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| AGENCY NAME: | SFAA-Office of the State Auditor | | |
| AGENCY CODE: | F27 | SECTION: | 105 |



Fiscal Year 2018-19 Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

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|---|---|
| OPERATING REQUESTS (FORM B1) | For FY 2018-19, my agency is (mark "X"): <input type="checkbox"/> Requesting General Fund Appropriations. <input type="checkbox"/> Requesting Federal/Other Authorization. <input checked="" type="checkbox"/> Not requesting any changes. |
| NON-RECURRING REQUESTS (FORM B2) | For FY 2018-19, my agency is (mark "X"): <input type="checkbox"/> Requesting Non-Recurring Appropriations. <input type="checkbox"/> Requesting Non-Recurring Federal/Other Authorization. <input checked="" type="checkbox"/> Not requesting any changes. |
| CAPITAL REQUESTS (FORM C) | For FY 2018-19, my agency is (mark "X"): <input type="checkbox"/> Requesting funding for Capital Projects. <input checked="" type="checkbox"/> Not requesting any changes. |
| PROVISOS (FORM D) | For FY 2018-19, my agency is (mark "X"): <input type="checkbox"/> Requesting a new proviso and/or substantive changes to existing provisos. <input checked="" type="checkbox"/> Only requesting technical proviso changes (such as date references). <input type="checkbox"/> Not requesting any proviso changes. |

Please identify your agency's preferred contacts for this year's budget process.

| | <u>Name</u> | <u>Phone</u> | <u>Email</u> |
|---------------------------|-----------------------------|--------------|---------------------|
| PRIMARY CONTACT: | George L. Kennedy, III, CPA | 803-832-8929 | gkennedy@osa.sc.gov |
| SECONDARY CONTACT: | Norma J. Dawkins | 803-832-8238 | ndawkins@osa.sc.gov |

I have reviewed and approved the enclosed FY 2018-19 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

| | | |
|-------------------------|--|----------------------------------|
| SIGN/DATE: | <u>Agency Director</u> | <u>Board or Commission Chair</u> |
| TYPE/PRINT NAME: | George L. Kennedy, III, CPA 9/6/17 | |

This form must be signed by the agency head – not a delegate.

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Fiscal Year 2018-19 Budget Request Executive Summary

Agency Code: F270
 Agency Name: SFAA-Office of the State Auditor
 Section:

| BUDGET REQUESTS | | | FUNDING | | | | | FTES | | | | |
|-----------------------|----------------|-----------------------------|---------|---------|-----------|------------|-------|-------|---------|-----------|------------|-------|
| Priority | Request Type | Request Title | State | Federal | Earmarked | Restricted | Total | State | Federal | Earmarked | Restricted | Total |
| 1 | B1 - Recurring | Recurring Operating Request | | | | | 0 | 1.00 | | (1.00) | | 0.00 |
| 2 | | | | | | | 0 | | | | | 0.00 |
| 3 | | | | | | | 0 | | | | | 0.00 |
| 4 | | | | | | | 0 | | | | | 0.00 |
| 5 | | | | | | | 0 | | | | | 0.00 |
| 6 | | | | | | | 0 | | | | | 0.00 |
| 7 | | | | | | | 0 | | | | | 0.00 |
| 8 | | | | | | | 0 | | | | | 0.00 |
| 9 | | | | | | | 0 | | | | | 0.00 |
| 10 | | | | | | | 0 | | | | | 0.00 |
| 11 | | | | | | | 0 | | | | | 0.00 |
| 12 | | | | | | | 0 | | | | | 0.00 |
| 13 | | | | | | | 0 | | | | | 0.00 |
| 14 | | | | | | | 0 | | | | | 0.00 |
| 15 | | | | | | | 0 | | | | | 0.00 |
| 16 | | | | | | | 0 | | | | | 0.00 |
| 17 | | | | | | | 0 | | | | | 0.00 |
| 18 | | | | | | | 0 | | | | | 0.00 |
| 19 | | | | | | | 0 | | | | | 0.00 |
| 20 | | | | | | | 0 | | | | | 0.00 |
| 21 | | | | | | | 0 | | | | | 0.00 |
| 22 | | | | | | | 0 | | | | | 0.00 |
| 23 | | | | | | | 0 | | | | | 0.00 |
| 24 | | | | | | | 0 | | | | | 0.00 |
| 25 | | | | | | | 0 | | | | | 0.00 |
| 26 | | | | | | | 0 | | | | | 0.00 |
| 27 | | | | | | | 0 | | | | | 0.00 |
| 28 | | | | | | | 0 | | | | | 0.00 |
| 29 | | | | | | | 0 | | | | | 0.00 |
| 30 | | | | | | | 0 | | | | | 0.00 |
| TOTAL BUDGET REQUESTS | | | 0 | 0 | 0 | 0 | 0 | 1.00 | 0.00 | (1.00) | 0.00 | 0.00 |

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FORM B1 – RECURRING OPERATING REQUEST

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| AGENCY PRIORITY | 1 – Form #13512 |
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Provide the Agency Priority Ranking from the Executive Summary.

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| TITLE | Move one (1) auditor position from earmarked to general fund |
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Provide a brief, descriptive title for this request.

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| AMOUNT | General: 0 Federal: Other: Total: 0 |
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What is the net change in requested appropriations for FY 2018-19? This amount should correspond to the total for all funding sources on the Executive Summary.

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| NEW POSITIONS | 0 |
|----------------------|----------|

Please provide the total number of new positions needed for this request.

