

Department of Planning and Budget
2008 Special Session II
Fiscal Impact Statement

1. Bill Number **HB 6046**

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Lingamfelter

3. Committee Appropriations

4. Title **Performance audit of transportation**

5. Summary/Purpose:

The proposed legislation would require the Auditor of Public Accounts to administer that operational and programmatic performance audit focusing on the agencies within the Transportation Secretariat, with primary emphasis on the Virginia Department of Transportation (VDOT) and the Department of Rail and Public Transportation. The audit would be conducted by a private management consulting firm.

The bill would direct that the final report of the audit consist of detailed findings and recommendations on at least the following subject areas:

- Improvements that may result in both increased efficiency and cost savings in programs and services;
- Identification and recognition of best practices;
- Funding of programs and services that may be eliminated or reduced;
- Current asset management activities that are less financially advantageous than maintenance of effort approaches;
- Programs and services that may be enhanced, consolidated, reduced, eliminated, or transferred to the private sector;
- Gaps and overlaps in programs and services;
- Definitions of activities undertaken by the agencies, particularly with respect to the definition of maintenance of transportation infrastructure;
- Verification of the reliability and validity of performance data, self-assessments, and performance-measurement systems used by the agencies; and
- Statutes, regulations, rules, and policy directives that need amending or repealing.

The bill stipulates that any savings resulting from the implementation of the audit's recommendations shall be applied to the Highway Maintenance and Operating Fund.

The bill has an emergency enactment clause.

6. Fiscal Impact: Preliminary. See Item 8.

7. Budget amendment necessary: None.

8. Fiscal implications:

Until the exact specifications of the audit that would be required by the proposed legislation are developed and negotiated with contractors, it cannot be known how much such an audit would cost. However, the recent experience of the state of Washington may serve as a guide.

The Washington state auditor contracted in 2007 for a performance audit of the Washington Department of Transportation. There were audits of four aspects of the department's operations. The total cost of all the audits was a little over \$4 million. The cost of the audits that focused on the department's Administration and Overhead and on Highway Maintenance and Construction Management was \$1.3 million. The total of the estimated cost savings of the audits' recommendations was less than one percent of the Washington Department of Transportation's biennial budget.

9. Specific agency or political subdivisions affected:

Department of Transportation

Department of Rail and Public Transportation

Auditor of Public Accounts

10. Technical amendment necessary: None.

11. Other comments:

The requirements of the operational and programmatic audit set out in the proposed legislation appear to duplicate the functions of the Joint Commission on Transportation Accountability, established by the 2007 General Assembly.

HB 6023 is identical to this bill, except that it does not have an emergency enactment clause.

Date: 6/25/2008 rwh

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