

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4592-02
Bill No.: SCS for HB 1051
Subject: State Auditor; State Departments
Type: Original
Date: April 27, 2012

Bill Summary: This proposal requires the State Auditor to conduct a one-time comparative audit of selected state agencies and eliminates an audit for law enforcement agencies.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(\$100,000 to \$300,000)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(\$100,000 to \$300,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Federal Funds	\$5,000	\$5,000	\$5,000
Total Estimated Net Effect on <u>All</u> Federal Funds	\$5,000	\$5,000	\$5,000

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	Unknown	Unknown	Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Auditor (SAU)** state it is estimated the additional required duties in relation to this proposal would require 2 FTE, one Staff Auditor and one Senior Auditor I if the SAU is to perform these audits. However, the SAU is providing an estimate of the cost to contract this audit out to a CPA firm, assuming additional funding is appropriated for the contracted work. The estimated cost for this contracted work would be between \$100,000 and \$300,000.

Oversight assumes costs would be incurred in FY 13.

Officials from the **Department of Corrections** assume the current proposal would not fiscally impact their agency.

In response to a similar proposal from this session, HB 1672, officials from the **Department of Public Safety - Missouri Highway Patrol** stated they would save \$5,000 per year from the Federal Drug Seizure Fund because they would no longer be required to pay the annual cost of an independent audit.

In response to a similar proposal from this session, HB 1672, officials from the **Office of the State Courts Administrator, Office of the State Public Defender** and the **Office of the State Treasurer** each assumed the proposal would not fiscally impact their respective agencies.

In response to a similar proposal from this session, HB 1672, officials from **Springfield Police Department** stated the proposal would result in a cost savings of approximately \$1,060 (amount paid for the independent auditor) per year.

In response to a similar proposal from this session, HB 1672, officials from the **Boone County Sheriff's Office** assumed the proposal would not fiscally impact their agency.

Oversight will reflect an unknown savings to local political subdivisions since they are no longer required to pay for the independent audit of federal forfeitures.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE FUND			
<u>Costs - State Auditor's Office</u>			
Contract costs for comparative audit (Section 29.375)	(\$100,000 to <u>\$300,000</u>)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(\$100,000 to <u>\$300,000</u>)	<u>\$0</u>	<u>\$0</u>
FEDERAL FUNDS			
<u>Savings - Missouri Highway Patrol</u>			
No longer required to have an independent audit of forfeiture proceeds	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$5,000</u>
ESTIMATED NET EFFECT TO FEDERAL FUNDS	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$5,000</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings - Sheriffs and Police</u>			
Departments - no longer required to have an independent audit performed on federal forfeitures	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<u>FISCAL IMPACT - Small Business</u>			

The proposal may impact one small business CPA firm if the State Auditor contracts with the firm to conduct this one-time comparative audit. In addition, small businesses that perform audits for law enforcement agencies and the federal forfeiture system may lose some business as a result of this proposal.

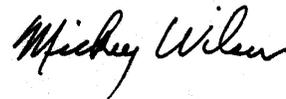
FISCAL DESCRIPTION

This proposal requires the State Auditor to conduct a one-time comparative audit of 5 to 10 of the largest state agencies by August 28, 2014. The Auditor shall issue a report containing recommendations including the optimal fiscal practices to be promoted across all state agencies and other efficiency or cost saving measures.

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

Office of the State Auditor
Department of Corrections
Department of Public Safety
Springfield Police Department
Boone County Sheriff's Department



Mickey Wilson, CPA
Director
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