



# COMMONWEALTH of VIRGINIA

## *Commonwealth Transportation Board*

Sean T. Connaughton  
Chairman

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*Agenda item # 3*

### **RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD**

**December 4, 2013**

#### **MOTION**

**Made By: Mr. Miller****Seconded By: Mr. Garczynski**  
**Action: Motion Carried, Unanimously**

#### **Title: Repeal of Systematic Review of Funding Policy**

**WHEREAS**, the Commonwealth Transportation Board (CTB) adopted a resolution on April 19, 2007, requiring the Virginia Department of Transportation (VDOT) and the Department of Rail & Public Transportation (DRPT) to present to the CTB, at its September 2007 meeting recommendations as to how the CTB can ensure that unused funds allocated to VDOT and DRPT are systematically reviewed and reported to the CTB on an annual basis and are either reallocated by the CTB or distributed or reallocated to the locality designated in the original allocation; and

**WHEREAS**, it was the desire of the Commonwealth Transportation Board to ensure effective utilization of funds available to VDOT and DRPT; and

**WHEREAS**, on October, 18, 2007, the Commonwealth Transportation Board, by resolution, adopted a policy that required (i) the Chief Financial Officers of VDOT and DRPT to annually certify, within six months of the Commonwealth's fiscal year end close, that construction project allocations no longer needed for execution of a project had been reallocated by the CTB or distributed or reallocated to the locality designated in the original allocation; (ii) VDOT's Inspector General to audit the VDOT certification as part of the annual audit plan; and (iii) the Auditor of Public Accounts to be notified of this certification requirement for both VDOT and DRPT, (set forth as attachment A and hereinafter referred to as the "Systematic Review of Funding Policy"); and

**WHEREAS**, VDOT's Chief Financial Officer's responsibility for conducting the annual certification is now performed by VDOT's Chief of Planning and Programming as a result of organizational changes; and

**WHEREAS**, VDOT's Chief of Planning and Programming/Chief Financial Officer have, since 2007, fulfilled the annual certification requirement in effect by: (1) ensuring that the annual certification was adequately supported and completed by the deadline established pursuant to the Systematic Review of Funding Policy; (2) taking reasonable steps to achieve the results contemplated in the CTB Policy; and (3) consistently determining that allocations identified as no longer required for the execution of projects were timely reallocated or otherwise distributed in accordance with the CTB Policy; and

**WHEREAS**, VDOT has implemented several organizational changes and improved processes to include creation of Planning and Investment Offices in each VDOT District, improved accountability for allocation of funds managed by others, issuance of a department memorandum to formalize policies and procedures for the financial management of projects, and new financial reports to facilitate reviews and analysis; and

**WHEREAS**, VDOT actively manages construction funds through on-going reviews of allocations and obligations at project lifecycle and key milestones and during annual development of the Six Year Improvement Program and federal strategy, has complied and continues to comply with annual FHWA audit requirements (otherwise referred to as Financial Integrity Review and Evaluation) that ensure a systematic review of inactive federally funded projects as candidates for project closeout and final vouchering, and submits on a monthly basis to the CTB fund transfers resulting from such allocation reviews for approval; and,

**WHEREAS**, DRPT's Chief Financial Officer has, since 2007, reported that unused funds allocated to it are systematically reviewed and reported to the CTB on an annual basis and are reallocated by the CTB. This annual certification was provided by the Chief Financial Officer of DRPT to the CTB within six months of each year end close; and,

**WHEREAS**, On April 18, 2007, the CTB authorized DRPT to allocate to certain agency initiatives, deobligated funds which were discovered after the agency implemented a systematic process to reconcile all project balances to the revenues collected by the agency and expenditures made on each project ("reconciliation process"); and,

**WHEREAS**, DRPT performs this reconciliation process on a monthly basis and reports the results to CTB each quarter, identifying all unobligated funds by funding source; and,

**WHEREAS**, DRPT manages its projects according to department policies that require each project to be systematically reviewed for potential closeout and with controls that

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include project based budgeting, project end dates that are linked to the financial system expenditure process, automated system reporting of projects with no activity, and mandatory linking in the financial system of project budgets to revenue sources; and,

**WHEREAS**, DRPT must annually submit and certify the financial activity of each federal award in Financial Status Reports to both the Federal Transit Administration and the Federal Railroad Administration.

**NOW, THEREFORE, BE IT RESOLVED**, that based on the foregoing, the Commonwealth Transportation Board finds that the measures and processes implemented by VDOT and DRPT relating to systematic project closeout and reallocation of unused funds satisfy the objectives and purposes intended and established by the Systematic Review of Funding Policy adopted by the Board on October 18, 2007 but desires that certain aspects of the policy continue; and

**BE IT FURTHER RESOLVED** that the Commonwealth Transportation Board hereby amends the Policy previously adopted by the Board on October 18, 2007 to only require the certification by the Chief of Planning and Programming of VDOT and the Chief Financial Officer of DRPT annually that unused funds are timely reallocated.

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**Attachment A**  
**Systematic Review of Funding**  
**Approved: 10/18/2007**

WHEREAS, the Commonwealth Transportation Board (CTB) passed a resolution on April 19, 2007, requiring the Virginia Department of Transportation (VDOT) and the Department of Rail & Public Transportation (DRPT) to present to the CTB, at its September 2007 meeting recommendations as to how the CTB can ensure that unused funds allocated to VDOT and DRPT are systematically reviewed and reported to the CTB on an annual basis and are either reallocated by the CTB or distributed or reallocated to the locality designated in the original allocation; and

WHEREAS, it is the desire of the Commonwealth Transportation Board to ensure effective utilization of funds available to VDOT and DRPT; and

WHEREAS, the Commonwealth Transportation Board has been provided a draft policy that requires the Chief Financial Officers of VDOT and DRPT to annually certify, within six months of Commonwealth's fiscal year end close, that construction project allocations no longer needed for execution of the project have been reallocated by the CTB or distributed or reallocated to the locality designated in the original allocation. VDOT's Inspector General will audit the VDOT certification as part of the annual audit plan and the Auditor of Public Accounts will be notified of this certification requirement for both VDOT and DRPT;

NOW, THEREFORE, BE IT RESOLVED, that the Commonwealth Transportation Board approves the attached policy.

BE IT FURTHER RESOLVED, that consideration be given to drafting legislation that will codify this CTB policy for the 2009 General Assembly session.

**Systematic Review of Funding Policy Statement**

**Purpose**

This policy will ensure all funds available to the Virginia Department of Transportation (VDOT) and Department of Rail and Public Transportation (DRPT) are used effectively.

**Background**

On April 19, 2007 the Commonwealth Transportation Board (CTB) unanimously adopted a resolution requiring the VDOT and the DRPT to present to the CTB, at its September 2007 meeting, recommendations as to how the CTB can ensure that unused funds allocated to VDOT and DRPT are systematically reviewed and reported to the CTB on an annual basis and are either reallocated by the CTB or distributed or reallocated to the locality designated in the original allocation.

**Policy**

The Chief Financial Officers of VDOT and DRPT will annually certify, within six months of the

Commonwealth's fiscal year end close, that construction project allocations no longer needed for execution of the project have been reallocated by the CTB or distributed or reallocated to the locality designated in the original allocation. VDOT's Inspector General will audit the VDOT certification as part of the annual audit plan and the Auditor of Public Accounts will be notified of this certification requirement for both VDOT and DRPT.

**Effective Date**

This policy will be effective upon approval of the CTB.

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