

April-June 2018

FMC Newsletter



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Submission by CVIOG's Dave Lakly

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GFMC @GeorgiaFMC

Another legislative session of the General Assembly is in the books, and it was an exciting session right up until day 40. Many bills that the House of Representatives and the Senate passed now await the Governor's signature for the final step before becoming law. Arguably the most important bill to gain final approval – if not most important, at least the only one Constitutionally required – is the Appropriations Bill for the Fiscal Year 2019, set to begin on July 1 this year.

House Bill 684 began its journey when it was introduced in the House of Representatives shortly after Governor Deal's State of the State address on January 11. This initial version of the budget represents the Governor's Budget Recommendation to the General Assembly. As you probably know, an Appropriations Bill will go through many drafts before it can be signed into law, and this **Governor's Recommendation** represents the first of five major stages in the process.

As the Constitution requires, the Appropriations Bill originated in the House. The House Appropriations Committee studied the bill and "favorably reported by substitute" on March 7. On March 9, the full House approved the bill, completing the second major stage of the process: the **House Version**.

The Bill then continued its cycle in the Senate. The Senate Appropriations Committee "favorably reported by substitute" on March 21, and the full chamber adopted the Bill on March 23. This **Senate Version** of the Bill represents the third major stage of the process.

While much of the Appropriations Bill remained the same through these three stages of the process, the three versions were far from identical. The House and Senate, as is usually the case for a General Appropriations Bill, each insisted on their version of the Bill, resulting in a Conference Committee. The Committee worked until March 27 to come up with a compromise version of the bill so that the House and Senate could pass identical versions of the bill. The **Conference Committee Report**, the fourth major stage of the Appropriations Bill process, was adopted by the Senate on March 27 and by the House on March 29.

There were several exciting changes to the Appropriations Bill during the Conference Committee phase. The Governor increased the revenue estimate for 2019 by nearly \$200 million. The largest portion of these funds, over \$166 million, were directed to the Department of Education's Quality Basic Education program with the intent to fully fund the state's K-12 education funding formula for the first time since 2002.

Before graduating from a "Bill" to an "Act," the Appropriations Bill must go through the fifth and final major stage of the budget process – the **Governor's Approval/Veto** stage. The Governor has 40 days to consider the Bill and potentially veto budget programs or bond projects. Once the Governor signs the Bill, agencies will finalize their FY 2019 spending plans and begin the process of AOB submission.

The full budget document is available on websites of both the House Budget and Research Office (<http://www.house.ga.gov/budget/en-US/budgetdocuments.aspx>) and the Senate Budget and Evaluation Office (<http://www.senate.ga.gov/sbeo/en-US/AppropriationsDocuments.aspx>). Once the Governor reviews and signs the bill, the final document, along with any veto statements, will be posted on the Office of Planning and Budget website (<https://opb.georgia.gov/appropriations-bills>).

What to Expect during a Performance Audit

Have you been notified of a pending performance audit or other review from the Performance Audit Division? The following information should help you know what to expect. Additional information is available on our [home](#) page.

What Are Performance Audits?

Performance audits are evaluations of state programs, in which we attempt to answer these types of questions:

- **Is this program accomplishing its goals and objectives?** (Are there other ways to achieve this goal?) (Is this goal still relevant?) (How do other states achieve this goal or fulfill this need?)
- **How well does the program do what it is intended to do?** (How many are served?) (What does it cost per unit?) (How does Georgia compare to other states in this regard?)
- **Is this program complying with all applicable laws and regulations?** (Does the program meet all federal grant requirements?) (Is the program fulfilling any obligations mandated by state law?)

Special Examinations are similar in many respects, but are generally smaller in scope.

How were you selected for review?

Legislators, the Governor, and agency management request audit and examination topics. The State Auditor and Division staff may also recommend audit topics.

What You Should Expect from Us

Clear Communication

By the end of our planning process, you will be aware of the audit's scope, purpose, and approximate time frame. We will keep you aware of the audit's progress and respond to any questions and concerns. We will discuss our findings with you before they are published in a report.

Thorough Audits with Accurate Results

Performance audits have a different scope and longer length than financial audits, and require greater agency assistance. They consist of 6 stages:

1. **Planning Process:** We will conduct research to gain a thorough understanding of the program.
2. **Field Work:** We will interview staff, observe operations, and collect/analyze data, all of which will be documented in work papers. The length of this stage varies from audit to audit and is impacted by such factors as staff and data availability.
3. **Report Writing:** Based on our field work, we will draw conclusions about the agency/program. Per auditing standards, all information in our reports is supported by our work papers.
4. **Quality Control Review:** Division staff who are not involved with a project ensure that the resulting report is accurate; is supported by sufficient, competent, and relevant evidence; and contains competent and relevant descriptive information, findings, and conclusions.
5. **Agency Comments:** Per auditing standards, we allow you to comment on a report before its publication. We typically request that written comments be submitted within 2 weeks. Some comments may result in changes to the report; others may be included in the report.
6. **Report Publication:** Printed copies of the final report will be provided to you and other interested parties, such as the General Assembly, the Governor's Office, and the media. The report will also be available on our [website](#). **All work papers are confidential until this point, with the exclusion of confidential data, which is never made public.**

Follow-Up Review of Corrective Actions

About 2 years after an audit is published, we will conduct a Follow-up Review to determine what changes you have made as a result of the audit. Follow-up reviews also result in published reports and generally follow the same processes as the initial audit.

What We Expect from You

Because agency employees are the primary source of information during an audit, your cooperation is critical to its success. To ensure that an accurate audit is released in a timely manner, we expect that you will inform your staff about the audit and set the tone for staff to:

- Attend and participate in requested meetings and conferences. Full and complete disclosure of information speeds the audit process and helps us produce an accurate and useful report.
- Provide on-site workspace for our staff.
- Comply with information requests in a timely manner.
- Provide comments on the report by the established deadline; if not met, we may be forced to publish the report without your comments and note the lack of response.
- Submit evidence supporting any factual errors cited in your comments to comply with our report documentation requirements.
- Protect the confidentiality of information included in report drafts, as they are not yet final or open to the public.

Our Statutory Authority and Responsibilities

Georgia law (O.C.G.A. 50-6-7, 50-6-29)

- Authorizes us to access all information needed for an audit (e.g., testimony, files, records), including confidential information.
- Permits us to retain copies of data to document findings during/after audits.

· Requires us to protect all confidential information by maintaining at least the standard of care used by the agency. The information is maintained separately and is kept as long as audit standards require.

Federal law authorizes us to access confidential federal information, including but not limited to:

- Health information covered by the Health Insurance Portability and Accountability Act (45 CFR 164.512 (d)(1))
- Federal tax information in state tax files(26 USC 6103 (d)(2))

Efficient Fiscal Management of State Government Operations

Contact Us

Have a question? Want to leave feedback? Please don't hesitate to complete the form below if you want to discuss ways we could

<http://georgiafmc.org/contact-us/>

Georgia Fiscal Management Council, a nonprofit organization, promotes efficient fiscal management of state government operations; promotes increased knowledge in governmental financial procedures and practices through sponsorship of training seminars, meetings, publications, and scholarships; and provides opportunities for the interchange of ideas, methods, and techniques affecting governmental fiscal management.



FMC Spotlight

Monthly Meeting

We would like to extend a special thank you to the following Speakers that presented various topics to the Council during the last quarter:

January

State Accounting Office-Internal Controls by Rachael Krizanek

February

Carl Vinson Institute of Government-Leadership Training by Walt McBride

March

Office of the State Treasurer– CMS and CTAS Overview by Scott Austensen