



Exempt Action Final Regulation Agency Background Document

Agency name	Virginia Department of Transportation (Commonwealth Transportation Board)
Virginia Administrative Code (VAC) citation	24 VAC 30-16
Regulation title	Internal Audit Charter
Action title	Repeal of Existing Regulation Due to Organizational Changes
Final agency action date	September 19, 2008
Document preparation date	June 11, 2008

When a regulatory action is exempt from executive branch review pursuant to § 2.2-4002 or § 2.2-4006 of the Virginia Administrative Process Act (APA), the agency is encouraged to provide information to the public on the Regulatory Town Hall using this form.

Note: While posting this form on the Town Hall is optional, the agency must comply with requirements of the Virginia Register Act, the *Virginia Register Form, Style, and Procedure Manual*, and Executive Orders 36 (06) and 58 (99).

Summary

Please provide a brief summary of all regulatory changes, including the rationale behind such changes. Alert the reader to all substantive matters or changes. If applicable, generally describe the existing regulation.

This regulation was part of VDOT's Department Policy Memoranda Manual (DPM 5-1). It served as a basic document in the organization and administration of VDOT's Internal Audit Division (IAD). At the time of its filing, the Office of the Attorney General (OAG) found that this regulation was exempt from the APA under § 9-6.14:4.1 C2 (effective 10/2001, § 2.2-4006 A2). This exemption was reaffirmed by the OAG by letter dated September 15, 2008, which affirmed the statutory authority for the regulatory action as §§ 33.1-8 and 2.2-1601 of the *Code of Virginia*.

As originally written, the Charter set out the reporting relationship of IAD: it reported administratively to the Commissioner, who serves as Vice-Chairman of the Commonwealth Transportation Board (CTB) and functionally to the CTB's Internal Audit Committee. Under this framework, the IAD Manager or designee met with the Audit Committee quarterly or at the request of the CTB Chairman to review progress on implementation of audit recommendations.

A new Audit Committee was formed chaired by the Secretary of Transportation. Under the new charter, IAD reports functionally to the Audit Committee and administratively to the VDOT Inspector General, rather than the Commissioner.

In addition to the changes in reporting relationship, other changes to IAD's charter include the following:

- Updated scope of work and responsibilities to cover items such as case referrals from Virginia's Fraud, Waste and Abuse Hotline, agency compliance with the Agency Risk Management and Internal Control Standards (ARMICS) implemented by the Department of Accounts' and establishment of a Quality Assurance and Improvement Program;
- More detailed description of responsibilities traditionally performed by auditors, such as maintenance of knowledge, skills, abilities, and professional certifications, performance of services (education, special studies, etc.) beyond the assurance stage to assist management in meeting objectives, and development of a flexible, risk-based audit plan; and
- More detailed description of limitations on IAD authority and responsibility, such as prohibitions on having responsibility for developing new systems, except as consultants to ensure planned controls are adequate.

The OAG's certification letter also stated that §§ 2.2-4016 and 4017 provided VDOT with the authority to repeal this regulation and replace it with an internal policy document.

Statement of final agency action

Please provide a statement of the final action taken by the agency including (1) the date the action was taken, (2) the name of the agency taking the action, and (3) the title of the regulation.

By signature of the Commonwealth Transportation Commissioner or his designee, on September 19, 2008, VDOT repealed the *Internal Audit Charter* (24 VAC 30-16).

Family impact

Assess the impact of this regulatory action on the institution of the family and family stability.

This regulatory action will have no effect on the institution of the family and family stability.