

**Department of Planning and Budget**  
**2026 General Assembly Session**  
**State Fiscal Impact Statement**

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ORIGINAL

**Bill Number:** HB1507

**Patron:** Phillips

**Bill Title:** Fraud and Abuse Whistle Blower Protection Act; Auditor of Public Accounts.

**Bill Summary:** Adds the Auditor of Public Accounts to the definition of "appropriate authority" for purposes of whistle blower reporting pursuant to the Fraud and Abuse Whistle Blower Protection Act. The bill also requires additional notice and posting requirements related to the Act for local governments. Finally, the bill grants authority to the Auditor of Public Accounts to perform any type of audit, review, or investigation of the accounts and records of a locality that may be required pursuant to the Act.

**Budget Amendment Necessary:** Yes

**Items Impacted:** Item 2

**Explanation:** The Auditor of Public Accounts will required appropriation for one senior staff position.

**Fiscal Summary:** See fiscal analysis below.

**General Fund Expenditure Impact:**

<b>Agency</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>	<b>FY2029</b>	<b>FY2030</b>	<b>FY2031</b>
APA (133)	\$0	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000
<b>TOTAL</b>	<b>\$0</b>	<b>\$125,000</b>	<b>\$125,000</b>	<b>\$125,000</b>	<b>\$125,000</b>	<b>\$125,000</b>

**Position Impact:**

<b>Agency</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>	<b>FY2029</b>	<b>FY2030</b>	<b>FY2031</b>
APA (133)	0	1	1	1	1	1
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

**Fiscal Analysis:** The provisions of this bill will require the Auditor of Public Accounts (APA) to establish a new state-level reporting process to regularly address citizen and local government employee whistleblower allegations of wrongdoing, fraud, and abuse related to local governments and grant the APA authority to perform any audit, review, or investigation that may be required pursuant to the Fraud and Abuse Whistle Blower Protection Act (§ 2.2-3009 et seq.). Over the past year, APA's local government team received approximately 60 inquiries from citizens regarding various allegations of wrongdoing or abuse related to local government officials, fraud and misuse specific to local funds, and concerns related to governance decisions and the general administration of the local government.

The APA has limited resources dedicated to existing local government responsibilities related to the annual Comparative Report, local fiscal distress monitoring process, and various oversight functions to support the

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financial audits and reporting for local governments. The APA local government team currently includes one full-time audit manager and an audit director who oversees both judicial and local government responsibilities. Given the complexities that would be involved in managing this process and the necessary expertise to oversee any resulting investigation, the APA anticipates the need for an additional full-time senior staff position on the local government team dedicated to fulfilling the new requirements from this legislation. The APA estimates this additional position will result in an additional \$125,000 in salary and benefits. This position would handle the primary functions of monitoring and managing this new state-level reporting process, including: monitoring and evaluating the intake of citizen and local government employee reported allegations of wrongdoing, fraud, or abuse related to local governments; investigating any good faith reports; overseeing investigations and supervising audit staff assigned to assist with conducting any investigation; and preparing a detailed report of the results of each completed investigation and other correspondence to notify applicable legislative committees, executive branch officials, and local government officials, as necessary. The number of investigations that the APA could conduct would be limited to the resources designated to this state-level reporting process and resulting investigations.

The Office of the State Inspector General indicates that the provisions of this bill are absorbable at this time. However, if whistleblower reports from local government employees were to significantly increase as a result of the notification requirements, it is possible that additional resources may be needed in the future.

**Other:** None.