

### Program Budget Comparison

The following table summarizes the total Legislative budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	53.75	53.75	52.75	52.75	53.75	52.75	(1.00)	(1.86)%
Personal Services	3,299,746	4,150,782	4,040,011	4,034,086	7,450,528	8,074,097	623,569	8.37 %
Operating Expenses	162,674	174,068	196,418	186,530	336,742	382,948	46,206	13.72 %
Transfers	0	0	0	0	0	0	0	0.00 %
<b>Total Costs</b>	<b>\$3,462,420</b>	<b>\$4,324,850</b>	<b>\$4,236,429</b>	<b>\$4,220,616</b>	<b>\$7,787,270</b>	<b>\$8,457,045</b>	<b>\$669,775</b>	<b>8.60 %</b>
General Fund	2,034,506	2,530,151	2,453,757	2,440,363	4,564,657	4,894,120	329,463	7.22 %
State/Other Special Rev. Funds	1,427,914	1,794,699	1,782,672	1,780,253	3,222,613	3,562,925	340,312	10.56 %
<b>Total Funds</b>	<b>\$3,462,420</b>	<b>\$4,324,850</b>	<b>\$4,236,429</b>	<b>\$4,220,616</b>	<b>\$7,787,270</b>	<b>\$8,457,045</b>	<b>\$669,775</b>	<b>8.60 %</b>

### Program Description

The Legislative Audit Division (LAD) conducts independent audits and provides factual and objective information to the legislative and executive managers of the public trust.

Division services include:

1. Conducting and reporting of biennial financial-compliance audits, performance audits, information systems audits, and special audits of state agency operations;
2. Reporting of violation of penal statutes, instances of misfeasance, malfeasance, or nonfeasance, and any instances of apparent violations of the state code of ethics discovered in an audit;
3. Auditing records of entities under contract with the state; and
4. Assisting the Legislature, its committees, and its members by providing information related to the fiscal affairs of state government

The Legislative Auditor consults with the Legislative Audit Committee.

### Program Highlights

Legislative Audit Division Major Budget Highlights	
<ul style="list-style-type: none"> <li>• The state special operating costs increase primarily due to: <ul style="list-style-type: none"> <li>◦ Additional travel to comply with Governmental Accounting Standards Board (GASB) requirements of validating and auditing census data for all of Montana's public retirement systems around the state</li> <li>◦ Consulting costs for actuarial services</li> </ul> </li> <li>• Personal services changes include: <ul style="list-style-type: none"> <li>◦ Fully funding legislatively approved FTE</li> <li>◦ Annualization of the state share of health insurance</li> </ul> </li> </ul>	

### Program Narrative

The Legislative Audit Division budget decreased by 0.2% when compared to the 2015 biennium legislative appropriation. The legislature adopted a reduction of 1.00 FTE and \$237,000 in personal services, a position that had been vacant since 2008. Other changes included:

- Reductions of \$199,964 in personal services as costs included in the FY 2015 legislative base were above those proposed for the 2017 biennium.
- Increases to fully fund legislatively authorized positions and provide for annualization of the state share of insurance costs for state employees and longevity and other personal services costs
- Contractual costs for actuarial, peer review, and an audit of the legislative branch

### Funding

The following table shows program funding by source from all sources of authority.

Legislative Branch, 28-Audit & Examination Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	4,894,120	0	0	4,894,120	57.87 %	
02042 Legislative Audit	3,562,925	0	0	3,562,925	100.00 %	
<b>State Special Total</b>	<b>\$3,562,925</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,562,925</b>	<b>42.13 %</b>	
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$8,457,045</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,457,045</b>		

The division is funded with a combination of general fund and state special revenue. The state special revenue funds are generated through a charge to agencies of a billing rate calculated in accordance with federal regulations for audit services.

### Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
-----General Fund-----					-----Total Funds-----			
Budget Item	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	2,530,151	2,530,151	5,060,302	103.40 %	4,324,850	4,324,850	8,649,700	102.28 %
PL Adjustments	(7,473)	(21,053)	(28,526)	(0.58)%	30,408	14,274	44,682	0.53 %
New Proposals	(68,921)	(68,735)	(137,656)	(2.81)%	(118,829)	(118,508)	(237,337)	(2.81)%
<b>Total Budget</b>	<b>\$2,453,757</b>	<b>\$2,440,363</b>	<b>\$4,894,120</b>		<b>\$4,236,429</b>	<b>\$4,220,616</b>	<b>\$8,457,045</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
-----Fiscal 2016-----						-----Fiscal 2017-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 412 - LAD Personal Services Reduction	0.00	(54,378)	(39,377)	0	(93,755)	0.00	(61,295)	(44,914)	0	(106,209)
DP 413 - Contractual Actuary/Peer Review Services	0.00	4,884	3,536	0	8,420	0.00	9,884	3,536	0	13,420
DP 414 - Contracted Legislative Audit	0.00	17,300	0	0	17,300	0.00	0	0	0	0
DP 415 - LAD In-state travel costs	0.00	(3,101)	(2,245)	0	(5,346)	0.00	(3,059)	(2,215)	0	(5,274)
DP 515 - State Share Health Insurance	0.00	14,245	11,877	0	26,122	0.00	14,245	11,877	0	26,122
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	46,232	30,693	0	76,925	0.00	46,232	30,693	0	76,925
DP 525 - Fixed Cost Adjustment	0.00	(803)	4,132	0	3,329	0.00	(462)	6,702	0	6,240
DP 527 - Inflation/Deflation Adjustment	0.00	1,864	(54)	0	1,810	0.00	1,936	(54)	0	1,882
DP 529 - Longevity and Other Adjustments	0.00	(1,138)	(96)	0	(1,234)	0.00	4,446	528	0	4,974
DP 550 - Motor Pool Rate Adjustment	0.00	(562)	0	0	(562)	0.00	(566)	0	0	(566)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$24,543</b>	<b>\$8,466</b>	<b>\$0</b>	<b>\$33,009</b>	<b>0.00</b>	<b>\$11,361</b>	<b>\$6,153</b>	<b>\$0</b>	<b>\$17,514</b>

\*\*\*Total Funds\* amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

#### DP 412 - LAD Personal Services Reduction -

The legislature adopted reductions in personal services by \$54,378 general fund in FY 2016 and \$61,295 general fund in FY 2017. Adopted state special revenue reductions were \$39,377 in FY 2016 and \$44,914 in FY 2017.

#### DP 413 - Contractual Actuary/Peer Review Services -

The legislature adopted increased funding of \$4,844 general fund and \$3,536 in state special in FY 2016 and \$9,884 in general fund and \$3,536 in state special in FY 2017 for contractual actuarial and peer review services.

#### DP 414 - Contracted Legislative Audit -

The legislature adopted additional funding of \$17,300 general fund in FY 2016. This funding provides for contracted audit services for an outside audit of the legislative branch.

#### DP 415 - LAD In-state travel costs -

The legislature adopted a reduction in funding of \$5,346 general fund and \$5,274 state special for in-state travel costs associated with audits that are projected to be lower in the 2017 biennium.

#### DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

#### DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Cost Adjustment -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, retirement, and health benefits.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

**New Proposals**

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals										
-----Fiscal 2016-----					-----Fiscal 2017-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 2828002 - LAD Personal Services Reduction										
(1.00)	(68,921)	(49,908)	0	(118,829)	(1.00)	(68,735)	(49,773)	0	(118,508)	
<b>Total</b>	<b>(1.00)</b>	<b>(\$68,921)</b>	<b>(\$49,908)</b>	<b>\$0</b>	<b>(\$118,829)</b>	<b>(1.00)</b>	<b>(\$68,735)</b>	<b>(\$49,773)</b>	<b>\$0</b>	<b>(\$118,508)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 2828002 - LAD Personal Services Reduction -

The legislature reduced 1.00 FTE in the Legislative Audit Division. This eliminated position #11428103 which was an executive transition position vacant since 2008.