database that tracks all OSIG users' access to non-OSIG systems.
- Assisted users with the transition from working in the office to telework.
- Completed the Network Attached Storage (NAS) audit and provided the corrective action plan for the two findings to Commonwealth Security and Risk Management (CSRM).
- Participated in the Auditor of Public Accounts IT audit and performed corrective actions.



- Decommissioned SharePoint from the OSIG environment and transitioned all data to the NAS.
- Decommissioned server and network printers for agency cost savings.
- Open and closed 346 VCCC support tickets.
- Open and closed 65 Create Storage requests.
- Open and closed 15 Delete Storage requests.
- Reviewed and updated the Annual Risk Assessment and submitted it to VITA CSRM.
- Reviewed and updated the Business Impact Analysis and submitted it to VITA CSRM.
- Reviewed and updated the OSIG Continuity of Operations Plan (COOP).
- Performed the annual COOP exercise.
- Reviewed and updated agency IT policies.
- Continued IT training for TSS Unit staff.

## AUDIT AND INSPECTIONS DIVISION



### AUDIT UNIT

OSIG's Audit Unit's 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

The Audit Unit follows Generally Accepted Government Auditing Standards (GAGAS) issued by the U.S. Government Accountability Office (GAO). In 2018, the GAO issued a revision to the standards that supersedes the 2011 revision. These changes reinforce the principles of transparency and accountability and strengthen the framework of high quality government audits. The 2018 revision is effective for performance audits beginning on or after July 1, 2019, and has been adopted by the Audit Unit for new audits beginning as of this date.



OSIG Audit Manager Ben Sutphin presents to trainer Cindi Stetson an OSIG challenge coin for "making a difference in OSIG" through her training of performance auditors in August 2019.

## Issued Reports

During FY 2020, OSIG published three performance audits and one inspection report, presenting 36 findings and 70 recommendations.



### **Tobacco Region Revitalization Commission Performance Audit**

This performance audit of grants and loans awarded, ongoing and closed by the Tobacco Region Revitalization Commission (TRRC) between July 1, 2014, and June 30, 2018, focused on the following areas:

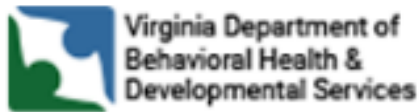
- Whether grant and loan programs are producing their intended outputs and if the intended outputs are properly measured and reported by TRRC.
- Whether TRRC properly measured and verified matching fund requirements for grants and loans against the total allowable cost.
- Whether TRRC has properly established and implemented a viability assessment process, required by the Code of Virginia, for validating each grant and loan request prior to submission of the fund request to TRRC.

- Whether TRRC staff is accurately tracking loans processed through the Virginia Resources Authority to include the assurance that that loans made will be collected.

The report contained 10 findings with 25 recommendations, including:

- TRRC staff should follow the *Code of Virginia* by objectively analyzing, documenting and reporting the financial viability of projects and feasibility of all grants, loans and other distributions of money.
- TRRC staff should conduct sufficient monitoring of stated project outputs. TRRC could facilitate this by developing written guidance for monitoring grants to include project outputs and related metrics.
- TRRC staff should conduct site visits and develop specific policies and procedures to determine which projects should have site visits, when and how the site visits should be performed and how these site visits should be documented.

For details, see the [November 8, 2019, report](#).



## Unannounced Inspections of DBHDS Facilities

The unannounced inspections of Department of Behavioral Health and Developmental Services (DBHDS) facilities focused on the following areas:

- Analysis of patient intake to identify trends and determine effectiveness of responses to the increased demand for beds.
- Evaluation of patient safety.
- Review of staff training.
- Analysis of facility reports sent to DBHDS Central Office.

The report contained six findings with 17 recommendations including:

- Developing an agency-wide policy consistent with the Institute of Medicine's recommendation, limiting the



Senior Auditor Jay Still, Senior Auditor Aaron Wheeler and Deputy Inspector General Mike Taylor discuss the results of the Unannounced Inspection Project.

- number of overtime hours, consecutive hours and consecutive shifts.
- Continuing efforts and strategies for assisting facilities with recruitment and retention of staff.
- Creating workforce plans that include strategies to mitigate recruitment and retention challenges for direct care staff.
- Reviewing and updating Facility Event Reporting forms and the Departmental Risk and Liability Management policy.

