

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 159** SLS 19RS 278
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 26, 2019 3:56 PM	Author: DONAHUE
Dept./Agy.: Legislature/Legislative Auditor	Analyst: Willie Marie Scott
Subject: Performance Audits	

LEGISLATIVE AUDITOR OR INCREASE SG EX See Note Page 1 of 1
 Provides for performance audits that include a fee for service. (gov sig)

The present law provides that the Legislative Auditor (LLA) shall conduct a performance audit on each statutory dedication that includes a fee for service at least every 4 years to determine if the fees are adequate to cover the costs associated with the service. The proposed law retains the present law and further provides that the LLA shall conduct a performance audit on each fee for service, including but not limited to statutory dedications that include a fee for service, at least once every 4 years to determine if the fees are adequate to cover the costs associated with the service.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

The proposed law will result in an indeterminable increase in expenditures for agencies, boards and commissions to be audited by the LLA at least once every 4 years to determine if the fees are adequate to cover the costs associated with the service provided. The LLA is currently tasked with conducting performance audits on 94 active statutory dedications that include a fee for service (Act 530 of 2018); and has identified at least 69 additional fees from a sampling of 4 departments (Agriculture & Forestry, Health, Public Safety & Corrections, and Cultural, Recreation & Tourism). As a result, the LLA estimates a minimum of 163 fees in the audit population which is inclusive of the 94 active statutory dedications fee for service, and exclusive of boards and commissions. Based on similar work conducted for Act 530 of 2018, the LLA assumes that each audit will take an average of 60 hours per audit at the current billing rate of \$110 per hour. However, the actual number of audit hours will depend on whether the fee funds multiple services or includes multiple agencies.

For illustrative purposes the LLA provided a cost estimate of \$268,950 annually (163 fee audits X 60 hours X \$110) / 4 years) which is inclusive of the 94 active statutory dedication that include a fee for service. However, utilizing the 69 additional fee for service only, the Legislative Fiscal Office projects the cost to be \$113,850 annually (69 fee audits X 60 hours X \$110) / 4 years). To the degree the number of performance audits is greater, the cost will increase. To the extent that the LLA conducts performance audits on boards and commissions which generate fees, the cost will significantly increase.

The LLA assumes the costs for the audits will be allocated to self-generated revenues, however the fiscal impact may be funded with other means of finance.

Note: There are at least 16 more departments that the LLA did not review the Source of Funding section in the Executive Budget Supporting Document; and over 400 board and commissions. The LLA indicates audits for the majority of the boards and commissions is conducted by independent CPAs. The LLA has occasionally conducted performance related audits on those boards or commissions with a medical/regulatory function.

REVENUE EXPLANATION

The proposed legislation will result in an indeterminable increase in self-generated revenues to the LLA as a result of allocating the costs to associated agencies, boards and commissions.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux
Evan Brasseaux
Staff Director