

**2001 Jr2 DRAFTING REQUEST**

**Assembly Amendment (AA-ASA1-AB1)**

Received: 03/10/2002

Received By: **kuesejt**

Wanted: **Soon**

Identical to LRB:

For: **Legislative Fiscal Bureau 6-9915**

By/Representing: **Renner**

This file may be shown to any legislator: **NO**

Drafter: **champra**

May Contact:

Addl. Drafters:

Subject: **State Government - miscellaneous**

Extra Copies:

Submit via email: **NO**

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**Pre Topic:**

LFB:.....Renner -

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**Topic:**

DOA performance evaluation eliminated (#127)

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**Instructions:**

See Attached.

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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/1	champra 03/11/2002	jdyer 03/12/2002	rschluet 03/12/2002	_____	lrb_docadmin 03/12/2002		
/2	champra 03/12/2002	csicilia 03/12/2002	pgreensl 03/12/2002	_____	lrb_docadmin 03/12/2002		

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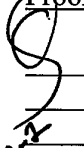
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*Assembly*

# Budget Amendments 2002

**Legislation** Albers

**Statement of Intent** Save \$672,800 PR.  
Eliminate an unnecessary and redundant function of DOA.  
Eliminate 8.0 DOA positions.  
Reduce the size of state government.

**Legislation**  
**Legislation**  
**Legislation**  
**Legislation**  
**Legislation**

Scott Harold Southworth  
Administration

**Amendment**  
**Amendment**

**Summary** Eliminate the Performance Evaluation Office (DOA). The Legislative Audit Bureau conducts audits as it deems appropriate; it can and should ensure that its recommendations get implemented. Other agencies (DHFS, Corrections, UW, DWD, ETF, Revenue, etc.) already retain audit staff, funded via GPR and PR - DOA involvement is unnecessary. Note that the DOA administrator salary & fringe costs alone = \$113,800. Analysts range from \$56,400 to \$90,200.

**Estimate** \$672,800 PR Savings  
Elimination of 8.0 PR (DOA) Positions

**Statement of Intent**

**Page Number** 127

*from* (kj)  
505 (1) (a) - \$672,800 PR in 2002-03  
- 8.0 PR positions

22

state agencies to alleviate a backlog of that Bureau's agency audit transactions. Funding for this request would be provided from charges assessed against state agencies for financial services provided by DOA.

**Joint Finance:** Delete funding of \$100,000 annually for an auditing services contract. Instead, provide \$33,900 in 1997-98 and \$45,200 in 1998-99 and 1.0 senior auditor position annually in the State Controller's Office for increased audit activities.

**Assembly/Legislature:** Reduce funding by \$11,300 in 1997-98 to reflect a January 1, 1998, starting date for the new position, rather than October 1, 1997.

9. STATE FINANCIAL SERVICES -- PERFORMANCE EVALUATION UNIT [LFB Paper 146]

	Governor (Chg. to Base)		Assembly/Leg. (Chg. to Gov.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$628,100	8.00	-\$63,700	0.00	\$564,400	8.00

**Governor:** Provide \$261,700 in 1997-98 and \$366,400 in 1998-99 and 8.0 positions (6.0 auditors and 2.0 policy analysts) to create a performance evaluation and review unit in DOA's Division of Executive Budget and Finance. The unit would conduct performance audits and assess state agencies and programs. Funding for this request would be provided from charges assessed against all state agencies for financial services provided by DOA.

**Assembly/Legislature:** Reduce funding by \$63,700 in 1997-98 to reflect a January 1, 1998, starting date for the new positions, rather than October 1, 1997.

10. STATE TRANSPORTATION SERVICES -- ADDITIONAL ASSIGNED VEHICLES AND AIRCRAFT EQUIPMENT

	Chg. to Base
PR	\$1,265,700

**Governor/Legislature:** Provide \$796,600 in 1997-98 and \$469,100 in 1998-99 for additional vehicles to be assigned to specific agencies and for equipment and hanger improvements for the state air fleet. The requested funds are for: (a) \$603,200 for in 1997-98 to purchase 41 additional vehicles and \$341,100 in 1998-99 to purchase 25 additional vehicles; (b) \$85,400 in 1997-98 and \$128,000 in 1998-99 for increased fuel and maintenance costs associated with these new vehicles; and (c) one-time funding of \$108,000 in 1997-98 to purchase fuel tanks and a refueling truck at DOA's airplane hanger in Madison. Funding would be provided from charges assessed against state agencies for vehicle and airplane usage.

