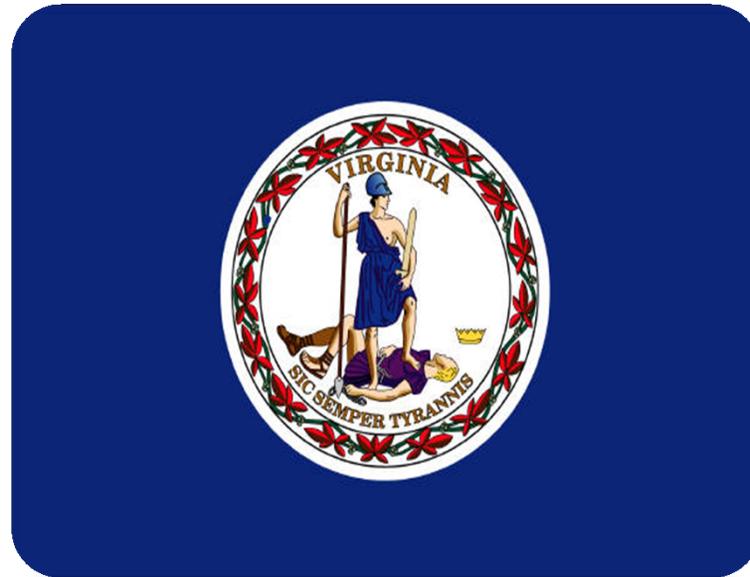


Office of the State Inspector General



Presentation to the House Appropriations Committee

Michael F.A. Morehart, CPA
State Inspector General

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Mission Statement

To promote integrity and accountability, as well as efficient and effective government, through the conduct of independent investigations, performance audits and other audit services designed to provide objective and useful information to the citizens of the Commonwealth and those charged with its governance.



OSIG Vision Statement

Through the execution of its legislative mandates, the OSIG will, on behalf of the citizens of the Commonwealth, strive to proactively:

- Enhance the efficiency, effectiveness and economy of state government programs and operations;
- Hold government entities accountable for efficient and cost effective operations;
- Investigate and expose fraud, waste, abuse, corruption and other illegal acts affecting the operations of state and non-state agencies;
- Provide timely assistance to the Commonwealth's citizens and employees; and
- Establish standards to ensure robust independent state agency internal audit programs.



OSIG Values

- ▶ Accountability
- ▶ Efficiency
- ▶ Excellence
- ▶ Independence
- ▶ Innovation
- ▶ Integrity
- ▶ Leadership
- ▶ Respect
- ▶ Teamwork



Personnel Resources (FTEs)*

Personnel Resources (FTEs)	
Positions	Total
State Inspector General	1
Audit	23
Investigations	29
Business Management	2
Support Staff	5
Total FTEs	60

*The position for the State Inspector General is a new position included in the budget amendment included in the Governor's Executive Budget; the remaining positions were transferred from the impacted agencies (DOC, VDOT, DOA, BHDS, DJJ)

OSIG Core Mandates

The enabling legislation (Chapter 798 [H 2076] and 871 [S1477] of the 2012 Acts of the General Assembly lists numerous responsibilities of the OSIG, but the Office's three core functions are captured by the following Code sections:

- § 2.2-309(A)(4) *Performing investigations to determine if fraud, waste, abuse, or corruption – including criminal acts affecting the operations of state agencies – have been committed by state, or certain non-state, officers or employees;*
- § 2.2-309 (A)(5) *Coordinating and recommending standards for existing internal audit programs and developing and maintaining additional internal audit programs necessary to protect the Commonwealth's assets; and,*
- § 2.2-309(A)(12) *Conducting performance reviews of state agencies to assure that appropriated sums have been, or are being spent, for the intended purpose and report the findings, including necessary changes in the law, to the Governor and the General Assembly.*

Accomplishments & Challenges

For an agency that is about six months old, the OSIG has accomplished much; however, we have important challenges ahead.

