TO: David Applebaum  
Brenda Bacon  
Douglas C. Berman  
Sam Crane  
Joseph Salema  
Carl E. Van Horn  
Andrew Weber  

FROM: Michael J. Scheiring  

DATE: December 18, 1990  

SUBJECT: OMB Review of Audit Savings in FY 1992 Budget  

The Office of Management and Budget has prepared an analysis of the savings identified through the audit to date that could be incorporated into the FY 1992 budget. Of the $316 million of short-term potential savings identified in the operational reports completed by the Commission to date, OMB has identified $70 million of savings that they have incorporated into the FY 1992 budget. These are prudent expenditure reductions and revenue enhancers that can be achieved in FY 1992. In addition, they have identified $140.5 million of additional savings opportunities that they concur with but which require decisions or actions by the administration. These are listed in Attachment II under the heading "Under Review".

In discussing this matter with Richard Keevey and Joseph Vivona they agree that they will add to this savings memorandum as further audits are completed and as final decisions on the FY 1992 budget are made. For example, the audit savings identified do not include potential cost savings in the health benefits area from the fringe benefit review, or fee increases, savings from the Motor Vehicles or Correction review which is being acted on by the Governor's Management Review Commission at its December 21st meeting.
I reiterated to Rich Keevey that we expect the Governor's budget to include a major section on the FY 1992 budget savings attributable to the Governor's Management Review Commission's audit efforts. He will prepare such a schedule and will maximize all cost savings and revenue enhancers attributed to the audit effort. In addition to a schedule of dollar savings attributable to the audit, you may want to consider including an anticipated personnel reduction schedule of positions being eliminated as a result of the audit efforts.

Finally, on a personal note, I am pleased that the voluntary audit efforts of the private sector firms has resulted in identifying significant savings opportunities that will aid in balancing the FY 1992 budget and with OMB's sincerity and support for the audit findings.