



Budget Briefing: Legislative Auditor General

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Briefing Topics

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- Appropriations Areas
- Major Budget Topics

Legislative Auditor General

- Constitutional authority is found in Article IV, Section 53 of the Constitution of Michigan 1963. Mission is to improve accountability for public funds and operations of state government for the benefit of the citizens of the State of Michigan.
- Responsibilities are to conduct post financial and performance audits of state government operations and complete individual projects and reports in response to legislative requests.
- Audit reports:
 - Provide information for legislative oversight of state government
 - Provide accountability, ensuring that receipts and expenditures are in accordance with the State Constitution and state laws, rules, and procedures
 - Assist state departments and agencies in improving the financial management, effectiveness, efficiency, and economy of activities and programs approved by the legislature.
- Appropriations for the legislative auditor general are included in an appropriation unit in the Legislature budget in FY 2024-25.

Key Budget Terms

Fiscal Year: The state's fiscal year (FY) runs from October to September. FY 2024-25 is October 1, 2024 through September 30, 2025.

Appropriation: Authority to expend funds. An appropriation is not a mandate to spend. Constitutionally, state funds cannot be expended without an appropriation by the legislature.

Line Item: Specific appropriation amount that establishes spending authorization for a particular program or function in a budget bill.

Boilerplate: Specific language sections in a budget bill that direct, limit, or restrict line item expenditures, express legislative intent, and/or require reports.

Lapses: Appropriated amounts that are unspent or unobligated at the end of a fiscal year. Appropriations are automatically terminated at the end of a fiscal year unless designated as a multi-year work project under a statutory process. Lapsed funds are available for expenditure in the subsequent fiscal year.

Note: Unless otherwise indicated, historical budget figures in this presentation have not been adjusted for inflation.

