
From: Rob Sand

Subject: AOS Funding Reform Proposal

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Cc: Marlys Gaston <Marlys.Gaston@AOS.IOWA.GOV> , John McCormally <John.McCormally@AOS.IOWA.GOV>

Attachments: 2-17 Funding Reform.pdf (394.0 KB)

Dear Legislative Leaders,

I proposed reforming the funding system for the State Auditor's Office when we met in February, and in a written summary accompanying our conversation. At that time I noted numerous benefits of the funding reform proposal, including that it would "reduce risk to taxpayers of adverse federal dollar audit findings."

Now, federal auditors are finalizing the federal dollar audit for fiscal year 2017 state agency reimbursement requests. **They assert state agencies overbilled the federal government \$624,000 in 2017.** As one option for correcting the situation, are proposing the State refund part of that amount. Under their form of calculations, they will find a similar amount overbilled for every year going backward or forward. This would be expensive for taxpayers.

But we also have great news. They agreed to include as another option for correcting the situation, equalizing our billing rates rather than paying a refund. **That means if you pass this funding reform proposal, you will stop any taxpayer dollars from being wasted on a refund. But also means if you do not pass it, taxpayers will take the hit, and may again year after year until you do pass it.**

Let me again emphasize this proposal has additional benefits. It incentivizes all state agencies to run cleaner and leaner to reduce their audit costs. And, as I informed you in mid-February, if the reform proposal affects the number of state dollars devoted to audits at all, it would reduce them. That would free dollars for other uses.

Attached again are the summary of the reform proposal, the statutory language necessary, and the exact budget adjustments necessary for each agency. Please contact me with any questions, comments, or concerns.

Thank you,
Rob