

November 23, 2005

Members of the Legislative Audit Committee:

Enclosed is a summary of the work the State Auditor's Office conducted in fiscal year 2005.

As a result of the projects the Legislative Audit Committee approved in fiscal year 2005, the State Auditor's Office's Audit and Review Division issued 49 reports spanning all articles in the General Appropriations Act. These projects focused on a variety of topics ranging from financial opinion audits conducted for the entire state, the Teacher Retirement System, and the Permanent School Fund to performance audits focusing on key areas such as contracting, information technology, and agency financial processes. In addition to conducting audit work and providing other services, staff from the State Auditor's Office provided a variety of other forms of assistance at the request of committees and individual members of the Legislature.

In fiscal year 2005, the State Auditor's Office's Special Investigations Unit (SIU) identified \$3.9 million in state funds that were allegedly misappropriated through fraudulent means. Based on the work documented by SIU, 41 criminal indictments and 5 convictions were obtained. Two investigations have been accepted by prosecutors and are pending presentation to grand juries, and 24 cases are pending convictions.

The State Auditor's Office's State Classification Team issued approximately one dozen reports focused on the State's workforce in fiscal year 2005. Those reports covered topics such as the State's Classification System, state employee compensation, state employee turnover, and state employees' job descriptions.

The State Auditor's Office's Professional Development Division provided 142 courses to 3,475 participants in fiscal year 2005. Designed primarily for internal and external auditors, these courses received an average customer satisfaction rating of 4.2 out of 5.

If you have any questions regarding this report or our work, please contact me at (512) 936-9300.

Sincerely,

John Keel, CPA
State Auditor

