

State Auditor and Inspector Agency 300

Lead Administrator: Gary Jones, State Auditor and Inspector

| FY'17 Projected Division/Program Funding By Source | | | | | | |
|--|--------------------|------------|--------------------|------------|------------|---------------------|
| | Appropriations | Federal | Revolving | Local | Other* | Total |
| Administration | \$667,001 | | \$127,704 | | | \$794,705 |
| Local Gov't Services | \$1,343,392 | | \$3,594,142 | | | \$4,937,534 |
| State Agency Services | \$911,921 | | \$3,005,130 | | | \$3,917,051 |
| Special Services | \$481,591 | | \$976,814 | | | \$1,458,405 |
| Ancillary Services | \$236,631 | | \$0 | | | \$236,631 |
| | | | | | | \$0 |
| Total | \$3,640,536 | \$0 | \$7,703,790 | \$0 | \$0 | \$11,344,326 |

| FY'16 Carryover and Refund by Funding Source | | | | | | |
|--|----------------|---------|--------------|-------|--------|-----------|
| | Appropriations | Federal | Revolving | Local | Other* | Total |
| FY'16 Carryover | \$5,473.00 | | \$745,364.47 | | | \$750,837 |
| FY'16 GR Refund** | \$93,409.00 | | | | | \$93,409 |

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

Revolving fund balance reduced by post FYE expenditures of \$94,568.68

**The FY16 General Revenue refund was budgeted in ISD for software maintenance and renewals and \$6,910 to the Ancillary Services OSU-CTP pass through

| What Changes did the Agency Make between FY'16 and FY'17? | |
|--|--|
| <p>1.) Are there any services no longer provided because of budget cuts? No. Reduced appropriations may delay delivery of 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? If so, please provide a detailed description in a separate document. 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'18 Requested Division/Program Funding By Source | | | | | | |
|--|--------------------|------------|--------------------|------------|---------------------|--------------|
| | Appropriations | Federal | Revolving | Other | Total | % Change |
| Administration | \$667,001 | | \$127,704 | | \$794,705 | 0.00% |
| Local Gov't Services | \$1,343,392 | | \$3,594,142 | | \$4,937,534 | 0.00% |
| State Agency Services | \$911,921 | | \$3,005,130 | | \$3,917,051 | 0.00% |
| Special Services | \$481,591 | | \$976,814 | | \$1,458,405 | 0.00% |
| Ancillary Services | \$236,631 | | \$0 | | \$236,631 | 0.00% |
| | | | | | | |
| Total | \$3,640,536 | \$0 | \$7,703,790 | \$0 | \$11,344,326 | 0.00% |

| FY'17 Top Five Appropriation Funding Requests | |
|---|-----------|
| | \$ Amount |
| N/A | |
| Total Increase above FY-18 Request | 0 |

| How would the agency handle a 5% appropriation reduction in FY'18? |
|---|
| We will make every effort to successfully absorb another budget cut as a result of ongoing efforts to improve efficiencies and delivery of services through technology. We will further evaluate administrative costs, equipment leases, travel and fleet management which is 15 percent of expenditures. A five percent loss in appropriated revenue may result in cutting one to two FTE. |

| How would the agency handle a 7.5% appropriation reduction in FY'18? |
|--|
| We will make every effort to successfully absorb another budget cut as a result of ongoing efforts to improve efficiencies and delivery of services through technology. We will further evaluate administrative costs, equipment leases, travel and fleet management which is 15 percent of expenditures. A 7.5% loss in appropriated revenue may result in cutting one to two FTE. Another cut of this size may require an increase in contractual services to ensure we continue to cover the actual cost of audit services. |

How would the agency handle a 10% appropriation reduction in FY'18?

We will make every effort to successfully absorb another budget cut as a result of ongoing efforts to improve efficiencies and delivery of services through technology. We will further evaluate administrative costs, equipment leases, travel and fleet management which is 15 percent of expenditures. A 10% loss in appropriated revenue may result in cutting two to three FTE. Another cut of this size may require an increase in contractual services to ensure we continue to cover the actual cost of audit services.

Is the agency seeking any fee increases for FY'17?

| | \$ Amount |
|-------------------|-----------|
| Increase 1 N/A | \$0 |

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

Federal Government Impact

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

N/A

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?

N/A

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

N/A

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

N/A

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-Commission on County Government Districts.

FY'18 Budgeted FTE

| | Supervisors | Classified | Unclassified | \$0 - \$35 K | \$35 K - \$70 K | \$70 K - \$\$\$ | |
|-----------------------|-------------|------------|--------------|--------------|-----------------|-----------------|-----------|
| Administration | | | 8 | 2 | 4 | | 2 |
| Local Gov't Services | | | 58 | 1 | 52 | | 5 |
| State Agency Services | | | 45 | 0 | 39 | | 6 |
| Special Services | | | 14 | 0 | 12 | | 2 |
| Ancillary Services | | | | | | | |
| Total | 0 | 0 | 125 | 3 | 107 | | 15 |

| FTE History | | | | | |
|-----------------------|---------------|------------|------------|------------|------------|
| | 2017 Budgeted | 2016 | 2013 | 2010 | 2006 |
| Administration | 8 | 7 | 8 | 11 | 11 |
| Local Gov't Services | 58 | 58 | 57 | 53 | 62 |
| State Agency Services | 45 | 43 | 45 | 41 | 52 |
| Special Services | 14 | 13 | 14 | 15 | 26 |
| Ancillary Services | | | | | |
| Total | 125 | 121 | 124 | 120 | 151 |

| Performance Measure Review | | | | | |
|---|-------|-------|-------|-------|-------|
| | FY'16 | FY'15 | FY'14 | FY'13 | FY'12 |
| Measure I Number of audits produced. | 389 | 398 | 372 | 328 | 357 |
| Measure II Number of experienced auditors. | 75 | 69 | 72 | 68 | 67 |
| Measure III Percentage of auditors who have completed mandatory CPE training. | 100% | 100% | 100% | 100% | 100% |

| Revolving Funds (200 Series Funds) | | | |
|---|------------------------|----------------------------|------------------|
| | FY'14-16 Avg. Revenues | FY'14-16 Avg. Expenditures | June '16 Balance |
| Revolving Fund I | \$6,735,577 | \$6,719,626 | \$745,364 |
| Revolving fund balance reduced by post FYE expenditures of \$94,568.68 | | | |