

**State Auditor
Budget 117
Senate Bill No. 2004**

| | FTE Positions | General Fund | Other Funds | Total |
|---|----------------------|---------------------|--------------------|------------------|
| 1999-2001 legislative appropriation | 55.00 | \$4,148,630 | \$1,962,999 | \$6,111,629 |
| 1997-99 legislative appropriation | <u>56.00</u> | <u>3,622,530</u> | <u>2,062,559</u> | <u>5,685,089</u> |
| 1999-2001 appropriation increase (decrease) to 1997-99 appropriation | (1.00) | \$526,100 | (\$99,560) | \$426,540 |

NOTE: The 1999-2001 appropriation amounts include \$40,265, of which \$27,787 is from the general fund, for the agency's share of the \$5.4 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees and \$46, of which \$31 is from the general fund, for the agency's share of the \$1.4 million funding pool appropriated to OMB for assisting agencies in providing \$35 per month minimum salary increases in July 1999 and July 2000.

Item Description

Audits of the Mill and Elevator Association and Veterans Home - The 1999 Legislative Assembly appropriated \$70,000 from the general fund and authorized one FTE financial auditor position to allow the State Auditor's office to conduct audits of the Mill and Elevator Association and the Veterans Home, which were previously conducted by private firms. The additional auditor will also assist in auditing the University System.

The 1999 Legislative Assembly increased general fund revenues by \$60,000 for the 1999-2001 biennium to reflect audit fees (\$15,000 for each audit) to be collected by the State Auditor's office for conducting audits of the Mill and Elevator Association and the Veterans Home each year of the biennium.

Statewide single audit - Section 4 of 1999 Senate Bill No. 2004 provides that when conducting the statewide single audit for fiscal years 1999 and 2000, the State Auditor may not use contracted services in excess of the amount used to conduct the audit for fiscal years 1997 and 1998.

Office remodeling and workstation improvements - The 1999 Legislative Assembly provided a \$25,000 general fund appropriation for equipment for workstation improvements.

Status/Result

The new financial auditor was hired July 1, 1999. Audits were conducted of the Mill and Elevator Association and the Veterans Home for the fiscal year ended June 30, 1999. The State Auditor's office bills each agency a prorated portion of audit costs based on the percentage of each agency's total funding provided from non-general fund sources. At the time of the 1999 legislative session, the State Auditor's office estimated \$15,000 would be charged for each audit (resulting in corresponding general fund revenue of \$60,000 for the biennium). However, it was not taken into consideration that a portion of the Veterans Home funding consists of general fund appropriations. For the June 30, 1999, audit, the Mill and Elevator Association was billed \$16,000, the full cost of its audit, and the Veterans Home was billed \$5,500, 46 percent of the \$12,000 cost of its audit.

The State Auditor's office estimates that fiscal year 2000 audits will generate similar audit fees. Consequently, estimated general fund collections for the 1999-2001 biennium for audits of the Mill and Elevator Association and the Veterans Home will be approximately \$43,000 rather than \$60,000 as previously estimated.

The 1997-98 statewide single audit included five audits performed by private certified public accountant (CPA) firms at a total cost of \$241,075. For the 1999-2000 statewide single audit, there will be four audits performed by private CPA firms at a total cost of \$229,100.

The State Auditor's office is remodeling to provide more efficient use of space and better working conditions for staff. The estimated cost of the remodeling project is \$13,500. The remodeling project is anticipated to be completed by June 1, 2000.

The State Auditor's office also plans to replace several workstations at an estimated cost of \$62,000. The remodeling costs and the workstation

replacement costs in excess of the \$25,000 appropriation will be paid with funds obtained through reduced travel and professional development and salary savings resulting from staff turnover. If the required funding is not available through budget reallocations, the agency may delay the purchase of some workstations until the 2001-03 biennium.