



State Fiscal Note for Bill Number: 2019-H-5205

Date of State Budget Office Approval:

Date Requested:

Date Due:

<i>Impact on Expenditures</i>	<i>Impact on Revenues</i>
FY 2019 \$0	FY 2019 \$0
FY 2020 \$2.7 to \$4.3 million	FY 2020 \$0
FY 2021 \$2.7 to \$4.3 million	FY 2021 \$0

Explanation by State Budget Office:

The proposed legislation would establish the Office of Inspector General (Office) as an independent administrative agency to detect and prevent fraud, waste, abuse and mismanagement in the expenditure of federal, state, or local public funds. The Office would oversee all state agencies, courts, cities, and towns, as well as districts, authorities, or political subdivisions created by the General Assembly or Governor. Office investigations may also include expenditures of federal, state, and local public funds made by nongovernmental agencies.

Comments on Sources of Funds:

The bill requires that the legislature appropriate funds for the Office, but no funding source is specified. Because there is no authority provided for assessing any type of fee to generate revenue and uncertainty as to the availability of federal funds, this fiscal note assumes general revenue funding would be required.

Summary of Facts and Assumptions:

The effective date is assumed to be July 1, 2019.

It is assumed that Office operations would be funded with general revenue, because no reference is made to specific funding source, except that the legislature shall appropriate funds for the Office. Although the bill authorizes the appointment of an Inspector General with authority to appoint a staff, no staffing level is specified. Existing auditing offices in the state can be used as a source of comparison for the projected costs and staffing levels.

State offices with similar responsibilities are the Office of the Auditor General in the General Assembly and the Office of Internal Audit in the Department of Administration's Office of Management and Budget. The Office of the Auditor General's recommended all funds budget totals \$5.9 million, including \$4.1 in general revenue, for FY 2019 and \$6.1 million, including \$4.3 million in general revenue, for FY 2020. The recommendation includes funding for 45.2 FTE positions in both years. The Office of Internal Audit has a recommended all funds budget of \$4.2 million, including \$2.7 million in general revenue, in FY 2019, and \$4.8 million, including \$3.2 million in general revenue, for FY 2020. The recommended budgets for both fiscal years include 33.0 FTE positions.

Summary of Fiscal Impact:

Since the assumed effective date is July 1, 2019, there is no projected fiscal impact in FY 2019. Based on projected general revenue expenditures in existing auditing offices, full year-operational costs of the Office in FY 2020 and FY 2021 could range from \$2.7 million to \$4.3 million. FTE positions could range from 33.0 to 45.2 FTE positions. As the bill does not specify staff size, this information is provided for

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informational purposes.

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