

**State Auditor  
Budget No. 117  
House Bill No. 1004**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2021-23 legislative appropriation	61.00	\$9,119,110	\$5,826,152	\$14,945,262
2019-21 legislative appropriation	<u>58.00</u>	<u>10,122,860<sup>1</sup></u>	<u>4,184,044</u>	<u>14,306,904</u>
2021-23 appropriation increase (decrease) to 2019-21 appropriation	3.00	(\$1,003,750)	\$1,642,108	\$638,358

<sup>1</sup>This amount includes \$16,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$10,106,860.

**Item Description**

**FTE changes** - The Legislative Assembly approved 61 FTE positions for the State Auditor for the 2021-23 biennium, an increase of 3 FTE positions from the 2019-21 biennium. The Legislative Assembly removed 4 FTE Higher Education Division audit positions and 1 vacant FTE auditor IV position and added 8 FTE Local Government Division audit positions.

**Prescription drug coverage performance audit** - In Section 6 of House Bill No. 1004 the Legislative Assembly required, during the 2021-22 interim, the State Auditor contract to conduct prescription drug coverage performance audits of the main Public Employees Retirement System (PERS) health benefit plan for calendar years 2019, 2020, and 2021. Audit fees, not to exceed \$375,000, for the audits must be on a flat fee or hourly basis and be paid by the PERS Board. The State Auditor must provide reports to the Legislative Management regarding contracts to conduct prescription drug coverage performance audits, performance audit results, and audit reports issued.

**Status/Result**

The State Auditor has hired 4 of the 8 FTE Local Government Division audit positions and hopes to fill 3 additional positions by transitioning interns into permanent employees. The State Auditor reported 43 local government clients are on a waiting list for audits, up from 26 local government clients during the 2021 legislative session. Difficulty recruiting staff, private firms leaving government audit work, and an increase in petition audit requests have contributed to an increase in clients on the waiting list. The State Auditor audits 70 local government clients, up from 53 local government clients during the 2021 legislative session.

In August 2021 the Legislative Audit and Fiscal Review Committee authorized the State Auditor to use up to 10 percent of the \$375,000 authorized by the Legislative Assembly to hire a consultant to assist with the request for proposal relating to the performance audit of prescription drug coverage and to charge PERS for the cost. The cost of the consultant totaled \$5,480. The prescription drug coverage performance audit was solicited through a level 4 request for proposal and Myers and Stauffer LC, Owings Mills, MD, was selected. The contract was executed in March 2022 and allows for payment for actual hours worked, not to exceed \$334,222, for a maximum total cost of \$339,702. Myers and Stauffer LC are in the planning stage and have requested items from Optum Rx, which has 30 days to return the information. The final audit report is due November 30, 2022.