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



## Higher Education Institutions: Performance Audit of Chemical Inventory Management

This performance audit of chemical inventory management at James Madison University, Radford University and Old Dominion University focused on the following areas:

- University requirements for managing chemicals used in instructional programs.
- Performance of required inventory counts and reconciliations.
- Management of safety and hazardous waste associated with the chemicals.
- The existence of a chemical inventory management system that tracks the lifecycle of chemicals from delivery to disposal.
- The likelihood of fraud involved in the chemical inventory.
- Policies assessing chemical inventory against U.S. Department of Homeland Services' Chemical of Interest requirements.
- Providence of chemical inventory data to local emergency responders.
- Process for compliance reporting with the Emergency Planning and Community Right-to-Know Act.



The report contained 14 findings with 20 recommendations including all institutions of higher education:

- Regularly providing first responders with complete and accurate inventories.
- Posting chemical hazards and contact information on laboratory doors.
- Conducting annual inventory counts of chemicals across all departments.
- Developing and enforcing formal policies prohibiting donating chemicals and receiving donated chemicals.

For details, see the [March 25, 2020, report](#).



Top photo: Different shelves represent different types of chemical waste generated.  
Bottom photo: Waste was stored under the teaching lab fume hood at the point of generation on absorbent mats.



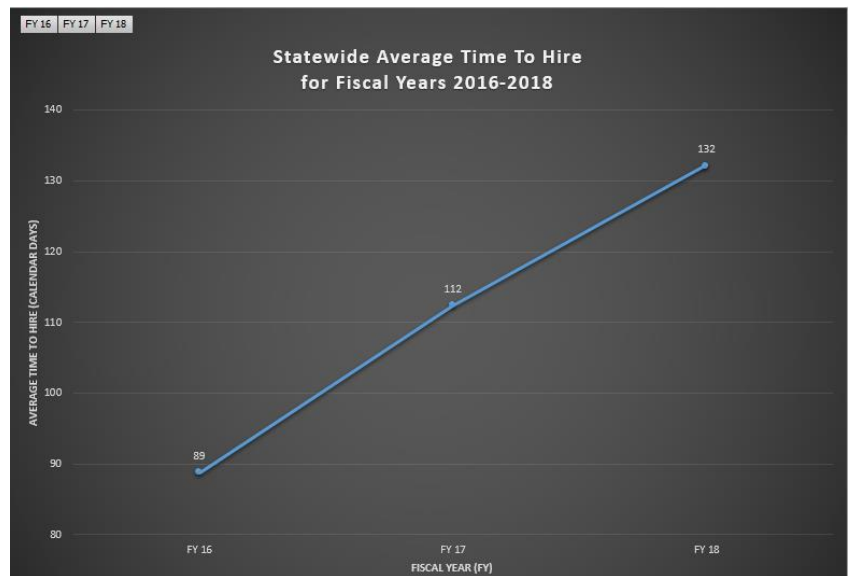
## Department of Human Resource Management: Employee Recruitment Management

This performance audit of employee recruitment focused on the following areas:

- Reviewing the current recruitment management system (RMS) for value-added features.
- Determining whether agencies are using RMS value-added features to recruit employees effectively and efficiently.
- Analyzing RMS training to determine if it provides agency-hiring personnel with the knowledge to use tools easily within the system.
- Comparing how Virginia's time-to-hire (TTH) performance metric stands with other state governments and regional employers' TTH metric.
- Determining if any of the Department of Human Resource Management's hiring policies negatively impact agencies' recruitment measures by containing more requirements than state and federal laws.

The report contained six findings with eight recommendations including:

- Improving the consistency of data entered by state agencies into RMS.
- Changing the current TTH performance metric into two more meaningful metrics; time-to-acceptance and time-to-the-start of employment.
- Establishing detailed procedures for recruitment management activities performed in RMS by state agencies.



For details, see the [April 15 2020, report](#).

## Ongoing Performance Audits and Inspections

As of July 1, 2020, OSIG continued its work on several performance audits and inspections.

