

EXHIBIT 3  
DATE 1/13/05  
HB \_\_\_\_\_

# Administrative Financial Services Division

## Budget Presentation

2007 Biennium

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LFD A180-A190

*Administrative Financial Services*

## Administrative Financial Services Division Mission Statement

- **The Administrative Financial Services Division strives to provide excellent:**

Leadership, coordination, policy direction, and legal, accounting, budgeting, personnel and payroll services for the Department;

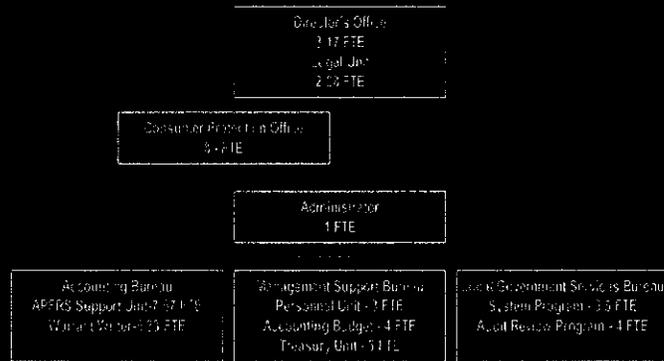
Financial accounting and reporting, including the related technical expertise, assistance, policy and structure and timely payment processing for the State as a whole;

Financial accounting and budgeting technical expertise, assistance and structure and the audit review function for all local governments within the State of Montana;

Consumer protection for Montana's public.

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## Organizational Structure



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## Director's Office

- **Functions:**

- Leadership, coordination and policy direction

- Department-wide budget review, coordination and management

- Coordinate issuance of Long Range Building Program bonds/Tax Anticipation notes

- Executive secretary for Board of Examiners, chair of Capital Finance Advisory Council

- **Funding:**

- Internal Service Fund (Rates included in Management Services)

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## Legal Services Unit

- **Function:**

Centralized legal support for divisions/attached-to agencies with no legal staff

- **Funding:**

General Fund (.67 FTE – personal services only)

Internal Service Fund (2.08 FTE and all associated operating expenses)

- **Rates (internal cost pool):**

Based on time use study

Fee to approve is allocation to divisions/agencies

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## Consumer Protection Program

- **Advocate for state consumers when unfair or deceptive business practices are brought before the program.**

- **Funding:**

– State Special Revenue Fund 8 FTE

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## Accounting Bureau

- Accounting Principles and Financial Reporting Unit
- Warrant Writer Unit

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## Accounting Principles & Financial Reporting Unit

- **Functions:**

Develops and implements state accounting policies/procedures in accordance with generally accepted accounting principles

Provides accounting and financial reporting education and assistance, including Statewide Accounting Budgeting and Human Resource System (SABHRS) accounting and operational assistance, to agency personnel

Compiles and publishes the Statewide Comprehensive Annual Financial report (CAFR)

Coordinates/compiles financial information on certain federal programs in compliance with Cash Management Improvement Act (CMIA)

- **Funding:**

(7.67 FTE) General Fund (substantially recovered through the Statewide Cost Allocation Plan - SWCAP)

(1 FTE) Federal Fund

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## Warrant Writer Unit

- **Functions:**

- Provides warrant writing/electronic funds transfer for approximately two million financial transactions per year
  - Issues and distributes state warrants
  - Prepares 1099 MISC forms to payees and IRS
  - Maintains central payee file

- **Funding:**

- (6.33 FTE) Internal Service Fund

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## Warrant Writer Unit (continued)

- **Rates (Only minor rate changes proposed)**

- Per warrant issued based on cost of warrant type
  - Budgeted as a fixed cost; billed based on actual activity

Warrant Type	FY2006	FY2007
Mailer	.5803	.5809
Non-Mailer	.182	.179
Emergency	4.70	4.70
Duplicates	6.04	6.039
Externals	.1557	.1533
Direct Deposit	.1539	.1551

\* - Note - There is a key-punch error in the budget office and LFD book rates. The budgeted 2007 non-mailer rate should be 0.17917.

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## Management Support Bureau

- Accounting and Budget Unit
- Treasury Unit
- Personnel Unit

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## Accounting and Budget Unit

- **Functions:**

- Coordinates the department's biennial budget
- Monitors division budgets; prepares all budget change documents
- Proprietary (Internal Service Fund) rate development review
- Provides technical accounting/budget assistance to divisions
- Issues and pays General Obligation Bonds/tax and revenue anticipation notes for the state
- Financial advisor/bond counsel contract management

- **Funding:**

- (4 FTE) Internal Service Fund (proposed with cost allocated per program based on operating appropriation)

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## Treasury Unit

- **Functions:**

- Central banking services to all state agencies
- Reconciles state bank accounts (approximately 60 banks) to SABIRS
- Ensures adequate collateral for safekeeping of state's assets

- **Funding:**

- General Fund (4 FTE) (substantially recovered through SWCAP)
- Proprietary through Board of Investments Internal Service Fund (1.0 FTE)

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Human Resources

- **Functions:**

- Coordinates recruitment/selection process for all positions
- Monitors proper classification of positions for selected agency divisions
- Payroll processing/benefit administration for employees
- Personnel management training

- **Funding:**

- - 3 FTE Internal Service Funded

- **Rate:**

- Allocations to divisions/agencies based on FTE per program
- Included in Management Services Rates

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## Local Government Services Bureau

- Systems Unit
- Audit Unit

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## Local Government Services - Systems

- **Functions:**

- Technical assistance to local governments in accounting, budgeting and financial reporting.
- Provide regular updated manuals on chart of accounts used by local governments.
- Provide training on statutory changes and financial reporting requirements.

- **Funding:**

- (6.5 FTE) General Fund

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## Local Government Services - Audit

- **Functions:**

- Administers provisions of the Single Audit Act for Montana local government entities.
  - Ensures all local governments required to have audits do so
  - Maintains roster of qualified independent auditors
  - Reviews audit findings for adequate follow-up
  - Evaluates special requests for audits
  - Receives annual financial reports from approx 900 local governments.

- **Funding:**

- (4 FTE) Enterprise Fund

- **Rate:**

- Funded from a local government fee based on revenue collected. No rate to approve

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## Division Decision Packages

- **Fund increases in indirect/administrative costs received from other proprietary centralized service functions within the agency. The rates to approve include the director's office, personnel, accounting/budget and are rolled up allocations to each division/agency**

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Questions  
and  
Comments

*Administrative Panel of Services*

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