

COMMONWEALTH OF VIRGINIA

STATE FRAUD, WASTE AND ABUSE HOTLINE TRAINING

OFFICE OF THE STATE INSPECTOR GENERAL

INTRODUCTION

The following is guidance on reporting fraud, waste and abuse as outlined in Governor McDonnell's 2012 Executive Order Number 52.

All citizens of the Commonwealth, including state employees, have the opportunity to report suspected instances of fraud, waste or abuse anonymously and without fear of retribution by using the State Fraud, Waste and Abuse Hotline (Hotline). The Office of the State Inspector General (OSIG) is responsible for administering the Hotline, which covers all Executive Branch agencies.

First, let's define fraud, waste and abuse.

FRAUD

Fraud is intentional deception perpetrated by an individual or an organization, either internal or external to state government, which could result in a tangible or intangible benefit to themselves, others or the Commonwealth or could cause detriment to others or the Commonwealth. Fraud includes a false representation of a matter of fact, whether by words or by conduct, by false or misleading statements, or by concealment of that which should have been disclosed, which deceives and is intended to deceive.

Examples of fraud include falsifying financial records, theft of funds or property and violations of state procurement policy.

WASTE

Waste is the intentional or unintentional, thoughtless or careless expenditure, consumption, mismanagement, use or squandering of Commonwealth resources to the detriment of the Commonwealth. Waste also includes incurring unnecessary costs due to inefficient or ineffective practices, systems or controls.

Examples of waste include unnecessary spending of state funds and poorly researched purchases resulting in additional costs.

ABUSE

Abuse is excessive or improper use of a resource, or to use an item or resources in violation in a manner contrary to the natural or legal rules for its use. Abuse is intentional destruction, diversion, manipulation, misapplication, mistreatment or misuse of Commonwealth resources. Abuse is excessive use of ones position or authority.

Examples include using a state vehicle, computer or phone for personal business or failing to submit a leave form when absent from work.

HOTLINE INFORMATION

- The Hotline is toll-free in Virginia at 800-723-1615.
- The Hotline is confidential - incoming calls cannot be traced and do not display caller ID information.
- Hotline hours of operation are Monday through Friday, 8:30 a.m. to 5:00 p.m. It is closed weekends and holidays.
- After hours, a recorded message provides callers with the opportunity to leave a voice mail message. You do not have to leave your name unless you want a call-back from an investigator.
- In addition to phone calls, the Hotline accepts allegations through U.S. mail, fax, email and web-form on the OSIG website.

HOTLINE INFORMATION

- The Hotline was originally implemented in 1992 under the Division of State Internal Audit, which is formerly a division of the Department of Accounts.
- The Hotline conducts follow-up reviews to ensure corrective actions have been implemented.
- The Hotline conducts quality assurance reviews (often referred to as “workpaper reviews”) of executive branch agencies.

OBLIGATIONS

Under section 2.2-310 of the Code of Virginia:

- State employees are obligated to report allegations of fraud, waste and abuse to OSIG and may do so through the Hotline.
- All executive branch agencies are obligated to cooperate and assist OSIG investigators to the fullest extent.
- Hotline investigators shall have access to electronic and paper files, records and documents, as well as personnel, facilities, property and anything else necessary to conduct an investigation.

HOW TO CONTACT THE HOTLINE

Toll-free number: 800-723-1615

Mailing address:

Office of the State Inspector General
Attention: State Fraud, Waste and Abuse Hotline
P.O. Box 1151
Richmond, VA 23218

Fax: 804-371-0165

Email: COVHotline@osig.Virginia.gov

Web-form: <https://www.osig.virginia.gov/program-areas/citizen-services/report-fraud-waste-and-abuse/complaint-form/>

REPORTING A COMPLAINT

A caller should have the following information available when contacting the Hotline:

- Circumstances of the incident.
- The agency and the subject(s) involved.
- Any available evidence or documentation.
- Dates, times, names, places.
- Names of credible witnesses.

In essence, the who, what, when, where, why and how is helpful.

COMPLAINT SCREENING

OSIG screens Hotline complaints as follows:

Level 1 Screening – While talking to a caller, the Hotline Investigator identifies if the call/allegation falls in or out of the Hotline scope.

