

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**April 9, 2003**

**TO:** Honorable Kenny Marchant, Chair, House Committee on State Affairs

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB2485** by Hochberg (Relating to internal auditing of state agencies.), **Committee Report**  
**1st House, Substituted**

<b>No significant fiscal implication to the State is anticipated.</b>
---

This bill would amend the Government Code, relating to the internal auditing of state agencies. Specifically, the bill would require those agencies subject to Government Code Sections 2102.13 and 2102.014 to perform annual risk assessments. The bill would take effect immediately upon enactment, if it received a two-thirds majority vote in both houses. Otherwise the bill would take effect September 1, 2003.

It is estimated that implementation of this legislation would not have a significant fiscal impact on state agencies subject to these sections, the State Auditor or the Governor. Affected state agencies would no longer be required to maintain a program of internal auditing and for the purposes of this fiscal note, it is assumed that funds previously spent on internal audits would be shifted towards conducting annual risk assessments. The State Auditor indicates that reviewing the risk assessments and identifying agencies with significant financial, managerial or compliance risk would require 400 hour of work annually, which could be absorbed within current resources. Further, it is assumed that any funds required for internal audits would come from existing agency appropriations and/or emergency and deficiency grants appropriated to the Governor.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 301 Office of the Governor, 304 Comptroller of Public Accounts, 308 State Auditor's Office

**LBB Staff:** JK, RR, MS