### Virginia Department of Transportation Performance Audit of Snow Removal.

- This audit focuses on the effective contract monitoring of snow removal services, as well as the use of automated vehicle locator technology.
- OSIG could not complete the audit because of the lack of a major snowstorm in the 2019-2020 winter.
- COVID-19 will have a significant impact on how OSIG conducts this audit in fiscal year 2021 due to social distancing requirements.



Left photo: Staff Auditor Kapua Jacunski prepares for on-site inspections of snow removal equipment during the VDOT Snow Removal audit. Right photo: VDOT employees prepare snow removal trucks for use.

## Natural Resources Secretariat Performance Audit of Law Enforcement Recruitment.

- This audit focuses on diversity in recruitment and hiring within the Department of Wildlife Resources, the Virginia Marine Resources Commission and the Department of Conservation.
- The audit team attended the Western Virginia Sports Show to survey attendees on what got them interested in outdoor recreation.
- The audit team attended the Women’s and Children’s Hunting Certification Class to determine interest in outdoor recreation.
- OSIG issued three interim reports to the Governor in FY 2020.

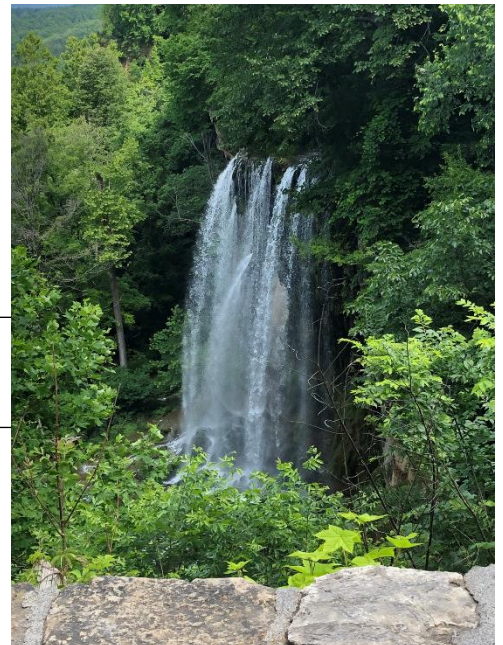


Photo upper left: The Western Virginia Sports Show in Fishersville, VA, where audit staff conducted attendee interviews about their interest in hunting, fishing and camping.

Photo upper right: Audit staff visited Falling Springs Falls in Covington, VA, during a ride-along with park rangers.

Photo bottom left: Audit staff rode along with Marine Police in Newport News.



### **Department of Forensic Services - Forensic Technical Services**

- This audit focuses on the efficiency of evidence testing within state crime labs.
- The audit has been suspended due to pandemic related budget constraints that prevent hiring an external subject matter expert.

### **Virginia Department of Health - Drinking Water Regulation**

- This audit focuses on an evaluation of the efforts made by the Office of Drinking Water to enforce the federal Safe Water Drinking Act and to ensure public water systems are providing water fit for consumption by the citizens of Virginia.
- OSIG defines public water systems within the scope of this audit as systems that provide water for human consumption through pipes or other constructed conveyances to at least 15 service connections or serve an average of at least 25 people for at least 60 days a year. A public water system may be publicly or privately owned.

### **Department for the Blind and Visually Impaired**

- This audit involves assessing vending operations across the Commonwealth of Virginia in state, federal or other buildings in which Virginia Enterprise Business (VEB) has operations.
- Services provided by VEB are authorized by the Randolph-Sheppard Act, which provides persons who are blind or visually impaired with remunerative employment and self-support through the operation of vending facilities on federal and other property.
- A focus of the audit is to ensure management of the program's service providers is adequate and that the program continues to be viable to provide what is defined as a living wage.

### **Department of Veterans Services Virginia Transition Assistance Program**

- This audit focuses on an assessment of the Virginia Transition Assistance Program (VTAP) and efforts to identify opportunities for improvement so VTAP can better assist transitioning service members separating from the military.
- A comparison with similar services provided by the Virginia Employment Commission is included.

### **Department of Conservation and Recreation and Virginia Department of Taxation - Conservation Easement Tax Credits**

- This audit focuses on the establishment of conservation easements that result in a tax credit for a property owner to determine if these easements are providing sufficient conservation value.

- OSIG will conduct an assessment to determine if third-party easement holders provide sufficient monitoring to ensure the property is maintained in accordance with the conservation easement.