Accomplishments:

Developed an Organization Plan

- Developed an organization structure
- Developed Mission, Vision, and Value Statement; Code of Ethics
- Met with legislators, members of the Governor's cabinet, impacted agency heads, partners agencies

Established the Office

- Entered Memoranda of Understanding for agency services [DHRM, DGS, DOA]
- Obtained office and computer equipment and services
- Transferred employees; transferred funding;
- Developed a budget and worked with DPB on budget amendments
- Started operating as a state agency
- Started developing policies and procedures; manual; operating procedures
- Established Employee Advisory Committee
- Consulted with Office of Attorney General on organizational questions



Accomplishments & Challenges (Cont.)

Accomplishments:

Continued or Started Conducting Critical OSIG Functions

- ▶ Fraud Hotline continued to operate, but was revamped to calls from any party [Executive Order 52]
- ▶ Periodically briefed Governor's Chief of Staff on OSIG progress; made first Quarterly report to Cabinet Secretaries regarding OSIG activities.
- ▶ BHDS facility audits, as required in the Code , are set to start in March 2013
- ▶ Internal Audit Directives, regarding oversight of internal audit activities by OSIG—issued in draft
- ▶ Agreement with DOA to continue auditor training in FY 2013 and OSIG will pick up in FY 2014
- ▶ New Audits:
 - BHDS— Discharge Assistance Program Audit—underway
 - Court fines and fees— underway—required by the Appropriations Act
 - Tobacco Indemnification Fund— in planning stage
 - Audit Recovery
 - APA—Working on Joint Project
 - Department of Game and Inland Fisheries

Proposed Amended Legislation

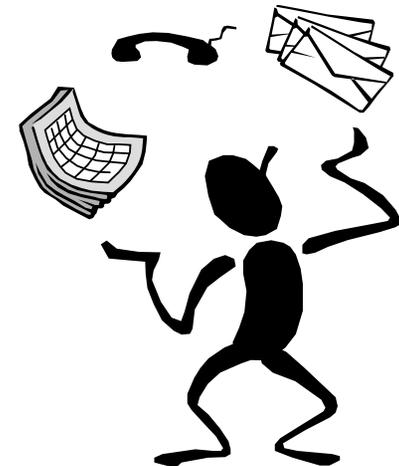
- ▶ OSIG code section
- ▶ Whistle Blower fund
- ▶ Law enforcement duties [OSIG, DOC, DJJ]

Accomplishments & Challenges (Cont.)

Some OSIG challenges remaining include the myriad details associated with the **ground-up creation of a new state government agency**:

Challenges:

- Sufficient budget; sufficient staff size to carry out OSIG functions
- Ensure General Assembly and Governor's office are in agreement over functions of OSIG
- Law enforcement implications [OSIG with or without]
- Developing a useful audit work plan that will be based on an acceptable risk methodology
 - Hire consultant to assist
- Coordinating OSIG functions with partners and ensuring there are clear differences in functions and no overlap in services
- Overseeing internal audit activities
 - First Certified Associate Executive (CAE) meeting set for March 2013
- Defining non-state agencies
- Continuing to move work forward at the same time that the Office is being established
- Filling vacancies
- Creating OSIG in an efficient manner that relies on automation and technology solutions
- Clean up ambiguity in legislation
- Court Fines and Fees report due before OSIG established
- VITA services–still have no shared computer space
- Develop Employee Work Profiles (EWPs) for employees
- Reach out to other Inspector Generals for best practices.



Conclusion

The OSIG is well on its way to becoming Virginia's oversight agency created by the enabling legislation to investigate allegations of waste, fraud, corruption; coordinate and recommend standards for internal audit programs; and conduct performance audits in state and non-state agencies.



Contact Information

Office of the State Inspector General
Patrick Henry Building 2nd Floor

1111 East Broad Street

Richmond, Virginia 23219

Office Number: (804) 225-2084

Fax Number: (804) 786-2341

Email: michael.morehart@governor.virginia.gov

