

OFFICE OF THE STATE INSPECTOR GENERAL

**FISCAL YEAR 2023
ANNUAL WORK PLAN**

June 2022



**Michael C. Westfall, CPA
State Inspector General
Report No. 2022-ADM-003**



COMMONWEALTH OF VIRGINIA
Office of the State Inspector General

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June 14, 2022

The Honorable Glenn Youngkin
Governor of Virginia
P.O. Box 1475
Richmond, VA 23218

Dear Governor Youngkin:

The Virginia Office of the State Inspector General has prepared the attached Fiscal Year 2023 Annual Work Plan to identify the agency's planned activities for the fiscal year ending June 30, 2023. The methodologies used to create this work plan varied between the divisions and units to allow for unique and specialized approaches within each program area.

This work plan will serve as a strategic road map for activities initiated during the fiscal year, and includes a selection of performance audits and inspections to maximize benefits to the citizens of the Commonwealth and those charged with its governance. The plan also provides for management requests and investigations of fraud, waste and abuse in executive branch state agencies. Depending on potential emerging issues, workload and other factors, OSIG may conduct projects not outlined in this plan or might have to postpone items mentioned in this plan. Please contact me should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael C. Westfall".

Michael C. Westfall, CPA
State Inspector General

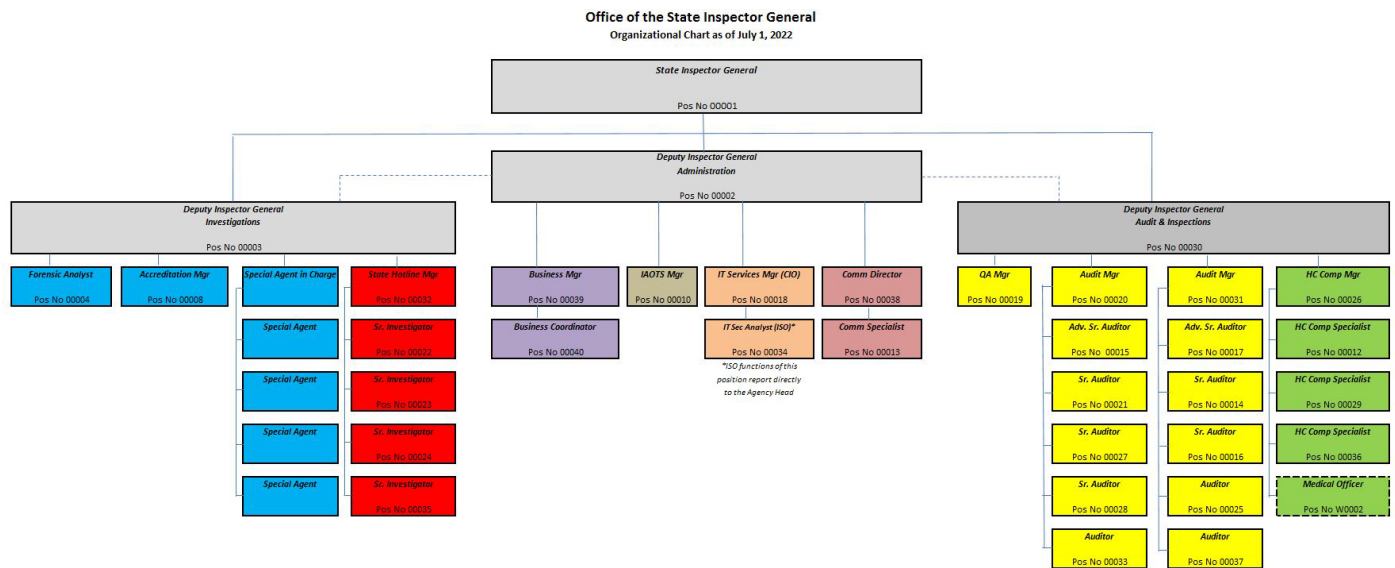
cc: The Honorable Jeff Goettman, Chief of Staff to Governor Northam

Introduction

OSIG’s Fiscal Year 2023 Annual Work Plan describes the work the agency plans to undertake during the upcoming fiscal year. To ensure the most efficient and effective use of staff resources, areas selected for review are carefully considered. OSIG conducts reviews that are timely and will have the greatest impact and benefit for its stakeholders, the citizens of the Commonwealth. Because there are a vast number of potential areas for review and limited staff resources to conduct these studies, a careful selection process has resulted in this work plan. OSIG has incorporated the methodologies used to select areas for review in the appropriate sections of the plan.

