State of the Union and impact to your Internal Audit plan from the recent November 6th elections

November 30, 2018
Taking stock of the election results
Republicans increased their majority in the U.S. Senate, while Democrats won control of the U.S. House of Representatives and flipped 7 governors’ seats.

<table>
<thead>
<tr>
<th>Democrats</th>
<th>Body</th>
<th>Republicans</th>
</tr>
</thead>
<tbody>
<tr>
<td>47 (-2)</td>
<td>Senate</td>
<td>53 (+2)</td>
</tr>
<tr>
<td>234 (+39)</td>
<td>House*</td>
<td>199 (-39)</td>
</tr>
<tr>
<td>23 (+7)</td>
<td>Governors</td>
<td>27 (-6)</td>
</tr>
</tbody>
</table>

* Two Houses races remain undecided.
Action will be needed to avoid a partial government shut down
A Continuing Resolution (CR) will expire on December 7, 2018. A bipartisan agreement will be required to fund a number of federal agencies beyond that date.

Enacted FY 2019 funding bills
• Energy and Water
• Legislative Branch
• Military Construction and Veterans Affairs
• Defense
• Labor-Health and Human Services-Education

FY 2019 Appropriations covered by CR expiring December 7, 2018
• Agriculture
• Commerce, Justice and Science
• Financial Services and General Government
• Homeland Security
• Interior and Environment
• State and Foreign Operations
• Transportation and Housing and Urban Development (HUD)
More on Congress’s agenda before the end of the year

Expirations of important programs and other legislative deadlines will hang over Congress, while they also consider action on criminal justice reform.
Congress will face several action-forcing events in 2019
At least four key dates could force major legislative activity in 2019, potentially providing legislative vehicles for other congressional priorities.

- **January 1**: Tariffs on certain imports from China set to increase from 10% to 25%
- **March 1**: Suspension of federal debt limit expires
- **September 30**: Expiration of funding for fiscal year 2019, reflecting higher spending limits negotiated in 2018 budget agreement
- **December 31**: Suspension of medical device excise tax, health insurer fee expire.
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