

EVALUATION
BUDGET SECTION
DIRECTOR OF BUDGET

BUDGET FORMULATION

1. The work of this Section is chiefly characterized by the mechanical, routine and overly detailed perspective that is taken of the process of budget preparation and review. Thus, the major areas of work lie in making sure that all figures contained in departmental requests are correct as to arithmetic and as to charges to the proper accounts. The essentially clerical flavor of the work performed in the Section, in which substantive review and judgment factors are almost wholly lacking, is reflected in the job titles of the Section's employees (see organization chart.) Further, there have been over a period of years a gradual change in the qualifications required of staff members; formerly, individuals hired were trained in college-level courses in accountancy. Now, clerks are being hired to replace the "technical" staff. Probably the changeover will be complete in the near future.

All of these characteristics of the budget preparation and review processes, as currently carried on, may be contrasted with the type of budget review process that should be the central feature of the budget review work done by the Section Staff, viz., in which thorough-going substantive review is made of departmental programs, on a continuing basis, as to the desirability, adequacy, and/or effectiveness of these programs and steps, that should be taken within the Executive Branch to properly organize itself to meet program goals.

2. Another major element in the budget process, as currently carried on, which demands our attention is the essentially negative view that is taken of the budget process -- in the Budget Section, which serves as the agent of the Budget Director in this respect -- in terms of departmental budget requests. The effect of this system of highly negative restraints is to cause continuing division as between the Governor and his departments vis-a-vis the Legislature. In consequence, the departments look to the Legislature rather than to the Governor for support and assistance in carrying out their programs. We will need to document this assertion, however, giving details as to specific instances in which this has taken place-- before this can be stated as a matter of fact.

3. Rigidity, which tends to characterize many elements of the budget review process, is introduced in an ingenious way via the budget instructions. The instructions require that departments show their estimates for operations and for salaries and wages separately on the budget forms. (Of course, there is nothing wrong in requiring departments to make their requests in this manner; in fact, it is helpful to the budget office in the review process.) The data supplied by the departments is entered in the executive budget document in such form as to force the Legislature to appropriate funds to these two primary accounts -- salaries and wages being one, and the other, operations. Since the law prevents transfers between appropriations, departments are once again tied down by an unwise and needless restriction, thereby curtailing their freedom in using funds, whether for operations or for salaries and wages, as these needs develop during the course of the biennium.

4. Despite the meticulous care exercised in the Budget Section in proving every figure and calculation submitted by departments, significant areas--representing substantial funds--are unquestioned and transferred in their entirety from depart-

mental estimates to budget work sheets and to the budget print. For example, the detail section of the budget on salaries and wages (a job whose completion requires several people in the Budget Department to spend several weeks checking the agency estimates with regard to salary increments, eligibility, etc.) does not include a turnover offset. Since there is reported to be a fairly high turnover rate in the State service at large (some 30%), the personal service detail as shown in the budget document is in a number of respects obsolete before the Legislature takes action on the executive budget. (Actually, this is not, properly speaking, a budget review function at all.)

Other examples -- particularly with regard to "budgeted" overstatements--are given in a list (prepared by Berlin recently) showing that, for a number of appropriations, e. g., retirement systems, state highway, contingent receipts, etc., substantially greater amounts were appropriated than was actually needed. For the biennium ending 1955, actual expenditures were less, for these specified appropriations, by approximately \$100,000,000.00 than was appropriated by the Legislature.

All of this means simply that the budget process lacks integrity and substantive review; but more important, it means that the detailed proving, cross-checking and cross-checking again which takes place in the Budget Section and which dominates the time and attention of the staff, is largely misdirected effort and bears only an accidental relationship to a proper budget examination function.