OSIG presents this plan in sections covering work its divisions and units will perform. The plan is agile and work described in the plan may change as the year progresses due to events that require modifications. Because of differences in legislative requirements and the nature of projects performed by each of OSIG’s program areas, each division follows a slightly different presentation format to best present its work.

The organizational structure of OSIG consists of three divisions to accomplish its statutory mandates: the Investigations Division, the Audit and Inspections Division, and the Administration Division.



Investigations Division

Background

The Investigations Division operates to fulfill its obligations as defined by *Code of Virginia* § 2.2-309 by:

1. Receiving complaints from whatever sources that allege fraud, waste (including task or program duplication), abuse or corruption by a state agency or nonstate agency or by any officer or employee of the foregoing and determining whether the complaints give reasonable cause to investigate.
2. Investigating the management and operations of state agencies, nonstate 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 or employees or independent contractors of a state agency or any officers or employees of a nonstate agency, including any allegations of criminal acts affecting the operations of state agencies or nonstate agencies. However, no investigation of an elected official of the Commonwealth to determine whether a criminal violation has occurred, is occurring or is about to occur under the provisions of *Code* § 52-8.1 shall be initiated, undertaken or continued except upon the request of the Governor, the Attorney General or a grand jury.
3. Preparing a detailed report of each investigation stating whether fraud, waste, abuse or corruption has been detected. If fraud, waste, abuse or corruption is detected, the report shall: (i) identify the person committing the wrongful act or omission; (ii) describe the wrongful act or omission; and (iii) describe any corrective measures taken by the state agency or nonstate agency in which the wrongful act or omission was committed to prevent recurrences of similar actions.
4. Providing timely notification to the appropriate attorney for the Commonwealth and law enforcement agencies whenever the State Inspector General has reasonable grounds to believe there has been a violation of state criminal law.

A Deputy Inspector General, who also serves as the Chief, leads the Investigations Division. The Chief oversees a special agent in charge, four special agents, a forensic analyst, an Accreditation Manager, a State Hotline Manager and four senior investigators.

The Chief and/or his/her designee regularly attend local and regional meetings with other law enforcement agencies and financial institutions. These meetings include, but are not limited to, the Central Virginia Chiefs of Police Association, the Bank Secrecy Act, the Newport News Financial Crimes Task Force, the Public Corruption Workgroup, the Central Virginia Financial Crimes Task Force and the Crater Criminal Justice Training Academy Board of Directors. The purpose of these meetings is to share information and offer assistance.

Criminal Investigations Unit

Cases and Collaboration with Other Agencies

The Criminal Investigations Unit operates under the *Code* to investigate allegations of fraud, waste, abuse, corruption or other administrative and criminal matters affecting the operations of the Commonwealth's executive branch agencies and certain nonstate agencies as defined in OSIG's enabling legislation (*Code* § 2.2-311). Occasionally, the Criminal Investigations Unit collaborates with local, state and federal agencies to investigate cases. OSIG also operates under the guidelines outlined in a September 2018 joint Memorandum of Understanding with the Virginia State Police. Both VSP and OSIG have appointed senior staff to serve as liaisons between the agencies to coordinate investigative and operational matters.

Additional Powers and Duties

The Criminal Investigations Unit is also responsible for reviewing and providing comments and recommendations, as appropriate, on reports prepared by the Virginia Department of Corrections and the Virginia Department of Juvenile Justice. That also includes critical incident data collected by DOC and DJJ in accordance with regulations adopted to identify issues related to quality of care, seclusion and restraint, medication usage, abuse and neglect, staff recruitment and training, and other systemic issues (*Code* § 2.2-309.3 and 2.2-309.4).

Point-of-Contact Initiative

The OSIG Point-of-Contact initiative seeks to promote collaborative and professional relationships between OSIG and appropriate managers within executive branch agencies. For most agencies, the chief audit executive, police chief or other senior executive serves as the agency POC counterpart.

The POC initiative has been in place since January 2014. OSIG assigns its special agents and senior investigators to serve as points of contact with various executive branch agencies and meet with respective agency POC counterparts on at least an annual basis.

