

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0998-01  
Bill No.: HB 385  
Subject: State Departments; State Auditor; General Assembly  
Type: Original  
Date: January 17, 2017

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Bill Summary: This proposal requires the State Auditor to perform, on a one-time basis, a comparative audit of at least five, but not more than ten, of the largest state agencies and each chamber of the General Assembly.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	(\$372,999)	(\$426,735)	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$372,999)</b>	<b>(\$426,735)</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.



<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	6 FTE	6 FTE	0
<b>Total Estimated Net Effect on FTE</b>	<b>6 FTE</b>	<b>6 FTE</b>	<b>0</b>

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Office of the State Auditor (SAO)** state the following regarding this proposal:

This proposal would not create any new program or operation; rather, it would extend the applicability of already-held processes.

The Government Auditing Standards, issued by the Comptroller General of the United States (Yellow Book standards), and Chapter 29 do not define "comparative audit." To meet the requirements of this proposal, SAO staff would conduct performance audits of the specific state agencies. The performance audit report or reports will be able to provide the analysis and context that this proposal seeks to provide. These audits would be conducted in accordance with Yellow Book Standards and Chapter 29.

These agency audits could ultimately produce savings beyond the scope of this fiscal year. Further, if agencies and the legislature implements the recommendations and correct identified inefficiencies, these audits have the potential to yield savings in excess of the original costs.

This proposal would require the SAO to audit between 6 and 11 state agencies, and they estimate requiring between 2,000 and 3,000 direct field staff audit hours per agency audited.

Factoring in the estimated number of additional staff needed (6), staff level and corresponding salaries (based on salaries as of 12/31/16), these audits would cost approximately \$861,582. The final total depends specifically on the number of agencies audited and the total number of hours needed to complete each audit.

This proposal requires this work to be completed by August 28, 2019, so the estimated costs would be divided between two fiscal years.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this proposal is a mandate on the State Auditor; therefore, costs will be born by that agency rather than DESE. If this assumption is correct, the fiscal impact on DESE will be zero.

Officials from the **Department of Public Safety - Missouri Veterans Commission** assume the fiscal impact would depend on which agencies would be audited, if agencies would be billed for audits and the recommendations implemented from the audits.



ASSUMPTION (continued)

Officials from the **Department of Transportation (MoDOT)** state this proposal could have a negative fiscal impact on MoDOT depending on the findings and opinions of the State Auditor's Office by recommending reductions to spending.

Officials from the **Missouri Senate, Department of Public Safety - Missouri Highway Patrol, Joint Committee on Administrative Rules, Missouri House of Representatives, Missouri State Employees Retirement System, Office of Administration, Department of Public Safety - Division of Alcohol and Tobacco Control, Department of Economic Development, Office of the State Courts Administrator, Department of Higher Education, MoDOT and Patrol Employees' Retirement System, Lottery, Office of Prosecution Services, State Tax Commission, Office of Administration - Administrative Hearing Commission, Missouri Consolidated Health Care Plan, Office of the Governor, Missouri Ethics Commission, Capitol Police, Department of Agriculture, Department of Revenue, Office of the State Treasurer, Department of Corrections, Department of Mental Health, Department of Labor and Industrial Relations, Department of Insurance, Financial Institutions and Professional Registration, Office of the State Public Defender and Department of Health and Senior Services** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>GENERAL REVENUE</b>			
<u>Cost - SAO</u>			
Personal Services	\$231,978	\$281,158	\$0
Fringe Benefits	\$120,623	\$145,577	\$0
Equipment and Expense	<u>\$20,398</u>	<u>\$0</u>	<u>\$0</u>
<u>Total Cost - SAO</u>	<u>\$372,999</u>	<u>\$426,735</u>	<u>\$0</u>
FTE Change - SAO	6 FTE	6 FTE	0 FTE
<b>ESTIMATED NET EFFECT TO GENERAL REVENUE</b>	<b><u>(\$372,999)</u></b>	<b><u>(\$426,735)</u></b>	<b><u>\$0</u></b>
Estimated Net FTE Change for General Revenue	6 FTE	6 FTE	0 FTE



FISCAL IMPACT - Local Government

FY 2018  
(10 Mo.)

FY 2019

FY 2020

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal requires the State Auditor to perform, on a one-time basis, a comparative audit of at least five, but no more than 10, of the largest state agencies and a comparative audit of each chamber of the General Assembly by August 28, 2019. The Auditor must develop criteria for fiscal responsibility that are applicable to all agencies regardless of their statutory, legal, or programmatic mandates. The criteria must conform with the provisions of applicable law and the standards for auditing of governmental organizations, programs, activities, and functions established by the Comptroller General of the United States.

Upon completion of the audit, the Auditor must submit a report of the findings and recommendations to the General Assembly, all statewide elected officials, the Office of Administration, and all state departments. The report must contain recommendations, including the optimal fiscal practices to be promoted across all state agencies and efficiency or cost saving measures, and recommended changes to agency policy or state law that could reduce the amount of government spending.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

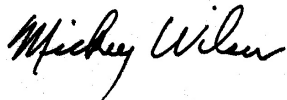
SOURCES OF INFORMATION

State Auditor's Office  
Department of Elementary and Secondary Education  
Department of Public Safety - Missouri Veterans Commission  
Missouri Senate  
Department of Public Safety - Missouri Highway Patrol  
Joint Committee on Administrative Rules  
Missouri House of Representatives  
Missouri State Employees Retirement System  
Office of Administration - Division of Accounting



SOURCES OF INFORMATION (continued)

Department of Public Safety - Division of Alcohol and Tobacco Control  
Department of Economic Development  
Office of the State Courts Administrator  
Department of Higher Education  
MoDOT and Patrol Employees' Retirement System  
Lottery  
Office of Prosecution Services  
State Tax Commission  
Office of Administration - Administrative Hearing Commission  
Missouri Consolidated Health Care Plan  
Office of the Governor  
Capitol Police  
Office of the State Public Defender  
Department of Health and Senior Services  
Department of Agriculture  
Missouri Ethics Commission  
Department of Revenue  
Department of Corrections  
Office of the State Treasurer  
Department of Mental Health  
Department of Labor and Industrial Relations  
Department of Transportation  
Department of Insurance, Financial Institutions and Professional Registration



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January 17, 2017

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