"Current Work"

4. By "current work" (the term used in the Budget Section to distinguish it from budget review, or a actually "assembly" of the budget document) is meant all other work having to do with recording the transactions, or actual experience, under the budget adopted by the Legislature. Primarily, these transactions are reflected in a series of financial statements, or reports, which are issued periodically during the course of the biennium. A half-dozen periodic reports are issued--taken in most cases from the various ledgers maintained in the Auditor's office; it is estimated that three man years' time is spent in developing these reports. Their primary reason for being is that they serve to catch errors made in the Auditor's Office and this evidently explains in some respects their continued use--although it may well be questioned (1) why so many posting and other arithmetic errors are made in the Auditor's department, or (2) what other value, indeed, they represent, since they are cumbersome, overly detailed, and voluminous without purpose, and literally incomprehensible to the average executive or legislative official who receives them. Further,

- They are complete in some details (for the "pre-audit" group) and lacking in detail for the same transactions, among other agencies (for the "non-pre-audit" group as well as for some "pre-audit" agencies.);
- Ledgers and work papers maintained for purpose of developing the reports are in many respects an exact duplication of the ledgers and other documents maintained in the Auditor's Department;
- Despite mechanization possibilities (presumably no problem because an IBM machine facility is part of the Budget Department) most of these records are posted, maintained and printed manually;
- They are records dealing primarily with transactions affecting the General Fund, no attention being given in these reports to the same degree as regards other Funds.

Based on our review of the reporting activities of this Section, it seems safe to conclude that most if not all of the Sections reporting activities could be dispensed with, without harm or loss to anyone concerned; actually, it may be seriously con-

sidered that there would be a positive value derived by elimination of these confusing and unintelligible reports.

5. A single-entry "bookkeeping" method is used in recording and posting to the various books of account maintained, with some arbitrary figures, or plugs, used to complete the record of entries (primarily because of the incompleteness of the source documents.) It is reported that in none of the central fiscal agencies is double-entry bookkeeping used.

6. Two bond funds (a school construction fund and a State building construction fund) are maintained as part of the "General Fund" to record receipts under the proceeds of bond sales, thereby distorting the true status of the General Fund. Beyond this, receipts of these two bond funds are used to pay salaries, operations and other expenses for other accounts in the General Fund. (There may be a serious question as to the legality of covering these two funds, and possibly others as well, under the General Fund, and using their proceeds in this manner.) Another anomaly develops in financial reports having to do with the General Fund, as between those prepared by the Treasurer and those prepared by the Auditor and Director of Budget. The Treasurer periodically reports on the status of the General Fund and, in so doing, reports on the balance of all accounts in the General Fund as one total sum. The Auditor's and Director of Budget's reports distinguish between the accounts in the General Fund and the General Fund. In this way, two different statements of condition are prepared--one (the Treasurer's, it so happens) shows a surplus, and the other (the Auditor and the Director of Budget) shows a deficit.

EVALUATION
BUDGET DEPARTMENT
PRE-AUDIT SECTION

1. Rationale offered, by Pre-Audit Section, for double-encumbrance system (in which both requisitions and purchase orders are encumbered and liquidated) lies primarily in fact that the requisition gives Pre-Audit a more timely, current check on the rate of expenditures by individual departments. The Purchasing Division (of Department of General Administration) reportedly is very slow in arranging for all procedures incident to the final release of the purchase order. We should check with Purchasing Division to determine what is the reason for the delay, if there is one, in processing purchase orders. Thus, if Pre-Audit were to wait until such time as the Purchase Orders were released before making their first encumbrance, this would be too late to permit Pre-Audit to maintain effective control, on a current basis, of the department's expenditures. Pre-Audit points out that it is necessary to encumber purchase orders so that they will, by this means, have the exact amount of the obligation.

If an improvement is made on speeding up the release of a purchase order, then possibly, the double encumbrance could be eliminated. In this connection, Brabrook is reported to feel that if he had to make a choice between the two -- encumbering purchase orders or requisitions -- he would choose to encumber requisitions and drop purchase order encumbrances. Brabrook says that during his "absence" (while his immediate predecessor was Director of Budget) field orders were exempted from coverage under the encumbrance system. This was a serious mistake, according to Brabrook, and he has been trying to bring the field orders back into the fold. Brabrook says he can't understand what his predecessor meant by referring to field orders as "minutiae."

