



*COMMONWEALTH OF VIRGINIA*  
*Office of the State Inspector General*

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December 8, 2022

The Honorable Caren Merrick  
Secretary of Commerce and Trade  
P.O. Box 1475  
Richmond, VA 23218

Dear Secretary Merrick:

The Office of the State Inspector General conducted an investigation based on a complaint made to the State Fraud, Waste and Abuse Hotline, Case #HL-2023-217. The complaint alleged that the Virginia Tourism Authority did not follow state procurement requirements in the production of a tourism video and that the cost of the video was a waste of state funds.

The scope of the review was limited to relevant circumstances as specified in the complaint. Therefore, this inquiry was limited to interviews and documentation review. The period covered during this review was May to November 2022.

**Allegation 1**

The complainant reported that a recent tourism video produced by the Virginia Tourism Authority did not comply with state procurement guidelines.

**Findings of Fact**

In March 2022, [REDACTED] held an introductory meeting with executive leadership of the Virginia Tourism Authority. After the meeting, [REDACTED] proposed that the Authority create a Welcome to Virginia video that promoted Virginia tourism and featured [REDACTED]. The video would play in Virginia welcome centers and airports throughout the Commonwealth.

██████████ explained during an OSIG interview that it is not uncommon for the Authority to produce projects with officials, celebrities or others to capitalize on current events within the Commonwealth.

OSIG reviewed *Code of Virginia § 2.2-2325* and noted that VTA is exempt from the provisions of the Virginia Public Procurement Act. With that exemption, the Authority is not required to follow the policies and procedures issued by ██████████ or other agencies with procurement-related oversight responsibilities. All procurement activities are governed by the Authority's Purchasing Policies and Procedures Manual. According to the manual, the Welcome to Virginia video production qualified as a non-competitive award. However, due to a heavy workload, the Authority's marketing agency of record was unable to produce the video. ██████████ had produced high-quality videos featuring the ██████████ and the Authority decided to hire ██████████ for this project.

Upon learning that competitive bids were not being sought, the Office of the Secretary of Commerce and Trade and the Governor's Office expressed concern about the appearance of the lack of transparency in the procurement process. The Authority communicated to the Secretary and Governor about the Virginia Public Procurement Act exemption, and internal policies and procedures governing procurement. The Secretary and the Governor instructed the Authority to issue a request for bids. Subsequent to the issuance of the request for bids, ██████████ was the only vendor to submit a bid. The contract was awarded to ██████████.

### **Conclusion**

The allegation is **unsubstantiated**. The Authority is exempt from state procurement guidelines. According to its own internal purchasing policies and procedures, the Welcome to Virginia video project qualified as a non-competitive award. Nevertheless, to exercise due diligence and ensure transparency in the procurement process, the Authority issued a request for bids.

### **Allegation 2**

The complainant alleges the Welcome to Virginia project, which cost the Virginia Tourism Authority \$268,000 to produce, was unreasonable and a waste of state funds.

### **Findings of Fact**

OSIG reviewed comparable video projects completed by the Authority to determine the reasonableness of the cost of producing the Welcome to Virginia project. OSIG found the average daily production cost of the videos reviewed ranged from \$90,594 to \$310,693, with the Welcome to Virginia project having an average daily production cost of \$38,371.

**Conclusion**

The allegation is **unsubstantiated**. The cost expended by the Virginia Tourism Authority to complete the Welcome to Virginia project was reasonable based on similar projects completed by other vendors.

OSIG appreciates the assistance provided by Virginia Tourism Authority staff during this investigation. Please contact me at 804-625-3255 or [michael.westfall@osig.virginia.gov](mailto:michael.westfall@osig.virginia.gov) with any questions.

Sincerely,



Michael C. Westfall, CPA  
State Inspector General

cc: The Honorable Jeff Goettman, Chief of Staff to Governor Glenn Youngkin  
Bella Warwick, Deputy Chief of Staff to Governor Glenn Youngkin

*This report is to remain confidential. Any requests for distribution should be referred to OSIG.*