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CITIZENS SUMMARY

Findings in the audit of the Small Business Regulatory Fairness Board

Background

The Small Business Regulatory Fairness Board (SBRFB) was established in 2004 to help ensure Missouri small business owners have a voice in the development of rules and regulations by Missouri state departments and agencies. The Board is tasked with (1) providing state agencies with input regarding rules that adversely affect small businesses; (2) soliciting input and conducting hearings regarding any rules proposed by a state agency; and (3) issuing an evaluation report to the governor and the general assembly, making recommendations and evaluating regulatory fairness for Missouri's small businesses. State law provides that a nine-member board will consist of four members appointed by the governor; one member each appointed by the president pro tempore of the senate, the minority leader of the senate, the speaker of the house of representatives, and the minority leader of the house of representatives; and one member is the chair of the Minority Business Advocacy Commission. In its fiscal year 2015 evaluation report, Board members cited concerns and inefficiencies within the SBRFB.

Board Operations

The SBRFB is not functional and is not achieving its primary objective of monitoring regulations that impact small businesses. The SBRFB has not provided state agencies with input regarding proposed regulations affecting small businesses. The Board did not review all proposed regulations during the 2 years ended June 30, 2015, and the lack of a full Board has caused higher than normal workloads for each member, becoming a burden for volunteers. The board also lacks any formal systems to monitor which regulations have been reviewed and what action may be necessary.

The SBRFB did not take sufficient steps to solicit input from small businesses and received no comments from small businesses for a two-year period. Board members had been notified of proposed rule and regulation changes by an online subscription service, but the Department of Economic Development (DED) allowed the contract to expire without informing Board members. Small business owners had been allowed to access the service, and the lack of notification negatively impacted input. The Board also has not prepared regular evaluation reports.

The SBRFB has multiple extended vacancies. The Board had four vacancies as of March 2016, although members asked the General Assembly and the governor's office to fill vacancies. Members also reported the former chairperson did not communicate regularly and held limited meetings.

The state budget has not included appropriations for staffing. The fiscal year 2014 budget included an appropriation for one position, but funding was initially withheld by the governor and then released. DED and the SBRFB hired one employee in April 2014, who remained employed for that fiscal

year. Funding was approved the next year but was vetoed by the governor. The DED has not included funding for staffing in budget requests for recent years because officials indicated the work of the SBRFB is redundant with work performed by the Joint Committee on Administrative Rules.

In the areas audited, the overall performance of this entity was **Poor**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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