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FISCAL IMPACT REPORT

ORIGINAL DATE 2/5/07

SPONSOR K. Martinez LAST UPDATED _____ HB HJM 25

SHORT TITLE Public Resource Misuse Special Audit SB _____

ANALYST Propst

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Public Education Department (PED)

SUMMARY

Synopsis of Bill

HJM 25 requests the State Auditor to convene a “financial audit task force” to address issues of abuse of public resources and other financial improprieties.

SIGNIFICANT ISSUES

Increased use of audits and other tools known to be effective in the detection and deterrence of fraud can result in significant savings of government resources. Some anticipated results of the Task Force that would contribute to this objective could be:

- Expansion of the internal audit function in state government. The LFC in its report Review of Internal Audit Function and Offices of Inspector General (March 2006) recommended expansion of the internal audit function in state government agencies, and its introduction in many agencies that currently lack internal audit.
- Increase in the fraud detection activities of the Office of the State Auditor.
- Better cooperation between auditors with fraud detection responsibilities, fraud investigators and prosecutors.
- Better awareness among government senior executives and managers of the risks and available remedies for occupational fraud.

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HJM requires the State Auditor to invite the Attorney General, the U.S. Attorney for New Mexico, federal law enforcement agencies, the Taxation and Revenue Department, executive oversight agencies, District Attorneys and other local law enforcement agencies deemed necessary by the State Auditor to participate in the Task Force.

The Task Force is to report its finding through the Legislative Finance Committee and other appropriate interim committees by November 15, 2007

WEP/mt