

### Fiscal Estimate - 2011 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>11-3832/1</b>	<b>Introduction Number</b> <b>SB-385</b>
<b>Description</b> State agency fiscal and operations reports and quarterly hearings of the Joint Legislative Audit Committee	
<b>Fiscal Effect</b>	
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Appropriations  <input type="checkbox"/> Decrease Existing Appropriations  <input type="checkbox"/> Create New Appropriations                 </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Revenues  <input type="checkbox"/> Decrease Existing Revenues                 </div> <div style="width: 30%;"> <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget  <div style="display: flex; justify-content: space-around; font-size: small;"> <input type="checkbox"/> Yes      <input checked="" type="checkbox"/> No                     </div> <input type="checkbox"/> Decrease Costs                 </div> </div>	
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;">                 1. <input type="checkbox"/> Increase Costs  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                  2. <input type="checkbox"/> Decrease Costs  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory             </div> <div style="width: 30%;">                 3. <input type="checkbox"/> Increase Revenue  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                  4. <input type="checkbox"/> Decrease Revenue  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory             </div> <div style="width: 30%;">                 5. Types of Local Government Units Affected  <input type="checkbox"/> Towns      <input type="checkbox"/> Village      <input type="checkbox"/> Cities  <input type="checkbox"/> Counties      <input type="checkbox"/> Others  <input type="checkbox"/> School Districts      <input type="checkbox"/> WTCS Districts             </div> </div>	
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
<b>Agency/Prepared By</b> DOC/ Dawn Woeshnick (608) 240-5417	<b>Authorized Signature</b> Melissa Roberts (608) 240-5055
<b>Date</b> 1/20/2012	

## Fiscal Estimate Narratives

DOC 1/20/2012

LRB Number	11-3832/1	Introduction Number	SB-385	Estimate Type	Original
<b>Description</b> State agency fiscal and operations reports and quarterly hearings of the Joint Legislative Audit Committee					

### Assumptions Used in Arriving at Fiscal Estimate

This bill requires that the Joint Legislative Audit Committee hold quarterly meetings each year for the purpose of receiving testimony and reports from all executive and judicial branch state agencies. The agency reports must contain information on the fiscal condition and operations of the state agency. Specifically, the report must include agency balance sheets, an accounting of all state agency expenditures exceeding \$100, the number of persons employed by the agency, aggregate payroll data and a list of all programs administered by the agency with an explanation of each program and identification of the statutory provision requiring the program. SB 385 also creates scheduling requirements for the Legislative Audit Committee meetings and for the agencies.

This bill requires the creation of an agency balance sheet. This is not a current process that the Department of Corrections (DOC) does nor does DOC have a system in which to complete an agency balance sheet. DOC is assuming that a state financial system would be developed and made available to agencies for creating the agency balance sheet. We are unable to estimate what DOC's ongoing costs would be for this balance sheet system. The agency balance sheet is a statement of financial position for a specific point in time. The balance sheet requires reporting assets and liabilities for the agency accounts. DOC would be required to calculate all accruals (revenues and expenditures) for the point in time specified. The current State Consolidated Annual Financial Report (CAFR), known as the statewide balance sheet, takes approximately six months for agencies to finalize accruals and to supply information to the Department of Administration for creating the CAFR. The timeline can be reduced if a "trial" balance sheet is allowed which means all accruals are not completed. A "trial" balance sheet would take approximately three months to complete due to the complexity of DOC and the amount of appropriations the department manages.

The department anticipates requiring an accountant in most institutions (22.00 FTE) for the Division of Adult Institutions, 2.0 FTE for the Division of Community Corrections and 1.0 FTE for the Division of Juvenile Corrections and 3.00 FTE accountants in Central Office, Division of Management Services to complete a final agency balance sheet. The institution staff would be responsible for auditing and oversight of inventories, accounts payable and accounts receivable for each institution. The Central Office staff would monitor the institution reporting and prepare closing and accrual entries for every appropriation and prepare the agency balance sheet. The estimated cost for these staff is \$2,164,500 in the first year and \$2,026,700 in the second year of implementation. This assumes no salary increases in the second year. The costs for the first year are higher due to one-time costs associate with new FTE.

The bill requires the agency to report on all expenditures of \$100 or greater. The current statewide system, Open Book, should allow the Joint Legislative Audit Committee access to this information. This information is indexed and categorized and provided directly by the Department of Administration. These expenditures could also be provided as detailed in this bill; however, the report would be lengthy and unwieldy in a hard-copy format. No additional staff would be necessary for this reporting requirement.

DOC is able to report on the number of FTEs employed by the department but would require clarification on the term "employed" as it relates to LTEs and contractors. DOC is able to report information on LTEs; however, the definition of "employed" could significantly over count the number employed if it required the reporting of all LTEs with appointment letters regardless of whether they worked within a specific timeframe. DOC would require clarification on whether to include contractors in the reporting of "number of persons employed by the agency". If contractors are included, there is no statewide system to identify all agency contractors. DOC assumes that an enterprise system would be developed to enter contractor information and allow each agency to report on the numbers of contactors. DOC is unable to estimate the cost of an enterprise system. This cost would only be necessary if contractors were required to be included in the report.

### Long-Range Fiscal Implications