

Fiscal Estimate - 2015 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-3192/1	Introduction Number SB-368
Description Creating a legislative office of inspector general and making appropriations	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 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	
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
Agency/Prepared By UWS/ Tawseef Talukdar (608) 265-8501	Authorized Signature Freda Harris (608) 262-2734
Date 11/16/2015	

Fiscal Estimate Narratives

UWS 11/16/2015

LRB Number	15-3192/1	Introduction Number	SB-368	Estimate Type	Original
Description Creating a legislative office of inspector general and making appropriations					

Assumptions Used in Arriving at Fiscal Estimate

Overview

Senate Bill 368 creates a legislative service agency known as the "Legislative Office of Inspector General" that consists of 13 inspectors general and their staff. Inspectors general are to be assigned to, and housed at, the headquarters of certain state agencies. The Board of Regents of the University of Wisconsin System is one of the listed agencies.

The bill requires each state agency to provide office space for the inspector general and his or her staff. The agency must also pay for services provided by the inspector general and credit the payments to the appropriation account under s. 20.765(3)(kr).

The inspector general assigned to each state agency shall investigate for fraud, waste, abuse, or inefficiency in agency programs and activities. During these investigations, the inspector general must endeavor to identify savings for that agency that would pay at least the costs incurred as a result of the investigations.

The speaker of the assembly and the senate majority leader may jointly direct the inspectors general to examine the records or programs of the agency to which they are assigned. The chairpersons of the appropriate standing committees in the assembly and senate, jointly, may direct the inspector general assigned to any state agency to examine the records or programs of the state agency over which the committees have subject matter jurisdiction. Any such investigations will require the inspector general to provide a report to the chief clerk of each house of the legislature.

The inspector general may also review claims by any person that an agency action or order has adversely affected a substantial interest of the person.

To carry out these duties, the inspector general shall have access to all financial records of the agency as well as performance and program accomplishments. The inspector general will have access to all records relating to the agency's expenditures, revenues, operations, and structure, including all records that would otherwise be confidential by law.

Analysis

The Office of Internal Audit in the University of Wisconsin System currently provides the oversight services that are outlined in Senate Bill 368. The Office of Internal Audit has charge of all audit-related matters (internal and external), compliance with law and regulations, internal controls, enterprise risk management, and ethics.

The Office of Internal Audit Charter was approved by the Board of Regents on April 9, 2015, and states: "The purpose of the Audit Committee is to take appropriate actions to protect and strengthen the University of Wisconsin System's audit processes, compliance with laws and regulations, internal controls, enterprise risk management, and ethics."

Because the duties of the inspectors general and their staff so closely mirror the work done by the Office of Internal Audit, it is likely that the costs associated with this bill will be similar to the cost of the Office of Internal Audit. The current budget for the Office of Internal Audit provides a reasonable estimate of what costs will be.

Breakdown of Current Office of Internal Audit Budget

Salaries and Fringe Benefits: \$2,852,682.76

Supplies & Expense: \$110,000.00

Total: \$2,962,682.76

The total annual fiscal estimate for the bill would be \$2,962,682.76.

The language of bill does not make clear the level of staffing that the inspector general will have. The Office of Internal Audit is budgeted for 29 FTEs. With vacancies, the Office of Internal Audit is currently staffed with 22 FTEs. Any differences in staffing levels will result in a corresponding change in the estimated costs.

There are also inefficiencies that may arise as a result of Senate Bill 368 for which the fiscal impact cannot be quantified.

First, this bill may create confusion regarding the responsibilities of auditors. With two offices performing the same auditing duties, there may be confusion related to the responsibility of each office in daily operations. It will be important to ensure that there are clear procedures in place to properly address all duties.

Second, there may be a strain on the resources that would be required to perform their duties. With offices attempting to perform the same duties, they may each impede the ability of the other to carry out their tasks in an efficient manner.

Long-Range Fiscal Implications

The costs outlined in this estimate would be ongoing costs.

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

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Description Creating a legislative office of inspector general and making appropriations		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$2,852,683	\$
(FTE Position Changes)	(29.0 FTE)	
State Operations - Other Costs	110,000	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$2,962,683	\$
B. State Costs by Source of Funds		
GPR	2,962,683	
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$2,962,683	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By	Authorized Signature	Date
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