

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

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

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.