2. Discounts offered by vendors to encourage prompt payments apparently are not taken by the State. (We do not know, at this stage of the study, what loss is occasioned by the failure to take such discounts but it is undoubtedly a substantial amount.)

Brabrook attributes the failure to take discounts to the lack of experience of the Purchasing Department. He thinks that he won a victory by requiring the previous Purchasing Agent to show on the purchase order the terms of the discount. He confirms the feeling I have that a substantial loss is being incurred by the failure of the Purchasing Department to follow through on these matters. He suggests that the purchasing operation could be improved by (a) excluding the Purchasing Agent from voucher review function; (b) confining each requisition to a single purchase order, and (c) by bringing the purchasing activity under the Budget Department. "(b)" is questionable, and "(c)" would be a highly debatable matter under the present set-up.

Here again, we will need to inquire as to (a) the reason why each step in the chain -- from requisition to purchase order to voucher to warrant -- takes so much time, and (b) why the State does not do as so many other commercial and public organizations do: take the discount routinely and let the vendor make his claim for the full payment.

3. Reportedly, a serious problem exists (according to a Budget Examiner we spoke to) with regard to "purchase contracts" negotiated by the Purchasing Agent on behalf of departments for certain automotive supplies -- e. g., tires, gas and oil, anti-freeze. Under present procedures, the Purchasing Agent awards "open order" pricing agreements to vendors for these supplies for periods ranging from 6 - 24 months. The individual departments then proceed to draw against this order with the various retail and/or wholesale outlets within their geographical areas. Some departments have effective accounting records to permit them to

control the "allotment" granted to them, in effect, by the Purchasing Agent. However, there are a number of departments which lack accounting records such that they are without complete information as to (a) the amount, in dollars, they have already ordered against the purchase contract, and (b) the balance remaining for future orders during the life of the purchase contract. Pre-Audit cannot control purchases made under this type of contract because it first learns that a transaction has occurred when the voucher is rendered by the vendor, i.e., after the obligation has already been incurred, and too late to prevent the payment by the Auditor's warrant.

Here we see the advantages of open order purchase contracts being vitiated by lack of effective expenditure control. Actually, it would be desirable to extend the purchase contract device for other commodities, such as stationery and other office supplies, coal, fuel oil (the list could be greatly expanded) but evidently, any increase in the number of such agreements results in a corresponding decrease in proper expenditures control.

We need to come up with an answer to this problem in terms of an accounting system which will permit extension of the price contract device without increasing the violence now being done to expenditure control.

4. Another problem, allied to the foregoing, exists with regard to "field orders" and to "emergency orders". The former are purchase orders (usually for "small stuff") negotiated by the individual departments directly with the vendor -- under express authority delegated by the Purchasing Agent to the various departments, usually at the beginning of the biennium. This authority is made a matter of record, a copy being forwarded to Pre-Audit. The latter type of purchase permits the departments, in "emergencies" to arrange directly with the vendor for purchases. The problem is this: field orders are encumbered in some instances (e. g., Institutions, Game, Fisheries, Public Assistance, Licenses, three Teacher Colleges) but not in many others. Pre-Audit is trying to gain the cooperation of these other departments, now outside encumbrance control for field orders, in agreeing to have the field orders pre-audited for payment.

It is in the nature of "emergency" purchases that these cannot be processed like regular purchases, thus insuring availability of funds, propriety of purchases, etc. in the same manner as standard purchase orders. It is reported to us that there is substantial "abuse" of the authority granted by the Purchasing Agent on these two types of orders.

We need to inquire with the Purchasing Agent and with the departments themselves, what their viewpoint on this matter happens to be -- but at this stage of the study, it seems pretty clear that most departments would resist any effort to cover them completely under the encumbrance system. This is because of the detailed control currently being exercised by Pre-Audit over all expenditures among the pre-audit agencies; further, it is a system of controls which is anathema to the departments.

5. A recap: No encumbrance for the following classes of expenditure: utility payments; expense vouchers; salaries and wages; field orders (except in certain cases); emergency orders (except in certain cases); public assistance grants; contractual services; highway projects; travel vouchers; school distributions; and all funds expended for whatever purpose by the non-pre-audit agencies.

