

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number: HB 42

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Oder

3. Committee: House Appropriations

4. Title: **Transportation programs; performance audit by the Joint Legislative Audit and Review Commission (JLARC).**

- 5. Summary:** The substitute bill reported by the House Appropriations Committee requires JLARC to administer an operation and programmatic performance audit focusing on the agencies within the Transportation Secretariat with primary emphasis on the transportation planning and programming divisions within the Departments of Transportation and Rail and Public Transportation. The audits are to be performed by a private management consulting firm.

The costs to conduct the audits shall be funded from existing appropriations to agencies for which the Secretary of Transportation is responsible, as determined by the secretary, and shall not exceed \$2 million. Any monetary savings realized from the implementation of recommendations of the performance audit shall be used to reimburse the applicable transportation accounts from which the secretary authorized payment of the costs.

6. Fiscal Impact Estimates: Indeterminate; see Item 8

7. Budget Amendment Necessary: No, the bill authorizes the use of existing appropriations to pay for the audits. See Item 8.

8. Fiscal Implications: JLARC staff report they should be able to use existing staff resources to issue and select the request for proposal for the performance audit. Staff is not able to estimate the cost of the audit; however, the substitute bill limits the cost to \$2 million. In addition, the bill gives the secretary authority to determine the appropriate source of funding from existing appropriations in the affected agency. Any savings found by implementing the audit findings are to be used to reimburse the accounts for the costs of the audit.

Program reviews performed in Virginia and Washington State give an indication of possible cost of the audit. The Department of Planning and Budget's experience in awarding contracts for the last ten school efficiency review studies reveals an average cost of \$104,000. Also, Washington State conducted performance audits on four transportation subject areas for a total cost of \$4 million. These subjects covered a wide variety of topics and complexity. (See Washington State: Performance Audit Special Report. Department of Transportation Wrap-Up for Engrossed Sub Senate Bill 6839; Report No. 1000010, April 1, 2008.)

9. Specific Agency or Political Subdivisions Affected:

Joint Legislative Audit and Review Commission, Department of Transportation, Department of Rail and Public Transportation, and other transportation agencies.

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 2/16/2010 dpb