

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2013-14</b>		<b>FY 2014-15</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$127,000 to \$254,000		\$127,000 to \$254,000	
CASH FUNDS	See Below	See Below	See Below	See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$127,000 to \$254,000	See Below	\$127,000 to \$254,000	See Below

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 534 changes provisions related to access to information by the Legislative Performance Audit Section and the Auditor of Public Accounts.

The Auditor estimates the need for 4.0 FTE to address the bill's provisions.

Section 4 adds language to section 84-304 stating: "An audit of federal funds shall only be conducted pursuant to a contract entered into between the auditor and the agency." The Auditor reports that their office would have to negotiate a contract with each of the 100 or so agencies (including political subdivisions) for which federal fund audits are performed. It should be noted that this refers to 100 entities, many of which will have multiple federal fund disbursements. For example, DHHS will certainly have more than one source of federal funds. Since the audit is related to the federal funds and not the agency, the number of instances of such audits will clearly be more than 100. Clearly, there will be an increase in workload in the Auditor's office from this requirement. However, it is possible to have a standardized contract that may address many instances. The degree to which this is possible will mitigate the need for a full time FTE. For this reason, the table above includes an amount that is equivalent to a range between 0.5 FTE and 1.0 FTE.

In addition to this FTE, the Auditor also estimates the need for 3.0 FTE to address changed language in section 5. Section 5 amends 84-305. The old language required public entities to provide access to all records to the Auditor unless the auditor's access to the records is specifically prohibited or limited by federal or state law. The amended language specifies that public entities shall provide access to all records "required during a financial audit or an attestation engagement". By adding this language, the scope of the Auditor's access to records is limited when they are conducting inquiries.

If the Auditor is conducting an inquiry (not a formal audit or an attestation engagement) and requests access to records, a public entity is not required to provide such access. In order to gain access to the records, the Auditor would have to conduct a financial audit or attestation engagement. By limiting the scope of the Auditor's access during inquiries, the impact could be a greater number of audits being conducted.

The Auditor estimates the need for 3.0 FTE to address this situation. It should be pointed out that not every request for records in inquiries will be rejected. Therefore, not every inquiry will be turned into a financial audit. For this reason, the estimate of 3.0 FTE is characterized in the table above as a range of 1.5 to 3.0 FTE. There may be some additional costs due to additional work, but the amount of increase may not be that great.

The Auditor has provided dollar estimates for new staffing in General Funds. In some instances, such as work for political subdivisions, it may be possible to use Cash Funds. The degree to which this is possible is indeterminate at this time. Any costs that can be borne by Cash Funds would be on a pay-for-service basis. Therefore, the additional Cash Funded activities would be self-funding. Spending authority would be needed, but these activities would pay for themselves. Some of these costs should clearly be borne by General Funds, but in all likelihood, not all of them.

In a verbal response, the Legislative Council estimates no fiscal impact.

Please complete ALL (5) blanks in the first three lines.

**2013**

**LB<sup>(1)</sup> 534 FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> NE Auditor of Public Accounts

Prepared by: <sup>(3)</sup> Mary Avery Date Prepared: <sup>(4)</sup> 01/31/2013 Phone: <sup>(5)</sup> 402-471-3686

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$254,000</u>	<u>                    </u>	<u>\$254,000</u>	<u>                    </u>
CASH FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
FEDERAL FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
OTHER FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL FUNDS	<u>\$254,000</u>	<u>                    </u>	<u>\$254,000</u>	<u>                    </u>

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate: LB 534 as currently written would have a fiscal impact to Agency 010. It would require the Auditor of Public Accounts to negotiate contracts with each of the one hundred or so agencies disbursing federal funds that are audited annually. Estimate it would take one FTE to negotiate every audit or attestation we complete.

The current LB would require an actual attestation engagement or audit for every financial related inquiry from the Auditor of Public Accounts, which would require substantial additional time and work for inquiries which are normally handled through preliminary planning phases and sometimes determined unnecessary with no additional audit work needed. The APA estimate as approximately one hundred financial related inquiries that result in needing additional time to complete attestation work of at least 60-80 hour per audit. Estimate it would take three FTE to complete this work.

**MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Audit Manager/Negotiator	<u>1</u>	<u>1</u>	<u>\$70,000</u>	<u>\$70,000</u>
Auditor-In-Charge	<u>3</u>	<u>3</u>	<u>\$150,000</u>	<u>\$150,000</u>
Benefits.....			<u>\$34,000</u>	<u>\$34,000</u>
Operating.....			<u>                    </u>	<u>                    </u>
Travel.....			<u>                    </u>	<u>                    </u>
Capital outlay.....			<u>                    </u>	<u>                    </u>
Aid.....			<u>                    </u>	<u>                    </u>
Capital improvements.....			<u>                    </u>	<u>                    </u>
TOTAL.....			<u>\$254,000</u>	<u>\$254,000</u>