

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	54.50	54.50	54.50	54.50	54.50	54.50	0.00	0.00%
Personal Services	3,271,249	4,366,665	3,844,706	3,846,232	7,637,914	7,690,938	53,024	0.69%
Operating Expenses	151,753	222,968	184,952	174,068	374,721	359,020	(15,701)	(4.19%)
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$3,423,002	\$4,589,633	\$4,029,658	\$4,020,300	\$8,012,635	\$8,049,958	\$37,323	0.47%
General Fund	2,057,064	2,651,414	2,350,469	2,337,728	4,708,478	4,688,197	(20,281)	(0.43%)
State Special	1,365,938	1,938,219	1,679,189	1,682,572	3,304,157	3,361,761	57,604	1.74%
Total Funds	\$3,423,002	\$4,589,633	\$4,029,658	\$4,020,300	\$8,012,635	\$8,049,958	\$37,323	0.47%

Program Description

The Legislative Audit Division 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 shortages discovered in an audit that are covered by surety; 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

Audit & Examination Division Major Budget Highlights
<ul style="list-style-type: none"> ◆ The total budget request is unchanged from the 2013 budget ◆ The Audit and Examination Division has experienced challenges in staff retention

Program Discussion

The Legislative Audit Division (LAD) experienced an higher than average rate of turnover in the base year, with a vacancy rate, based on position usage, of 19.1% in FY 2012. The division notes a turnover of 14 audit positions in FY 2012 for the following reasons:

- 2.00 FTE left for reasons of retirements
- 8.00 FTE left for executive branch management positions with salary increases ranging from 21-42%
- 3.00 FTE left to private CPA firms for pay rate reasons
- LAD continues to actively recruit for the vacant positions

Funding

The following table shows program funding, by source for the 2015 biennium as recommended by the Governor.

Total Legislative Branch Funding by Source of Authority 2015 Biennium Budget - Audit & Examination							
Funds	Non-		Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
	HB 2	Budgeted Proprietary					
General Fund	\$4,688,197	\$0	\$0	\$4,688,197	58.2%		
State Special Total	\$3,361,761	\$0	\$0	\$3,361,761	41.8%		
02042 Legislative Audit	\$3,361,761	\$0	\$0	\$3,361,761	41.8%		
Total All Funds	\$8,049,958	\$0	\$0	\$8,049,958	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

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 by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	2,057,064	2,057,064	4,114,128	87.76%	3,423,002	3,423,002	6,846,004	85.04%
Statewide PL Adjustments	299,832	300,656	600,488	12.81%	618,823	620,905	1,239,728	15.40%
Other PL Adjustments	(6,427)	(19,992)	(26,419)	(0.56%)	(12,167)	(23,607)	(35,774)	(0.44%)
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$2,350,469	\$2,337,728	\$4,688,197		\$4,029,658	\$4,020,300	\$8,049,958	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					617,124					618,590
Inflation/Deflation					(126)					(30)
Fixed Costs					1,825					2,345
Total Statewide Present Law Adjustments		\$299,832	\$318,991	\$0	\$618,823		\$300,656	\$320,249	\$0	\$620,905
DP 28001 - LAD Cyclical Program Operations	0.00	18,900	12,600	0	31,500	0.00	5,300	14,700	0	20,000
DP 28002 - LAD Personal Services Reduction	0.00	(25,327)	(18,340)	0	(43,667)	0.00	(25,292)	(18,315)	0	(43,607)
Total Other Present Law Adjustments	0.00	(\$6,427)	(\$5,740)	\$0	(\$12,167)	0.00	(\$19,992)	(\$3,615)	\$0	(\$23,607)
Grand Total All Present Law Adjustments	0.00	\$293,405	\$313,251	\$0	\$606,656	0.00	\$280,664	\$316,634	\$0	\$597,298

DP 28001 - LAD Cyclical Program Operations - This proposal includes changes from the adjusted base for cyclical costs associated with a Peer Review required by Governmental Auditing Standards, Legislative Branch audit, auditor travel, and contract services for the potential use of actuarial expertise on the division’s audits of the retirement systems, Montana State Fund, and health care benefits.

DP 28002 - LAD Personal Services Reduction - This proposal reduces FTE by 0.75 to reflect a reorganization in the administrative functions of LAD.