

SUBJECT: Lowering the threshold for state agency payment recovery audits

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 10 ayes — Phelan, Guerra, Harless, Holland, Hunter, P. King, Parker, Raymond, Smithee, Springer

0 nays

3 absent — Hernandez, Deshotel, E. Rodriguez

SENATE VOTE: On final passage, April 11 — 31-0, on Local and Uncontested Calendar

WITNESSES: *On House companion bill, HB 2082:*
For — None

Against — None

On — (*Registered, but did not testify:* Rob Coleman, Comptroller of Public Accounts)

BACKGROUND: Government Code sec. 2115.002 requires the comptroller to contract with one or more consultants to conduct recovery audits of payments made by state agencies to vendors.

DIGEST: SB 1571 would remove the requirement for the comptroller to contract with one or more consultants to conduct recovery audits of payments made by state agencies to vendors and replace that requirement with an authorization to contract with consultants for that purpose.

The bill would remove a requirement that payment recovery audits be performed on payments to vendors made by each state agency that has total expenditures during a biennium that exceed \$100 million and replace that requirement with an authorization for payment recovery audits on payments to vendors made by each state agency that had total expenditures during a biennium that exceeded \$50 million.

The comptroller would be authorized to determine the frequency of payment recovery audits.

The bill would change a requirement that the comptroller provide copies of any reports received from a consultant contracting for payment recovery audits to the governor, the state auditor's office, and the Legislative Budget Board from the seventh to the 15th day after the date the comptroller received the consultant's report.

The bill would take effect September 1, 2019.

**SUPPORTERS
SAY:**

SB 1571 would make it easier for the comptroller to contract with consulting firms to conduct recovery audits of payments made by state agencies to vendors. The comptroller's office reports that the small number of agencies that fall under the current requirement make it difficult to find consulting firms to conduct the audits. Since 2014, no contracts have been awarded due to disinterest from outside consulting firms. By allowing payment recovery audits of agencies with biennial expenditure levels of \$50 million or more, additional agencies would be subject to the audits, which could expand the pool of consulting firms that may be interested in conducting the audits.

**OPPONENTS
SAY:**

No concerns identified.