

PERFORMANCE AUDIT
OF THE
SENATE FISCAL AGENCY

February 2000

EXECUTIVE DIGEST

SENATE FISCAL AGENCY

INTRODUCTION

This report, issued in February 2000, contains the results of our performance audit* of the Senate Fiscal Agency (SFA).

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency* .

BACKGROUND

SFA was first established in an appropriations act, Act 277, P.A. 1964, as the Legislative Fiscal Agency. Act 412, P.A. 1965, placed the agency under the Senate Appropriations Committee. Act 228, P.A. 1972, changed the agency's name to Senate Fiscal Agency. Act 268, P.A. 1986 (Section 4.1501 of the *Michigan Compiled Laws*), expanded SFA's Governing Board to five members.

SFA is a nonpartisan agency designed primarily to provide the Michigan Senate with assistance in two principal areas. The first area involves assistance in State fiscal issues. SFA provides staff support to the Senate Appropriations Committee and assists all the members of the Senate on State budget-related issues. The second area involves assistance in legislation being considered by

* See glossary at end of report for definition.

the Senate. SFA provides staff support for the written analysis of proposed legislation that is available throughout the legislative deliberation process.

SFA is governed by a five-member Governing Board that is responsible for establishing the overall operating procedures of SFA and is also responsible for appointing a director to run the agency. The members of the Governing Board include the Majority and Minority Leaders of the Senate, the Appropriations Committee chairperson, and two other members of the Appropriations Committee (one of whom must be from the minority party) who were appointed by the Appropriations Committee chairperson with the concurrence of the Majority Leader.

For fiscal year 1998-99, SFA had expenditures of approximately \$2.7 million. As of September 30, 1999, SFA had 34 employees.

AUDIT OBJECTIVE,
CONCLUSION, AND
NOTEWORTHY
ACCOMPLISHMENTS

Audit Objective: To assess the effectiveness of SFA fiscal and legislative analysis operations.

Conclusion: Our assessment disclosed that SFA fiscal and legislative analysis operations were effective. We did not note any reportable conditions*.

Noteworthy Accomplishments: SFA has been providing nonpartisan and unbiased services to the Michigan Senate for the past 35 years. Throughout these 35 years, SFA has developed an outstanding reputation for its work on all fiscal issues and bill analysis products.

The goal* of SFA is to provide the delivery of timely and complete analysis of critical issues facing the Michigan

* See glossary at end of report for definition.

Senate. This goal has been met by the production of high quality work products and by the dedication and commitment of SFA staff.

**AUDIT SCOPE AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the Senate Fiscal Agency. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our methodology included the testing of records primarily covering the period January 1, 1997 through September 30, 1999. We conducted a preliminary survey of SFA's operations to gain an understanding of the agency's activities. This included discussions with staff regarding their functions and responsibilities. We analyzed SFA's objectives and applicable statutes, policies, and procedures.

We examined records and reports of SFA staff to provide timely information and support to the Senate Appropriations Committee and assistance to members of the Senate for budget-related issues and to provide support and written analysis of proposed legislation.

We also conducted a survey requesting input from senators regarding their association and satisfaction with SFA operations.

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The Honorable Harry Gast, Chairperson
Senate Fiscal Agency Governing Board
Michigan Senate
State Capitol
Lansing, Michigan
and
Mr. Gary S. Olson, Director
Senate Fiscal Agency
Victor Center
Lansing, Michigan

Dear Senator Gast and Mr. Olson:

This is our report on the performance audit of the Senate Fiscal Agency.

This report contains our executive digest; description of agency; audit objective, scope, and methodology; comment; a description of survey and summary of survey responses, presented as supplemental information; and a glossary of acronyms and terms.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Thomas H. McTavish, C.P.A.
Auditor General

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Description of Agency

The Senate Fiscal Agency was first established in an appropriations act, Act 277, P.A. 1964, as the Legislative Fiscal Agency. Act 412, P.A. 1965, placed the agency under the Senate Appropriations Committee. Act 228, P.A. 1972, changed the agency's name to Senate Fiscal Agency. Act 268, P.A. 1986 (Section 4.1501 of the *Michigan Compiled Laws*), expanded SFA's Governing Board to five members.

SFA is a nonpartisan agency designed primarily to provide the Michigan Senate with assistance in two principal areas. The first area involves assistance in State fiscal issues.

SFA provides staff support to the Senate Appropriations Committee and assists all the members of the Senate on State budget-related issues. The second area involves assistance in legislation being considered by the Senate. SFA provides staff support for the written analysis of proposed legislation that is available throughout the legislative deliberation process.

SFA is governed by a five-member Governing Board that is responsible for establishing the overall operating procedures of SFA and is also responsible for appointing a director to run the agency. The members of the Governing Board include the Majority and Minority Leaders of the Senate, the Appropriations Committee chairperson, and two other members of the Appropriations Committee (one of whom must be from the minority party) who were appointed by the Appropriations Committee chairperson with the concurrence of the Majority Leader.

