

Office of the State Inspector General

Presentation to the Senate Finance Committee

Michael F. A. Morehart, CPA
State Inspector General

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Michael F. A. Morehart

Biographical Information

- Mike Morehart was born Wurtzburg, West Germany and grew up in Petersburg, Virginia (Fort Lee). He earned a Bachelor's Degree in Business Administration from Virginia Commonwealth University and became a Certified Public Account in 1986.
- Prior to accepting the appointment as Virginia's first State Inspector General, Mike worked as a Senior Auditor for the Commonwealth's Auditor of Public Accounts followed by a twenty-six year career with the Federal Bureau of Investigation.
- During Mike's career with the FBI, he served in a variety of positions throughout the United States. His duties with the FBI included special agent, supervisor of Audit, Evaluation and Analysis Section, Supervisor of a White Collar Crime Squad, Counterterrorism and Counterintelligence Investigative Programs, Violent Crimes, Public Corruption, Civil Rights, Deputy Assistant Director Security Division Washington, D.C., and his last posting, Special Agent in Charge of the Richmond Division FBI Field Office.
- Mr. Morehart retired from the FBI in June 2012 and was appointed State Inspector General for the Commonwealth of Virginia on July 1, 2012. Mike has been married to Jan for 32 years and they have two children and four grandchildren.



Mission Statement

As an independent oversight agency of the Commonwealth of Virginia, the Office of the State Inspector General will faithfully promote public integrity and accountability. The Office will strive to enhance the efficiency, effectiveness, and economy of Executive Branch agencies and non-state agencies and, thereby, to inspire trust and confidence in the operations of state government. (Provisional Mission pending adoption by initial OSIG staff.)



OSIG Vision Statement

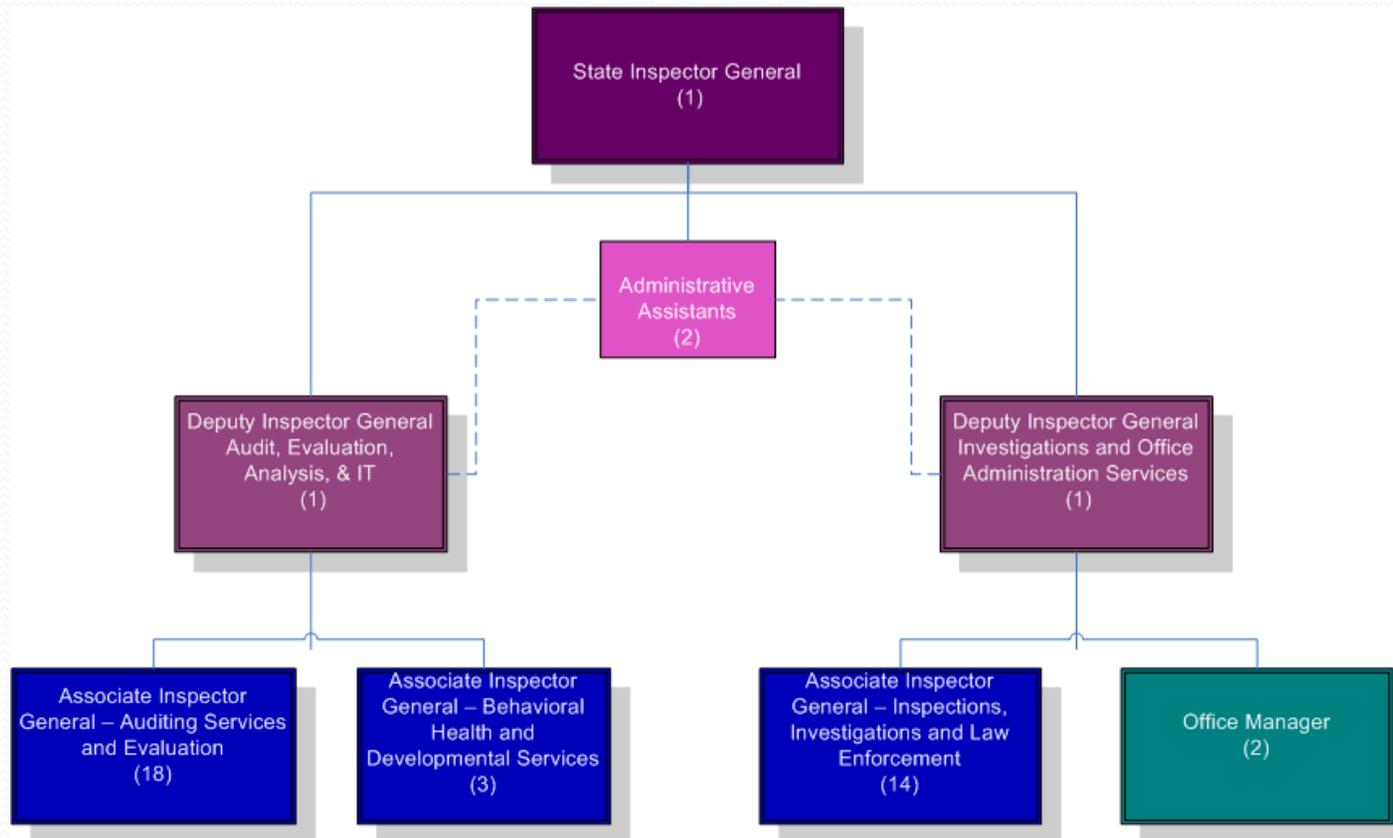
- Through the execution of its legislative mandates, the OSIG will strive to proactively:
 - Promote integrity and accountability;
 - Identify opportunities for improvement in state and non-state agency programs and operations;
 - Hold accountable state and non-state agencies for efficient and cost effective operations;
 - Prevent, detect, and, where appropriate, investigate fraud, waste, abuse and corruption;
 - Provide timely assistance to the Commonwealth's citizens and employees;
 - Establish internal audit standards, provide necessary oversight, and enhance the independence of executive branch agency internal audit programs.



