



HOUSE COMMITTEE ON EDUCATION
The Honorable Justin H. Woodson, Chair
The Honorable Sharon E. Har, Vice Chair

HOUSE COMMITTEE ON HIGHER EDUCATION
The Honorable Angus L.K. McKelvey, Chair
The Honorable Mark J. Hashem, Vice Chair

**H.C.R. No. 178, REQUESTING THE AUDITOR TO PERFORM A FISCAL AND
MANAGEMENT AUDIT OF THE OFFICE OF SCHOOL FACILITIES AND SUPPORT
SERVICES OF THE DEPARTMENT OF EDUCATION**

Hearing: Wednesday, March 22, 2017, 3:00 p.m.

The Office of the Auditor has **no position** regarding H.C.R. No. 178, which directs us to conduct a “fiscal and management audit” of the Office of School Facilities and Support Services (OSFSS) of the Department of Education. **However, we suggest that the committees consider clarifying the scope of the requested audit.**

The second operative clause of the resolution requests the office of the auditor to perform a “fiscal and management audit” that focuses on the following:

- (1) Whether a lack of communication, lack of field inspection prior to planning and design, lack of as-built drawings, and lack of a matrix of existing facilities has resulted in a prolonged planning and design phase, numerous change orders, and increased construction costs;
- (2) Whether the lack of a matrix of existing facilities and lack of timely, proper inspection of existing facilities have resulted in premature repair costs; and
- (3) Whether the state's procurement law may be artificially increasing the cost of construction or impeding projects from being completed in a timely manner.

The measure requires us to report our findings and recommendations, including any proposed legislation, to the legislature no later than 20 days before the 2018 legislative session.

First, we advise the committees that a financial audit will provide only an opinion on whether OSFSS financial statements are presented fairly and in accordance with generally accepted accounting principles. Currently, OSFSS financial records are audited annually as part of the financial audit of the department of education. That audit, however, involves very limited review and testing of OSFSS financial records. Please advise if there are certain aspects of OSFSS finances the legislature would like us to assess.

Second, given the period of time to complete the review, we are concerned about the breadth of the requested management audit. During the planning phase of our audit work, we generally attempt to gain a broad understanding of an agency's programs and activities; based on our planning work, we conduct field work to gather evidence to support our findings and recommendations. For an audit to be completed within roughly six months, the audit's scope must be relatively focused. Accordingly, the committees may wish to narrow the scope of the requested audit or extend the deadline for the audit report.

We are available to work with the committees to more clearly define an audit scope that addresses the specific operations or practices that the legislature is interested in having us assess and a deadline that will allow for a meaningful audit. Assuming that the resolution passes out of the committees, we intend to discuss our concerns about the breadth of the audit request with the resolution's primary sponsors, if possible.

Thank you for considering our testimony related to H.C.R. No. 178.