6. A tentative proposal with regard to expenditure control. (I have not yet convinced myself that the following proposal is feasible and worth considering further, but it may serve as the basis for discussion among ourselves as to the nature of the State's accounting and expenditure control problem.) In brief: it may be feasible to formally delegate to the larger departments the responsibility and authority for encumbering expenditures, relieving the central accounting agency of this detailed chore. These departments would have the attendant responsibility of reporting periodically to the central accounting agency as regards funds expended, encumbered, and balance available for expenditures during the

allotment period. The central agency, under this system, would have the responsibility of (a) maintaining the general ledgers and subsidiary control totals; (b) of auditing on a continuing basis the accounts of the departments, bringing into balance the General Ledger accounts with the subsidiary ledgers of the departments. The following factors prompt this proposal:

(a) A number of departments (Highways, Public Service, and, I believe, Public Assistance, University of Washington, Washington State College, Employment Security, and Natural Resources) are already keeping such accounts for their own management control purposes, i. e., pre-audit and encumbrance.

(b) It appears that at least in some instances, the department's internal reports are being developed on a more timely basis than the bi-weekly reports issued by the Budget Department. Highways, for example, requests and receives a special daily report from Budget Department as to the status of allotments merely for purposes of determining whether Highway's own figures are correct.

(c) Only part of the State Government (i. e., the pre-audit group) is formally covered under the encumbrance system. From the viewpoint of overall expenditures control, it would seem strategically effective to point out that the group not now covered (i. e., the non-pre-audit) should be held explicitly responsible for keeping within their appropriations and, in this connection, for pre-auditing and encumbering their own expenditures.

(d) In a very real sense, the various departments have a fundamental obligation--both in law and in fact -- for living within their appropriation. The pertinent question to ask here is whether under the current setup the (a) pre-audit group is being effectively controlled, and (b) non pre-audit is being induced to maintain any kind of expenditures control. It seems clear that neither group, under the present system, is being effectively dealt with by the Governor's Agent, i. e., the Budget Director, in the matter of expenditure control.

(e) The Budget Department (now for all practical purposes the State Central Accounting Agency) is literally mired in a complexity of detail, of its own making, in its efforts to control expenditures for some forty primary accounts and for some three hundred secondary accounts within those primaries. The very fact that there is such detailed review of proposed expenditure acts to defeat the essential purpose of budgetary and accounting controls.

We must recognize, of course, that under this tentative proposal there would be a mighty resistance in certain quarters to any relinquishment of the pre-audit system as maintained centrally. It should be pointed out that what little control there is now would go by the board, completely, if a decentralization of accounts were to be effected. And it is true that a high degree of risk would be involved in undertaking such a marked changeover; it could very easily happen that without understanding, competence, and cooperation among the departments concerned, the whole system envisioned here might collapse. Even so, I think we have to evaluate the implications of continuing the present system -- unaltered in its basic premise, even under the program budget--or else make the formal effort to assign specific responsibility to the departments, whether on a decentralized basis or on some other basis which retains the advantages of completely centralized control without its vices.

7. Governor's Revision. I took up this question with Brabrook to learn just how it operates. Significantly, he was vague in discussing the matter, but he did offer two points in support of the present system:

(a) The "secret" manner in which the whole affair is handled is perfectly proper, it seems to him. There is only so much money available to meet the department's requests. And if the departments request more for expenditures than is available in receipts, the Governor (i. e. Brabrook) has no alternative but to chop them down. Brabrook would not tell me how he makes his cuts, but it seems clear that there is much justification for the often-expressed feeling hereabouts that there are arbitrary cuts. (Brabrook, by the way, took definite exception to my statement that departments generally inflate their estimates in anticipation of the two cuts, the Governor's and the Legislature's.

He contended, on the contrary, that there were "relatively few" which took such an approach in developing their budget requests. In this connection, I can't help but feel that Mr. Brabrook will argue with great facility on either side of this question, depending on whose ox is being gored.)

