

### **Review of the Office of the State Inspector General**

WHEREAS, it has been five years since the creation of the Office of the State Inspector General (OSIG) as an executive branch agency; and

WHEREAS, the OSIG was created by consolidating a variety of functions that existed at other agencies; and

WHEREAS, when created, the OSIG was granted a new function to evaluate state agency performance; and

WHEREAS, the OSIG is statutorily directed to inspect facilities and providers; review and make comments on Departments of Behavioral Health and Developmental Services (DBHDS), Corrections, and Juvenile Justice reports and critical incident data; investigate state agency operations and evaluate state agency performance; investigate complaints alleging fraud, waste, abuse, or corruption; and administer the State Fraud, Waste and Abuse Hotline; and

WHEREAS, the OSIG has full authority to inspect DBHDS facilities and mental health units in correctional facilities, but has less clear and more limited authority to inspect and investigate incidents in jails and non-DBHDS state facilities where individuals are held under state authority; and

WHEREAS, OSIG's investigative and performance evaluation roles create the potential for duplication with other state agencies that have similar missions; and

WHEREAS, the OSIG has authority to designate up to 30 of its staff with the same powers as a sheriff or a law-enforcement officer when investigating allegations of criminal behavior; and

WHEREAS, the OSIG was appropriated \$6.7 million (FY17), the majority of which was general funds, and employs 33 full-time equivalent staff, and staffing has fluctuated annually; and

WHEREAS, other states use centralized and decentralized structures that feature varying degrees of independence to perform inspection, investigation, performance evaluation, and fraud complaint response functions; now, therefore be it

RESOLVED by the Joint Legislative Audit and Review Commission (JLARC) that staff be directed to review the Office of the State Inspector General. In conducting its study, staff shall evaluate the agency's (i) role and authority in inspecting jails and state facilities where individuals are held; (ii) role and authority in investigating incidents in jails and state facilities where individuals are held; (iii) role in performance evaluations of state agencies; (iv) sufficiency of staffing levels and staff expertise (v) performance, management, and stability; and (vi) effectiveness, efficiency and independence of the current centralized OSIG in general, and as compared to when its role was de-centralized in different agencies. Staff shall make recommendations as necessary and review other issues as warranted.

All agencies of the Commonwealth shall provide assistance, information, and data to JLARC for this study, upon request. JLARC staff shall have access to all information in the possession of state agencies pursuant to § 30-59 and § 30-69 of the Code of Virginia. No provision of the Code of Virginia shall be interpreted as limiting or restricting the access of JLARC staff to information pursuant to this statutory authority.

JLARC staff shall complete its work and submit a report of its findings and recommendations to the Commission by December 10, 2019.

### **Review of the Virginia Employment Commission**

WHEREAS, the Virginia Employment Commission (VEC) was established to administer the requirements of key federal laws and policies related to providing temporary financial support to unemployed citizens and increasing employment opportunities through job placement and job training assistance; and

WHEREAS, VEC primarily performs two functions, which are the administration of unemployment insurance benefits and matching job seekers with jobs, both of which are required by the federal government through the Social Security Act and the Wagner-Peyser Act; and

WHEREAS, VEC administers several other workforce programs, including Disabled Veterans Outreach and Trade Adjustment Assistance, and is the official source of labor market information and census data in Virginia; and

WHEREAS, VEC employs about 870 staff across the state, 75 percent of whom are full-time; and

WHEREAS, VEC has three regional offices and 25 local offices located throughout the state through which its staff interact directly with job seekers and employers; and

WHEREAS, VEC is funded entirely with non-general funds, most of which are for the payment of unemployment insurance benefits, and received an appropriation of \$611.6 million in FY17; and

WHEREAS, VEC's vision is to be "Virginia's first choice for workforce services," but matches job seekers with a small minority of available Virginia jobs; and

WHEREAS, audits of VEC's operations by the Auditor of Public Accounts in 2010 and 2014 identified problems with VEC's administration of unemployment insurance benefits and its information security program; and

