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FISCAL IMPACT REPORT

SPONSOR Tallman LAST UPDATED _____
ORIGINAL DATE 2/24/2023
BILL _____
SHORT TITLE State Auditor Fraud Case Mgmt System BILL NUMBER Senate Bill 323
ANALYST Hanika-Ortiz

APPROPRIATION* (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|---------|------------------------------|------------------|
| FY23 | FY24 | | |
| | \$210.0 | Nonrecurring | General Fund |

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to SB376 and HB319 (duplicate bills), and SB362.

Sources of Information

LFC Files

Responses Received From

Office of the State Auditor (OSA)

Department of Finance and Administration (DFA)

Department of Information Technology (DoIT)

SUMMARY

Synopsis of Senate Bill 323

Senate Bill 323 (SB323) appropriates \$210 thousand dollars from the general fund to OSA to replace its current fraud complaint management system.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

FISCAL IMPLICATIONS

The appropriation of \$210 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY24 shall revert to the general fund.

There is no IT appropriation to OSA for this project in the current HAFC substitute for House Bills 2 and 3. As a general rule, IT projects funded in the General Appropriations Act are required to go through a formal certification process with DoIT prior to being considered for Section 7 - IT appropriations. According to DoIT, OSA's project has not been properly vetted through this certification process.

DFA supports OSA improving the management of fraud reporting for the state.

SIGNIFICANT ISSUES

According to OSA, the current system lacks adequate reporting and tracking. The new system should provide more efficient intake, assignment, disposition, and reporting of fraud complaints.

ADMINISTRATIVE IMPLICATIONS

The new system will allow OSA to better administer the Special Investigations Division of the OSA in detecting, addressing, and preventing fraud, waste, and abuse.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to SB376 and HB319 (duplicate bills) that appropriate \$1 million from the general fund to OSA to contract with independent accountants to assist associations and entities delinquent in their audits.

Relates to SB362 that appropriates \$100 thousand from the general fund to OSA for an independent study on replacing the state's agency-by-agency annual financial audit process with one state audit.

TECHNICAL ISSUES

A request for proposals will be required to be issued in order to scope the OSA's needs for intake, assignment, disposition, case management, and reporting of fraud complaints.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

DoIT explained that depending on the age of the current software, OSA could continue using the existing application and go through the IT (C2) funding request process during the FY25 cycle.

AHO/al/ne