

Consolidated Fiscal Note

2025-2026 Legislative Session

HF9002 - 0 - Audit Implementation and Monitoring

Chief Author: **Jim Nash**
Committee:
Date Completed: **1/14/2025 4:54:22 PM**
Lead Agency: Office of the Legislative Auditor
Other Agencies:
Minn Management and
Budget

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
Reductions shown in the parentheses.

State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028
Minn Management and Budget					
General Fund	-	41	41	41	41
Office of the Legislative Auditor					
General Fund	-	238	259	259	259
State Total					
General Fund	-	279	300	300	300
Total	-	279	300	300	300
Biennial Total			579		600

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
		FY2025	FY2026	FY2027	FY2028
Minn Management and Budget					
General Fund	-	.25	.25	.25	.25
Office of the Legislative Auditor					
General Fund	-	2	2	2	2
Total	-	2.25	2.25	2.25	2.25

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Chloe Burns **Date:** 1/14/2025 4:54:22 PM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium		Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028
Minn Management and Budget					
General Fund	-	41	41	41	41
Office of the Legislative Auditor					
General Fund	-	238	259	259	259
Total		-	279	300	300
Biennial Total			579		600
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Minn Management and Budget					
General Fund	-	41	41	41	41
Office of the Legislative Auditor					
General Fund	-	238	259	259	259
Total		-	279	300	300
Biennial Total			579		600
2 - Revenues, Transfers In*					
Minn Management and Budget					
General Fund	-	-	-	-	-
Office of the Legislative Auditor					
General Fund	-	-	-	-	-
Total		-	-	-	-
Biennial Total					

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State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund		-	238	259	259	259
Total		-	238	259	259	259
Biennial Total				497		518

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund		-	2	2	2	2
Total		-	2	2	2	2

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Chloe Burns **Date:** 1/14/2025 2:37:34 PM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2		Biennium			Biennium
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028
					FY2029
General Fund	-	238	259	259	259
Total	-	238	259	259	259
Biennial Total			497		518
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	238	259	259	259
Total	-	238	259	259	259
Biennial Total			497		518
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

This bill requires the Office of the Legislative Auditor (OLA) to annually submit a report to the Legislature detailing whether agencies have implemented recommendations OLA has made during the prior five years.

No later than February 1 each year, the legislative auditor must submit a report to the chair and ranking minority member of each legislative committee with fiscal jurisdiction over an entity subject to audit under this section. The report must detail whether the entity has implemented any recommendations identified by the legislative auditor during the prior five years in a financial audit, program evaluation, or special review. The committee chair must provide the legislative auditor an opportunity to present the report's findings in a public hearing before the committee acts on legislation appropriating money to the entity.

Assumptions

Determining the extent to which agencies have implemented OLA recommendations will require the knowledge, skills, and abilities of two fulltime equivalents. Each year, one Senior Program Evaluator and one Senior Auditor would test a sample of OLA recommendations made in the prior five years to independently confirm their implementation status.

These two staff would work with existing OLA staff to develop and present the required annual report.

Expenditure and/or Revenue Formula

Positions: Senior Program Evaluator & Senior Financial Auditor

Hourly Rate: \$40.00 per hour

Fringe: Employer paid family medical insurance, FICA, Medicare, Retirement, and Paid Family Medical Leave Premium

Annual Hours:

FY26: 1,928 hours (starting Aug. 1)

FY27-FY29: 2,088 (full fiscal years)

Cell phone expense: \$100 per month (\$50 each employee) x 12 months = \$1,200

(Note: FY26 cell phone expense is \$1,100 since it has one month less than the other fiscal years)

IT Expense:

- \$1,500 per laptop x 2 laptops = \$3,000
- \$500 miscellaneous IT items (monitors, ect) x 2 employees = \$1,000

Expenditures	2026	2027	2028	2029
Salary (2 FTE)	154,200	172,000	172,000	172,000
Fringe	79,000	86,000	86,000	86,000
Cell Phone	1,100	1,200	1,200	1,200
IT Expense (one-time)	4,000			
Total	238,300	259,200	259,200	259,200

Long-Term Fiscal Considerations

Ongoing annual cost of living and performance increases for payroll costs.

Local Fiscal Impact

This bill does not have a local fiscal impact.

References/Sources

Minnesota Statutes 3.971

OLA internal budget documents

Agency Contact: Scott Dunning

Agency Fiscal Note Coordinator Signature: Scott Dunning

Phone: 651-358-9953

Date: 1/14/2025 12:57:23 PM

Email: scott.dunning@state.mn.us

Fiscal Note

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Agency: Minn Management and Budget

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Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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State Cost (Savings)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Dollars in Thousands					
General Fund	-	41	41	41	41
Total	-	41	41	41	41
Biennial Total			82		82

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	.25	.25	.25	.25
Total	-	.25	.25	.25	.25

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Chloe Burns **Date:** 1/14/2025 3:52:00 PM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

State Cost (Savings) Calculation Details

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Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	41	41	41	41	41
Total	-	41	41	41	41	41
Biennial Total			82	82		82
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	41	41	41	41	41
Total	-	41	41	41	41	41
Biennial Total			82	82		82
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-	-		-

Bill Description

HF9002-0 is a bill seeking to amend Minnesota Statutes 2022, section 3.971 by adding a subdivision pertaining to requirements for legislative auditor and amending section 16A.057 subdivision 5 to require reporting on audit recommendations and implementation status of audit recommendations annually.

Assumptions

Minnesota Management and Budget (MMB) currently tracks all audit findings and compiles an annual summary that includes status of resolution. HF9002-0 requires that MMB track all audit recommendations and provide a report on implementation status of recommendations annually. Financial audit reports have not historically been tracked at the recommendation level but at the findings level. MMB will need to collaborate with agencies to collect the additional required information. MMB currently dedicates between 0.50 and 0.75 full-time equivalent (FTE) to support this work. Implementation of HF9002-0 will require additional staff support estimated to be at 0.25 FTE annually bringing total effort to 0.75-1.0 FTE.

Work related to tracking is assigned to Internal Control and Audit Division within MMB. This division has five positions that divide the work. Average projected cost of an FTE in this division is \$138,794 and \$141,649 for fiscal years 2026 and 2027, respectively. Cost for fiscal years 2028 and 2029 will be the same as calculated for fiscal year 2027.

Employee overhead costs are assumed to be 17.17 percent of total salary and fringe costs. Overhead includes costs such as space, laptops and employee technology, phone, supplies, printing, training, and travel. This percentage represents the average percent of MMB's total general fund operating budget spent on non-payroll employee overhead costs in the previous biennium.

MMB assumes implementation date of July 1, 2025.

Expenditure and/or Revenue Formula

FY 2026: \$138,794 (Average Salary) * 0.25 (FTE) * 1.1717 (Overhead)= \$40,656

FY 2027: \$141,649 (Average Salary) * 0.25 (FTE) * 1.1717 (Overhead) = \$41,493

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Ronika Rampadarat

Agency Fiscal Note Coordinator Signature: Ronika Rampadarat

Phone: 651-201-8115

Date: 1/14/2025 3:48:43 PM

Email: ronika.rampadarat@state.mn.us