For fiscal year 1998-99, SFA had expenditures of approximately \$2.7 million. As of September 30, 1999, SFA had 34 employees.

Audit Objective, Scope, and Methodology

Audit Objective

The objective of our performance audit of the Senate Fiscal Agency (SFA) was to assess the effectiveness of SFA fiscal and legislative analysis operations.

Audit Scope

Our audit scope was to examine the program and other records of the Senate Fiscal Agency. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Audit Methodology

Our audit procedures were performed from April through October 1999 and included the testing of records primarily covering the period January 1, 1997 through September 30, 1999. We conducted a preliminary survey of SFA's operations to gain an understanding of the agency's activities. This included discussions with staff regarding their functions and responsibilities. We analyzed SFA's objectives and applicable statutes, policies, and procedures.

We examined records and reports of SFA staff to provide timely information and support to the Senate Appropriations Committee and assistance to members of the Senate for budget-related issues and to provide support and written analysis of proposed legislation.

We also conducted a survey requesting input from senators regarding their association and satisfaction with SFA operations.

COMMENT

EFFECTIVENESS OF FISCAL AND LEGISLATIVE ANALYSIS OPERATIONS

COMMENT

Audit Objective: To assess the effectiveness of the Senate Fiscal Agency (SFA) fiscal and legislative analysis operations.

Conclusion: Our assessment disclosed that SFA fiscal and legislative analysis operations were effective. We did not note any reportable conditions.

Noteworthy Accomplishments: SFA has been providing nonpartisan and unbiased services to the Michigan Senate for the past 35 years. Throughout these 35 years, SFA has developed an outstanding reputation for its work on all fiscal issues and bill analysis products.

The goal of SFA is to provide the delivery of timely and complete analysis of critical issues facing the Michigan Senate. This goal has been met by the production of high quality work products and by the dedication and commitment of SFA staff.

SUPPLEMENTAL INFORMATION

Description of Survey

We developed a survey requesting input from senators regarding their association with the Senate Fiscal Agency.

We mailed this survey to all 38 senators and received 19 responses. A review of the responses indicated that most respondents were highly satisfied with the operation of the Senate Fiscal Agency. We provided a summary of this information to the Senate Fiscal Agency.

**Senate Fiscal Agency
Summary of Survey Responses**

Surveys Distributed 38
 Number of Responses 19
 Response Rate 50%

1. How would you rate your satisfaction with the frequency of contacts between you and the Senate Fiscal Agency?

Highly Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Highly Dissatisfied	No Opinion
17	2			
89%	11%			

2. How would you rate your satisfaction with the clarity of presentations provided by the Senate Fiscal Agency staff?

Highly Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Highly Dissatisfied	No Opinion
17	2			
89%	11%			

3. How would you rate your satisfaction with the Senate Fiscal Agency staff's knowledge on subject matter relevant to you?

Highly Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Highly Dissatisfied	No Opinion
17	2			
89%	11%			

4. How would you rate your satisfaction with the timeliness of the Senate Fiscal Agency staff in responding to your concerns?

<u>Highly Satisfied</u>	<u>Somewhat Satisfied</u>	<u>Somewhat Dissatisfied</u>	<u>Highly Dissatisfied</u>	<u>No Opinion</u>
14 74%	3 16%	1 5%		1 5%

5. How would you rate your satisfaction with the Senate Fiscal Agency staff ability to research issues of interest to you?

<u>Highly Satisfied</u>	<u>Somewhat Satisfied</u>	<u>Somewhat Dissatisfied</u>	<u>Highly Dissatisfied</u>	<u>No Opinion</u>
13 68%	3 16%	1 5%		2 11%

6. How would you rate your satisfaction with the overall quality of the Senate Fiscal Agency staff?

<u>Highly Satisfied</u>	<u>Somewhat Satisfied</u>	<u>Somewhat Dissatisfied</u>	<u>Highly Dissatisfied</u>	<u>No Opinion</u>
16 84%	3 16%			

7. Do you have any specific concerns that have not been addressed by the Senate Agency staff?

<u>Yes</u>	<u>No</u>	<u>No Answer</u>
1 5%	17 90%	1 5%

Glossary of Acronyms and Terms

effectiveness	Program success in achieving mission and goals.
efficiency	Achieving the most outputs and outcomes practical for the amount of resources applied or minimizing the amount of resources required to attain a certain level of outputs or outcomes.
goal	The agency's intended outcomes or impacts for a program to accomplish its mission.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.
reportable condition	A matter coming to the auditor's attention that, in his/her judgment, should be communicated because it represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner.
SFA	Senate Fiscal Agency.