

Department of Planning and Budget 2004 Fiscal Impact Statement

1. Bill Number HB945

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Oder

3. Committee House Transportation

4. Title Audits of VDOT.

5. Summary/Purpose:

Requires that, beginning on July 1, 2004, and at least once every two years thereafter, the Commonwealth Transportation Commissioner must accept contract proposals from private companies to conduct a thorough, comprehensive, and independent audit of the Virginia Department of Transportation (VDOT). All costs of these audits are to be borne by the companies performing them.

6. Fiscal Impact Estimates are: Preliminary, see item 8.

7. Budget amendment necessary: No.

8. Fiscal implications:

According to the Department of Transportation (VDOT), there could be a fiscal impact resulting from this bill. The Auditor of Public Accounts' annual audit in 2002 required approximately 4,500 man-hours, and cost approximately \$225,000. Depending on the scope and depth of the review, the cost of a review as envisioned by this bill could be in the hundreds of thousands to millions of dollars. However, the bill notes that all costs of the audits are to be borne by the companies performing them. Given this, it is unclear what companies may be willing to do the audits, and to what extent the audits will be conducted.

9. Specific agency or political subdivisions affected: VDOT.

10. Technical amendment necessary: No.

11. Other comments: See HB 185, which also proposes an audit requirement with a different schedule. In addition, VDOT already undergoes substantial internal and external audit coverage. The internal audit coverage is provided through its Internal Audit Division with the audit results reported to the Agency's audit committee chaired by the Secretary of Transportation. The external audit coverage is primarily provided through JLARC and the Auditor of Public Accounts. Also, the department is subject to audits and process reviews from the U.S. Department of Transportation, Office of the Inspector General, U.S. General Accounting Office, and Federal Highway Administration.

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cc: Secretary of Transportation