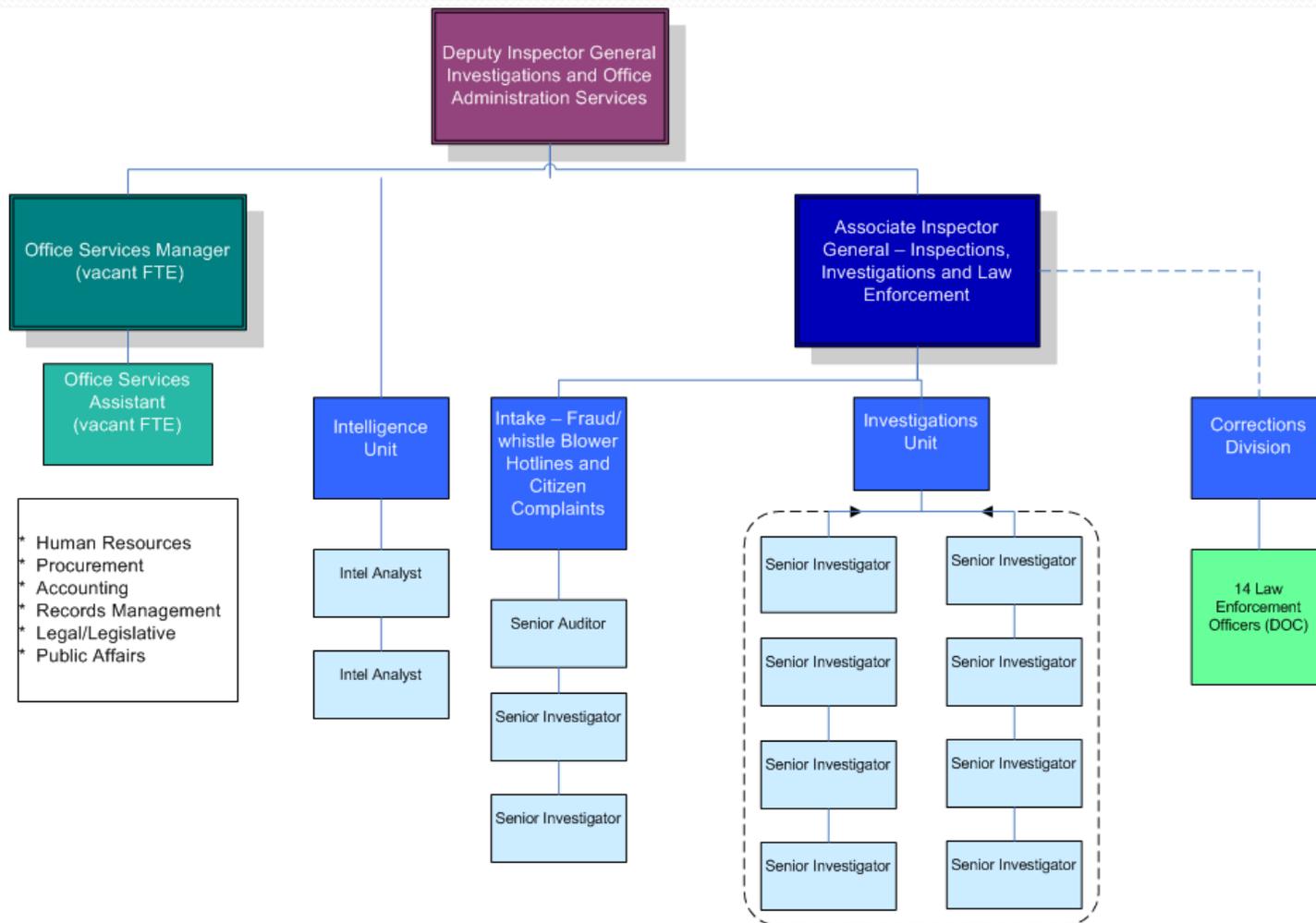
OSIG Values

- Integrity
- Accountability
- Independence
- Respect
- Unity of Purpose
- A Passion to Excel

