

February 5, 2013

The Honorable Ty Masterson, Chairperson
Senate Committee on Ways and Means
Statehouse, Room 545-S
Topeka, Kansas 66612

Dear Senator Masterson:

SUBJECT: Fiscal Note for SB 1 by Legislative Post Audit Committee

In accordance with KSA 75-3715a, the following fiscal note concerning SB 1 is respectfully submitted to your committee.

SB 1 would reduce the frequency of financial management practice audits of the State Treasurer's Office and the Pooled Money Investment Board (PMIB) from every year to every three years. In addition, SB 1 would require a transition audit within two weeks of a new State Treasurer taking office.

According to the Legislative Division of Post Audit, the State Treasurer's Office and PMIB each pay for the cost of audit work, which is generally done by a contract audit firm supervised by the Legislative Division of Post Audit. These agencies spend approximately \$23,000 each year (\$69,000 over three years) on this audit work. Reducing the frequency of the audits from annual basis to a triennial basis would save the agencies approximately \$46,000 over three years. In addition, the bill would require a transition audit when a new State Treasurer takes office. The Legislative Division of Post Audit states that the additional audit would have a cost to the State Treasurer's Office, but that the cost cannot be estimated. Any fiscal effect associated with SB 1 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Rick Riggs, Post Audit
Derek Kreifels, Treasurer's Office