

State Auditor & Inspector Agency #300

Lead Administrator: Gary Jones, State Auditor & Inspector

Lead Financial Officer: Lisa Hodges, Deputy State Auditor, CFO

FY'19 Projected Division/Program Funding By Source						
Dept	Appropriations	Federal	Revolving	Local	Other*	Total
Administration	\$596,226		\$138,790			\$735,016
Local Gov't Services	\$1,146,474		\$4,274,540			\$5,421,014
State Agency Services	\$1,256,212		\$3,139,227			\$4,395,439
Special Services	\$427,360		\$888,720			\$1,316,080
Ancillary Services	\$223,228		\$0			\$223,228
						\$0
						\$0
Total	\$3,649,500	\$0	\$8,441,277	\$0	\$0	\$12,090,777

*Source of "Other" and % of "Other" total for each.

FY'18 Carryover and Refund by Funding Source						
FY'18 Carryover	Appropriations	Federal	Revolving	Local	Other*	Total
	\$9,437		\$633,692			\$643,129
	\$0					

*Source of "Other" and % of "Other" total for each.

Revolving fund balance at 6-30-18 reduced by post FYE expenditures of \$121,794.15

What Changes did the Agency Make between FY'18 and FY'19?
<p>1.) Are there any services no longer provided because of budget cuts? Yes. Some statutorily required audits will no longer be performed due to budget cuts including Sheriff Inmate Trusts, Office of the Court Clerk, and Co. District Barn inventories. Reduced appropriations may also delay delivery of financial and performance audit services to counties and state entities that are mandated by statute or the constitution.</p> <p>2.) What services are provided at a higher cost to the user? This office provides various audit services to public entities and, in most instances, is permitted by statute to recover its costs. It is likely that these services will be provided at a higher cost to meet our budgetary needs in a fiscally responsible manner.</p> <p>3.) What services are still provided but with a slower response rate? Despite the use of technological advancements, human capital is required to provide audit services. Limited resources and below market salaries contribute to a high turnover rate. Loss of institutional knowledge, skills, and experience means constantly training new hires and slower response rate.</p> <p>4.) Did the agency provide any pay raises that were not legislatively/statutorily required? The agency recognizes achievement, certifications obtained, and additional duties assumed with minimal bumps in salary. Personnel are unclassified and salaries remain significantly below both market and those offered by other agencies that actively recruit our personnel.</p>

FY'20 Requested Division/Program Funding By Source						
Dept	Appropriations	Federal	Revolving	Other	Total	% Change
Administration	\$596,226		\$138,790		\$735,016	0.00%
Local Gov't Services	\$1,566,474		\$4,274,540		\$5,841,014	7.75%
State Agency Services	\$1,536,212		\$3,139,227		\$4,675,439	6.37%
Special Services	\$427,360		\$888,720		\$1,316,080	0.00%
Ancillary Services	\$223,228		\$0		\$223,228	0.00%
Total	\$4,349,500	\$0	\$8,441,277	\$0	\$12,790,777	5.79%

*Source of "Other" and % of "Other" total for each.

FY'20 Top Five Appropriation Funding Requests	
	\$ Amount
An increase in funding that will allow for 10 more auditors to be hired.	\$700,000
Total Increase above FY-19 Request	\$ 700,000

Does the agency have any costs associated with the Pathfinder retirement system and federal employees?				
(If so, please describe the costs and provide an estimate for FY '20, FY '21, and FY '22.)	FY 2020	FY 2021	FY 2022	
Defined benefit cost not reimbursable by Federal ONRR	\$2,610	\$2,610	\$2,610	\$7,830

How would the agency be affected by receiving the same appropriation for FY '20 as was received in FY '19? (Flat/ 0% change)
<p>We will make every effort to successfully improve efficiencies and delivery of services in order to comply with our constitutional and statutory duties. Due to our below market salaries our professional staff turnover rate for FY 18 is 15% which means constantly training new employees and a slower response rate.</p>

How would the agency handle a 2% appropriation reduction in FY '20?

