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FISCAL IMPACT REPORT

SPONSOR Martinez, K. ORIGINAL DATE 02/16/09
LAST UPDATED _____ HB 652
SHORT TITLE Public Availability of Auditor Reports SB _____
ANALYST Archuleta

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY08	FY09	FY10	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total	Indeterminate	Indeterminate	Indeterminate			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

State Auditor (OSA)

Public Education Department (PED)

SUMMARY

Synopsis of Bill

House Bill 652 amends the Audit Act by decreasing the time frame for the public release of governmental agency audit reports. Currently, the Audit Act provides for reports of audits, special audits and examinations to become public record 10 days after the completed report is reviewed by the OSA and sent to the agency audit or examined. The bill reduces the time frame to release the audit to 5 days and allows the agency audited or examined to waive the 5 day period in order to make the report available even earlier.

FISCAL IMPLICATIONS

The State Auditor, notes that this requirement will not have a fiscal impact on the operating budget of the State Auditor.

SIGNIFICANT ISSUES

According to OSA, many governmental agencies seek immediate public release of their audit reports upon receipt in order to make financial information available for various purposes that impact those agencies, including bond ratings, grant funding and budget planning. Decreasing the time period between receipt and public release of audit reports, or allowing agencies to altogether waive that time period, will allow agencies quickly to provide vital financial information to their governing bodies, the public and other interested parties.

Additionally, under the Audit Act, once an audit report is public record it is sent to the Secretary of Finance and Administration as well as the Legislative Finance Committee. With the shortened time period established by the bill, the Legislature and other oversight agencies will benefit from rapid availability of the financial information they need to make crucial decisions for the State of New Mexico.

PERFORMANCE IMPLICATIONS

For FY08, the State Auditor reported that only 16 percent of statutory reviews of audit reports were completed within the ten day timeframe currently specified in statute. The reduced timeframe for review of audits may not be achievable given existing resources.

DA/svb