



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** H. 4036 Introduced on March 22, 2017  
**Author:** Murphy  
**Subject:** Legislative Audit Council  
**Requestor:** House Judiciary  
**RFA Analyst(s):** Shuford  
**Impact Date:** April 5, 2017

**Estimate of Fiscal Impact**

	<b>FY 2017-18</b>	<b>FY 2018-19</b>
<b>State Expenditure</b>		
General Fund	See Below	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
<b>Local Expenditure</b>	Undetermined	\$0
<b>Local Revenue</b>	\$0	\$0

**Fiscal Impact Summary**

This bill would increase either the accumulation of pending audits or recurring and non-recurring General Fund expenditures by \$276,000 in FY 2017-18 for an additional Legislative Audit Council audit team. Recurring expenditures would continue at \$260,000 in FY 2018-19 and each year thereafter. The impact of this bill on local expenditures statewide is undetermined given the uncertainty of the number of audits and the unknown amount of additional costs to the school districts in providing requested information during an audit.

**Explanation of Fiscal Impact**

**Introduced on March 22, 2017**

**State Expenditure**

This bill adds school districts to the list of state agencies that are subject to an audit by the Legislative Audit Council (LAC). Current statutes require LAC audits when authorized by the Council upon request of the General Assembly or either of its respective bodies, a standing committee, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, or not less than five members of the General Assembly. In addition, the LAC is mandated currently to complete periodic audits on the Lottery Commission, a Department of Social Services program, and the Unemployment Trust Fund at the Department of Employment and Workforce.

While it is uncertain how many requests for school district audits would materialize from this legislation, the LAC reports that they routinely receive inquiries on auditing school districts from members of the General Assembly. With the expected demand for school district audits, the

number of audits pending due to LAC staff requirements would increase. Alternatively, the LAC indicates that adding school district audits, while remaining responsive to the General Assembly on existing state agency audit requests, will necessitate one additional audit team consisting of four FTEs. Additional expenditures for an audit team (Audit Manager, Senior Auditor, and two Assistant Auditors) would amount to approximately \$260,000 in recurring salary and employer fringe and \$16,000 in non-recurring expenditures in FY 2017-18 for furniture and computer equipment. Recurring expenditures would continue at \$260,000 in FY 2018-19 and each year thereafter.

**State Revenue**

N/A

**Local Expenditure**

This bill adds school districts to the list of state agencies that are subject to an audit by the Legislative Audit Council (LAC). Additional expenditures for school districts will depend on whether the General Assembly requests an audit on any of the eighty-one school districts. Additional expenditures will depend further on the extent of a LAC audit. The provision of requested financial and performance data authorized pursuant to Section 2-15-50 may increase local school district expenditures. Therefore, the impact of this bill on local expenditures statewide is undetermined given the uncertainty of the number of audits and the unknown amount of additional costs to the school districts in providing requested information during an audit.

**Local Revenue**

N/A



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Frank A. Rainwater, Executive Director