(b) Brabrook also defends the idea of having the departments continue to develop their estimates without guidance or leadership from the Governor (in a budget message or in the instructions.) While, says Brabrook, it's a good "theory" to advocate such an approach, in fact the departments are after all in a far better position than the Governor is in determining what their true needs are. "And what does the Governor know about the needs of institutions X, Y and Z?" (Note here the swift change of pace in defending secrecy as S.O.P. on the one hand, and, on the other advocating full departmental responsibility for running their programs.)

8. Machine Utilization.

The following IBM equipment is rented (at about \$1300.00/month) for use in the Budget Department (although the major part of the machine units work is done for Pre-audit; in fact, the Assistant Director of Budget claims that the machine unit is part of Pre-Audit):

2	-	405 Tabs
2	-	513 Reproducers
1	-	129 Collator (High Speed)
2	-	31 Key Punches
2	-	52 Verifiers
1	-	552 Interpreter

The sole function of the machine unit is to prepare accounting reports, all having in common budget execution in its various phases. On an average, the machines are being utilized about 70-75% of capacity, a good ratio by any standards. The work output is uniform, scheduling problems appear to have evened out and the job gets done in an effective manner. The ten periodic accounting reports produced by the machine are issued on a timely basis, although it is necessary for some of the machine room personnel to spend a certain amount of overtime (20-30 hours per month on an average) in order to maintain their schedule.

There is no point whatsoever, in considering the need, at this time, for replacement of equipment or revision of the system currently being followed. This is because we are in the process of determining the kinds of systems needed, first, and then determining machine needs. Even so, it should be noted that the two tab units (405's) are at least twenty years old (I'm told by Fields of IBM that these are the only 405's left in his entire territory, and IBM stopped their manufacture more than five years ago) and should have long since been put to pasture. Certainly, equipment in the tab line now being manufactured is far superior to the 405 (the 407, for example, to name one, prints a much more readable copy, does it faster, and has a much wider range of flexibility--in addition to which it would not require as much operator time because one 407 can do the work of two 405's.)

Brabrook and Sandy (the machine supervisor) have long resisted the matter of replacement of the old equipment--the former for reasons of cost, although the added cost is negligible, and the latter because he is unsure of himself and does not feel competent to handle any jazzy new equipment. The truth of the matter, I think, is the fact that Brabrook completely ignores the machine operation, as if it didn't exist. Sandy can remember the days that Brabrook was in the machine room (because these are such rare occasions)--once to get a cup of coffee, on a Saturday several weeks ago, and on another occasion, earlier, to inquire as to a personnel change.

One glaring instance was noted with regard to failure to make best use of machines: right next door to the machine room, the payroll clerk is engaged in arduously and manually posting data with respect to some 10,000 State employees. All of this work could be easily run through the machine room.

Payroll Control

The title of this section of the report is a misnomer. Actually, there is no payroll control, as such, unless we consider as "control" the fact that the clerk checks to make sure that there is an approved "advice of personnel change" (form 7100) covering all payroll changes before each department's payroll is turned over, by the clerk, to one of the examiners--who then check to determine whether, among other things, there are sufficient funds.

The control feature -- again, this is misuse of the word "control" -- occurs outside of the Budget Department, in "Central Personnel" and the Standards Committee, before the 7100 arrives in the Budget Department. It is problematical that any effective control is exercised there; in all likelihood, the primary emphasis involved in Central Personnel's review is with regard to political clearance. (I met Sam Long socially recently and mentioned to him that I wanted to talk with him about his department's work; he agreed to see me.) I will have an opportunity at that time to better appraise the position control system of the State, such as it is. Incidentally, Central Personnel will represent an addition to the list of agencies we originally developed.

