

<b>AGENCY NAME:</b>	Legislative Audit Council		
<b>AGENCY CODE:</b>	A200	<b>SECTION:</b>	91E



## Fiscal Year 2016-17 Agency Budget Plan

### FORM A – SUMMARY

<b>RECURRING FUNDS (FORM B DECISION PACKAGES)</b>	<b>My agency is submitting the following recurring decision packages (Form B):</b>	
	7082, 6013	
	<b>For FY 2016-17, my agency is (mark "X"):</b>	
	<input checked="" type="checkbox"/>	Requesting a net increase in recurring General Fund appropriations.
	<input type="checkbox"/>	Not requesting a net increase in recurring General Fund Appropriations.

<b>CAPITAL &amp; NON-RECURRING FUNDS (FORM C DECISION PACKAGES)</b>	<b>My agency is submitting the following one-time decision packages (Form C):</b>	
	<b>For FY 2016-17, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting capital and/or non-recurring funds.
	<input checked="" type="checkbox"/>	Not requesting capital and/or non-recurring funds.

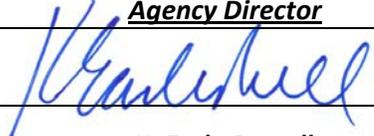
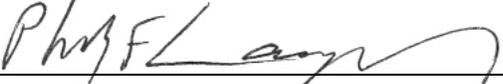
<b>PROVISOS</b>	<b>For FY 2016-17, my agency is (mark "X"):</b>	
	<input checked="" type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
	<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
	<input type="checkbox"/>	Not 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>
<b>PRIMARY CONTACT:</b>	K. Earle Powell, Director	253-7612	epowell@lac.sc.gov
<b>SECONDARY CONTACT:</b>	Marcia A. Lindsay, Deputy Director	253-7612	mlindsay@lac.sc.gov

I have reviewed and approved the enclosed FY 2016-17 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

Sincerely,

	<u>Agency Director</u>	<u>Board or Commission Chair</u>
<b>SIGN/DATE:</b>		
<b>TYPE/PRINT NAME:</b>	K. Earle Powell	Phillip F. Laughridge, CPA

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

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## FORM B – PROGRAM REVISION REQUEST

<b>DECISION PACKAGE</b>	<b>7082</b>
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*Provide the decision package number issued by the PBF system ("Governor's Request").*

<b>TITLE</b>	<b>Increase in General Funds to provide for additional auditors to address the increase in workload as a result of the passage of the South Carolina Restructuring Act of 2014</b>
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>\$200,000</b>
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*What is the net change in requested appropriations for FY 2015-16? This amount should correspond to the decision package's total in PBF across all funding sources.*

<b>ENABLING AUTHORITY</b>	Section 2-2-60(D) of the S.C. Code of Laws (S.C. Restructuring Act of 2014) allows the chairman of the investigating committee to direct the LAC to perform a study of a program evaluation report and report its findings to the investigating committee. The chairman also may direct the LAC to perform its own audit of the program or operations being studied or investigated by the investigating committee.
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*What state or federal statutory, regulatory, and/or administrative authority established this program? Is this decision package prompted by the establishment of or a revision to that authority?*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>
	<input type="checkbox"/> (Base Adjustment) Allocation of statewide employee benefits.
	<input type="checkbox"/> (Base Adjustment) Realignment within existing programs and lines.
	<input type="checkbox"/> (Base Adjustment) Restructuring of agency programs – <i>requires pre-approval.</i>
	<input checked="" type="checkbox"/> Change in cost of providing current services to existing program audience.
	<input 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 checked="" 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.	

