



OSIG PERFORMANCE REVIEW PROCESS

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Why does the Office of the State Inspector General conduct performance reviews of state agencies?

[Chapter 3.2](#) of the Code of Virginia (§§ 2.2-307 through 2.2-322) authorizes the Office of the State Inspector General (OSIG) to conduct performance reviews of Commonwealth of Virginia executive branch agencies.

A performance review is one tool used by OSIG to fulfill its mission to serve — on behalf of the citizens of the Commonwealth — as a catalyst for positive change by facilitating good stewardship of resources; advocating efficiency and effectiveness; promoting integrity and ethical conduct; and deterring fraud, waste, abuse, and corruption.

OSIG's performance review process is designed to evaluate programs, functions, and activities within executive branch agencies — including public colleges and universities — and to provide recommendations to agency leadership on ways to improve operations and safeguard Commonwealth assets. In this capacity, OSIG serves as an independent evaluation resource for agencies.

Who conducts a performance review?

A performance review is conducted by an OSIG team made up of a manager and staff with previous related experience. A performance review is not a traditional audit focused on financial and compliance issues, but assesses processes for effectiveness, efficiency, and economy of operations. Some may also compare it to a consulting engagement where OSIG intends to help the agency improve operations.

What are the benefits of a performance review for an agency?

An OSIG performance review provides an independent — and at no cost to the agency — review of an agency's programs, functions, and activities and an evaluation of the efficiency, effectiveness, and economy of the agency's programs and operations.

The goal of a performance review is for OSIG to work collaboratively with agency management in the continuous process of identifying ways to improve agency operations and safeguard assets.

What should an agency expect during a performance review?

Here's how a Performance Review is conducted:

- A risk based **Performance Review Plan** is developed annually by OSIG's Director of Performance Review, Deputy Inspector General and the State Inspector General.
- An **Engagement Letter** is sent by OSIG to the agency announcing the performance review. The letter includes a preliminary group of risk areas for the review and provides information about the review process.
- At an **Entrance Conference** meeting, OSIG staff brief agency management on the review process and objectives. During this meeting, the agency is encouraged to offer areas of concern that it would like addressed during the performance review.
- As a part of **Review Planning**, OSIG staff gain an understanding of the areas within the agency to be reviewed through research, interviews, questionnaires, surveys, and observations.

- OSIG staff develops a **Review Program** outlining the steps to be performed during the course of the review. The review objectives are shared with agency management and agency feedback is encouraged by OSIG.
- During the **Fieldwork/Testing** stage, OSIG staff performs the steps outlined in the review program to achieve the objectives of the review.
- As observations are noted by OSIG, they are documented on **Management Comment** forms and reviewed with the agency. Once OSIG and the agency agree that there is a valid observation, agency management is provided an opportunity to respond to each OSIG recommendation.
- A **Draft Report** — including management responses to the observations and recommendations documented on the management comment forms — is prepared and distributed to the agency for review. Feedback, questions, and concerns are requested of the agency by OSIG with changes made to the draft report as needed.
- Once changes to the draft report are made, OSIG may conduct an **Exit Conference** with the agency.
- The **Final Report** is typically distributed to the Governor's Chief of Staff and Deputy Chief of Staff, the appropriate cabinet secretary, the chair of any advisory oversight group (such as the Transportation Board or the State Board of Social Services), chairs of the most relevant House and Senate committees, and the agency head or university president. Most reports are available on the OSIG website and are publicly accessible.
- The agency is asked to send OSIG a **Plan of Action** for each reported observation within 30 days of the receipt of the final report.
- OSIG will **Follow Up** on the plan of action as appropriate.

What is expected of the agency when the draft report is received from OSIG?

Once OSIG submits a copy of the report draft to the agency, the agency management has 10 business days to respond.

Are agency comments included in the final report?

Yes, agency responses are included in OSIG's final report. After each OSIG recommendation, the agency's full response is included.

What agencies has OSIG reviewed?

OSIG has conducted several performance reviews including the Department of Social Services, Department of Transportation, Department of Medical Assistance Services, as well as other executive branch agencies and universities.

In addition, special reviews have been done related to the Tobacco Region Revitalization Commission, the Virginia Department of Corrections Agribusiness Program, as well as a report on the Independent Evaluation of court fines and fees.

OSIG has made more than 100 recommendations since beginning these reviews and identified more than \$17 million in potential cost savings.

Final reports and reviews are available in the Reports section of the OSIG website at <http://osig.virginia.gov/reports/>.

Is there any follow up after OSIG issues a report?

If warranted, OSIG will conduct a follow up status review of the recommendations that were agreed upon during the original performance review.