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<p>To: Joint Committee on Finance</p> <p>From: Bob Lang, Director Legislative Fiscal Bureau</p>
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**ISSUE**

**Performance Evaluation Unit (Administration -- Agency Services and Program Supplements)**

[LFB Summary: Page 62, #9 and Page 455, #5]

**CURRENT LAW**

The Secretary of DOA is directed to periodically make management audits of state agencies to effectively appraise all management practices, operating procedures and organizational structures. The Legislative Audit Bureau is the state entity designated the responsibility for the conduct of financial and program audits of state agencies.

**GOVERNOR**

Provide \$261,700 PR in 1997-98 and \$366,400 PR in 1998-99 and 8.0 PR positions in the State Controller's office to conduct performance audits and assessments of state agencies and programs.

Increase base level funding by \$91,600 GPR in 1997-98 and \$128,200 GPR in 1998-99 in program supplements to provide funding to state agencies with insufficient funds in their GPR appropriations to pay for additional financial services chargebacks for the increased costs of operating the State Controller's Office due to these staff additions.

## DISCUSSION POINTS

1. The State Budget Office and the State Controller's Office (SCO) are organizationally in a single division within DOA's Division of Executive Budget and Finance. The Budget Office: (a) provides fiscal and policy analysis to the Governor for development of executive budget proposals; (b) assists agencies in the technical preparation of budget requests; (c) reviews legislation and prepares or coordinates fiscal estimates; and (d) is responsible for general oversight and execution of the state budget. The SCO is responsible for: (a) state agency accounting policy and financial reporting; (b) operation of the state central accounting system; (c) generating state payrolls; (d) making payments to state vendors; (e) issuing monthly fiscal reports to agencies; and (f) preparing the annual state fiscal report.

2. The 8.0 positions (6.0 auditors and 2.0 policy analysts) recommended in the bill are intended to create a centralized review and evaluation unit in SCO to review and monitor the performance of state programs and agencies on a continual basis. Funds to support these positions would come from charges assessed by SCO against state agencies for financial services provided by SCO.

3. By statute, the Legislative Audit Bureau (LAB) is responsible for:

- conducting post-audits of the accounts of every state department at least once every five years;
- reviewing the performance and program accomplishments of state departments; and
- providing an annual audit opinion on the State's financial statements as prepared by DOA.

4. In addition, the LAB is required to conduct a number of specific audits, such as: auditing annually the Department of Employee Trust Funds, the Wisconsin Investment Board, the Capital Improvement Fund and the Bond Security and Redemption Fund and auditing biennially the books and accounts of the State Treasurer and the central accounting records of DOA. The Audit Bureau is also responsible for conducting a special examination of the accounts and financial transactions of any department or office as the Legislature, Joint Committee on Legislative Organization or Joint Legislative Audit Committee directs. The Governor may also direct that such special examinations be done but would be required to pay for the cost of the audit. Further, the LAB is authorized to provide audit services not required by law that are requested by state departments and the federal government, and charge a reasonable amount for such services.

5. The Department of Administration did not request the creation of a performance evaluation unit in its 1997-99 biennial budget request to the Governor. This item was included as a Governor's initiative.

6. DOA argues that the performance evaluation unit would provide the executive

branch with a dedicated audit and evaluation capacity to monitor administrative and legal compliance with statutes, policies and procedures. It is indicated that the creation of this unit would "provide a centralized means, similar to LAB's state auditor, to review and monitor on a continual basis the efficiency and financial integrity of the state's programs." The performance evaluation could address both program and financial issues.

7. DOA further indicates that the performance evaluation unit is meant to complement the activities of the LAB by: (a) ensuring that LAB audit recommendations are implemented and are in place prior to future LAB audits; (b) assisting state agencies to eliminate future problems in transactions or inappropriate use or loss of state funds; and (c) evaluating and reviewing issues that the Joint Committee on Audit has not directed the LAB to examine.