<b>RECIPIENTS OF FUNDS</b>	The Legislative Audit Council would be the recipient of these funds. They would be used to cover the cost of an additional audit team to provide support to the House and Senate as they implement their oversight functions as part of the S.C. Restructuring Act of 2014
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*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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<b>RELATED REQUEST(S)</b>	None. This is our only requested item.
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*Is this decision package associated with other decision packages requested by your agency or other agencies this year? Is it associated with a specific capital or non-recurring request?*

<b>MATCHING FUNDS</b>	These funds could be used to match federal funds for audits of agencies that have federal funds available.
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*Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source, amount, and terms of the match requirement.*

<b>FUNDING ALTERNATIVES</b>	The only other source of funds would be other funds obtained by billing other agencies for our audits. Since we do not know which agencies the committees will ask us to review, or if they have federal funds available that we can match, we do not know if we will be able to obtain these funds. This creates an unstable funding situation for the agency and, thus, is not a sustainable alternative to fund the new audit team.
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*What other possible funding sources were considered? Could this request be met in whole or in part with the use of other resources, including fund balances? If so, please comment on the sustainability of such an approach.*

<b>SUMMARY</b>	<p>The S.C. Restructuring Act of 2014 provides for the chairman of an investigating committee of the House or Senate to direct the LAC to perform a study of an agency's program evaluation report and report our findings to the investigating committee. The chairman may also direct the LAC to perform its own audit of the program or operations being studied or investigated by the investigating committee.</p> <p>In addition to our regular audit workload, the oversight committees are requesting that we conduct audits of programs or operations being studied or investigated by the investigating committee. The oversight system is in its early stages but we know that the oversight committees will request ongoing audits from us.</p> <p>We will still be required to respond to audits requested by members of the General Assembly, as well as complete audits that are required by statute.</p>	
Information Technology /Security	Y/N	
Consulted DTO during development	Y/N	

*Provide a summary of the rationale for the decision package. Why has it been requested? How specifically would the requested funds be used? If the request is*

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*related to information security or information technology, explain its relationship to the agency's security or technology plan.*

<b>METHOD OF CALCULATION</b>	<p>The amount was calculated based on the cost of two entry level auditors. The cost includes salaries, fringe benefits, supplies, and required training.</p>
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*How was the amount of the request calculated? What factors could cause deviations between the request and the amount that could ultimately be required in order to perform the underlying work?*

<b>FUTURE IMPACT</b>	<p>The state will not incur any maintenance-of-effort requirements. If funds are not provided, we may need to defer action on audits requested by members of the General Assembly or attempt to delay statutorily-mandated audits. This will reduce the LAC's ability to respond to the General Assembly and could ultimately impact our ability to fulfill our mission of providing independent and objective audits which will assist the General Assembly and the public in determining whether state agencies are efficiently, effectively, and lawfully managing public resources, and whether agency programs are meeting their intended objectives.</p>
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*Will the state incur any maintenance-of-effort or other obligations by adopting this decision package? What impact will there be on future capital and/or operating budgets if this request is or is not honored? Has a source of any such funds been identified and/or obtained by your agency?*

<b>PRIORITIZATION</b>	<p>If funds are not available, we would ask that action on this request be deferred.</p>
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*If no or insufficient new funds are available in order to meet this need, how would the agency prefer to proceed? By using fund balances, generating new revenue, cutting other programs, or deferring action on this request in FY 2015-16?*

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<b>INTENDED IMPACT</b>	<p>These funds will allow the LAC to meet the requirements of the S.C. Restructuring Act of 2014. These requirements are ongoing.</p>
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*What impact is this decision package intended to have on service delivery and program outcomes, and over what period of time?*

<b>PROGRAM EVALUATION</b>	<p>The use of funds would be evaluated using the measures currently in our accountability report and also through the publication of audits. We would request feedback from the members of the investigating committee.</p>
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*How would the use of these funds be evaluated? What specific outcome or performance measures would be used to assess the effectiveness of this program?*

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**FORM B – PROGRAM REVISION REQUEST**

<b>DECISION PACKAGE</b>	<b>6013</b>
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*Provide the decision package number issued by the PBF system ("Governor's Request").*

<b>TITLE</b>	<b>Health Insurance Allocations</b>
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>\$7,402</b>
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*What is the net change in requested appropriations for FY 2015-16? This amount should correspond to the decision package's total in PBF across all funding sources.*

<b>ENABLING AUTHORITY</b>	FY2015-16 Appropriations Act
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*What state or federal statutory, regulatory, and/or administrative authority established this program? Is this decision package prompted by the establishment of or a revision to that authority?*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>
	<input checked="" type="checkbox"/> (Base Adjustment) Allocation of statewide employee benefits.
	<input type="checkbox"/> (Base Adjustment) Realignment within existing programs and lines.
	<input type="checkbox"/> (Base Adjustment) Restructuring of agency programs – <i>requires pre-approval.</i>
	<input type="checkbox"/> Change in cost of providing current services to existing program audience.
	<input 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.	

