



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2013 Wisconsin Act 8
[2013 Senate Bill 27]

**Responsibilities of the State
Auditor and the Legislative
Audit Bureau**

2013 Wisconsin Act 8 makes various changes affecting certain audit requirements and other functions and responsibilities of the Legislative Audit Bureau (LAB) and the State Auditor. The general authority of the LAB, the Joint Legislative Audit Committee, and the Joint Committee on Legislative Organization (JCLO) are retained under the Act.

REPEAL OF REQUIREMENTS FOR COMPLETED AUDITS

The Act repeals provisions providing for one-time audits that have been completed. Specifically, the Act removes provisions requiring the LAB to audit the following:

- Economic development programs (completed June 2012).
- Firefighter Service Award program (completed December 2005).
- Aid to Families with Dependent Children demonstration project (completed January 1998).
- BadgerCare Plus Basic program (completed May 2011).
- Wisconsin Educational Services for the Deaf and Hard of Hearing (completed February 2006).
- Wisconsin Center for the Blind and Visually Impaired (completed April 2003).
- Children-at-Risk Program (completed March 2005).
- Results of standardized tests in the Milwaukee Parental Choice Program (completed August 2012).

ELIMINATION OF SPECIFIC TIMELINES FOR CERTAIN AUDIT REQUIREMENTS

The Act replaces specific timelines for the completion of certain audits with a direction that such programs will be audited at the discretion of the State Auditor or at the direction of the Joint Legislative Audit Committee. Under prior law, unchanged by the Act, the Joint Legislative Audit Committee and the JCLO may direct an audit of any department or program at any time.

Under prior law, the LAB was required to audit the following programs and departments within the timeframes noted parenthetically:

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.wisconsin.gov>.

- Every state department, board, commission, independent agency or authority (at least once every five years).
- The Department of Administration's (DOA) central accounting records (at least once every two years).
- Expenditures made under the grants for the provision of dental services in underserved areas by Marquette University School of Dentistry students (annual).
- State Fair Park (annual).
- The Division of Gaming in DOA (biennial performance audit; annual financial audit).
- State Lottery (biennial performance audit).¹
- Purchasing of materials made outside the United States (every five years).
- Appropriations to the Medical College of Wisconsin (biennial).
- Contract for dental education services entered into by the Higher Education Aids Board (biennial).
- Professional Football Stadium District's efforts to achieve minority, disabled veteran, and women participation hiring and contracting goals for construction and renovation of football stadium facilities (annual).

Under the Act, the programs and departments listed above may be audited at the discretion of the State Auditor or the Joint Legislative Audit Committee.

REPEAL OF CERTAIN OTHER SPECIFIC AUDIT REQUIREMENTS AND OTHER LAB FUNCTIONS

The Act repeals various specific audit requirements and other LAB functions. Specifically, the Act removes provisions of prior law that required the LAB to do the following:

- Audit the moneys, bonds, and securities on deposit in the state's treasury at least every two years.
- Examine and see that all the money appearing in the DOA's books is in the vaults of the treasury or in several state depositories.
- Certify treasury balances to any new Secretary of DOA.
- Require specified entities to file reports of receivables by September 1 of each year.
- Provide auditing services at the direction of the Government Accountability Board.
- Provide periodic performance audits of any division of the Department of Safety and Professional Services that is responsible for inspections of multi-family housing.
- Conduct an audit if a school district referendum directing a transfer from a capital improvement fund is passed.
- Monitor and perform annual performance audits of the Environmental Cooperation Pilot Program.²
- Deliver instruments of indebtedness that have been paid or otherwise retired to the State Auditor for destruction and certification.
- Select one member of the advisory council to the selection of county and municipal practices from among three names submitted by the Wisconsin Alliance of Cities.³

¹ The Act retains a separate requirement that the LAB conduct an annual financial audit of the state lottery.

² The Environmental Cooperation Pilot Program is currently closed to new participants.

³ The Wisconsin Alliance of Cities is no longer operational.

CONFIDENTIALITY OF INVESTIGATIONS OF HOTLINE REPORTS

The LAB maintains a toll-free hotline to receive reports of fraud, waste, and mismanagement in state government. Prior law required the LAB to keep other information confidential but did not specifically require the LAB to keep information received as part of an investigation of a hotline report confidential.

The Act requires the LAB to, at all times before the investigation of a report received from the hotline is completed, keep confidential the report and investigation and any information arising from the investigation, except as necessary to conduct the investigation.

ANNUAL FINANCIAL AUDIT OF THE UNIVERSITY OF WISCONSIN SYSTEM

Prior law did not require the LAB to conduct financial audits of the University of Wisconsin (UW) System within any specific timeframe.⁴ The Act requires the LAB to conduct an annual financial audit of the UW System.

REIMBURSEMENT OF LAB COSTS

Under prior law, retained under the Act, the LAB is generally authorized to charge any department (defined broadly to include state departments, boards, commissions, independent agencies, authorities, and specified other entities) for the reasonable cost of auditing services, if the services are performed at the department's request. [s. 13.94 (1s) (a), Stats.] In addition, the LAB may charge reasonable costs for performing audits at the request of specified entities. The Act authorizes the LAB to charge the State Fair Park Board and the UW System for the reasonable cost of annual financial audits performed of those entities.

EXAMINATION OF TAX RETURNS

The Act authorizes the State Auditor and LAB employees to examine tax returns, to the extent necessary to conduct an audit and subject to Department of Revenue rules.

Effective date: The Act takes effect on March 28, 2013.

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⁴ However, the LAB has performed annual financial audits at the request of the UW System.