~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

March 14, 2018

**H. 4868**

Introduced by Rep. G.M. Smith

S. Printed 3/14/18--S.

Read the first time February 13, 2018.

**THE COMMITTEE ON FINANCE**

To whom was referred a Bill (H. 4868) to amend Section 9‑4‑40, as amended, Code of Laws of South Carolina, 1976, relating to the audit of the Public Employee Benefit Authority, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

HUGH K. LEATHERMAN, SR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**Introduced on February 7, 2018State Expenditure**

This bill requires a completed fiduciary audit of PEBA every four years beginning January 15, 2020, by a private audit firm chosen by the State Auditor. Current statute requires the audit by January 15, 2019. In past years, earnings of the retirement system funded this audit, which cost $700,000 when last performed in 2015. Additionally, the audit requirement has been suspended by temporary budget provisos through FY 2017-18. Given the audit suspensions in recent years, the delay of the audit by one year will have no general fund, federal funds, or other funds expenditure impact until FY 2019-20 when the audit is required. In FY 2019-20, other fund expenditures will increase by $700,000 as administrative costs of PEBA are funded from the earnings of the retirement systems pursuant to Section 9-1-310.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND SECTION 9‑4‑40, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE AUDIT OF THE PUBLIC EMPLOYEE BENEFIT AUTHORITY, SO AS TO CHANGE THE DATE THE AUDIT MUST BE COMPLETED.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 9‑4‑40 of the 1976 Code, as last amended by Act 13 of 2017, is further amended to read:

“Section 9-4-40. Every four years the State Auditor shall employ a private audit firm to perform a fiduciary audit on the South Carolina Public Employee Benefit Authority. The audit firm must be selected by the State Auditor. A report from the private audit firm must be completed by January 15, ~~2019~~ 2020, and every four years after that time. Upon completion, the report must be submitted to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee.”

SECTION 2. This act takes effect on July 1, 2018.

‑‑‑‑XX‑‑‑‑