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| FACTORS ASSOCIATED WITH THE REQUEST | Mark “X” for all that apply: | |
| | <input type="checkbox"/> | Change in cost of providing current services to existing program audience |
| | <input checked="" type="checkbox"/> | Change in case load/enrollment under existing program guidelines |
| | <input type="checkbox"/> | Non-mandated change in eligibility/enrollment for existing program |
| | <input type="checkbox"/> | Non-mandated program change in service levels or areas |
| | <input type="checkbox"/> | Proposed establishment of a new program or initiative |
| | <input type="checkbox"/> | Loss of federal or other external financial support for existing program |
| | <input type="checkbox"/> | Exhaustion of fund balances previously used to support program |
| | <input type="checkbox"/> | IT Technology/Security related |
| | <input type="checkbox"/> | Consulted DTO during development |
| <input type="checkbox"/> | Related to a Non-Recurring request – If so, Priority # _____ | |

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| STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES | Mark “X” for primary applicable Statewide Enterprise Strategic Objective: | |
| | <input type="checkbox"/> | Education, Training, and Human Development |
| | <input type="checkbox"/> | Healthy and Safe Families |
| | <input type="checkbox"/> | Maintaining Safety, Integrity, and Security |
| | <input type="checkbox"/> | Public Infrastructure and Economic Development |
| <input checked="" type="checkbox"/> | Government and Citizens | |

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| ACCOUNTABILITY OF FUNDS | <p>As stated in our 2017-2018 Accountability Report, OSA has a goal to manage resources effectively, prudently and with accountability. Using agency resources, we will fill this entry-level audit position to assist us in more efficiently manage the workload and remove capacity constraints which currently require us to utilize assistance from contract CPA firms.</p> |
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What specific agency objective, as outlined in the agency's accountability report, does this funding request support? How would this request advance that objective? How would the use of these funds be evaluated?

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| RECIPIENTS OF FUNDS | <p>State Agency Audits Division</p> |
|----------------------------|-------------------------------------|

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

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| JUSTIFICATION OF REQUEST | <p>This entry-level audit position will be funded from agency resources, and will allow us to evaluate if the position is effective in helping to reduce resource constraints. If our financial position changes or if the cost of the position does not provide a reasonable return, we will eliminate it by not filling a position which becomes vacant due to a separation.</p> |
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Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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FORM D – PROVISIO REVISION REQUEST

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| NUMBER | 105.1 |
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Cite the proviso according to the renumbered list for FY 2018-19 (or mark "NEW").

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| TITLE | SFAA-AUD: Annual Audit of Federal Programs |
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Provide the title from the FY 2017-18 Appropriations Act or suggest a short title for any new request.

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| BUDGET PROGRAM | II. Audits |
|-----------------------|-------------------|

Identify the associated budget program(s) by name and budget section.

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| RELATED BUDGET REQUEST | N/A |
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Is this request associated with a budget request you have submitted for FY 2018-19? If so, cite it here.

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| REQUESTED ACTION | Amend |
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Choose from: Add, Delete, Amend, or Codify.

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| OTHER AGENCIES AFFECTED | NONE |
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Which other agencies would be affected by the recommended action? How?

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| SUMMARY & EXPLANATION | Change in uniform requirement reference. |
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

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| FISCAL IMPACT | NONE |
|----------------------|------|

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

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| PROPOSED PROVISOR TEXT | <p>105.1. (SFAA-AUD: Annual Audit of Federal Programs) Each state agency receiving federal funds subject to the audit requirements of the Single Audit Act Amendments of 1996 and OMB Circular A-133, Audits of States, Local Governments and Nonprofit Organizations <u>Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)</u> shall remit to the State Auditor an amount representing an equitable portion of the expense of contracting with a nationally recognized CPA firm to conduct a portion of the audit of the State's federal financial assistance.</p> <p>Each state agency's equitable portion of the expense will be determined by a schedule developed by the State Auditor. Such remittance will be based upon invoices provided by the State Auditor. The audit shall be re-bid every five years. The State Auditor shall retain and expend the funds received and shall carry forward any unexpended funds from the prior fiscal year into the current fiscal year for the same purpose.</p> |
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Paste FY 2017-18 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

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**FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION
CONTINGENCY PLAN**

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| TITLE | Agency Cost Savings and General Fund Reduction Contingency Plan |
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| AMOUNT | <p>\$137,150</p> <p><i>What is the General Fund 3% reduction amount (minimum based on the FY 2017-18 recurring appropriations)? This amount should correspond to the reduction spreadsheet prepared by EBO.</i></p> |
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| ASSOCIATED FTE REDUCTIONS | <p>NONE</p> <p><i>How many FTEs would be reduced in association with this General Fund reduction?</i></p> |
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| PROGRAM/ACTIVITY IMPACT | <p>Audits Program State Funded Program – Audits - 0500.000000.000 Commitment Item – Unclassified positions – 5010600000 - \$93,512 Commitment Item – Employer contributions – 5130000000 - \$43,638</p> |
|--------------------------------|--|

What programs or activities are supported by the General Funds identified?

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| SUMMARY | <p>A 3% reduction in general funds represents approximately 25% of operating budget therefore, the agency would need to take the reduction from personal services and associated employer contributions to preserve training, technology support and other operating expenses critical to the agency.</p> <p>To support a 3% general funds reduction, the Office of the State Auditor would reclassify the Deputy State Auditor position to an entry level auditor position. The elimination of a senior management position would require the re-distribution of duties to other members of senior management, potentially creating workload constraints that would be addressed through a re-prioritization of overall duties. While service delivery timeliness and quality would be maintained, strategic initiatives important to the health and sustainability of the agency would receive little to no focus.</p> |
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Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

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| AGENCY COST SAVINGS PLANS | NONE |
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What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?