<b>RECIPIENTS OF FUNDS</b>	
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*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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<b>RELATED REQUEST(S)</b>	N/A
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*Is this decision package associated with other decision packages requested by your agency or other agencies this year? Is it associated with a specific capital or non-recurring request?*

<b>MATCHING FUNDS</b>	N/A
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*Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source, amount, and terms of the match requirement.*

<b>FUNDING ALTERNATIVES</b>	N/A
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*What other possible funding sources were considered? Could this request be met in whole or in part with the use of other resources, including fund balances? If so, please comment on the sustainability of such an approach.*

<b>SUMMARY</b>	Disburse the funds allocated in the FY2015-16 Appropriations Act.	
Information Technology /Security	Y/N	
Consulted DTO during development	Y/N	

*Provide a summary of the rationale for the decision package. Why has it been requested? How specifically would the requested funds be used? If the request is related to information security or information technology, explain its relationship to the*

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*agency's security or technology plan.*

<b>METHOD OF CALCULATION</b>	N/A
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*How was the amount of the request calculated? What factors could cause deviations between the request and the amount that could ultimately be required in order to perform the underlying work?*

<b>FUTURE IMPACT</b>	N/A
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*Will the state incur any maintenance-of-effort or other obligations by adopting this decision package? What impact will there be on future capital and/or operating budgets if this request is or is not honored? Has a source of any such funds been identified and/or obtained by your agency?*

<b>PRIORITIZATION</b>	N/A
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*If no or insufficient new funds are available in order to meet this need, how would the agency prefer to proceed? By using fund balances, generating new revenue, cutting other programs, or deferring action on this request in FY 2015-16?*

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<b>INTENDED IMPACT</b>	N/A
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*What impact is this decision package intended to have on service delivery and program outcomes, and over what period of time?*

<b>PROGRAM EVALUATION</b>	N/A
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*How would the use of these funds be evaluated? What specific outcome or performance measures would be used to assess the effectiveness of this program?*

## FORM D – PROVISO REVISION REQUEST

<b>NUMBER</b>	<b>91.19</b>
	<i>Cite the proviso according to the renumbered list for FY 2016-17 (or mark "NEW").</i>
<b>TITLE</b>	<b>LAC Matching Federal Funds</b>
	<i>Provide the title from the FY 2015-16 Appropriations Act or suggest a short title for any new request.</i>
<b>BUDGET PROGRAM</b>	<b>I. Administration</b>
	<i>Identify the associated budget program(s) by name and budget section.</i>
<b>DECISION PACKAGE</b>	
	<i>Is this request associated with a decision package you have submitted for FY 2016-17? If so, cite it here.</i>
<b>REQUESTED ACTION</b>	<b>CODIFY</b>
	<i>Choose from: Add, Delete, Amend, or Codify.</i>
<b>OTHER AGENCIES AFFECTED</b>	Any agency that has federal funds which the Legislative Audit Council (LAC) could match could potentially be affected.
	<i>Which other agencies would be affected by the recommended action? How?</i>
<b>SUMMARY</b>	This proviso authorizes the LAC to use its state fund appropriations as state matching funds to obtain federal funds as reimbursements for costs of audits of state agencies.
	<i>Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it.</i>

**EXPLANATION**

This proviso has been in the appropriations act for six years and has not been amended. It has been included in the Codification Bills which were introduced in two legislative sessions.

*Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.*

**FISCAL IMPACT**

The fiscal impact is shown in the other funds section of the LAC appropriation which for FY 15-16 is \$400,000.

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

**91.19.** (LEG: LAC Matching Federal Funds) The Legislative Audit Council is authorized to use funds appropriated in this act as state matching funds for federal funds available for audits and reviews. The council is also authorized to charge state agencies for federal funds, if available, for the costs associated with audits and reviews. Agencies shall remit the federal funds to the Legislative Audit Council as reimbursement for the costs of audits and reviews.

**PROPOSED  
PROVISO TEXT**

*Paste FY 2015-16 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.*