There are certain statutorily required audits that will not be performed due to a reduction in appropriations.

Is the agency seeking any fee increases for FY '20?

		\$ Amount
Increase 1	N/A	\$0

What are the agency's top 2-3 capital or technology (one-time) requests, if applicable?

NA

Federal Funds

	FY 19 projected	FY 18	FY 17	FY 16	FY 15
Federal Funding I					
ONRR - Oklahoma Natural Resources Revenue - CFDA #15.427	\$420,032	\$394,541	\$418,453	\$399,364	\$413,030

Federal Government Impact

1.) How much federal money received by the agency is tied to a mandate by the Federal Government?

This is a contract with the federal government to conduct mineral royalty audits on federal lands in Oklahoma.

2.) Are any of those funds inadequate to pay for the federal mandate?

NA

3.) What would the consequences be of ending all of the federal funded programs for your agency?

If we lost this contract, those employees would need to be relocated from their division to another.

4.) How will your agency be affected by federal budget cuts in the coming fiscal year?

This is a contracted amount.

5.) Has the agency requested any additional federal earmarks or increases?

NA

Division and Program Descriptions

Administrative Services

Internal agency operation including accounting, budget, HCM, policy, and general administration.

Local Gov't Services

Local Government Services includes the County Audit Division which serves county elected officials and residents through an independent audit of receipt and disbursement of county funds. This division also audits Emergency Medical Service districts, District Attorney offices, and conducts county treasurer reviews to ensure available revenues reconcile with stated account balances. County Management Services advises county officers on matters regarding procedural and technical issues related to accounting and budget procedures. Investigative Audit Services assists the Governor, Attorney General, District Attorneys, governing bodies, and citizens (by petition) by conducting investigative audits of public entities in which fraudulent activities, waste or abuse of public assets is suspected or alleged to have occurred.

State Agency Services

State Agency Services consists of the following programs: Financial Audit Services to audit the State of Oklahoma's CAFR (instrumental to support the state's bond ratings and the Single Audit), and to audit the Single Audit to meet mandates for the receipt of federal funds; Performance Audit Services to improve state agency operations and aid those responsible for initiating corrective action; and Information Services to provide IT auditors and support for the statewide auditors. EGID audit services provides oversight for the state employee's insurance group.

Special Services

Special Services consists of the following programs: Quality Assurance and Audit Review, Continuing Professional Education, Minerals Management Audit Services, Horse Racing and Gaming Audit Services, Board of Equalization Support, and Pension Commission Support.

Ancillary Services

This program consists of pass-through funds to OSU-County Training Program.

FY'19 Budgeted FTE						
	Supervisors	Classified	Unclassified	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$\$\$
Administration	3		6		5	2
Local Gov't Services	24		62		56	7
State Agency Services	17		48		40	8
Special Services	6		12		8	2
Ancillary Services			0		0	
Total	50	0	128	0	109	19

FTE History					
	2019 Budgeted	2018	2017	2015	2010
Administration	6	6	7	8	11
Local Gov't Services	62	54	57	56	53
State Agency Services	48	39	40	41	41
Special Services	12	11	11	13	15
Ancillary Services	0	0		0	0
Total	128	110	115	118	120

Performance Measure Review					
	FY 18	FY 17	FY 16	FY 15	FY 14
Measure I Number of audits produced.	311	412	389	398	372
Measure II Number of experienced auditors.	69	72	75	72	72
Measure III Percentage of auditors who have completed mandatory CPE training.	100%	100%	100%	100%	100%

Revolving Funds (200 Series Funds)			
	FY'16-18 Avg. Revenues	FY'16-18 Avg. Expenditures	June '18 Balance
Revolving Fund I Brief Description	\$7,045,120	\$7,091,931	\$633,692
	Revolving fund balance at 6-30-18 reduced by post FYE expenditures of \$121,794.15		