Through the POC initiative, OSIG aims to share information that fosters proactive steps to enhance efficiency and effectiveness of operations within executive branch agencies. OSIG tasks each of its special agents and senior investigators with providing agency counterparts with updates on pertinent activities within OSIG and relevant information regarding control and oversight of financial resources and procurement practices.

The POC initiative provides an opportunity for agency counterparts to share information about activities within their respective agencies and identify areas that might benefit from independent review by OSIG, as well as information that might be indicative of fraud, waste or abuse of state resources.

Accreditation

OSIG's Accreditation Manager is working towards having the agency accredited by both the Virginia Law Enforcement Professional Standards Commission and the Commission on Accreditation for Law Enforcement Agencies. Both of these designations will assist OSIG in maintaining its high level of integrity, accountability and transparency among not only other law enforcement agencies, but with the citizens of the Commonwealth as well.

Hotline Unit

Background

The State Fraud, Waste and Abuse Hotline receives allegations of misconduct and state policy violations from various sources throughout the year. The Hotline Unit's objective is to respond promptly to allegations of fraud, waste and abuse and to ensure that OSIG investigates matters timely and adequately. Hotline investigations focus on allegations related to conflicts of interest; misappropriation of state funds; leave abuse; property and equipment misuse; theft of property; misuse of state-issued computers and telecommunication equipment; and misconduct and ethics violations by agency heads, at-will employees and chief audit executives. Hotline staff collaborate with other OSIG units where appropriate to assist with these investigations.

OSIG will continue to promote its online, interactive Hotline training course to state employees. This training has the most up-to-date guidance about Hotline investigations and provides additional assistance if needed. Additionally, the Hotline Unit is developing a training course to provide its investigative counterparts at other agencies. The training will highlight common questions that OSIG staff frequently address and provide pertinent skills to ensure investigations are productive and complete.

With OSIG's records management system, the Hotline Unit is able to more easily share and view reports with other OSIG units and be informed about work performed throughout the agency. As a result, the Hotline Unit continues to see increased productivity among Hotline staff and better communication with its investigative counterparts at other agencies. This system also has allowed enhanced data searching capabilities and statistical reporting opportunities.

To encourage efficient and effective government practices in the Commonwealth's executive branch agencies, OSIG will continue to remind state employees and Commonwealth citizens that the Hotline is a means of anonymously reporting instances of fraud, waste and abuse by:

- Distributing an annual news release to Virginia's media outlets.
- Posting information on the agency's social media accounts that include Twitter, Facebook, Instagram and LinkedIn.
- Expanding the visibility of the Hotline on OSIG's website.
- Participating at area conferences and training events.

- Distributing Hotline marketing materials.

In addition, OSIG will email state employees:

- Information about the Hotline.
- A link to online interactive State Fraud, Waste and Abuse Hotline training.
- Hotline brochures and flyers.

Fraud and Abuse Whistle Blower Protection Act Program

OSIG administers the Fraud and Abuse Whistle Blower Protection Act program. State employees and citizens of the Commonwealth who report allegations of fraud, abuse and corruption through the WBPA in good faith are protected against retaliation. OSIG thoroughly investigates all credible complaints of violations reported through this program.

OSIG will continue to publicize the WBPA program through:

- An annual news release distributed to Virginia's media outlets.
- Social media postings on the agency's Twitter, Facebook, Instagram and LinkedIn accounts.
- An annual message to state employees sent via the state email network.
- Information presented at area conferences and training events.

In the annual email, OSIG explains the requirements for allegations reported to the agency under the WBPA. The email clarifies differences between the WBPA and the Hotline regarding rules that govern anonymity and confidentiality.

Follow-Up Reviews of Hotline Investigations

In fiscal year 2023, the Hotline Unit will continue the Investigation Follow-up Review Program. Following up on significant, previous investigations is an essential activity that helps ensure agency management is addressing issues and recommendations included in Hotline investigative reports.

Workpaper Review Program

In fiscal year 2023, the Hotline Unit will continue its Workpaper Review Program. On an annual basis, the Hotline Unit reviews the investigative work of the internal audit programs that complete Hotline investigations on OSIG's behalf to determine the quality and appropriateness of investigative work and provide suggestions for improvement in future investigations, if necessary. The scope of the reviews is limited to determining if the investigative workpapers and subsequent reports were appropriately prepared in compliance with the State Fraud, Waste and Abuse Hotline Policies and Procedures Manual. Therefore, review procedures are limited to interviews with personnel and to the review of relevant policies, procedures and documentation.

