

**GOVERNMENTAL OPERATIONS**

Agency 095

**Office of State Auditor**

**Recommendation Summary**

Dollars in Thousands

	Annual FTEs	General Fund State	Other Funds	Total Funds
<b>2005-07 Expenditure Authority</b>	347.2	1,609	72,825	74,434
<b>Total Maintenance Level</b>	359.0	1,515	78,378	79,893
Difference	11.9	(94)	5,553	5,459
Percent Change from Current Biennium	3.4%	(5.8)%	7.6%	7.3%
<b>Performance Changes</b>				
Revise Pension Gain-Sharing #		(6)	(140)	(146)
Nonrepresented Staff Health Benefit		9	276	285
Nonrepresented Staff Salary Change		104	2,688	2,792
Self Insurance Premium			20	20
<b>Subtotal</b>		107	2,844	2,951
<b>Total Proposed Budget</b>	359.0	1,622	81,222	82,844
Difference	11.9	13	8,397	8,410
Percent Change from Current Biennium	3.4%	0.8%	11.5%	11.3%
<b>Total Proposed Budget by Activity</b>				
Administrative Activity	8.0	141	2,289	2,430
Audit of School Programs	6.6	1,330		1,330
Audits of Local Government	218.3		33,806	33,806
Audits of State Government	82.3		12,896	12,896
Investigating Improper Governmental Actions	4.0		723	723
Local Government Budgeting, Accounting and Reporting System and Statistics	5.7		995	995
Performance Audits	34.3	1	27,102	27,103
Other Statewide Adjustments		150	3,411	3,561
<b>Total Proposed Budget</b>	359.0	1,622	81,222	82,844

**PERFORMANCE LEVEL CHANGE DESCRIPTIONS**

**Self Insurance Premium**

Funding for the Auditor's self insurance premium is increased to reflect claims experience. (Municipal Revolving Account-Nonappropriated)

**ACTIVITY DESCRIPTIONS**

**Administrative Activity**

This activity provides for the administration of the Office of the State Auditor.

## **GOVERNMENTAL OPERATIONS**

### **Audit of School Programs**

The School Programs audit team assesses school district compliance with legal criteria that must be met as a condition for receiving General Fund monies. There are 296 school districts subject to this audit effort. The team also assists the Special Education Safety Net Committee, works with staff of the Office of Superintendent of Public Instruction on audit resolution, and provides training for school district staff.

### **Audits of Local Government**

The Office of the State Auditor independently audits local governments at least every three years, with the exception of self-insurance plans, which are audited on a two-year cycle. There are approximately 2,400 local government entities, including counties, cities, schools, ports, public utilities, hospital districts, and fire districts. Auditors use a risk-based approach which focuses on public resources most likely to be at risk of loss or misappropriation. Beyond examining the financial condition, accounting and reporting by local governments, the audits assess compliance with the Constitution, state laws, and local government ordinances. Any report disclosing malfeasance, misfeasance or nonfeasance in office on the part of local government officers or employees is referred to the county prosecuting attorney or federal government for recovery of funds and prosecution. Bond rating agencies rely on these audit reports in performing their assessments. (Municipal Revolving Account - Nonappropriated)

### **Audits of State Government**

The office audits annually the basic financial statements prepared by the Office of Financial Management. This audit includes an examination of internal controls over public resources and compliance with the Constitution and federal and state laws and regulations. The audit meets legal requirements contained in the Congressional Single Audit Act. There are 168 state agencies, boards, and commissions subject to this audit effort, which uses a risk-based approach to focus on public resources at highest risk of loss or misappropriation. Audits of state agencies disclosing malfeasance, misfeasance or nonfeasance on the part of any public officer or employee are referred to the Office of the Attorney General or federal government for recovery of funds and prosecution. Bond rating agencies rely on state government audits in performing their assessments. (Auditing Services Revolving Account)

### **Investigating Improper Governmental Actions**

The Office of the State Auditor administers the state employee whistleblower program which encourages state employees to disclose, to the extent not expressly prohibited by law, improper governmental actions. Improper governmental action means any action by an employee undertaken in the performance of the employee's official duties, which is a gross waste of public funds or resources or in violation of federal or state law or rule, if the violation is not merely technical or of a minimum nature, or of substantial and specific danger to the public health or safety. (Auditing Services Revolving Account)

### **Local Government Budgeting, Accounting and Reporting System and Statistics**

The Office of the State Auditor, in collaboration with local governments, sets uniform accounting standards for local governments, allowing for consistent reporting of data, timely analysis, and greater public understanding. The office helps local governments meet these standards by providing technical assistance and training. Each year, the office works with local governments to update the Budgeting, Accounting, and Reporting Systems (BARS) for local governments. Annually, the office publishes a compilation of local government comparative statistics, a 10-year history of financial information for comparing entities and analyzing programs. Bond rating agencies often rely on the local government financial reporting system in performing their assessments. (Municipal Revolving Account-Nonappropriated)

### **Performance Audits**

The Office of the State Auditor conducts independent performance audits of agencies in the executive, judicial, and legislative branches of government. This authority was granted pursuant to voter approval of Initiative 900 in the 2005 election.

### **Other Statewide Adjustments**

This item reflects proposed compensation and other adjustments that were not allocated to individual agency activities. The agency will assign these costs to the proper activities after the budget is enacted.