WHEREAS, the Commonwealth's strategic plan for workforce development calls for structural reforms through consolidating and streamlining workforce services, which could potentially impact VEC's operations; now, therefore be it

RESOLVED by the Joint Legislative Audit and Review Commission (JLARC) that staff be directed to review the operations and performance of the Virginia Employment Commission (VEC). In conducting its study, staff shall (i) evaluate the effectiveness and efficiency of VEC's job placement services in connecting Virginians with employment opportunities and connecting employers with qualified job candidates; (ii) recommend changes to VEC's job training and job placement operations that would improve efficiency and modernization; (iii) evaluate how effectively VEC administers unemployment insurance benefits and how well it balances the interests of employers and benefit recipients; (iv) evaluate how accessible and responsive VEC is to job seekers and employers who seek or could benefit from its services; (v) evaluate the efficiency of VEC's physical structure, including the

locations and responsibilities of its local offices; (vi) evaluate how effectively VEC uses technology and information systems to administer its programs and whether it appropriately safeguards sensitive information; (vii) evaluate the overall performance and management of the VEC central office, including how well it collaborates with state and local government agencies; (viii) make recommendations as necessary; and (ix) review other issues as warranted.

All agencies of the Commonwealth shall provide assistance, information, and data to JLARC for this study, upon request. JLARC staff shall have access to all information in the possession of state agencies pursuant to § 30-59 and § 30-69 of the Code of Virginia. No provision of the Code of Virginia shall be interpreted as limiting or restricting the access of JLARC staff to information pursuant to this statutory authority.

JLARC staff shall complete their work and submit a report of findings and recommendations to the Commission by December 10, 2019.

## Study Resolution

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### Review of the Office of Attorney General

WHEREAS, the Office of Attorney General (OAG) serves as the state's legal counsel; has responsibility for prosecuting certain types of criminal cases, including violations of alcohol beverage control, elections, child pornography, and environmental laws; and is responsible for collection of the state's debt; and

WHEREAS, the OAG's Division of Consumer Counsel is the state's clearinghouse for the receipt, evaluation, and referral of consumer protection complaints; and

WHEREAS, in FY17 the OAG received appropriations of \$30.1 million, two-thirds of which were general funds, and the remainder of which were special and federal trust funds; and

WHEREAS, the OAG has received substantial amounts in proceeds from asset forfeiture and expended these funds for a variety of purposes outside the state's budget process with minimal legislative oversight; and

WHEREAS, the OAG has unilaterally authorized staff salary increases; and

WHEREAS, the OAG has the authority to appoint private attorneys and special counsel if it is determined that it is impracticable or uneconomical for the office to provide required legal service, but concerns have been raised about whether this authority has been exercised properly; and

WHEREAS, in a recent review of state contracting by the Joint Legislative Audit and Review Commission (JLARC), only 21 percent of agency procurement staff reported seeking assistance from the OAG in developing contracts, and the OAG reported not having the capacity to review the substantive provisions of state contracts; and

WHEREAS, the JLARC review of state contracting concluded that the OAG should assume a stronger role in reviewing agency contracts to improve the state's protections against contract-related risks; and

WHEREAS, the Medicaid Fraud Control Unit, which is housed within the OAG and charged with policing provider fraud in the Medicaid program, has grown over time with relatively little supervision, and has devoted a substantial portion of its resources to national pharmaceutical cases, potentially at the expense of local provider fraud cases; now, therefore be it

RESOLVED by the Joint Legislative Audit and Review Commission that staff be directed to review the operations and performance of the OAG. In conducting its study, staff shall (i) evaluate the allocation and expenditure of forfeiture and other non-general funds; (ii) examine the process for authorization of staff pay increases; (iii) examine the process for the retention of private attorneys and special counsel; (iv) evaluate the adequacy of legal assistance provided in the development of state contracts; (v) assess whether the OAG has adequate resources and expertise to efficiently and

effectively serve as the state's legal counsel; (vi) evaluate the performance of the Medicaid Fraud Control Unit and compare the unit to similar units in other states; (vii) evaluate the performance of the Division of Consumer Counsel; (viii) make recommendations as necessary; and (ix) review other issues as warranted.

