

Fiscal Estimate Narratives

WEDC 3/21/2018

LRB Number	17-5495/1	Introduction Number	SB-873	Estimate Type	Original
Description Board of directors, powers and duties, and financial audits of the Wisconsin Economic Development Corporation					

Assumptions Used in Arriving at Fiscal Estimate

SB-873 makes several changes to the laws governing the Wisconsin Economic Development Corporation (WEDC), including corporate governance, audits, and its procurement process.

Per Wis. Stat. 13.94(1)(dr), the Legislative Audit Bureau (LAB) is required to conduct a biennial programmatic and financial audit of WEDC. The proposal requires LAB to conduct a financial audit annually until June 30, 2023, after which point, the financial audit reverts to being conducted biennially. As required under Wis. Stat. 238.07(4), WEDC annually engages a third-party accounting, tax, and audit firm to conduct an independent audit, and WEDC's Comprehensive Annual Financial Report (CAFR) is annually distributed to the Legislature. As the LAB currently charges WEDC \$425 per day for audit work, the new statutory requirements described in this bill would increase costs for the corporation.

This bill adds WEDC to the definition of agency for purposes of DOA state procurement so that the corporation is subject to the same laws regulating agency purchasing. Currently, WEDC follows procurement procedures for the purchase of goods and services in compliance with Wis. Stat. 238.09, which reflects the four major concepts that encompass DOA's procurement system: competition, consistency, integrity and openness. All vendors are required to disclose in writing any potential conflicts of interests. The specific procedure used depends on the value of the procurement as documented in Section 9.3 of the WEDC Code of Ethics and Conduct.

As the current WEDC procurement policies and procedures generally include the requirements under SB-873, the corporation would be able to absorb the cost of administering the new statutory requirements under the proposal.

Long-Range Fiscal Implications