## Staff, Certifications and Accomplishments

- The Audit Unit is comprised of two audit managers, a quality assurance manager, six senior auditors and three auditors.
- The Audit Unit passed its peer review demonstrating compliance with Generally Accepted Government Auditing Standards for the period from July 1, 2016 to June 30, 2019.
- Audit Unit staff participated in 174 training events totaling 1,120 hours of training.
- Audit Manager Adam Tagert and senior auditors David Garrison and Debbie Rogers participated in the Inspector General Institute and earned their Certified Inspector General Auditor certificates.
- Senior Auditor Nancy Edmunds participated in an Association of Inspector General external peer review.
- Quality Assurance Manager Eris Jones became a licensed CPA in Virginia. He also attended the Commonwealth Management Institute.
- The Audit Unit provided comments to the Association of Inspectors General's *Principles and Standards for Offices of Inspectors General*.
- Audit Unit staff presented to the Institute of Internal Auditors - Southwest Virginia Chapter and the Radford University Beta Alpha Psi.
- Audit Unit staff held officer and board of governors' positions in the Central Virginia and Southwest Chapters of the Institute of Internal Auditors.
- Audit Manager Ben Sutphin served on the Institute of Internal Auditors Chapter Relations Committee.



Audit Manager and IIA Mid-Atlantic District 1 Representative Ben Sutphin presents to the IIA Southwest Virginia Chapter on Cognitive Bias during a chapter meeting at Virginia Tech.

## BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES UNIT

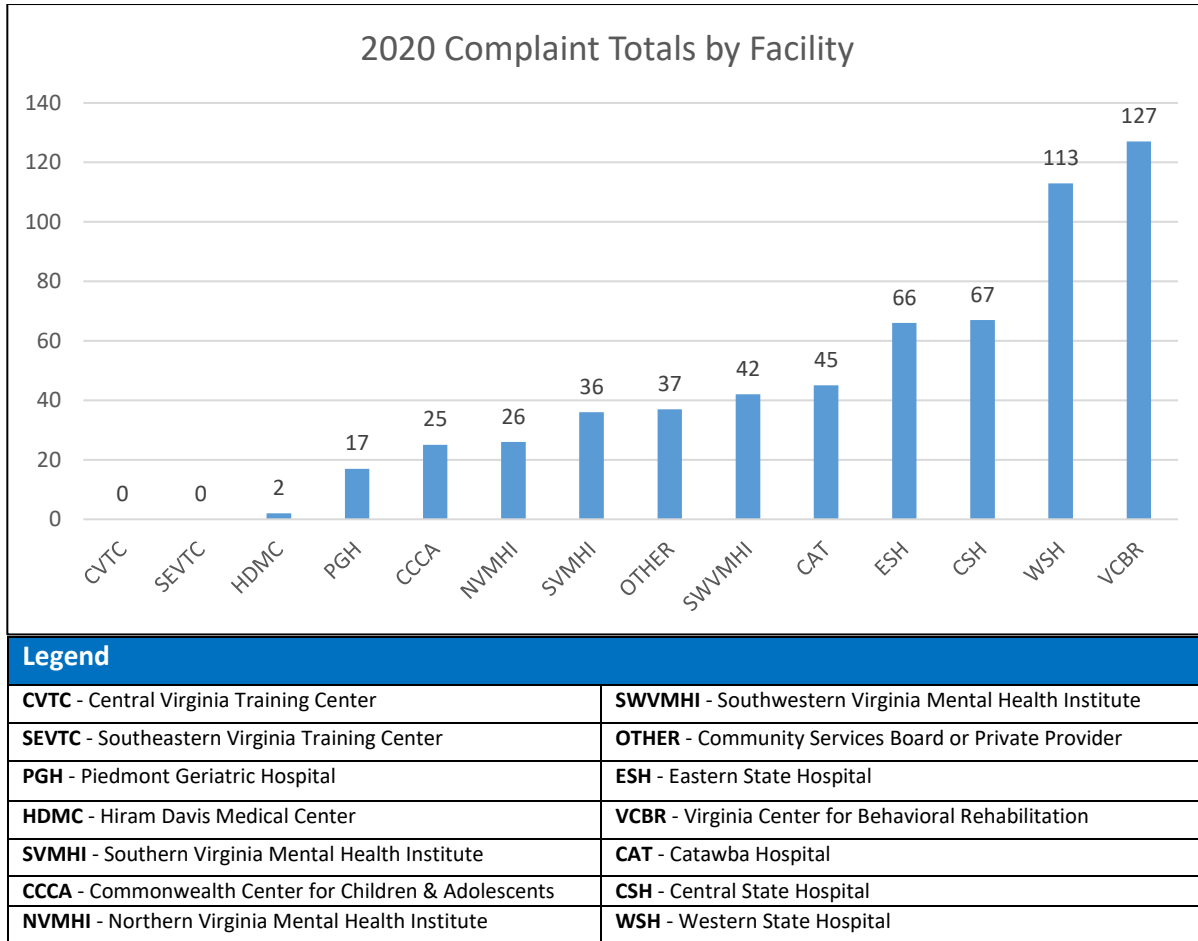


OSIG’s Behavioral Health and Developmental Services (BHDS) legislative mandates are described in *Code* § [2.2-309.1](#) and include:

- 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 that the General Assembly and Joint Commission on Health Care are fully 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 DBHDS, as appropriate, and the critical incident data collected by DBHDS.

## Monitoring Activities

The BHDS Unit processed 603 complaints with 658 allegations in FY 2020.



## Reports

### Department of Behavioral Health and Developmental Services: Letter to Governor Northam About Review of Medication Variances Occurring in Facilities Operated by Virginia DBHDS During Fiscal Year 2018

OSIG evaluated medication variances occurring in DBHDS facilities during FY 2018. OSIG reviewed incidents of medication error(s) from a variety of sources and conducted fieldwork from December 2018 through June 2019. The goal of this review was to identify areas of improvement in reporting and monitoring medication variances and to offer recommendations for improvement. OSIG contracted the services of a licensed pharmacist to analyze and categorize the medication variance data collected in accordance with industry standards.

Among its findings, OSIG determined that:

- DBHDS facilities lacked uniform reporting guidelines pertaining to the classification of medication variances, making it difficult to identify systemic issues.
- DBHDS lacked a centralized system for reporting medication variances to allow for the identification of systemic issues that, if corrected, could improve patient safety.

Read the [November 20, 2019, report](#).

## Educational Opportunities

The BHDS Unit hosted a three-day workshop for OSIG and other state agency staff, led by Labor Relations Alternatives, Inc. The Mortality Review and Death Investigations course instructed attendees on how the mortality review process should function in state and other health care facilities as a means to provide a safe environment and prevent or reduce the likelihood of similar occurrences.

The Facilitating the Root Cause Analysis Process course provided attendees the skills to help identify underlying causes of serious incidents and potential solutions.



OSIG and other agency staff attend a three-day workshop in Richmond on mortality review, death investigations and root cause analysis.

## Staff and Accomplishments

The BHDS Unit is comprised of a healthcare compliance manager and four healthcare compliance specialists.

- During FY 2020, BHDS initiated a mortality review at all DBHDS facilities.
- The BHDS Unit implemented the use of a new project management system, Pentana for the following:
  - Processing and tracking complaints for the BHDS Complaint Line.
  - Creating reports to identify trends.
  - Creating, tracking and storing projects.

## COMMUNICATIONS AND OUTREACH



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

- Association of Government Accountants.
- Central Virginia Law Enforcement Chief Executives Association.
- Commonwealth Managers Association.
- Longwood University.
- Newport News Financial Crimes Task Force.
- International Association of Financial Crimes Investigators.
- Institute of Internal Auditors-Southwest Virginia Chapter.
- Radford University.
- U.S. Secret Service Financial Crimes Task Force
- U.S. Postal Service’s Financial Crimes Task Force.
- Virginia Management Fellows Program.

