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FISCAL IMPACT REPORT

ORIGINAL DATE 2/19/07

SPONSOR Griego LAST UPDATED _____ HB _____

SHORT TITLE State Auditor Operational Expansion SB 1124

ANALYST Propst

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$635.3	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Office of the State Auditor
Public Education Department

SUMMARY

Synopsis of Bill

Senate Bill 1124 makes an appropriation of \$635.3 from the General Fund to the Office of the State Auditor (Office) for expenditure in fiscal year 2008 for the following purposes:

1. \$112.0 for 2 FTE investigators for fraud and special audits;
2. \$238.2 for 2 FTE audit managers to conduct financial, special and fraud audits
3. \$75.0 to open a satellite office in Albuquerque

FISCAL IMPLICATIONS

The appropriation of \$636.3 contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY08 shall revert to the General Fund.

SIGNIFICANT ISSUES

The Office of the State Auditor reports that currently the Auditor has 270 fraud/special audit in-

quiries pending. Several fraud or special audits were referred to Independent Public Accountants (IPAs) because of a lack of auditors and investigators in the Office. The proposed investigators and auditors would increase the number of fraud and special audits as well as financial audits performed by the Office.

Further the Auditor notes that 41% of IPAs conducting governmental audits and 28% of governmental entities required to be audited are located in the greater Albuquerque area. An office in Albuquerque might be both cost effective and efficient.

ADMINISTRATIVE IMPLICATIONS

The addition of more investigators and auditors could allow the Auditor to operate in a more responsive manner. The addition of a satellite office in the greater Albuquerque area would also allow the agency to be more responsive to agencies and IPA's located within the area. It would also allow the agency to retain and recruit qualified employees residing in the largest populous area of the state.

WEP/nt