Planned workpaper reviews include:

- Virginia Department of Health.
- James Madison University.
- Department of Energy.
- Radford University.
- Department of Corrections.
- Department of Motor Vehicles.

Audit and Inspections Division

Audit Unit

Background

The Audit Unit operates to fulfill its obligations as defined by *Code* § 2.2-309 by:

1. Conducting performance audits of state agencies to assess the efficiency, effectiveness or economy of programs and to ascertain, among other things that sums appropriated have been or are being expended for the purposes for which the appropriation was made.
2. Preparing a report for each performance audit detailing any findings or recommendations for improving the efficiency, effectiveness or economy of state agencies, including recommending changes in the law to the Governor and the General Assembly that are necessary to such findings.
3. Assessing, as deemed necessary, the condition of the accounting, financial and administrative controls of state agencies and nonstate agencies, and making recommendations to protect the Commonwealth's assets.

The Audit Unit is also responsible, in accordance with *Code* § 2.2-309.2, for:

1. Reviewing the condition of the Tobacco Region Revitalization Commission's accounting, financial and administrative controls to ensure that the purposes set forth in Chapter 31 (*Code* § 3.2-3100 et seq.) are lawfully achieved.
2. Investigating allegations of fraudulent, illegal or inappropriate activities concerning disbursements from the Tobacco Indemnification and Community Revitalization Endowment created pursuant to *Code* § 3.2-3104 and distributions from the Tobacco Indemnification and Community Revitalization Fund created pursuant to *Code* § 3.2-3106.
3. Detecting fraud, waste and abuse and taking actions to prevent the same.

Criteria for Identifying and Assessing Major Program and Mission Areas

The duties and responsibilities of the Audit Unit include conducting performance audits; performing special project work requested by the Governor's Office, the Governor's Cabinet secretaries and agency heads; and complying with General Assembly mandates.

The Audit Unit's primary responsibility is to conduct performance audits. Staff have identified potential audit subjects and conducted research to create audit proposals. Using information from Cabinet secretaries, agency management, the Joint Legislative Audit and Review Commission and the Auditor of Public Accounts, the Audit Unit condensed the list of potential audit subjects. In addition to the audits in process, the Audit Unit has selected four new areas on which to focus in fiscal year 2023, in addition to the annual Follow-up of Previous Findings audit.

New Audit Projects for Fiscal Year 2023

- Follow-up of Previous Findings – From previously issued performance reviews and performance audits, determine if agencies and institutions took actions they committed to take and if actions implemented corrected identified problems.
- Tobacco Region Revitalization Commission Grants & Loans – Determine whether grant and loan programs administered by the TRRC are producing their intended outputs and if the intended inputs are properly measured and reported by TRRC.
- VITA Service Contracts – Determine if VITA contractors are meeting minimum service levels.
- Unclaimed Property Administration – Evaluate how effective the Department of the Treasury Unclaimed Property Division’s operating practices are in ensuring that Treasury provides optimal opportunities for property owners to reunite with their property.
- State Park Safety and Maintenance – Determine whether state parks are adequately maintained and kept safe for visitors.

Audit Projects in Progress as of Fiscal Year 2023

- Clery Act – Determine whether higher education institutions accurately report crime statistics and publish other relevant security and safety-related information as required by the Clery Act.
- Diversity and Inclusion in the Department of Energy – Evaluate the quality of recruiting efforts and hiring practices for the divisions within the Department of Energy.
- Child Protective Services – Determine whether the Child Protective Services within the Virginia Department of Social Services is meeting the prescribed goals for the program and ensure that it is operating within the boundaries set forth in the *Code*.
- Department of Forensic Science – Evaluate the efficiency of evidence collection and the effect that judicial proceedings and investigations has on providing services. OSIG postponed this audit due to the need for a subject matter expert.
- Commonwealth Overtime Analysis – Evaluate how state agencies are monitoring and managing overtime usage.