PROCEDURE FOR COMPILING BIENNIAL BUDGET--BUDGET SECTION
(See Flow of Work chart attached)

1. Budget forms, instructions for completing and sample forms are prepared by Budget Section and forwarded to the Director of Budget early in the even numbered years. On or before June 30 of even numbered years, the forms are approved by the Director. At this time the Instructions, sample and a supply of forms are sent to each agency of the state.
 2. Upon receiving the completed forms from the state agencies on and after the first of September in the even numbered years, a detailed checking procedure is now put in operation. (See attached check sheets for the different forms). If errors and discrepancies are found, the agency is contacted and requested to bring in its copy of the Budget forms. The agency notes corrections to be made on their copy in the Budget section's office. A new supply of forms is given to the agency and they in turn complete as corrected. The corrected forms receive the same checking procedure as above. The incorrect forms are stamped "superseded" and filed. (Forms are received, normally, during period August 15-December 15).
 3. Information from the Budget forms are now posted to the Budget Work Books:
 - (a) Comparative Summary by Department - basis for statement located in Part I, page 16 of the printed Budget.
 - (b) Expenditures by funds and receipts by funds which are the basis of other statements in Part I of the printed budget.
 - (c) Posted to part 2 working papers, department request column - Part 2, Page 2, Printed Budget.
 - (d) Total expenditures - all departments by object classification of accounts - part 2, Page 718.
 - (e) Local funds working papers, basis for statement in Part I, page 98.
 - (f) Reliefs, judgments, etc., working papers, used in computing fund balances only.
- (This operation is carried on on a continuing basis during the period August 15-December 15)
4. Office copy of agency budget is now forwarded to Director of Budget who in turn sees that the Governor's Revision is made. (These office copies are furnished to Director of Budget as they are developed in Budget Section, and not all at one time.) It is assumed that the Director of Budget normally waits until revenue estimates are complete and all in before actually deciding upon the "Governor's revision." (This point needs to be verified, however.)
 5. After the Governor's Revisions have been made, the forms are returned to the Budget Section for further posting. The same procedure as for the department request now takes place. After posting the last Budget forms, the statements for Part I of the Printed Budget are now prepared. (Normally, this procedure takes place toward the end of December).
 6. The completed statements and forms are now sent to the photographer for preparation of the plates for printing. The Budget Bill is prepared and printed at this time. (Volume I, as developed by Budget Section is photographed. Volumes II and III, as developed by agencies - after checking by Budget Section - is photographed just as sent in.)
 7. The Governor's Budget and Budget Bill are now presented to the legislature, distributed to State agencies and to the other states. (Normally, these documents are presented on the second day after Legislature convenes - although for preceding biennium, budget was not presented until two weeks after Legislature convened.)
 8. Special reports and information are supplied the legislature upon request. All bills as passed by the legislature are screened by Budget for (a) new appropriations, (b) Establishment of new funds; (c) changes in revenue notes; (d) new sources of revenue; (e) consolidation of agencies; (f) new agencies established; (g) duplicated appropriations.

Special attention is given to the Omnibus Appropriations Bill as it progresses through the legislature. Estimates are made at different times to see what effect it will have on the general fund. Other funds are also given consideration. Constitutional provision limits legislature to sixty days -- January through first week of March. Note: Special sessions of the legislature usually are concerned with revenue problems, as these relate to insufficient receipts to finance various programs.

