

Department of Planning and Budget 2003 Fiscal Impact Statement

1. Bill Number HB1853

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Lingamfelter

3. Committee Appropriations

4. Title Financial and management audit of all state agencies.

5. Summary/Purpose:

Directs the Governor to require a financial and management audit of all state agencies, independent agencies, and all instrumentalities except localities, by private auditing firms, to improve governmental efficiency. The audit shall be completed and reviewed by a joint subcommittee of the House Appropriations and Senate Finance Committees. The joint subcommittee shall make recommendations to improve the efficiency of each agency by December 31, 2004.

6. Fiscal Impact cannot be determined but could be significant

7. Budget amendment necessary: Possibly

8. Fiscal implications: This proposal requires a financial and management audit by private auditing firms of all state agencies, independent agencies, and all instrumentalities, except localities, with the results reported to the General Assembly by November 30, 2004. The audits are to be funded by agency operating budgets. The costs of these audits will vary depending on the size of the agency, but could have a significant impact on agency operating budgets.

The Auditor of Public Accounts (APA) audits agencies on an annual basis and is funded through general fund appropriation. The audit work contemplated by this bill is more extensive than what is currently being performed by APA. Given the relatively higher private sector cost levels and the operational/performance audit work required, the Department of Account estimates the fiscal impact of this proposal to be \$19.3 million, or twice the APA budget.

9. Specific agency or political subdivisions affected: All

10. Technical amendment necessary: No

11. Other comments: The proposal does not address the audits performed by the Auditor of Public Accounts (APA) and whether the proposed private entity audits are in addition or replace the APA audits.

Date: 01/13/03/amk

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cc:SecretaryofCommonwealthandSecretaryofFinance