

BILL SUMMARY
1st Session of the 52nd Legislature

Bill No.:	HB 2395
Version:	CCS
Author:	Representative Liebmann/ Senator Jolley
Date:	5/25 2010
Impact:	State Auditor & Inspector – Estimated Increased Fee Revenues: \$100,000 Annually

Bill Summary

Fiscal Summary

Fiscal Analyst: Terry McKenna

The Conference Committee Substitute for HB 2395 requires the Office of the State Treasurer and the Oklahoma Tax Commission to prepare annual financial statements in accordance with the reporting requirements set forth by the Governmental Accounting Standards Board (GASB) within 90 days after the close of the fiscal year. Regarding the State Auditor and Inspector (SA&I), the measure increases the filing fee assessed for processing audit-related reports by public accountants or certified public accountant from \$40 to \$100. The bill also increases the threshold amount for transfer of any unencumbered balance in the State Auditor and Inspector Revolving Fund to the General Revenue Fund (GRF) from \$500,000 to \$850,000; places SA&I clerical and stenographic assistants under the provisions of the State Travel Reimbursement Act; and provides that the costs of state agency audits shall be borne by the entity audited unless otherwise specifically provided by law. Finally, the measure contains clean-up language, eliminates duplicative language and language requiring audits of agencies that no longer exist.

Fiscal Analysis

The Office of the State Treasurer and the Oklahoma Tax Commission already follow GASB standards which are necessary to maintain the flow of federal money. The language in Section 1 related to the SA&I clarifies audit activities currently performed by the agency.

The SA&I audit registration fee of \$40 was enacted in 1993 and has not been increased since that time. The agency advises that it processes an average of 1,660 audit reports annually, and employs a CPA and an administrative officer position (1/2 time) to review the audits. The SA&I currently receives an average of \$66,846 in annual registration fees, and estimates that the increase could yield annual collections of \$166,000. The additional funds would be sufficient to meet the CPA's salary/benefits (\$97,000) and the administrative officer's one-half time salary (\$35,000), leaving a balance of approximately \$34,000 to meet related overhead costs (management, office space, storage, etc.).

Regarding the increase in the threshold amount for transfer of unencumbered SA&I funds to the GRF, the agency reports that there has never been a transfer because the Revolving Fund balance

has never been over the current threshold of \$500,000. The SA&I is requesting the increase to accommodate anticipated savings from administrative efficiencies implemented to meet the FY-10 budget cut and allocation reductions. The average Revolving Fund ending balance for the last three fiscal years has been \$189,929; thus, the agency would have to realize very significant savings from efficiencies to even meet the current threshold for the transfer of funds to the GRF. The increased threshold, then, would allow the SA&I to prepare for further budget cuts and also for those months – typically, July and August – when “slow pay” and “no pay” clients present cash flow problems.

Long Term Fiscal Considerations

As Stated Above

Fiscal Analysis Reviewed by:

Mark Tygret

House Fiscal Director