

TESTIMONY OF MATT DUNLAP, CIA

MAINE STATE AUDITOR

IN OPPOSITION

LD 594, Resolve, Directing the State Auditor to Audit All State Agencies

Senator Baldacci, Representative Salisbury, and distinguished members of the Joint Standing Committee on State and Local Government, my name is Matt Dunlap, and I live in Old Town, and am privileged to serve as State Auditor.

We appreciate the language offered by the sponsor of this legislation; however, we are in opposition to this bill as written. The general premise behind this bill is not unsound; to gather for the use of the Legislature a compendium and review of information about programs and agencies, including staffing level changes over time and budgetary growth. What the Resolve directs is not an audit, however, but rather a performance review of the type already within the purview of the Office of Program Evaluation and Governmental Accountability to engage in. It is also doubtful that such a one-time review, even over distinct, five-year periods of time, would be of the same utility to lawmakers as the type of year-to-year comparison available now through materials tracked either by the Office of the State Controller, the Office of Fiscal and Program Review, or the Single Audit document produced by our office. To provide for that type of timeline comparison, this legislation would have to be considerably redrafted—beyond the parameters of the parliamentary precedent—to accomplish that end. We believe that in order for the title of this bill to actually cover both financial and compliance audits of all state agencies over time, it would need to be an Act, and not a Resolve, and as you well know, Resolves cannot be amended to become Acts. Further, it would require a substantial fiscal note that we have not estimated in order to provide the necessary resources to achieve the end described in the title as we understand it.

While I don't wish to complicate the question further, I will anyway. Even a year-over-year comparison must be viewed with caution, as the nature of government has changed over time; for over a hundred years, we had no state agencies as we recognize them today; the military was managed by States, not the Federal government; our taxation bases have changed dramatically from a mix of import duties, state property taxes and poll taxes to primarily a mix of Federal dollars, service fees, and sales and income taxes; and even the nature and value of a dollar has changed through the sundry Coinage and Banking Acts enjoined over the last two hundred years by Congress. It certainly blurs the growth slope in understanding state expenditures from 1820, when the state spent a total of \$1,329.91 to somewhere in the neighborhood of \$12 billion today.

Under Generally Accepted Government Auditing Standards for government audits employed for the audit of the Comprehensive Annual Financial Report and the Single Audit Act, our office conducts audits of various Federal programs and funds. Taken together, these audits cover over 80% of state expenditures and 91.5% of Federal programs. Further, under the mantle of our work to audit the state's financial statements, every state agency is subject to that audit. That information is already available.

I am happy to answer any questions of the committee at this time at the pleasure of the chair.