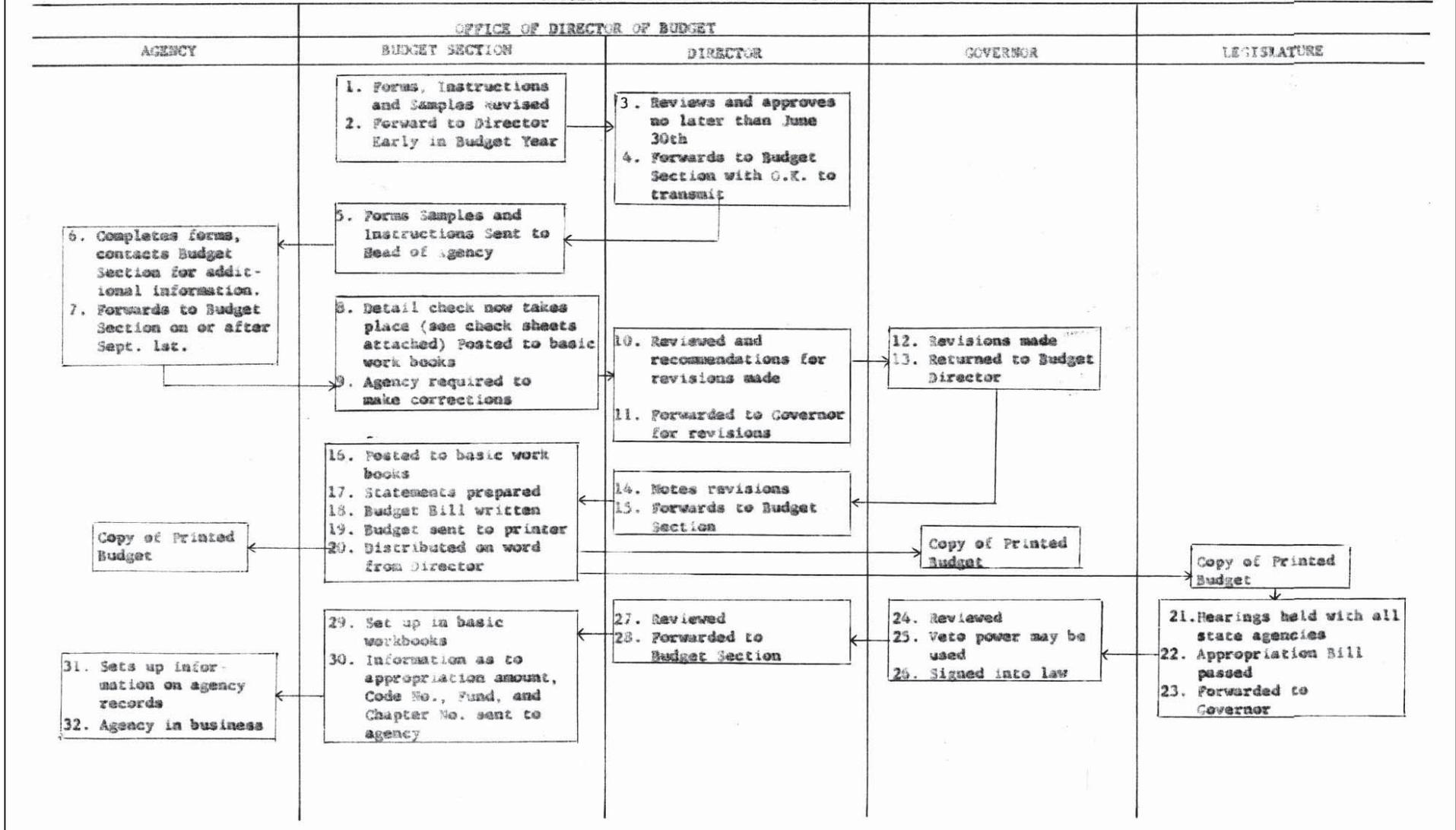
9. Duplication of appropriations and other discrepancies in bills as passed by the legislature are noted and the Governor is notified so that he may use his veto power. (This last session produced a number of such duplications; it is reported that this grows out of (a) confusion, and (b) inadequate legislative staff available to screen the bills.)

10. After the Omnibus Appropriations Bill is passed, it is posted in the "Set-up of Appropriation Record" in the Budget Section. This record is by funds and agencies operating from the different funds. From this basic record, the information regarding (a) appropriation amount; (b) code number, (c) chapter number; (d) name of fund, is sent to each state agency. This record is also the basis for the working papers used in compiling current expenditure data. Current receipts data work books are based on previous biennium sources and new sources as passed by the legislature. Both expenditures and receipt data are kept by funds and agencies. (Time involved: from February through early June.)

