

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

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**March 23, 2013**

**TO:** Honorable Linda Harper-Brown, Chair, House Committee on Government Efficiency & Reform

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2439** by Parker (Relating to the review of certain contracts by the state auditor.), As Introduced

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2439, As Introduced: a negative impact of (\$2,410,376) through the biennium ending August 31, 2015.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2014	(\$1,346,072)
2015	(\$1,064,304)
2016	(\$1,064,304)
2017	(\$1,064,304)
2018	(\$1,064,304)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund</b>	<b>Change in Number of State Employees from FY 2013</b>
2014	(\$1,346,072)	9.4
2015	(\$1,064,304)	7.5
2016	(\$1,064,304)	7.5
2017	(\$1,064,304)	7.5
2018	(\$1,064,304)	7.5

**Fiscal Analysis**

The bill would amend the Government Code to require the annual State Auditor's Office (SAO) audit plan to include the audit of at least three state agency contracts with a value of at least \$1 million that also involves the provision of services to residents of the State. The bill would

require the SAO to review at least three of these major contracts based on the risk assessment performed under Government Code, Section 321.013(j). The bill would define the review as being limited to an analysis of the efficiency and effectiveness of the contract in providing services to residents of the State.

The bill would take effect September 1, 2013.

### **Methodology**

Based on information provided by the SAO, it is assumed that an economy and efficiency audit, as defined by Government Code, Section 321.0133, would be conducted for each contract, as specifically requested by the Legislative Audit Committee. It is also assumed that there would be no less than three such audits each fiscal year added to the SAO's proposed audit plan and that one of the audits would require travel. The SAO assumes 5,000 hours would be required to perform each of the three audits in 2014 and that this would reduce to 4,000 hours in subsequent years. Accordingly, the SAO also anticipates needing an additional 9.4 FTEs for Auditor positions in fiscal year 2014 and that this number would decrease to 7.5 FTEs in each subsequent year. Costs reflected above include salaries, travel, benefits, and other operating expenses each fiscal year from the General Revenue Fund. Additional professional services fees of \$15,000 are also included in fiscal year 2014 based on the SAO's assumption that necessary technical expertise for the contract audits in 2014 would require the services of a subject matter expert.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 308 State Auditor's Office

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