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FISCAL IMPACT REPORT

ORIGINAL DATE 1/22/08

SPONSOR T. Garcia LAST UPDATED _____ HB 257

SHORT TITLE Community Land Grant Audits SB _____

ANALYST Propst

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$50.0	Non-recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Office of the State Auditor (OSA)

SUMMARY

Synopsis of Bill

House Bill 257, Making an Appropriation to the State Auditor to Conduct Audits of Community Land Grants, appropriates \$50.0 thousand from the general fund to the State Auditor to conduct audits of community land grants that receive public funds.

FISCAL IMPLICATIONS

The appropriation of \$50.0 thousand and contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY09 shall revert to the general fund.

SIGNIFICANT ISSUES

The Office of the State Auditor noted that it is unable to assess whether \$50.0 thousand is sufficient to conduct the audits. The OSA is unaware about how many community land grants receive public funds and would need to be audited, how complete or complicated their financial reporting systems are, or the condition of their financial records. Depending on the size and complexity of each land grant, \$50.0 thousand may be sufficient to conduct all the audits or it may be enough.

TECHNICAL ISSUES

The OSA noted that the bill does not specify what type of audit should be conducted. Is the intent to have a financial audit conducted, or some other type of audit such as a special, compliance or performance audit? Additionally, if a financial audit is requested, the bill provides funding for one year and not for following years, which is required by the State Audit Act for entities that receive public funds.

The OSA also noted that if public funds are appropriated to the community land grants, the land grants will be required to comply with Governmental Accounting and Financial Reporting Standards (GAAP), the State Audit Act, NMSA 12-6-1 to 12-6-14, the State Auditor Rule, 2.2.2 NMAC, and applicable state and federal laws and regulations.

WEP/mt