

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM
AGENCY PROGRAM COMMENTARY
2003 - 2005

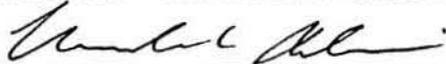
The budget request for the Legislative Joint Auditing Committee and the Division of Legislative Audit is primarily a continuation of current funding. However, the accompanying budget request does provide for certain priorities in the specific areas of program evaluation, special reports and information services. These functions are very critical in the current accounting and audit environment in which we operate in accordance with legislative directives and applicable professional standards. For fiscal year 2003 – 2004, the increase in the total budget request of \$1,962,195 represents a 9.07% over the authorized appropriations for fiscal year 2002 – 2003. For fiscal year 2004 – 2005, the \$1,669,553 increase in the total budget request reflects a 7.07% increase.

1. For fiscal year 2003 – 2004 the \$890,202 increase in the appropriation request for regular salaries consists primarily of (a) the cost of living adjustment of 2.7% in accordance with the Office of Budget guidelines, (b) two (2) new professional staff positions for the areas of program evaluation, special reports and information services and (c) an allowance for up to a 2.3% salary increase based on performance for all budgeted positions. For fiscal year 2004 – 2005 the salary request includes (a) the cost of living adjustment of 2.7% in accordance with the Office of Budget guidelines, (b) two (2) new professional staff positions for the areas of program evaluation and special reports, (c) the elimination of one (1) existing professional staff position, and (d) an allowance for up to a 2.3% salary increase based on performance for all budgeted positions. The salary increase is needed to maintain a salary schedule that is competitive with market conditions and to compensate the employees in accordance with their performance. The recent changes in accounting principles and auditing standards for governments require our professional staff to possess a greater body of knowledge and apply that knowledge to the audits.
2. The accompanying budget request includes an increase in the personal services matching costs for each year of the 2003 – 2005 biennium computed in accordance with Office of Budget guidelines.
3. The budget request for operating expenses reflects an increase for \$395,900 in fiscal year 2003 – 2004 and \$393,200 for fiscal year 2004 – 2005 to primarily upgrade the computers and related printers used by our professional staff and to renew software licenses to permit our staff to complete audits in a cost-effective manner. The change in the capitalization threshold also contributes to the transfer of costs from capital outlay to operating expenses.

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4. The request for an increase in appropriation for professional fees and services of \$7,300 and \$34,200 respectively for each year of the 2003 – 2005 biennium is primarily to provide adequate training associated with the new accounting and auditing standards and training of our professional staff to properly utilize new and upgraded computer software tools.
5. The capital outlay request for each year of the 2003 – 2005 biennium is primarily for replacement of existing equipment and continued acquisition and upgrading of information systems equipment. This equipment greatly aids the professional staff in realizing meaningful efficiencies through utilization of current technology to complete audits and special reports in a more cost-effective manner and to continue to post audit reports and related information on the internet.
6. The accompanying budget request for expenses related to securing professional services to audit the State of Arkansas' Comprehensive Annual Financial Report (CAFR) for the biennial period ending June 30, 2005, reflects the anticipated total cost for the audit, with appropriate credit for participation by the staff of the Division of Legislative Audit. During fiscal year 2003 the \$730,000 cost is being shared with the Department of Finance and Administration. To comply with professional audit standards the audit function and related costs should be independent of management.
7. The appropriation request for the Southern Legislative Conference is to provide resources for planning and hosting the 2004 Annual Meeting of the Southern Legislative Conference of the Council of State Governments to be held in Arkansas in August 2004.

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ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM
 EMPLOYMENT SUMMARY
 Required by: A.C.A. 19-4-307

AGENCY TITLE: 0009 LEGISLATIVE AUDIT

	MALE	FEMALE	TOTAL	PERCENTAGE OF TOTAL
WHITE EMPLOYEES	134	93	227	98%
BLACK EMPLOYEES	2	2	4	2%
EMPLOYEES OF OTHER RACIAL MINORITIES	1	0	1	0%
TOTAL EMPLOYED AS OF			5	2%
DATE			5	2%
			TOTAL MINORITIES	
			232	100%
			TOTAL EMPLOYEES	



 AGENCY DIRECTOR

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM
STATE AGENCY PUBLICATIONS**

Fiscal Year 2002-2003

Required by: A.C.A. 25-1-204

AGENCY: 009 - DIVISION OF LEGISLATIVE AUDIT

NAME OF PUBLICATION	STATUTORY AUTHORIZATION	PUBLICATION REQUIRED FOR GOVERNOR AND/OR GENERAL ASSEMBLY ONLY	NUMBER OF COPIES PUBLISHED	REASON(S) FOR CONTINUED PUBLICATION AND DISTRIBUTION
	A.C.A. 10-4-110			Our publications are audit reports and related matters required by law.

