

## Department of Planning and Budget 2013 Fiscal Impact Statement

1. **Bill Number:** HB1478

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. **Patron:** Farrell

3. **Committee:** General Laws

4. **Title:** State Inspector General; powers and duties.

5. **Summary:** State Inspector General; powers and duties. Requires the State Inspector General, beginning July 1, 2014, to develop standard operating procedures and a schedule for performance reviews of executive branch agencies, which procedures shall include the nature, scope, timetable, and reporting mechanism for regularly scheduled performance reviews. The performance reviews shall (i) be conducted periodically to ascertain that sums appropriated have been or are being expended for the purposes for which the appropriation was made, (ii) evaluate the effectiveness of each agency program in accomplishing such purpose, and (iii) include any findings and recommendations for the improvement of efficiency of the agency.

6. **Budget Amendment Necessary:** Yes.

7. **Fiscal Impact Estimates:** See below

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2013	4,138,695	35	GF
2014	4,138,695	35	GF
2015	4,138,695	35	GF
2016	4,138,695	35	GF
2017	4,138,695	35	GF
2018	4,138,695	35	GF
2019	4,138,695	35	GF

**8. Fiscal Implications:**

The proposed legislation is silent on how frequent these reviews should take place. For purposes of this impact analysis, it is assumed that the Office of the Inspector General (OSIG) would adopt a four year review cycle. A shorter cycle would increase costs and a longer cycle would decrease cost from the amounts estimated in this impact statement. The current budget for OSIG supports conducting about four of these reviews, on average lasting about six months, each year. Therefore, the current funding for the OSIG supports a 31 year review cycle.

A performance audit of 126 executive branch agencies every 4 years – or 32 agency audits each year would approximately require an additional \$4.1 million in general fund appropriation, the hiring of an additional 35 FTEs by the OSIG, and deploying all existing 20 FTE OSIG audit personnel to conduct routine performance audits. OSIG believes each agency review would require lengthy on-site presence for the duration of the performance review. The average salary used is based on the current salaries and benefits of auditors currently working at OSIG. The 35 new employees would require additional office space in the Richmond area and require office furniture, supplies, and VITA equipment and services. In addition to the 35 new employees, OSIG maintains that its 20 existing auditors would spend considerable time on these performance reviews as well.

**9. Specific Agency or Political Subdivisions Affected:** Office of State Inspector General and all executive branch agencies.

**10. Comments:** None.

**Date:** 1/18/13

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