

Office of the Governor

EXHIBIT 1
 DATE 1/27/11
 BY Gov Office

Rep. Beck
 Sen. Olson
 Sen. Buttrey
 Rep. Edmunds
 Rep. McChesney
 Sen. Wanzenried

3101 Governors Office

New Proposals									
A-26	NP 95103 5% Plan Across the Board General Fund Reduction	01000 General Fund		\$94,916	(\$94,916)	5% item - already approved in starting point motion			
A-26	NP 55400 4% Personal Services Reduction	01000 General Fund		(\$185,510)	(\$185,056)	5% item - already approved in starting point motion			

02 Executive Residence Operations

Present Law Adjustments									
A-34	PL 0201 Adjust Budget for Actual Pay Rate	01000 General Fund		\$6,492	\$6,492				

03 Air Transportation Program

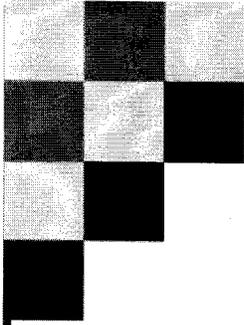
New Proposals									
A-35	NP 95102 5% Plan Air Transportation SSR Reduction	02000 State/Other Special Rev. Funds		(\$1,286)	(\$1,286)	5% item - already approved in starting point motion			
Language Appropriation									
The Air Transportation Program is appropriated up to \$45,000 for the 2013 biennium from the air transportation state special revenue fund to be used for aircraft maintenance and operating expenses.									

04 Office of Budget & Program Planning

Present Law Adjustments									
A-40	PL 4001 Global Insight Contract and Session Costs	01000 General Fund		\$313	\$8,476				

06 Centralized Services Division

Present Law Adjustments									
A-46	PL 6001 Computer Replacement - 5 year replacement cycle	01000 General Fund		\$44,600	\$21,800				
New Proposals									
A-46	NP 6002 Relocate Governor's Office Servers to SMDC	01000 General Fund		\$8,865	\$6,603				



MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL-COMPLIANCE AUDIT

Office of the Governor and Lieutenant Governor

For the Two Fiscal Years Ended June 30, 2010

NOVEMBER 2010

10-23

REPORT SUMMARY

The Office of the Governor and Lieutenant Governor (office) is provided for in Montana's constitution. It oversees and directs the activities of executive branch agencies; is responsible for planning, preparing, and administering the state budget; provides citizens access to state government; protects the rights of the mentally ill and developmentally disabled; and serves as the state's liaison with state Indian tribes.

Context

The office expended \$6.6 million in fiscal year 2008-09 and \$6.2 million in fiscal year 2009-10. The fiscal year 2008-09 expenditures included \$630,000 to replace the engines on the office's aircraft. Over 97 percent of the office's funding is from the state's General Fund and over two-thirds of its expenditures are for personal services. The office was authorized 60.07 full-time equivalent (FTE) positions in fiscal year 2009-10, 30 of which are exempt.

The office categorizes its expenditures in nine programs, the largest of which are the Executive Office and Office of Budget and Program Planning. The other programs are the Lieutenant Governor's Office, Citizens' Advocate Office, Mental Disabilities Board of Visitors, Coordinator of Indian Affairs, Air Transportation, Executive Residence, and Centralized Services.

Results

The first two sections in our audit report discuss areas where the Governor's Office should improve its monitoring of internal controls over office financial transactions and other agencies' compliance with federal ARRA State Fiscal Stabilization Fund requirements. Expenditure transactions were not approved in accordance with Governor's Office policy. The office had not fully implemented its ARRA State Fiscal Stabilization Fund monitoring plan and protocol to comply with federal requirements by June 30, 2010.

The next three sections in our report discuss areas where the office did not comply with state law. The office does not appropriately pay travel expenses of agents returning fugitives from justice. Supplemental appropriation authority of \$110,000 was retransferred back to fiscal year 2010-11 contrary to state law. Over the past eight years, the office should have expended \$45,694 in its Air Transportation Special Revenue Fund account prior to General Fund money.

Finally, we disclose three methods the office uses to obtain over \$230,000 each fiscal year from other state agencies to fund its activities.

Recommendation Concurrence

Concur	5
Partially Concur	0
Do Not Concur	0

Source: Agency audit response included in final report.

For a complete copy of the report or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the website at <http://leg.mt.gov/audit>. Report Fraud, Waste, and Abuse to the Legislative Auditor's FRAUD HOTLINE Call toll-free 1-800-222-4446, or e-mail lad@mt.gov.