Behavioral Health and Developmental Services Unit

Background

The Behavioral Health and Developmental Services Unit operates to fulfill its obligations as defined by *Code* § 2.2-309.1 as summarized, in part, below.

The Behavioral Health and Developmental Services Unit makes policy and operational recommendations for state-operated facilities serving individuals with behavioral health, substance use and developmental disabilities. In addition, the Behavioral Health and Developmental Services Unit:

1. Inspects, monitors and reviews the quality of services provided in state facilities and providers as defined in *Code* § 37.2-403, including licensed mental health treatment units in state correctional facilities, in order to prevent problems, abuses and deficiencies and improve effectiveness.
2. Informs the General Assembly and the Joint Commission on Health Care by means of reports as required by *Code* § 2.2-313. Reports will include issues concerning significant problems, abuses and deficiencies relating to the administration of programs and services, recommendations and progress reports.
3. Reviews and provides comments and recommendations as appropriate on any reports prepared by the DBHDS and critical incident data collected by DBHDS in accordance with regulations adopted under *Code* § 37.2-400 to identify issues related to quality of care, seclusion and restraint, medication usage, abuse and neglect, staff recruitment and training and other systemic issues.
4. Monitors, reviews and comments on regulations adopted by the Virginia Board of Behavioral Health and Developmental Services as indicated.
5. Receives reports, data, information and complaints from the Commonwealth's designated protection and advocacy system, as well as other sources concerning quality of care provided in state facilities, and by other providers as defined below, and conducts independent reviews and investigations as indicated.
6. Provides oversight of DBHDS and community-based providers to identify system-level issues and conditions affecting quality of care and safety and provides recommendations to alleviate such issues and conditions.
7. Implements a program to promote awareness of the Complaint Line operated by OSIG among residents of facilities operated by the DBHDS and persons receiving services from community-based providers regulated by DBHDS.

Definition

"Provider" means any person, entity or organization, excluding an agency of the federal government that delivers:

- (i) Services to individuals with mental illness, intellectual disability or substance use diagnoses.
- (ii) Services to individuals who receive day support, in-home support or crisis stabilization services funded through the Individual and Families Developmental Disabilities Support Waiver.
- (iii) Residential services for persons with brain injury.

The person, entity or organization shall include hospitals as defined in *Code* § 32.1-123, community services boards, behavioral health authorities, private providers and any other similar or related person, entity or organization.

Criteria for Identifying and Assessing Major Program and Mission Areas

The BHDS Unit has identified major high-risk program and mission-related areas that serve as the basis for the fiscal year 2023 work plan. Sources for identifying high-risk areas include prior OSIG or DBHDS reports, current system-wide issues, complaints received from various sources, DBHDS internal alerts generated by DBHDS-operated facilities, DBHDS significant event data and reports, etc. Areas of focus include, but are not limited to:

- Known areas of high risk to individuals served, facilities, providers, DBHDS and/or the Commonwealth.
- Areas identified in the DBHDS Comprehensive State Plan, division strategic plans and/or performance reports.
- Regulations and guidance put forth by the Centers for Medicare and Medicaid Services, the Joint Commission on Health Care, National Association for Healthcare Quality, American Society for Healthcare Risk Management, Substance Abuse and Mental Health Services Administration, Occupational Safety and Health Administration, Institute for Healthcare Improvement, National Patient Safety Foundation and other agencies.
- The January 2012 Department of Justice Settlement Agreement with the Commonwealth and associated independent reviewer reports.
- Areas of high public interest, high-dollar expenditures and/or revenue collections.
- Areas of known past performance issues or those areas with known susceptibility to abuse, neglect and/or inadequate quality of care.
- Complaints from constituents, patients, family members and legislative officials pertaining to the quality of services provided at state facilities, DBHDS-licensed providers and community services boards as defined under *Code* § 37.2-100.

The BHDS Unit considered certain qualitative and quantitative risk factors in soliciting and prioritizing projects. Qualitative risk factors include those with potential to have a significant, negative impact on programs and services delivered, including but not limited to those related to:

- Health or safety.
- Service delivery.
- Accreditation and compliance.
- Security.
- Reimbursement or finances.
- Privacy or citizens' rights.

If not addressed positively and directly, qualitative risk factors could result in:

- Inefficiencies and/or decisions made based upon faulty information.
- Injury or loss of life.
- Program failure.
- Reduced confidence in government.
- Significantly impaired service.

