

House BILL NO. 229

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INTRODUCED BY Cobb

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A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A LOCAL GOVERNMENT OPERATIONS REVIEW PROGRAM TO BE CONDUCTED ON A CONTRACT BASIS BY THE LEGISLATIVE AUDIT DIVISION AND PARTICIPATING LOCAL GOVERNMENTS; PROVIDING A PROCEDURE FOR REQUESTING AN OPERATIONS REVIEW; PROVIDING FOR THE MONITORING OF RECOMMENDED STATE AGENCY PARTICIPATION BY THE LEGISLATIVE AUDIT COMMITTEE; AND PROVIDING AN EFFECTIVE DATE."

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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NEW SECTION. Section 1. Short title. [Sections 1 through 5] may be cited as the "Montana Local Government Operations Review Program".

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NEW SECTION. Section 2. Definitions. As used in [sections 1 through 5] the following definitions apply:

16

(1) "Committee" means the legislative audit committee.

17

(2) "Division" means the legislative audit division.

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(3) "Local government" means the governing body of a county, incorporated city or town, or consolidated city-county.

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NEW SECTION. Section 3. Operations review of local governments by the legislative audit division.

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(1) The division shall perform or have performed local government operations reviews to the extent that funds are received pursuant to a contract with the local government requesting the operations review.

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(2) Before being conducted, a local government operations review by the division must be approved by the committee.

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(3) A local government operations review must include when appropriate but is not limited to:

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(a) identification of state mandates or regulations that do not add value to local services provided by the local government;

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(b) recommendations for improving the delivery of services;

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- 1 (c) recommendations for controlling the cost of services;
2 (d) recommendations for improving local government functions; and
3 (e) identification of good practices being utilized by the local government.
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5 **NEW SECTION. Section 4. Requests for local government operations review.** A local government
6 may request an operations review of a specific function or functions by submitting:

- 7 (1) a written request to the committee;
8 (2) a resolution requesting the operations review adopted by the governing body of the local
9 government; and
10 (3) information that the committee requires.
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12 **NEW SECTION. Section 5. Legislative audit division reports -- participation of state agencies.** (1)
13 Upon completion of a local government operations review, the division shall transmit to the local
14 government a draft copy of any report compiled pursuant to the review. The report must be transmitted
15 to the local government before any formal public presentation.

16 (2) If the division recommends that a state agency assist the local government in implementing any
17 recommendation of the division, the division shall send a copy of its preliminary report to that state agency.
18 The division's final report must contain the state agency's response, if any, to the division's
19 recommendation that the state agency assist the local government.

20 (3) The committee shall monitor any local government operations review recommending
21 participation by a state agency to determine if the state agency has assisted the local government to the
22 best of its ability.

23 (4) The division shall encourage and assist in the exchange of information among local governments
24 to ensure that they share in the benefits of each review.
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26 **NEW SECTION. Section 6. Codification instruction.** [Sections 1 through 5] are intended to be
27 codified as an integral part of Title 5, chapter 13, and the provisions of Title 5, chapter 13, apply to
28 [sections 1 through 5].
29

30 **NEW SECTION. Section 7. Effective date.** [This act] is effective July 1, 1997.

-END-

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STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0229, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act creating a Local Government Operations Review Program to be conducted on a contract basis by the Legislative Audit Division and participating local governments; providing a procedure for requesting an operations review; providing for the monitoring of recommended state agency participation by the Legislative Audit Committee; and providing an effective date.

ASSUMPTIONS:


1. Any local government operations review would be conducted at the request of the local government entity.
2. Requests for operations reviews will be prioritized and approved by the Legislative Audit Committee.
3. Audit costs associated with any special audits would be charged to the local government entity or program subject to the audit.
4. The Legislative Audit Division will perform or have performed approved operations reviews, to the extent that funds are received pursuant to a contract with the local government requesting the review.
5. Contract funds received would be subject to the statutory appropriation authority under 17-7-502, MCA.
6. The existing database/library at the Department of Commerce/Local Government Assistance Division/Systems Program does not include information that would contribute to defining the fiscal impact of this bill.

FISCAL IMPACT:

No fiscal impact. Contract funds received would be subject to the statutory appropriation authority under section 17-7-502, MCA.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Although difficult to project the effect on counties requesting operations reviews, historically, amounts spent on similar special audits have produced estimated savings of twice the cost of the audit. The effect on counties would also be dependent on the requested area of review.

 1-16-97
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning


JOHN COBB, PRIMARY SPONSOR DATE

Fiscal Note for HB0229, as introduced

HB 229

APPROVED BY COM ON
LOCAL GOVERNMENT

House BILL NO. 229

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Short title. [Sections 1 through 5] may be cited as the "Montana Local Government Operations Review Program".

NEW SECTION. Section 2. Definitions. As used in [sections 1 through 5] the following definitions apply:

- (1) "Committee" means the legislative audit committee.
- (2) "Division" means the legislative audit division.
- (3) "Local government" means the governing body of a county, incorporated city or town, or consolidated city-county.

NEW SECTION. Section 3. Operations review of local governments by the legislative audit division.

- (1) The division shall perform or have performed local government operations reviews to the extent that funds are received pursuant to a contract with the local government requesting the operations review.
- (2) Before being conducted, a local government operations review by the division must be approved by the committee.
- (3) A local government operations review must include when appropriate but is not limited to:
 - (a) identification of state mandates or regulations that do not add value to local services provided by the local government;
 - (b) recommendations for improving the delivery of services;

- 1 (c) recommendations for controlling the cost of services;
2 (d) recommendations for improving local government functions; and
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15 to the local government before any formal public presentation.

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21 participation by a state agency to determine if the state agency has assisted the local government to the
22 best of its ability.

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