

FY21 Budget Performance Review

State Auditor & Inspector

Lead Administrator: Cindy Byrd, State Auditor & Inspector

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

Agency Mission

To independently serve taxpayers and public officials by conducting audits that provide meaningful, reliable results and promote efficiency, stewardship, and transparency in government.

Division and Program Descriptions

Note: Please define any acronyms used in 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 conduct 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, Horse Racing and Gaming Audit Services, Board of Equalization Support, Oklahoma Natural Resources Revenue Division, and Pension Commission Support.

Ancillary Services

This program consists of pass-through funds to OSU-County Training Program. However, this funding is scheduled to end 6-30-2020.

FY'20 Budgeted Department Funding By Source

Dept. #	Department Name	Appropriations	Federal	Revolving	Local ¹	Other ²	Total
1600001	Administration	220,163		33,678			\$253,841
1600002	Support Services	456,050		201,571			\$657,621
2600201	County Management Services	111,422		2,285			\$113,707
2600202	County Audit Division	1,335,387		3,914,668			\$5,250,055
2600203	Special Investigative Unit	385,957		327,941			\$713,898
3600301	State Agency Audit Division	618,470		2,326,583			\$2,945,053
3600302	Performance Audit Division	305,161		718,387			\$1,023,548
3600303	Information Services Division	389,636		874,624			\$1,264,260
3600304	EGID Audit Division	-		150,381			\$150,381
4600401	Quality Assurance	119,519		20,875			\$140,394
4600402	Oklahoma Natural Resources Revenue	59,604		371,270			\$430,874
4600403	Horse Racing/Gaming	55,881		377,790			\$433,671
4600404	Continuing Professional Education	97,213		120,000			\$217,213
4600405	Board of Equalization/Public Trust	101,804		47,540			\$149,344
4600406	Pension Trust	-		110,000			\$110,000
7600701	OSU - County Personnel Training	223,228					\$223,228
Total		\$4,479,495	\$0	\$9,597,593	\$0	\$0	\$14,077,088

- Please describe source of Local funding not included in other categories:
- Please describe source(s) and % of total of "Other" funding if applicable for each department

FY'19 Carryover by Funding Source

Carryover	Appropriations	Federal	Revolving	Local ¹	Other ²	Total
	\$24,147	\$0	\$559,356	\$0	\$0	\$583,503
	\$0					\$0

- Please describe source of Local funding not included in other categories:
 - Please describe source(s) and % of total of "Other" funding if applicable:
- Fund balances at 6-30-19 reduced by post FYE expenditures.**

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What changes did the agency make between FY'19 and FY'20?

1.) Are there any services no longer provided because of budget cuts?

No. Reduced appropriations will delay delivery of audit services to counties and state entities that are mandated by statute or the constitution.

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.

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. For Fy 19, the professional staff turnover rate is 20.2% and for the whole office 19.09%. Loss of institutional knowledge, skills, and experience means constantly training new hires and slower response rate.

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 bumps in salary. Personnel are unclassified and salaries remain significantly below both market and those offered by other agencies that actively recruit our personnel.

FY'21 Requested Funding By Department and Source

Dept. #	Department Name	Appropriations	Federal	Revolving	Other ¹	Total	% Change
1600001	Administration	\$220,163	\$0	\$33,678	\$0	\$253,841	0.00%
1600002	Support Services	\$456,050	\$0	\$201,571	\$0	\$657,621	0.00%
2600201	County Management Services	\$111,422	\$0	\$2,285	\$0	\$113,707	0.00%
2600202	County Audit Division	\$1,559,387	\$0	\$3,914,668	\$0	\$5,474,055	4.27%
2600203	Special Investigative Unit	\$619,957	\$0	\$327,941	\$0	\$947,898	32.78%
3600301	State Agency Audit Division	\$804,470	\$0	\$2,326,583	\$0	\$3,131,053	6.32%
3600302	Performance Audit Division	\$411,161	\$0	\$718,387	\$0	\$1,129,548	10.36%
3600303	Information Services Division	\$389,636	\$0	\$874,624	\$0	\$1,264,260	0.00%
3600304	EGID Audit Division	\$0	\$0	\$150,381	\$0	\$150,381	0.00%
4600401	Quality Assurance	\$119,519	\$0	\$20,875	\$0	\$140,394	0.00%
4600402	Oklahoma Natural Resources Revenue	\$59,604	\$0	\$371,270	\$0	\$430,874	0.00%
4600403	Horse Racing/Gaming	\$55,881	\$0	\$377,790	\$0	\$433,671	0.00%
4600404	Continuing Professional Education	\$97,213	\$0	\$120,000	\$0	\$217,213	0.00%
4600405	Board of Equalization/Public Trust	\$101,804	\$0	\$47,540	\$0	\$149,344	0.00%
4600406	Pension Trust	\$0	\$0	\$110,000	\$0	\$110,000	0.00%
7600701	OSU - County Personnel Training	\$0	\$0	\$0	\$0	\$0	-100.00%
Total		\$5,006,267	\$0	\$9,597,593	\$0	\$14,603,860	3.74%