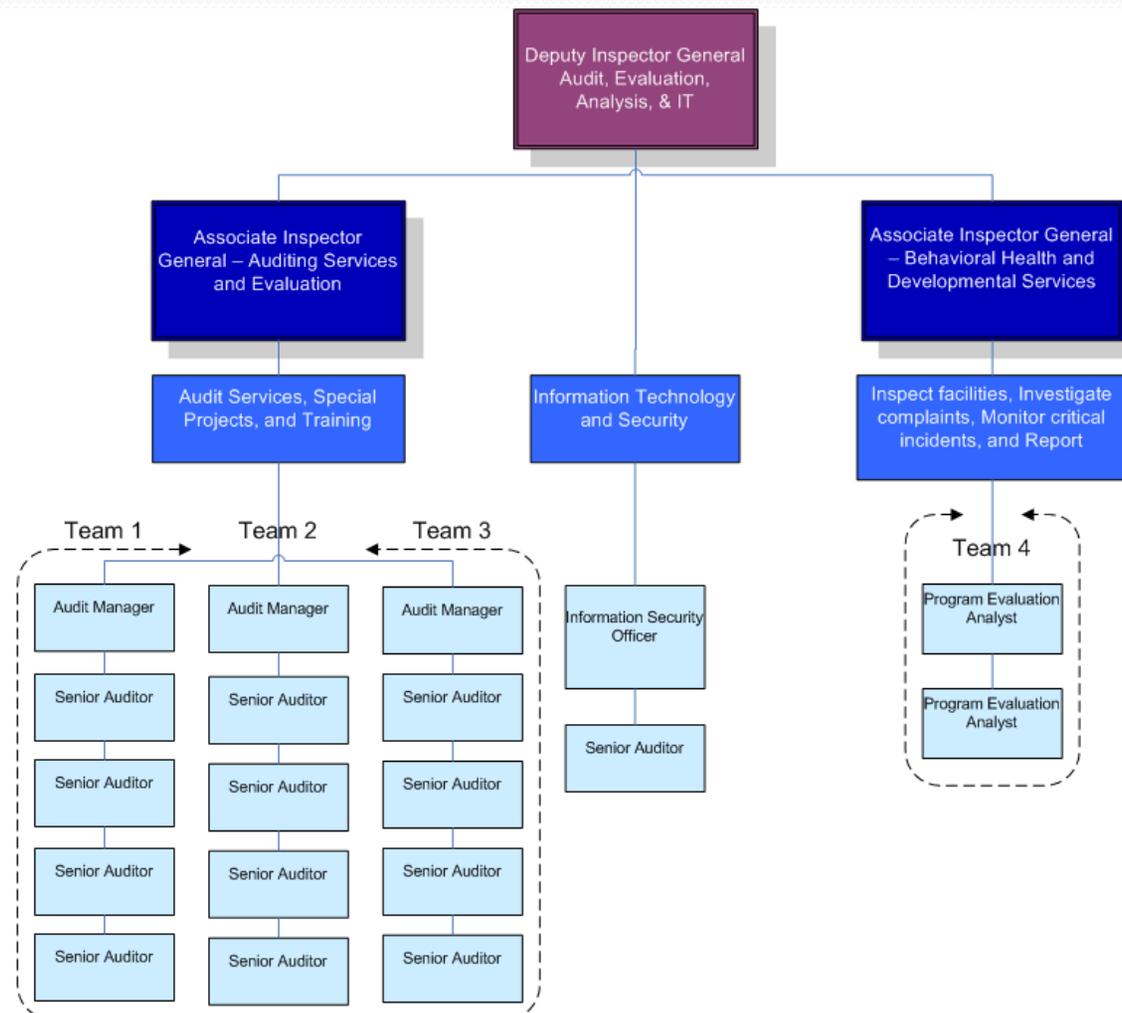
OSIG Organizational Chart



Investigations & Office Administration



Audit, Evaluation & Analysis



Personnel Resource Consolidation Chart

Personnel Resource Consolidation Chart			
Consolidated Agency	Total Positions	Consolidated	Not Consolidated
Department of Corrections	35	17	18
Department of Transportation	28	14	14
Department of Juvenile Justice Services	6	4	2
Behavioral Health & Developmental Services	6.75	4	2.75
Division of the State Internal Auditor	3	3	0
Totals	78.75	42	36.75



OSIG Core Mandates

- As noted in the preceding slides, the *Code* 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 nonstate, 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 not ninety days old, the OSIG has accomplished much; however, we have important challenges ahead.
- Recent OSIG accomplishments include:
 - Integration and uninterrupted continuation of the functions of the former OIG for behavioral health and developmental services and the former Office of the State Internal Auditor;
 - Creation of an initial organizational structure for the Office reflecting the core responsibilities of the OSIG described above;
 - Creation of a structure to execute the OSIG's statutory mandates, while minimizing the disruption to existing agencies, and remaining faithful to the Governor's value of streamlining state government;
 - Developing a risk-based performance audit plan;
 - Proposed legislative changes to better align and simplify the enabling legislation and whistle blower statute.



Accomplishments & Challenges

- Some OSIG challenges remaining include the myriad details associated with the **ground-up creation** of a new state government agency:
 - Budget/Appropriation Issues;
 - Office Space Issues: A staff of 42 individuals and actual space for 21 people; evidence room, weapons locker, secured filing systems/space etc.;
 - IT Issues: (hardware, software, copiers, phones etc.);
 - Staffing Issues: (Admin support);
 - Creating investigation/audit manuals, procedures, policies, etc.;
 - Staff re-training as former internal auditors are trained to conduct performance audits;
 - Limits of law enforcement authority for OSIG investigative unit.



Conclusion

- The OSIG is well on its way to becoming the watchdog 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.