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## FISCAL IMPACT REPORT

SPONSOR: Varela DATE TYPED: 2/7/03 HB 223

SHORT TITLE: Create State Comptroller Office SB \_\_\_\_\_

ANALYST: Patel

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$750.0			Recurring	General

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

Responses Received From  
Office of the State Auditor  
Department of Health  
State Investment Council

### SUMMARY

#### Synopsis of Bill

House Bill 223 appropriates \$750,000 from the general fund for the purpose of creating an “office of the state comptroller” as an adjunct agency, headed by the “state comptroller,” appointed by the governor and confirmed by the senate.

This bill creates the office of the state comptroller which will have oversight authority to monitor the executive branch’s implementation of the Governmental Accountability Act. The bill will incorporate statutory oversight duties of the state budget division, financial control division, local government division, contract review bureau of the administrative services division of the department of finance and administration (DFA), the state department of public education and the commission on higher education to ensure that statutory requirements are being met and that statutory duties are being performed.

The state comptroller must be a CPA with audit and governmental experience, will serve for six years and may be reappointed for succeeding terms. The comptroller may hire such staff as deemed necessary. Staff will be covered by the Personnel Act.

This bill also amends Section 2-5-4 NMSA 1978 to add additional duty for the Legislative Finance Committee (committee) to conduct performance audits pursuant to the Accountability in Government Act.

The Accountability in Government Act, Sections 6-3A-3, is amended for clarification to include a designated member of legislative finance committee staff. This bill also adds new material to the Accountability in Government Act to:

- Require committee and the state comptroller to cooperate in developing an audit plan to conduct performance audits of programs operating under performance-based program budgets for joint audits, separate audits of different programs or separate audits of the same programs.
- Requires performance audits to be conducted on programs identified by the legislature, committee or at direction of the governor if the audit is to be conducted by the state comptroller. These audits shall be conducted in a manner that is cost effective and avoids duplication of effort.
- Requires agency to offer its complete cooperation to committee or the state comptroller in the conduct of a performance audit. Any person who willfully fails or refuses to furnish or produce any book, record, paper, document, data or sufficient information necessary to a proper audit that the committee or the state comptroller is authorized to perform shall be subject to removal from office and is guilty of a penalty of a petty misdemeanor and shall be sentenced in accordance with the provisions of section 31-19-1 NMSA 1978.
- Requires performance audits to determine cost of the program; purpose of the program, including specific outputs and outcomes of program; alternative courses of action that would result in effective and efficient administration of the program; if program's mission, goals or objectives should be redefined; if agency could not demonstrate that its efforts have had positive effect, whether the program should be reduced in size or eliminated; etc.
- Designates working papers and other audit files maintained by the committee or the state comptroller in conducting a performance audit as confidential and are not public records.
- Require to transmit final performance audit reports to the governor and the committee. Copies of the reports shall be made available to the members of the senate finance committee, the house appropriations and finance committee, any other interested legislator, users of the program audited and any other interested member of the public.

### Significant Issues

This bill proposes a single point of oversight, or umbrella, capturing all oversight agencies that represent the check and balance structure of the executive branch through elected and appointed officials. It also allows the state comptroller the authority to order special audits or investigations of any state-affiliated agency.

The State Auditor's Office suggested that Section 3 of the bill needs to be changed from shall conduct audits to request such audits and special investigations. According to the State Auditor "this bill should be more clear that the State Comptroller be responsible for special audits and investigations."

### **FISCAL IMPLICATIONS**

The appropriation of \$750.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2004 will revert to the general fund.

According to the State Investment Council “Good performance audits may be able to identify potential improvements in efficiencies or potential cost savings available.”

MP/yr