1. Please describe source(s) and % of total of "Other" funding for each department:

FY'21 Top Five Operational Appropriation Funding Requests

Request by Priority	Request Description	Appropriation Request Amount (\$)
Request 1:	An increase in funding will allow for 5 more auditors to be hired and allow salaries to be increased to align more closely with other state agencies and state auditor offices in the region.	\$750,000
Top Five Request Subtotal:		\$750,000
Total Increase above FY-20 Budget (including all requests)		\$ 750,000
Difference between Top Five requests and total requests:		\$0

Does the agency have any costs associated with the Pathfinder retirement system and federal employees?

	FY 2020	FY 2021	FY 2022
Defined benefit cost not reimbursable by Federal ONRR	\$2,775	\$2,775	\$2,775

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How would the agency be affected by receiving the same appropriation for FY '21 as was received in FY '20? (Flat/ 0% change)

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 19 is 20.2% which means constantly training new employees and a slower response rate.

How would the agency handle a 2% appropriation reduction in FY '21?

This will be detrimental to our core mission of the State Auditor's Office.

Is the agency seeking any fee increases for FY '21?

	Fee Increase Request (\$)	Statutory change required? (Yes/No)
No new increases		

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

Description of request in order of priority	Appropriated Amount (\$)	Submitted to LRCPC? (Yes/No)
No requests		

Federal Funds

CFDA	Federal Program Name	Agency Dept. #	FY 20 budgeted	FY 19	FY 18	FY 17	FY 16
15.427	ONRR - Oklahoma Natural Resources Revenue	4600402	420,032	409,668	394,541	418,453	399,364

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?

N/A

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?

N/A

FY'20 Budgeted FTE

Division #	Division Name	Supervisors	Classified	Unclassified	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$\$\$
16	Administration	3		7		4	3
26	Local Gov't Services	24		65.3		57.3	8
36	State Agency Services	18		56		48	8
46	Special Services	5		13		10	3
76	Ancillary Services	0		0		0	0
Total		50	0	141.3	0	119.3	22

FTE History

Division #	Division Name	2020 Budgeted	2019	2018	2016	2011
16	Administration	7.0	6.0	6.0	7.0	9.0
26	Local Gov't Services	65.3	53.2	54.0	58.0	53.0
36	State Agency Services	56.0	42.4	39.0	43.0	45.0
46	Special Services	13.0	10.8	11.0	13.0	14.0
76	Ancillary Services	0.0	0.0	0.0	0.0	0.0
Total		141.3	112.4	110.0	121.0	121.0

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Performance Measure Review

		FY 19	FY 18	FY 17	FY 16	FY 15
State Auditor's Office						
Measure I Turnover rate percent for professional staff. Goal is to reduce turnover rate from 20.2% in fiscal year 19 to 12% in 2023		20.20%	New Measures for FY 19			
Measure II Percent of staff auditors that maintain 75% of billable hours.		100%	New Measures for FY 19			
Measure III Percent of audit working papers and reports that comply with Government Auditing Standards which are used to measure quality.		100%	New Measures for FY 19			
Measure IV Staff Auditor salaries compared to the regional average of State Audit Organizations staff auditor salaries as a percentage. (Retain staff= high productivity and quality of reports)		70.70%	New Measures for FY 19			

Revolving Funds (200 Series Funds)

<i>Please provide fund number, fund name, description, and revenue source</i>	FY'17-19 Avg. Revenues	FY'17-19 Avg. Expenditures	June '19 Balance
Fund number: Fund name			
Revolving Fund 20000	\$6,921,596	\$6,979,033	\$559,356
			Revolving fund balance at 6-30-19 reduced by post FYE expenditures of \$108,265.44