8. Since 1959, DOA has had the authority to make management audits of agencies, utilizing teams of specialists in the fields of purchasing, personnel, accounting, budgeting, space utilization, forms design and control, records management, and any other specialties necessary to effectively appraise all management practices, operating procedures and organizational structures. Given its general authority in this area and the existing staff capabilities in the State Budget Office and SCO, it could be argued that DOA should use its existing resources to conduct any management audits that it believes are necessary under current law. Further, it may be noted that a total of 5.0 positions in SCO are currently allocated to audit functions. The principal auditing arm of the state, the LAB, would continue to be available to respond to audit needs.

9. SCO's costs are funded by charges assessed against each state agency. The function appears as a program revenue funded activity in DOA. However, for a GPR-funded agency, the SCO charges are initially paid from GPR funds that are then transferred to SCO to meet its operating costs. Approximately 35% of SCO's total program costs are assessed against GPR-funded agencies or programs. While base costs for SCO charges are included in individual agency budgets, the funding for projected additional SCO costs for GPR-funded agencies are normally included in the program supplements appropriations.

10. The bill provides an additional \$91,600 GPR in 1997-98 and \$128,200 GPR in 1998-99 in program supplements associated with the program evaluation unit. If additional staff for creation of a new program evaluation unit is not provided, the Committee could reduce the funding in the program supplements appropriation by \$91,600 GPR in 1997-98 and \$128,200 GPR in 1998-99.

## **ALTERNATIVES TO BILL**

1. Approve the Governor's recommendation to provide \$261,700 PR in 1997-98 and \$366,400 PR in 1998-99 and 8.0 PR positions to conduct performance audits and assessments of state agencies and programs, and \$91,600 GPR in 1997-98 and \$128,200 GPR in 1998-99 in program supplements to provide funding to state agencies to pay for additional DOA financial services chargebacks associated with the performance evaluation unit.



2. Maintain current law.

<b>Alternative 2</b>	<b>GPR</b>	<b>PR</b>	<b>TOTAL</b>
1997-99 FUNDING (Change to Bill)	- \$219,800	- \$628,100	- \$847,900
1997-99 POSITIONS (Change to Bill)	0.00	- 8.00	- 8.00

Prepared by: Jere Bauer



State of Wisconsin  
2001 - 2002 LEGISLATURE  
January 2002 Special Session

LRBb2371/1

RAC:.....  
JL

LFB:.....Renner – DOA performance evaluation eliminated (#127)

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

**ASSEMBLY AMENDMENT ,**

**TO ASSEMBLY SUBSTITUTE AMENDMENT 1,**

**TO ASSEMBLY BILL 1**

1 At the locations indicated, amend the substitute amendment<sup>✓</sup> as follows:

2 1. Page 371, line 6: after that line insert:

3 “(10d) PERFORMANCE EVALUATION UNIT.<sup>✓</sup> In the schedule under section 20.005 (3)  
4 of the statutes for the appropriation to the department of administration under  
5 section 20.505 (1) (kj)<sup>✓</sup> of the statutes, as affected by the acts of 2001, the dollar  
6 amount is decreased by \$672,800 for fiscal year 2002-03 to decrease the authorized  
7 FTE positions for the department by 8.0 PR<sup>✓</sup> positions for the performance of the  
8 duties of the performance evaluation unit in the division of executive budget and  
9 finance.”

10

(END)



State of Wisconsin  
 2001 - 2002 LEGISLATURE  
 January 2002 Special Session

LRBb2371/1  
 RAC:jlcrs

*RMR*

*§CJS*

LFB:.....Renner – DOA performance evaluation eliminated (#127)  
 FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION  
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**TO ASSEMBLY BILL 1**

*CS*  
*office*

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 9 finance.”

(END)

*office, attached administratively to the office of the secretary of administration*



State of Wisconsin  
2001 - 2002 LEGISLATURE  
January 2002 Special Session

LRBb2371/2  
RAC:jld:pg

LFB:.....Renner – DOA performance evaluation eliminated (#127)

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7 FTE positions for the department by 8.0 PR positions for the performance of the  
8 duties of the performance evaluation office, attached administratively to the office  
9 of the secretary of administration.”

10

(END)