

Virginia Auditor of Public Accounts

DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2025

AUDIT SUMMARY

We audited the Department of Rail and Public Transportation's (Rail and Public Transportation) management of state and federal grants and grant-related expenses for the fiscal year ended June 30, 2025. We also reviewed Rail and Public Transportation's internal controls over information systems security. We found:

- proper recording and reporting of grant-related expenses, in all material respects, in the Commonwealth's accounting and financial reporting system and Rail and Public Transportation's internal accounting and financial reporting system;
- no matters involving internal control and its operation necessary to bring to management's attention;
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported; and
- adequate corrective action with respect to prior audit findings identified as complete in the [Findings Summary](#) included in the Appendix.

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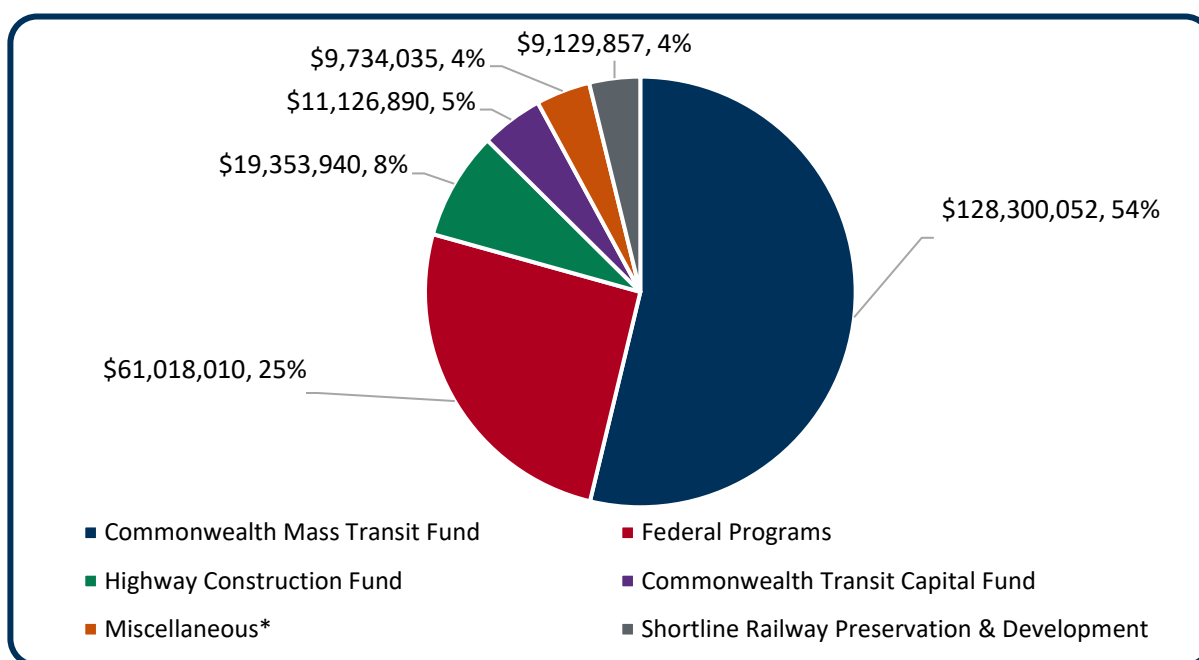
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AUDIT SCOPE OVERVIEW

The Department of Rail and Public Transportation (Rail and Public Transportation) receives and administers grant funding from the state and federal government to support projects for public transit, freight rail transportation, and ridesharing. Eligible public and private entities can apply for Rail and Public Transportation grants and, if approved, receive funding through a reimbursement process for allowable expenses. Given their implementation of a new grants management system and outstanding findings from the fiscal year 2022 audit, we conducted an audit of Rail and Public Transportation's grant-related expenses and information systems security for fiscal year 2025. Payments for grant reimbursements totaled approximately \$239 million in fiscal year 2025. Chart 1 shows the breakdown of grant expenses by fund categories.

Fiscal Year 2025 Grant Expenses by Fund

Chart 1



*Miscellaneous is comprised of the following funds: Commonwealth Rail Fund, I-66 Outside the Beltway Concessionaire, and the Rail and Public Transportation Special Revenue Fund

We evaluated internal controls associated with grants management and grant-related expenses. We also ensured compliance with laws, regulations, provisions of contracts or grant agreements, and statewide policies and procedures, as they pertain to our audit objectives. Lastly, we assessed Rail and Public Transportation's information system security controls over the internal accounting and financial reporting system, internal grants management system, and the Commonwealth's accounting and financial reporting system.



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

September 14, 2026

The Honorable Abigail D. Spanberger
Governor of Virginia

Joint Legislative Audit
and Review Commission

Mariia Zimmerman
Director, Department of Rail and Public Transportation

We have audited grant-related expenses and information systems security of the **Department of Rail and Public Transportation** (Rail and Public Transportation) for the year ended June 30, 2025. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objectives were to evaluate grant-related expenses as recorded in the Commonwealth's accounting and financial reporting system and Rail and Public Transportation's internal accounting and financial reporting system; review the adequacy of Rail and Public Transportation's internal controls related to grant-related expenses and information systems security; test compliance with applicable laws, regulations, contracts, and grant agreements; and review corrective actions of audit findings from prior reports.

Audit Scope and Methodology

Rail and Public Transportation's management has responsibility for establishing and maintaining internal control and complying with applicable laws, regulations, contracts, and grant agreements. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, as they relate to the audit objectives, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. We performed audit tests to determine whether Rail and Public Transportation's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws, regulations, contracts, and grant agreements as they pertain to our audit objectives.

Our audit procedures included inquiries of appropriate personnel, inspection of documents, records and written agreements, and observation of Rail and Public Transportation's operations. We performed analytical procedures, including budgetary analyses, and tested details of transactions to achieve our objectives.

A nonstatistical sampling approach was used. Our samples were designed to support conclusions about our audit objectives. An appropriate sampling methodology was used to ensure the samples selected were representative of the population and provided sufficient, appropriate evidence. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

Conclusions

We found that Rail and Public Transportation properly stated, in all material respects, transactions recorded and reported in the Commonwealth's accounting and financial reporting system and Rail and Public Transportation's internal accounting and financial reporting system, relating to the audit objectives.

We noted no matters involving internal control and its operation pertaining to grant-related expenses and information system security that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws, regulations, contracts, and grant agreements as they pertain to grant-related expenses and information systems security disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Rail and Public Transportation has taken adequate corrective action with respect to audit findings reported in the prior year that are listed as complete in the [Findings Summary](#) in the Appendix.

Exit Conference and Report Distribution

We discussed this report with management on September 30, 2026. This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

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APPENDIX - FINDINGS SUMMARY

Finding Title	Status of Corrective Action*	Fiscal Year First Reported
Define System Access Roles and Responsibilities	Complete	2022
Ensure Employees Complete Required Conflict of Interest Training	Complete	2022
Improve Database Security	Complete	2022

* A status of **Complete** indicates adequate corrective action taken by management.