

Legislative Audit Division

**Program 28
2027 Biennium Budget Request
For Approval by LAC September, 2024**

PG 28 Budget Request, 2027 Bien	2025 Budget Starting Point	2026 SWPL Change Package	2026 PL Change Package PL1	2026 PL Change Package PL2	2026 New Proposal NP1	2026 New Proposal NP2	2026 New Proposal NP3	2026 Total Budget Request	2027 SWPL Change Package	2027 PL Change Package	2027 PL Change Package	2027 New Proposal NP1	2027 New Proposal NP2	2027 New Proposal NP3	2027 Total Budget Request
61100 Salaries (Base + Longevity)	4,312,270	263,966					12,453	4,588,689	271,512					12,453	4,596,235
61400 Benefits (incl Taxes)	1,437,025	25,035					2,152	1,464,212	26,533					2,152	1,465,710
61000 Personal Services	5,749,295	289,001	-		-	-	14,605	6,052,901	298,045	-		-	-	14,605	6,061,945
62000 Operating Expenses	243,501		55,275			139,425		438,201		35,275			132,264		411,040
Total Expenditures	\$ 5,992,796	\$ 289,001	\$ 55,275	\$ -	\$ 139,425	\$ 14,605	\$ 6,491,102	\$ 298,045	\$ 35,275	\$ -	\$ 132,264	\$ 14,605	\$ 6,472,985		
01 GENERAL FUND	3,624,760	# 158,334	30,283	(469,568)	132,165	76,387	8,002	3,560,363	163,289	19,326	(477,759)	132,165	72,463	8,002	3,542,246
02 STATE SPECIAL REV. FUNDS	2,368,036	# 130,667	24,992	469,568	(132,165)	63,038	6,603	2,930,739	134,756	15,949	477,759	(132,165)	59,801	6,603	2,930,739
Total Funding	\$ 5,992,796	\$ 289,001	\$ 55,275	\$ -	\$ -	\$ 139,425	\$ 14,605	\$ 6,491,102	\$ 298,045	\$ 35,275	\$ -	\$ -	\$ 132,264	\$ 14,605	\$ 6,472,985
0 FULL TIME EQUIVALENT	52.75						0.25	53.0						0.25	53.0

PL1 Change Package (Operating):

- 1) FY 2026 Cyclical Adj.- Leg Branch Audit (Contr Srvcs) not in 2025 Base
- 2) FY 26-27 Actuarial Services Price Increase
- 3) FY 26-27 Peer Review Cyclical Adjustment
- 4) FY 26-27 Lodging Cost Increase
- 6) FY 26-27 Software Upgrades
- 7) FY 26-27 - Subscription Services

\$20,000
\$775
\$15,000
\$6,000
\$7,000
\$6,500

\$0
\$775
\$15,000
\$6,000
\$7,000
\$6,500

PL2 Change Package (Funding):

This present law change switches funding between State Special Revenue and General Fund to recognize a change in anticipated audit appropriations for billed work. This is a funding switch only and does not contain any additional expenditure. Higher LAD staffing levels combined with statutory pay increases have resulted in higher costs as a component of our agency billing rate. The increase in the billing rate has combined with an increase in the number of hours associated with federal Single Audits in the next biennium, resulting in a significant increase in the amount of State Special Revenue we anticipate collecting through agency billing. The funding switch results in a reduction in General Fund of \$469,568 and \$477,759 in fiscal years 2026 and 2027, respectively. As federal Single Audit effort stabilizes through the transition to an annual cycle as required under HB132, we anticipate this situation will reverse and State Special Revenue will proportionally decline as a funding source as more risk-based financial audits are implemented.

New Proposal NP 1 - IT Audit Funding Shift - Statewide Risk Assessment

This new proposal is for both years of the biennium. We propose re-directing existing resources in our IT Audit and Analytics team to fully implement a statewide risk assessment to support our risk-based audit decisions and planning. This proposal would re-direct existing audit effort at the Montana State Lottery related to lottery security, and the Department of Administration related to the SABHRS system. The effort currently associated with these audits would instead be used to support the statewide risk assessment process, which will provide assessment of significant IT risks across all agencies, with a focus on mission-critical enterprise IT systems as well as general IT controls that support and manage those systems. This proposal would eliminate proprietary fund audit appropriations of \$94,050 (SABHRS) and \$38,115 (Lottery) in each fiscal year of the biennium, which results in a combined funding shift of \$132,165 to General Fund. This General Fund shift is intended as a temporary measure for the 2027 biennium, pending negotiation with the State Information Technology Service Division to implement a rate-based funding mechanism that allocates costs for the IT risk assessments on a statewide basis in the 2029 biennium. Implementing legislation will be required to address current provisions in law related to the Lottery security and IT audit.

New Proposal NP2 - Space Lease Additional Cost

Additional lease costs currently not included in the Legislative Branch budget for LAD space in the Mitchell building. Estimate based on prevailing GSD square footage rental rate for 10,500 square feet.

New Proposal NP 3 - Add 0.25 FTE Editorial Function

This new proposal is for both fiscal years of the biennium. We propose addition of 0.25 FTE to supplement an existing 0.75 position within the LAD editorial team. These additional staff resource are necessary to implement provisions of HB 132 and will aid us in our planned transition to an annual federal Single Audit, support commitments to more timely reporting for the state's Annual Comprehensive Financial Report (ACFR), and allow for expansion of online reporting formats and citizen engagement. Additional personal servies associated with this proposal are \$12,453 in base salary and \$2,152 in benefits (including taxes) for each fiscal year.