Level 2 Screening – After a Level 1 Screening, the State Hotline Manager reviews the complaint report to determine the seriousness of the allegation(s) and if there is sufficient information to perform an investigation.

LEVEL 1 SCREENING

If the information provided by the caller passes the Level 1 Screening, a case number is assigned.

When the subject of the allegation is not within the scope of OSIG, the investigator attempts to refer the caller to the appropriate agency or authority.

Some examples can be seen on the next screen.

NOT HANDLED BY THE HOTLINE

The following complaints are not handled by the Hotline and should be referred to the applicable agency:

| | | |
|-----------------------------------|---|--|
| City, county or local government | → | Local authorities (i.e. City/County Manager, Board of Supervisors, School Board, Internal Audit) |
| Judicial or court-related matters | → | Judicial Inquiry and Review Commission |
| Employee grievance or harassment | → | Human Resources or DHRM |
| Insurance Fraud | → | Virginia State Police |
| Medicaid Fraud | → | OAG Medicaid Fraud Control Unit or Dept. of Medical Assistance Services |
| Private Companies | → | Applicable authority for the industry |
| Tax Fraud | → | Virginia Dept. of Taxation and IRS |

LEVEL 2 SCREENING

A Level 2 Screening is completed by the Hotline Investigator and reviewed by the State Hotline Manager to determine whether a case is to be investigated or screened-out. Screened-out means the allegation is based on incorrect information or lacks some details, which could inhibit a proper investigation.

Screened-out cases are distributed to the Chief Audit Executive (CAE) of the affected agency and may be investigated at the CAE's discretion. If a screened-out case is investigated, established Hotline case investigative procedures must be followed.

Cases meeting the screening criteria are assigned to OSIG or the respective agency's CAE within two business days.

CASE ASSIGNMENT

If the information provided by the caller passes the Level 2 Screening, the case is assigned to one of the following:

- OSIG Staff
- Agency Internal Audit Program

A case will be assigned to OSIG if the subject of the allegation involves an agency head, cabinet secretary, Internal Audit staff member, an “at-will” employee or if the agency does not have a CAE. Cases may also be investigated by OSIG at OSIG's discretion.

INVESTIGATOR RESPONSIBILITIES

Hotline investigations must adhere to strict confidentiality standards. Related documents and correspondence must not be distributed to anyone other than the investigator, CAE or agency head without OSIG's consent.

Documents pertaining to Hotline investigations will only be provided to the CAE and the individual assigned to conduct the investigation. Documents must be marked "Confidential State Fraud, Waste and Abuse Hotline Document."

CAEs shall not share complaint reports with anyone except the staff conducting the investigation.

INVESTIGATOR RESPONSIBILITIES

If an investigator deems that for investigative purposes, or as required by law, it is necessary to disclose the nature of the allegation(s) to the subject, they may do so by providing them with a summary of the allegation(s). However, careful effort must be made not to provide any information that would compromise the identity of the anonymous Hotline caller. Only the nature of the allegations may be disclosed to the subject during the interview process.

STRUCTURE OF INVESTIGATION

All investigations will be conducted in accordance with Association of Inspectors General (AIG) Quality Standards for Investigations. Due professional care must be used in conducting investigations and in preparing accompanying reports.

Investigations should be conducted in a diligent, objective, ethical, timely and complete manner, and reasonable steps should be taken to ensure that sufficient relevant evidence is collected; pertinent issues are sufficiently resolved; and appropriate criminal, civil, contractual or administrative remedies are considered.

INTERFERENCE

Under no circumstances shall anyone directly or indirectly interfere with a Hotline investigation, or induce or coerce others not to cooperate with investigators. Any attempt to directly or indirectly interfere with a Hotline investigation is also prohibited and is subject to appropriate disciplinary action under the Standards of Conduct promulgated by the Department of Human Resource Management (DHRM).

RETALIATION

The Hotline's non-traceable, toll-free number (800-723-1615) protects the confidentiality of the caller, making the Hotline completely anonymous. Under no circumstances should anyone attempt to identify any person who contacts the Hotline.

If a caller is identified or suspected, there cannot be retribution or retaliation taken against the caller. A person committing retaliation is subject to disciplinary action under DHRM Policy 1.60 – Standards of Conduct.

