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FISCAL IMPACT REPORT

SPONSOR: Varela DATE TYPED: 02/25/01 HB 26/aHAFC
 SHORT TITLE: State Comptroller and Office Created SB _____
 ANALYST: Patel

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
		NFI			

(Parentheses () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

State Auditor
 Administrative Office of the Courts (AOC)
 Criminal and Juvenile Justice Coordinating Council
 Department of the Environment (DOE)
 General Services Department (GSD)
 Office of African American Affairs
 LFC File

SUMMARY

Synopsis of HAFC Amendment

The HAFC amendment removes the \$750.0 appropriation from this bill.

Synopsis of Original Bill

House Bill 26 appropriates \$750,000 from the general fund for the purpose of creating an “office of the state comptroller” as an adjunct agency, headed by the “state comptroller,” appointed by the governor and confirmed by the senate.

This bill creates the office of the state comptroller which will have oversight authority to monitor the executive branch’s implementation of the Governmental Accountability Act and will incorporate statutory oversight duties of the state budget division, financial control division, local government division, contract review bureau of the administrative services division of the department of finance and administration (DFA), the state department of public education and the commission on higher education to ensure that statutory requirements are being met and that statutory duties are being performed.

The state comptroller must be a CPA with audit and governmental experience, will serve for six years and may be reappointed for succeeding terms. The comptroller may hire such staff as deemed necessary. Staff will be covered by the Personnel Act.

Significant Issues

This bill proposes a single point of oversight, or umbrella, capturing all oversight agencies that represent the check and balance structure of the executive branch through elected and appointed officials. It also allows the state comptroller the authority to order special audits or investigations of any state-affiliated agency.

According to the Administrative Office of the Courts, it is unclear how the existing state inspectors general, internal auditors and legislative auditors will work with the new state comptroller's office and what impact this will have on the judiciary. The state comptroller's office could possibly streamline audits and assist state agencies to better comply with audit issues. Alternatively, if the state comptroller's office requests additional audit information, it could result in more audit responses required of governmental agencies, including the courts.

According to the State Auditor's office "there are overlapping issues between the Office of the State Auditor and proposal for the Office of the Comptroller. Many of the proposed functions are similar to those of the State Auditor's office. The Office of the State Auditor would have more trouble hiring new auditors and experience a tighter pool of independent public accounting firms to perform audits. This would make it more difficult to perform its constitutional and statutory duties.

Fiscal Implications of HAFC Amendment

The HAFC amendment deletes the appropriation from this bill, since \$750.1 is already included in the HB2 for the state comptroller's office.

FISCAL IMPLICATIONS

The appropriation of \$750.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2002 will revert to the general fund.

TECHNICAL ISSUES

According to the Office of African American Affairs "for most part, the duties outlined in this bill would overlap with those of the state auditor."

According to the Office of the State Auditor "in many instances an oversight agency has no legislative mandate to compel an agency to adhere to its proper duties. For example, if a university is not managing its financial affairs, the Commission on Higher Education does not have statutory authority to take over the troubled University's finances. The oversight agency also must have the adequate numbers of justified personnel to carry out their oversight duties."

According to the Energy, Mineral and Natural Resources Department, "this bill identifies who may request information but not who determines the direction of the office. Ultimate authority over the performance of this office should be clarified."

OTHER SUBSTANTIVE ISSUES

According to the General Services Department “as an adjunct agency the office of the state comptroller would be an executive agency not assigned to an elected constitutional officer, would not be administratively attached to a department and would retain policymaking and administrative autonomy separate from any other part of state government (§ 9-1-6 NASA 1978).”

According to the Criminal and Juvenile Justice Coordinating Council, without the existence of the office of the comptroller, it is possible that the financial agencies currently responsible for overseeing the performance of executive agencies will not be as responsive or effective in ensuring that statutory duties of those agencies are being met.

According to the Department of Health “HB26 appears to be intended to bridge the Statutory barriers to full Executive branch oversight of implementation of performance budgeting in public education and higher education. Currently, DFA lacks sufficient authority over public education and higher education to ensure the full implementation and full accountability of performance budgeting with respect to these governmental functions.”

PERFORMANCE IMPLICATIONS

According to the Criminal and Juvenile Justice Coordinating Council, “since one of the specific duties of the office of the comptroller is to oversee implementation of performance-based budgeting, having both the resources and enforcement of the office should result in increased compliance with performance-based budgeting by state executive agencies, with the long-term result of an increased number of agencies improving performance and meeting their stated goals and missions.”

MP/njw:ar