All agencies of the Commonwealth shall provide assistance, information, and data to JLARC for this study, upon request. JLARC staff shall have access to all information in the possession of state agencies pursuant to § 30-59 and § 30-69 of the Code of Virginia. No provision of the Code of Virginia shall be interpreted as limiting or restricting the access of JLARC staff to information pursuant to this statutory authority.

JLARC staff shall complete their work and submit a report of findings and recommendations to the Commission by December 10, 2019.

### **Review of the Department of Game and Inland Fisheries**

WHEREAS, the Department of Game and Inland Fisheries (DGIF) interacts with many Virginians each year through its natural resource service, conservation, and enforcement responsibilities; and

WHEREAS, DGIF issues hunting and recreational fishing licenses, and administers all titles and registrations of recreational boats in Virginia; and

WHEREAS, DGIF owns and maintains over 200,000 acres of land across the state, including nearly 6,000 acres acquired over the past two years; and

WHEREAS, DGIF employs approximately 450 full-time-equivalent staff, including 160 conservation police officers who are vested with similar law-enforcement authority as sheriffs and other law-enforcement officers in the Commonwealth; and

WHEREAS, DGIF was appropriated \$63 million in FY18 from entirely non-general fund revenue sources, including revenue from the sales of hunting and fishing licenses, federal funds, and a portion of the sales and use tax derived from watercraft and outdoor-related goods and equipment; and

WHEREAS, DGIF retains substantial end-of-year fund balances; and

WHEREAS, DGIF relocated its headquarters to Henrico County in 2015 after initial plans to relocate to Hanover County were unsuccessful; and

WHEREAS, in its 1996 report, *Feasibility of Consolidating Virginia's Wildlife Resource Functions*, the Joint Legislative Audit and Review Commission determined that overlap existed and consolidation could be considered among DGIF and other state agencies with natural resource missions, including the Virginia Marine Resources Commission, the Department of Conservation and Recreation, and the Department of Agriculture and Consumer Services; and

WHEREAS, DGIF is overseen by the Board of Game and Inland Fisheries, which is a supervisory board responsible for, among other things, appointing the director; acquiring public lands; managing game bird, game animal, fish and other wildlife populations in the Commonwealth; establishing and revising various fees, including fees charged for hunting, fishing, and trapping licenses; now, therefore be it

RESOLVED by the Joint Legislative Audit and Review Commission that staff be directed to review the operations, performance, and management of the Department of Game and Inland Fisheries. In conducting its study, staff shall (i) determine whether DGIF's revenue sources, including balances retained at year end, are appropriate to support its mission; (ii) evaluate the effectiveness of DGIF's customer service operations, including the use of technology in customer-facing operations; (iii) examine DGIF's land acquisitions; (iv) examine the powers and authorities of conservation police officers; (v) assess the organizational structure DGIF uses for its conservation police officer force; (vi)

determine whether efficiencies could be gained by consolidating DGIF's functions and those of other agencies with similar missions; (vii) evaluate the role of and representation on the Board of Game and Inland Fisheries; (viii) compare how Virginia organizes DGIF functions to how other states organize their functions; (ix) make recommendations as necessary; and (x) review other issues as warranted.

All agencies of the Commonwealth, including the Department of Game and Inland Fisheries, the Virginia Marine Resources Commission, the Department of Conservation and Recreation, the Department of Agriculture and Consumer Services, and the Department of Planning and Budget shall provide assistance, information, and data to JLARC for this study, upon request. JLARC staff shall have access to all information in the possession of state agencies pursuant to § 30-59 and § 30-69 of the Code of Virginia, including all documents related to proceedings or actions of the board. No provision of the Code of Virginia shall be interpreted as limiting or restricting the access of JLARC staff to information pursuant to this statutory authority.

JLARC staff shall complete their work and submit a report of findings and recommendations to the Commission by December 10, 2019.