REPORTING REQUIREMENTS

OSIG requires a formal report of investigation within 60 calendar days, although OSIG may grant extensions upon request of CAEs with reasonable justification. The report may be submitted electronically to OSIG using encrypted email or password protected document, or sent by U.S. mail or fax. (Please notify OSIG before sending a fax).

REACHING A CONCLUSION

Once the appropriate documentation and evidence has been gathered, reviewed and all necessary interviews have been conducted, a conclusion should be reached regarding whether the allegation is substantiated or unsubstantiated. If there are multiple allegations, a final conclusion must be reached on each allegation.

To conclude that there was waste or abuse does not require that it be intentional. Therefore, this should not be considered when determining whether the allegation was substantiated or unsubstantiated. However, mitigating circumstances may be considered when determining corrective action.

REACHING A CONCLUSION

The standard of proof for substantiating allegations is a “preponderance of evidence,” that there is more evidence than not that substantiates the allegation. It is not necessary to have proof beyond a reasonable doubt. Factual and accurate evidence is enough to cause a reasonable person to believe that the subject committed the offense or was responsible for the outcome.

In cases involving the word of one witness against another, it will be difficult to substantiate an allegation. However, this does not prevent the investigator from stating in the report what each witness said. The investigator should refrain from offering an opinion as to which witness was the most truthful.

REPORTS

After an investigation is completed, a report is issued to the agency involved. If the allegation of fraud, waste or abuse is substantiated, and corrective action is recommended to rectify the cause or control weaknesses that allowed it to occur, executive branch agency management is required to take corrective action on all recommendations to improve controls.

Investigators may find that the allegation(s) is unsubstantiated, but that policy changes or improvements in internal controls may help avoid future problems. In such cases, investigators may find the allegation(s) unsubstantiated, but make appropriate recommendations as a part of the Hotline report.

REPORT FORMAT

OSIG does not require a particular format for Hotline reports, but the content of all reports should be similar. The following report elements are required:

- Case number.
- Amount of funds involved.
- Nature of the complaint.
- Investigative techniques or scope.
- Results of the investigation, savings identified, and recoveries and/or restitution expected to be received.
- Investigator's conclusion.
- Internal control weaknesses identified and corrected.
- Corrective actions recommended, planned or taken (no disciplinary recommendations).
- Name of the subject of the complaint.

SUMMARY REPORTS

Hotline reports should not be released to anyone other than OSIG. However, it may be prudent in some cases to issue summary reports for Hotline cases. For example, it may be necessary to supply such a report to the agency's governing board in order to keep the members notified of significant events, or it may be necessary to issue such a report to agency management and/or grievance hearing officers in order to effect corrective and/or disciplinary actions. In such instances, summary reports should disclose no more information than is necessary. It is imperative that the callers' and witnesses' identities are protected and that summary reports do not disclose information that may compromise their identities.

SUMMARY REPORT GUIDELINES

Summary reports should follow these guidelines:

- Be limited to a statement that an investigation was completed. State the finding(s) and the recommended corrective action(s).
- It is permissible, though not required, to make recommendations for corrective actions.
- Do not include recommendations regarding specific disciplinary or adverse personnel actions.
- Exclude information that may reveal the date or the identity of the caller or any witnesses.
- The summary report does not require the “Confidential State, Fraud, Waste and Abuse Hotline Document” stamp.

REPORT PUBLICATION

OSIG investigative reports are not published due to their sensitive nature. Redacted copies of reports may be released through a Freedom of Information Act (FOIA) request. All FOIA requests related to Hotline investigations must be referred to OSIG for processing.

Working papers, evidence gathered and interview notes are not subject to FOIA; however, OSIG may request to review these documents.

RECORDS RETENTION

CAEs are the custodians of all working papers and any other documents relating to the Hotline investigation. These documents are to be maintained until the documents may be destroyed in accordance with the Library of Virginia record retention guidelines. To maintain confidentiality of the documents, CAE should perform the destruction of the documents.

All Hotline documents, reports and other information relating to a Hotline investigation are the property of OSIG.

QUESTIONS

If you have additional questions, contact the State Fraud, Waste and Abuse Hotline or reference the [State Fraud, Waste and Abuse Hotline Policies and Procedures Manual](#).



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