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HOUSE BILL NO. 1202

Offered January 16, 2016

A BILL to amend and reenact § 2.2-309 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 2.2-309.5, relating to the State Inspector General; lean government initiative.

Patron—Dudenhefer

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That § 2.2-309 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding a section numbered 2.2-309.5 as follows:

§ 2.2-309. Powers and duties of State Inspector General.

A. The State Inspector General shall have power and duty to:

1. Operate and manage the Office and employ such personnel as may be required to carry out the provisions of this chapter;

2. Make and enter contracts and agreements as may be necessary and incidental to carry out the provisions of this chapter and apply for and accept grants from the United States government and agencies and instrumentalities thereof, and any other source, in furtherance of the provisions of this chapter;

3. Receive complaints from whatever source that allege fraud, waste, including task or program duplication, abuse, or corruption by a state agency or nonstate agency or by any officer or employee of the foregoing and determine whether the complaints give reasonable cause to investigate;

4. Investigate the management and operations of state agencies, nonstate agencies, and independent contractors of state agencies to determine whether acts of fraud, waste, abuse, or corruption have been committed or are being committed by state officers or employees or independent contractors of a state agency or any officers or employees of a nonstate agency, including any allegations of criminal acts affecting the operations of state agencies or nonstate agencies. However, no investigation of an elected official of the Commonwealth to determine whether a criminal violation has occurred, is occurring, or is about to occur under the provisions of § 52-8.1 shall be initiated, undertaken, or continued except upon the request of the Governor, the Attorney General, or a grand jury;

5. Prepare a detailed report of each investigation stating whether fraud, waste, abuse, or corruption has been detected. If fraud, waste, abuse, or corruption is detected, the report shall (i) identify the person committing the wrongful act or omission, (ii) describe the wrongful act or omission, and (iii) describe any corrective measures taken by the state agency or nonstate agency in which the wrongful act or omission was committed to prevent recurrences of similar actions;

6. Provide timely notification to the appropriate attorney for the Commonwealth and law-enforcement agencies whenever the State Inspector General has reasonable grounds to believe there has been a violation of state criminal law;

7. Administer the Fraud and Abuse Whistle Blower Reward Fund created pursuant to § 2.2-3014;

8. Oversee the Fraud, Waste and Abuse Hotline;

9. Conduct performance reviews of state agencies to assess the efficiency, effectiveness, or economy of programs and to ascertain, among other things, that sums appropriated have been or are being expended for the purposes for which the appropriation was made and prepare a report for each performance review detailing any findings or recommendations for improving the efficiency, effectiveness, or economy of state agencies, including recommending changes in the law to the Governor and the General Assembly that are necessary to address such findings;

10. Coordinate and require standards for those internal audit programs in existence as of July 1, 2012, and for other internal audit programs in state agencies and nonstate agencies as needed in order to ensure that the Commonwealth's assets are subject to appropriate internal management controls;

11. As deemed necessary, assess the condition of the accounting, financial, and administrative controls of state agencies and nonstate agencies and make recommendations to protect the Commonwealth's assets;

12. Assist agency internal auditing programs with technical auditing issues and coordinate and provide training to the Commonwealth's internal auditors;

13. Assist citizens in understanding their rights and the processes available to them to express concerns regarding the activities of a state agency or nonstate agency or any officer or employee of the foregoing;

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59 14. Maintain data on inquiries received, the types of assistance requested, any actions taken, and the
60 disposition of each such matter;

61 15. Upon request, assist citizens in using the procedures and processes available to express concerns
62 regarding the activities of a state or nonstate agency or any officer or employee of the foregoing;

63 16. Ensure that citizens have access to the services provided by the State Inspector General and that
64 citizens receive timely responses to their inquiries from the State Inspector General or his
65 representatives; and

66 17. *Implement the provisions of the lean government initiative in accordance with the provisions of*
67 *§ 2.2-309.5; and*

68 18. Do all acts necessary or convenient to carry out the purposes of this chapter.

69 B. If the State Inspector General receives a complaint from whatever source that alleges fraud, waste,
70 abuse, or corruption by a public institution of higher education or any of its officers or employees, the
71 State Inspector General shall, but for reasonable and articulable causes, refer the complaint to the
72 internal audit department of the public institution of higher education for investigation. However, if the
73 complaint concerns the president of the institution or its internal audit department, the investigation shall
74 be conducted by the State Inspector General. The State Inspector General may provide assistance for
75 investigations as may be requested by the public institution of higher education.

76 The public institution of higher education shall provide periodic updates on the status of any
77 investigation and make the results of any such investigation available to the State Inspector General.

78 **§ 2.2-309.5. Lean government initiative.**

79 A. *For purposes of this section:*

80 "*Customer*" means any citizen of Virginia.

81 "*Lean government initiative*" means a business-oriented system for organizing and managing product
82 development, operations, suppliers, and customer relations to create precise customer value, expressed
83 as providing goods and services with higher quality and fewer defects and errors, with less human
84 effort, less space, less capital, and less time than more traditional systems.

85 B. The State Inspector General shall ensure implementation of lean tools and enterprises as a
86 component of strategic planning and performance management systems for all state agencies. In meeting
87 the goals of this section, the State Inspector General may:

88 1. Create strategic and tactical approaches for lean implementation, including integration into state
89 governance and operational systems;

90 2. Lead and develop state agencies' capacity to implement lean tools and enterprises, including
91 design and development of instructional materials as needed with the goal of integrating continuous
92 improvement into the organizational culture;

93 3. Create demand for lean tools and enterprises in state agencies;

94 4. Communicate with agency directors, boards, commissions, and senior management to create
95 interest and organizational will to implement lean tools and enterprises to improve agency results;

96 5. Provide direction and advice to department heads and senior management to plan and implement
97 departmental lean programs;

98 6. Direct and review plans for leadership and assist with the selection of process improvement
99 projects of key importance to agency goals, programs, and missions;

100 7. Assist state agencies in identifying potential lean projects;

101 8. Continuously evaluate organizational performance in meeting objectives, identify and structure the
102 direction that lean implementation should take to provide maximum effectiveness, and justify critical and
103 far-reaching changes;

104 9. Lead the collection and reporting of data and learning related to lean accomplishments;

105 10. Widely disseminate lean results and learning with stakeholders and other members of the public
106 to demonstrate the benefits and return on investment;

107 11. Evaluate the effect of unforeseen developments on plans and programs and present to agency
108 directors, boards, commissions, and senior management suggested changes in overall direction;

109 12. Provide input related to proposals regarding new or revised legislation, regulations, and related
110 changes that have a direct impact on the implementation;

111 13. Lead the development of alliances and partnerships with the business community, associations,
112 consultants, and other stakeholders to enhance external support and advance the implementation of lean
113 tools and enterprises in state government; and

114 14. Lead relations with the General Assembly to build support for and understanding of lean work in
115 state government.