- Significantly reduced effectiveness and/or efficiency.
- Unreliable decision-making data.

Focus Areas

The BHDS Unit sought out potential areas of focus from DBHDS and other stakeholder groups.

The Unit has selected the following areas on which to focus in fiscal year 2023:

- Inspect, monitor and review the quality of services provided in state facilities and by providers as defined in *Code* § 37.2-403, including licensed mental health treatment units in state correctional facilities.
- Evaluate the use of electronic health records in DBHDS facilities.
- Monitor alerts and incident reporting systems for potential issues requiring evaluation.

Administration Division

Internal Audit Oversight and Training Services Unit

Quality Assurance Reviews

To ensure compliance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, OSIG oversees the Quality Assurance Review program for the Commonwealth. In fiscal year 2023, OSIG has scheduled a quality assurance review for the Department of Aging and Rehabilitative Services. In addition, OSIG will monitor quality assurance reviews performed by independent assessors for:

- Department of Behavioral Health and Developmental Services.
- Department of Corrections.
- Department of Health.
- Department of Transportation.
- Department of Wildlife Resources.
- Office of Children's Services.
- Longwood University.
- University of Mary Washington.
- Virginia Employment Commission.
- Virginia State Police.

Training Course Offerings

OSIG has planned the following training opportunities for the Commonwealth's internal audit programs during fiscal year 2023:

- State updates.
- Chief Audit Executive Roundtable.
- Auditor Boot Camp I and II.
- Advanced Excel.
- Cybersecurity Threats and Attack Vectors Fundamentals.
- Four additional classes (to be determined).

Collection and Analysis of Documents Submitted by Internal Audit Departments

OSIG Directive 001 sets out the mandatory reporting requirements for executive branch agency internal audit programs. The Internal Audit Oversight and Training Services Unit reviews internal audit program performance and provides internal audit programs with information that agencies use for future audit planning and improvement of internal audit processes.

Agency Risk Management and Internal Control Standards

Each year, the Department of Accounts requires OSIG to complete an internal Agency Risk Management and Internal Control Standards review and certification process. The objective of ARMICS is to ensure fiscal accountability and safeguard the Commonwealth's assets by providing reasonable assurance of the integrity of all fiscal processes related to:

- Submission of transactions to the Commonwealth's general ledger.
- Submission of deliverables required by financial statement directives.
- Compliance with laws and regulations.
- Stewardship over and safeguarding the Commonwealth's assets.

Information Technology Services Unit

The Information Technology Services Unit supports agency use of technologies that empower business activities and implements any future technologies. ITS also oversees the governance of the agency's technological systems, maintenance of the infrastructure, and the hardware and software, in addition to the functionality of its systems.

ITS will continue to transition, with other executive branch agencies, to enterprise platforms provided by VITA-sponsored providers:

- ITS has initiated the process to transition from Google Gmail to Office 365 Outlook.
- ITS has initiated the upgrade to the latest version of the Microsoft Office Suite.
- ITS implements applications such as Pentana to streamline work processes and collaboration within OSIG units. This software allows for project planning, scoping, and scheduling; time management; reporting; business management; action tracking and approvals.
- ITS also continues to implement the utilization of applications such as Power BI and Power DMS that improve the agency's business unit's analytics and to reach certification goals.

Communications Unit

The Communications Unit manages and coordinates all public relations, social media and media relations and serves as the primary point of contact for all FOIA and media inquiries. The Unit also promotes the vision, mission, and values of the agency through social media, news releases and other professional publications and communications. In addition, Communications works with OSIG staff to develop high quality reports, presentations, speeches, talking points and briefing papers for the Governor, General Assembly, agency heads, the media and the public. It also plans activities and programs.

Projects for Fiscal Year 2023

- Continue OSIG's website redesign.
- Research and schedule participation in conferences, workshops and other events to promote the agency.

- Coordinate with OnTheSquareVA and state agencies to set up a Hotline booth to promote awareness of the service.
- Boost OSIG's social media presence to include producing videos.
- Shadow each OSIG unit to establish better communication with them, further understand their daily duties and pitch their stories to media.
- Conduct more outreach to media about OSIG's mission and work.
- Increase OSIG's community involvement by establishing a Volunteer Day for staff to work with community organizations.