In FY 2020, OSIG drafted and distributed the following 17 news releases:

**OSIG Recommends DHRM Better Utilize Its Recruitment Management System And Identifies Features For New Recruitment System:** OSIG conducted an audit of the Department of Human Resource Management Recruitment Management System to determine whether DHRM was using RMS to its full potential to attract high-quality state employees – April 20, 2020

**OSIG Staff Enhance Skills by Earning Association Of Inspectors General**

**Certifications:** Five OSIG employees obtain professional certifications to better serve the Commonwealth – April 2, 2020

**OSIG Recommends Higher Education Institutions Work More Closely With Local EMS**

**On Chemical Inventories Management:** OSIG conducted a performance audit on the management of chemical inventories at Virginia colleges and universities to identify areas where safety and emergency preparedness might be improved – March 26, 2020

**OSIG Senior Hotline Investigator Adds New Role:** OSIG Senior Hotline Investigator Janet Crawford takes on a leadership role at the Central Virginia Chapter of the Association of Certified Fraud Examiners – March 6, 2020

**OSIG Visits Two DBHDS Facilities to Observe Operations:** OSIG leadership visited Hiram C. Davis Medical Center and Central State Hospital to continue its mission to serve all citizens of the Commonwealth – February 25, 2020

**OSIG Visits Southeastern Virginia Training Center As Part Of 2020 Initiative:** OSIG leadership visited Southeastern Virginia Training Center to review its operations – February 18, 2020

**OSIG Begins 2020 Visits To Virginia Department Of Behavioral Health And Development Services Facilities:** OSIG management visited Eastern State Hospital to review its operation – February 12, 2020

**OSIG Visits Virginia Department of Corrections Facilities:** OSIG visited several Virginia Department of Corrections facilities for compliance – February 10, 2020

**OSIG Collaborated with Virginia State Police to Investigate Embezzlement Case in Mount Rogers Health District:** OSIG collaborated with Virginia State Police on an embezzlement investigation – January 23, 2020

**OSIG Names New Investigations Manager:** OSIG has named Richard J. Scholl Jr. as its new Investigations Manager – December 31, 2019

**OSIG Recommends Steps To Avoid Medication Variances At DBHDS Facilities:** OSIG recommends that the Virginia Department of Behavioral Health and Developmental Services establish a Departmental Instruction that outlines procedures for classifying and reporting medication variances and provide staff more frequent medication variance training – December 2, 2019

**OSIG Meets All Major Standards In Peer Review:** The AIG Peer Review Team unanimously concluded that OSIG complied with the major standards set by the AIG Principles and Standards for Offices of Inspector General and the Generally Accepted Government Auditing Standards issued by the U.S. Government Accountability Office – November 25, 2019

**OSIG Finds Need For Improvements At Tobacco Region Revitalization Commission:**

OSIG found that TRRC does not adequately monitor program results and has not rectified findings from previous OSIG reports – November 21, 2019

**OSIG Recommends Improvements At DBHDS Facilities:** OSIG recommends limiting the number of overtime hours per week and cross-training for staff working at Department of Behavioral Health and Developmental Services facilities – November 18, 2019

**OSIG Manages More Hotline and Behavioral Health Cases in FY 2019:** OSIG releases its fiscal year 2019 annual report, which includes the State Fraud, Waste and Abuse Hotline assigning 859 cases for investigation – November 7, 2019

**Audit Finds VCE Furniture Program Needs Improvement:** OSIG audit report outlines recommendations for improvement to the Virginia Department of Corrections Virginia Correctional Enterprises Furniture Program – July 9, 2019

**OSIG Plans Audits of Child Protective Services, Veterans Employment and Conservation Easements in FY 2020:** OSIG to conduct audits and criminal and administrative investigations of fraud, waste and abuse in executive branch state agencies in fiscal year 2020 – July 9, 2019



## CONTACT INFORMATION

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Website: [osig.virginia.gov](http://osig.virginia.gov)

### 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](#)

Fax: 804-371-0165

Email: [COVHotline@osig.virginia.gov](mailto:COVHotline@osig.virginia.gov)

### Behavioral Health and Developmental Services Complaint Line

Phone: 833-333-OSIG (6744)

Email: [OSIGBHDSComplaints@osig.virginia.gov](mailto:OSIGBHDSComplaints@osig.virginia.gov)

### Social Media

Facebook: [www.facebook.com/VaOSIG](http://www.facebook.com/VaOSIG)

Twitter: [www.twitter.com/VaOSIG](http://www.twitter.com/VaOSIG)

LinkedIn: [www.linkedin.com/company/virginia-office-of-the-state-inspector-general](http://www.linkedin.com/company/virginia-office-of-the-state-inspector-general)

Instagram: <https://www.instagram.com/vaosig1/>