11. Actual monthly expenditures data is taken from the State Auditor's general ledger; normally, this information is available by the 20th of the following month. Expenditures are recorded in total only by appropriation. No interest is given to primary or secondary account classifications at this time. Revenue information is compiled from a variety of sources. (a) Copy of Agency transmittal of funds to the State Treasurer; (b) State Auditor's receipt book and his copy of receipt as issued by the State Treasurer; (c) Breakdown of revenue as shown by the records of the Department of Natural Resources; (d) State Treasurer's records seldom used, but have been source of information in the past. Both receipts and expenditures are kept on an accumulative basis.

12. The several statements prepared by the Budget Section are (a) Monthly statement of cash by Funds. For each fund there is shown the cash at the beginning of the month, actual receipts, total available, actual expenditure, cash as shown by the State Auditor, warrants outstanding, cash as shown by the State Treasurer (which is taken from the Treasurer's monthly statement of cash on hand); (b) Monthly statement of investments by funds -- shows balance at beginning of month and balance at end of month; (c) Monthly statement of Bonded Indebtedness -- shows each bond issue, total authorized, authorized but not sold, outstanding beginning of month, outstanding at end of month; (d) Monthly statement of General Fund receipts and disbursements by source and function -- compared with the like two past periods. The information in this statement is on an accumulated basis; that is, one month period, five month period, etc. This statement is mimeographed every other month and distributed to legislators and other interested parties; (e) Monthly expenditure statements -- shows name of department and appropriation, title, name of fund, amount appropriated, 1/24th of appropriated amount, actual expenditure for the month, actual accumulated expenditure as shown by the State Auditor, accumulated expenditures as shown by pre-audit (including encumbrances) and the numbers of the 24th depending upon month involved, i. e., July 1/24, December 6/24, etc.; (f) Monthly statement of receipts by Funds, Department, and Source. Shows name of Fund, Department and Source, receipts for like period in previous biennium, current month receipts and accumulated receipts to date; (g) Operation of funds statement -- prepared after end of first year of biennium and after the completed biennium -- shows name of fund, cash at beginning of period, Department, Source of receipts (in detail), total available, expenditures by department and appropriation, and cash on hand at end of period; (h) Quarterly General Fund statement of receipts -- compares actual receipts with estimates made at beginning of biennium; (i) Special statements and reports are prepared by Budget Section when requested to do so. This requires clearance from Director of Budget.

PROCEDURE FOR COMPILING BIENNIAL BUDGET



SOURCES OF INFORMATION COMPILED IN THE BUDGET SECTION OF THE OFFICE OF DIRECTOR OF BUDGET

STATE AUDITOR

1. Cash receipt book (by agency and source)
2. Original copy of agency receipt as issued by Treasurer.
3. Appropriation expenditure ledgers
4. Cancelled warrants in previous biennium data
5. Monthly cash balance checked with that of Budget Section.
6. Copy of State Form 1996 as submitted by agencies and checked with records of the State Auditor
7. Copy of examinations made by Post Auditors
8. Data for preparation of State Form 1996 as prepared by Budget Section (Legislative and other appropriations)

STATE TREASURER

1. Receipted copy of transmittal sent in by agency (not all agencies)
2. Copy of transfer document - cash between funds
3. Investment data checked monthly
4. Monthly cash balance statement

BUDGET
SECTION

AGENCY

1. Copy of transmittal as sent to State Treasurer (not all agencies)
2. Department of Natural Resources (special breakdown of receipt data)
3. Monthly recap of deposits made to State Treasurer (only a few agencies)
4. State Tax Commission - breakdown of Revenue Act monthly
5. Board of Education - copy of school building projects allotments

FINANCIAL REPORTS

1. Monthly statement of General Fund - receipts by source and disbursements by function, also showing cash balance.
2. Monthly cash statement by funds
3. Monthly statement of receipts in detail by source and funds
4. Monthly expenditure statement - by departments and appropriation
5. Quarterly statement of General Fund - actual receipts compared with estimated receipts
6. Year and biennial statement showing in detail the operation of each fund

BUDGET DEPARTMENT
Machine Section

1. Machine run of monthly expenditure statement (used as a printing press - no calculations)
2. Monthly statement showing total expended orders outstanding and total encumbrance by appropriation (pre-audit agencies).