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM
Biennial Department Appropriation Summary

Agency Name DIVISION OF LEGISLATIVE AUDIT
Agency Code 009

Appropriation Code Name		Expenditures				Biennial Request				Executive Recommendation			
		2001-02 Actual	No. of Pos.	2002-03 Budgeted	No. of Pos.	2003-04 Total	No. of Pos.	2004-05 Total	No. of Pos.	2003-04 Total	No. of Pos.	2004-05 Total	No. of Pos.
1UD	CAFR Audit	341,500		371,500	0	1,000,000	0	1,000,000	0	400,000	0	400,000	0
095	Legislative Jt Auditing Cmte - Legislative Audit	18,627,709		21,134,345	242	22,498,100	244	24,167,653	245	NO EXECUTIVE RECOMMENDATIONS MADE ON THESE APPROPRIATIONS			
105	Southern Legislative Conference	0		100,000	0	100,000	0	Carry Forward	0				
Grand Total		18,969,209		21,605,845	242	23,598,100	244	25,167,653	245	400,000		400,000	

Funding Sources		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total
Fund Balances												
General Revenues	341,500	1.8	371,500	1.7	1,000,000	4.2	1,000,000	4.0	400,000	100.0	400,000	100.0
Federal Funds												
Special Revenues												
State Central Services Fund	18,627,709	98.2	21,234,345	98.3	22,598,100	95.8	24,167,653	96.0				
Non-Revenue Receipts												
Cash Funds												
Trust Funds												
Constitutional Officers Fund												
Other												
Total Funding	18,969,209	100.0	21,605,845	100.0	23,598,100	100.0	25,167,653	100.0	400,000	100.0	400,000	100.0
Excess Appro./(Funding)	0		0		0		0		0		0	
Grand Total	18,969,209		21,605,845		23,598,100		25,167,653		400,000		400,000	

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM
Biennial Appropriation Summary

Agency 009 DIVISION OF LEGISLATIVE AUDIT
 Appropriation 095 LEGISLATIVE JOINT AUDITING COMMITTEE - LEGISLATIVE AUDIT
 Fund HSC STATE CENTRAL SERVICES

Character Title		Expenditures			Request		Recommendations	
		2001-02 Actual	2002-03 Budgeted	2002-03 Authorized	2003-04 Total	2004-05 Total	Legislative	
							2003-04	2004-05
Regular Salaries		13,574,134	15,015,739	15,014,256	15,904,458	16,776,842		
No. of Positions			242	242	244	245		
Personal Serv Match		2,983,447	3,370,606	3,373,649	3,625,742	3,783,511		
Operating Expenses		1,673,287	1,432,000	1,432,000	1,827,900	2,221,100		
Travel-Conferences		127,816	223,300	223,300	240,000	252,000		
Capital Outlay		220,072	600,000	600,000	400,000	600,000		
Prof. Fees & Serv.		27,934	417,700	417,700	425,000	459,200		
Data Processing		21,019	75,000	75,000	75,000	75,000		
Grand Total		18,627,709	21,134,345	21,135,905	22,498,100	24,167,653		

Funding Sources								
Fund Balances				*****				
General Revenues				*****				
Federal Funds				*****				
Special Revenues				*****				
State Central Services Fund		18,627,709	21,134,345	*****	22,498,100	24,167,653		
Non-Revenue Receipts				*****				
Cash Funds				*****				
Trust Funds				*****				
Constitutional Officers Fund				*****				
Other				*****				
Total Funding		18,627,709	21,134,345	*****	22,498,100	24,167,653		
Excess Appro./(Funding)		0	0	*****	0	0		
Grand Total		18,627,709	21,134,345	*****	22,498,100	24,167,653		

Ad Valorem Tax/Federal Audit Reimbursement on expenditures is estimated at \$10,000,000 for each year of the 2003-2005 biennium.

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM
Biennial Appropriation Summary

Agency 009 DIVISION OF LEGISLATIVE AUDIT
 Appropriation 1UD CAFR AUDIT
 Fund HUA STATE GENERAL SERVICES

Character Title	Expenditures			Request		Recommendations	
	2001-02	2002-03	2002-03	2003-04	2004-05	Executive	
	Actual	Budgeted	Authorized	Total	Total	2003-04	2004-05
Prof Fees & Services	0	0	0	1,000,000	1,000,000	400,000	400,000
CAFR Audit (46)	341,500	371,500	400,000	0	0	0	0
Grand Total	341,500	371,500	400,000	1,000,000	1,000,000	400,000	400,000

Funding Sources							
Fund Balances			*****				
General Revenues	341,500	371,500	*****	1,000,000	1,000,000	400,000	400,000
Federal Funds			*****				
Special Revenues			*****				
State Central Services Fund			*****				
Non-Revenue Receipts			*****				
Cash Funds			*****				
Trust Funds			*****				
Constitutional Officers Fund			*****				
Other			*****				
Total Funding	341,500	371,500	*****	1,000,000	1,000,000	400,000	400,000
Excess Appro./(Funding)	0	0	*****	0	0	0	0
Grand Total	341,500	371,500	*****	1,000,000	1,000,000	400,000	400,000

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM
Biennial Appropriation Summary

Agency 009 DIVISION OF LEGISLATIVE AUDIT
 Appropriation 105 SOUTHERN LEGISLATIVE CONFERENCE
 Fund HSC STATE CENTRAL SERVICES

Character Title	Expenditures			Request		Recommendations	
	2001-02 Actual	2002-03 Budgeted	2002-03 Authorized	2003-04 Total	2004-05 Total	Legislative 2003-04	2004-05
Operating Expenses	0	100,000	0	100,000	Carry Forward		
Grand Total	0	100,000	0	100,000			

Funding Sources							
Fund Balances			*****				
General Revenues			*****				
Federal Funds			*****				
Special Revenues			*****				
State Central Services Fund	0	100,000	*****	100,000			
Non-Revenue Receipts			*****				
Cash Funds			*****				
Trust Funds			*****				
Constitutional Officers Fund			*****				
Other			*****				
Total Funding	0	100,000	*****	100,000			
Excess Appro./(Funding)	0	0	*****	0			
Grand Total	0	100,000	*****	100,000			

This is a biennial appropriation with an authorized level of \$100,000.