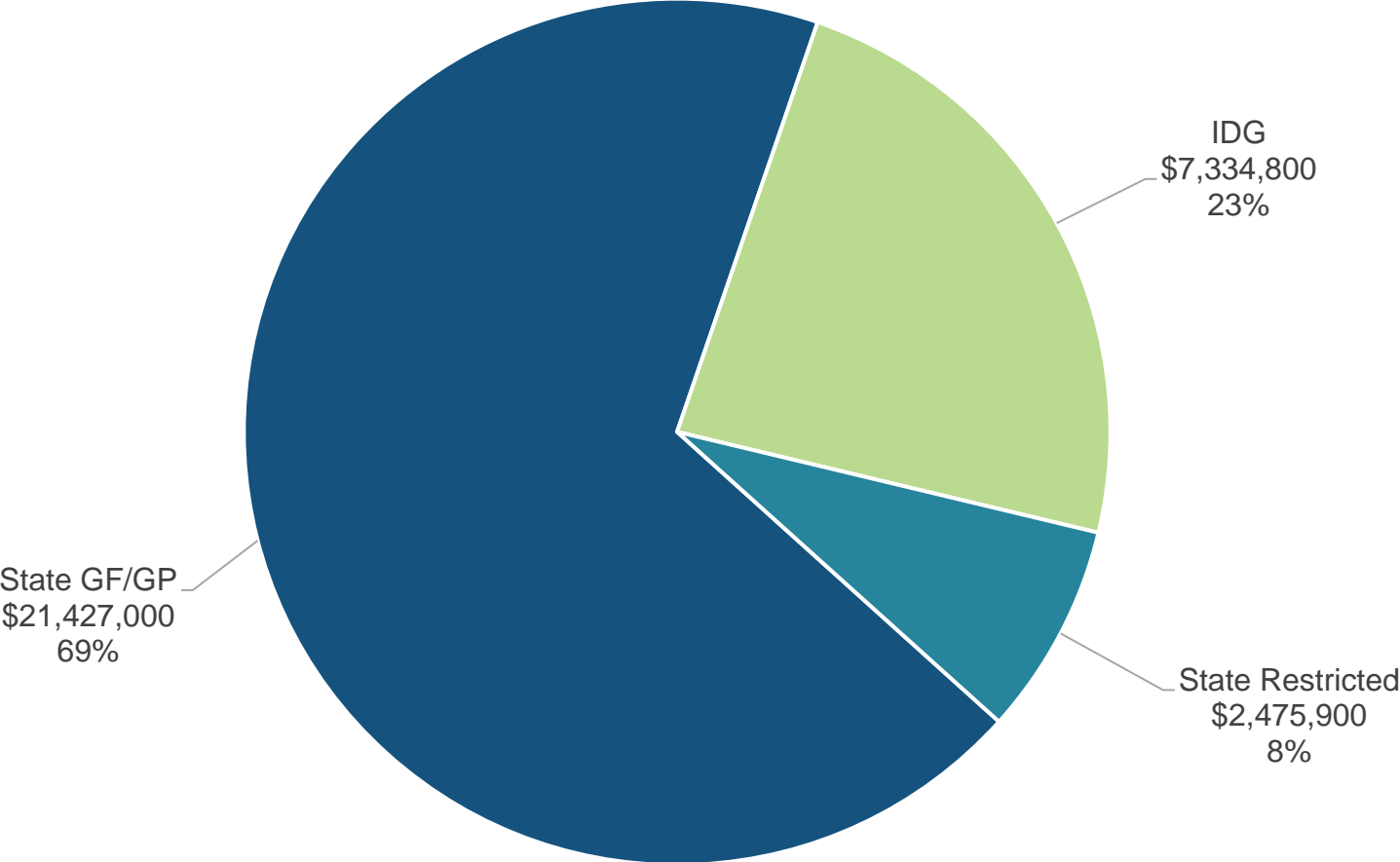
Funding Sources

FY 2024-25 Legislative Auditor General Budget

Fund Source	Funding	Description
Gross Appropriations	\$31,237,700	Total spending authority from all revenue sources
Interdepartmental Grants (IDG) Revenue	7,334,800	Funds received by one state department from another state department, usually for services provided
Adjusted Gross Appropriations	\$23,902,900	Gross appropriations excluding IDGs; avoids double counting when adding appropriation amounts across budget areas
Federal Revenue	0	Federal grant or matching revenue; generally dedicated to specific programs or purposes
Local Revenue	0	Revenue received from local units of government for state services
Private Revenue	0	Revenue from individuals and private entities, including payments for services, grants, and other contributions
State Restricted Revenue	2,475,900	State revenue restricted by the State Constitution, state statute, or outside restriction that is available only for specified purposes; includes most fee revenue
State General Fund/General Purpose (GF/GP) Revenue	\$21,427,000	Unrestricted revenue from taxes and other sources available to fund basic state programs and other purposes determined by the legislature

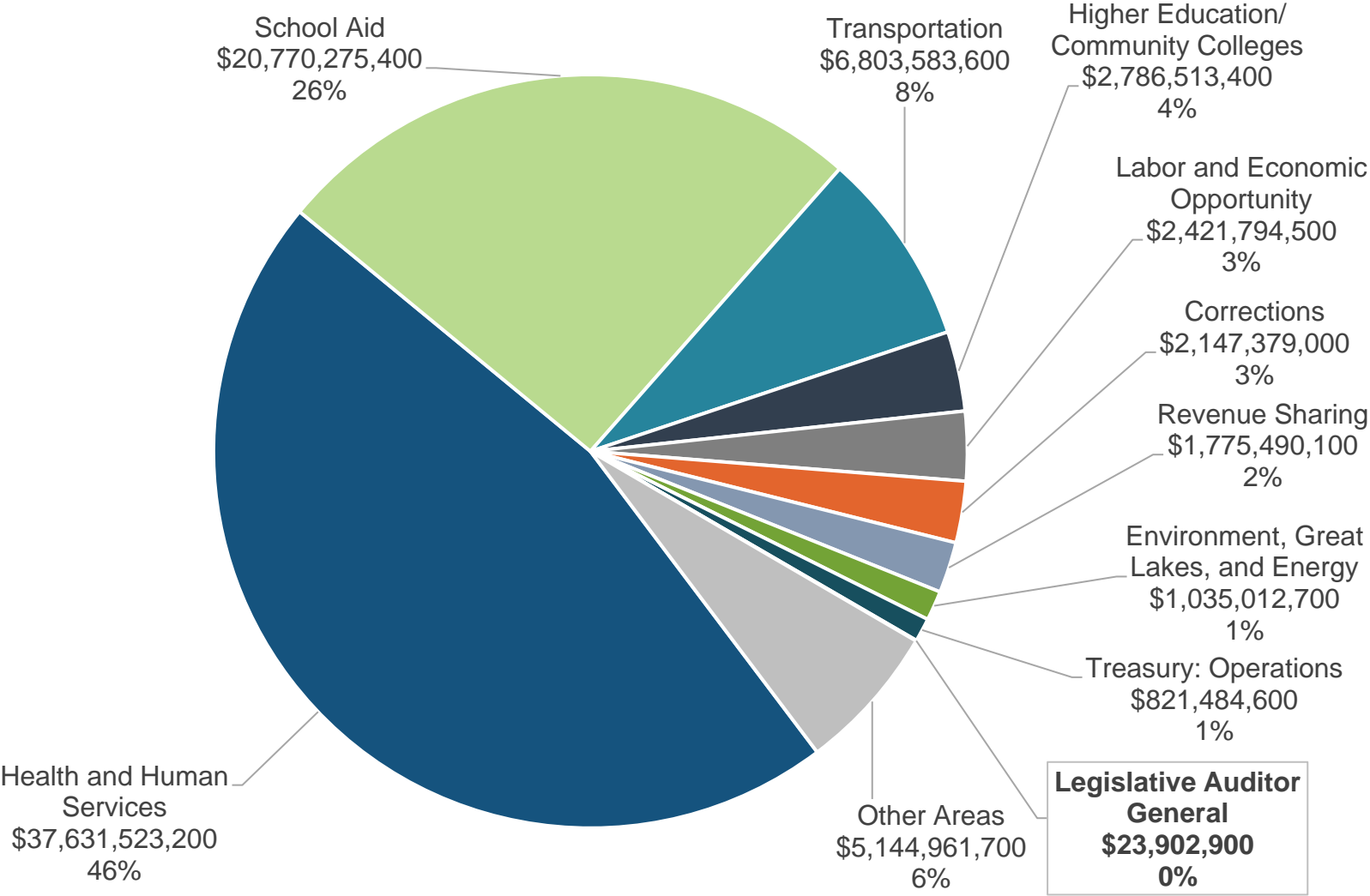
FY 2024-25 Fund Sources

Approximately **69%** of the **\$31.2 million** Legislative Auditor General budget is funded by General Fund revenue. IDG revenue supports approximately **23%** of operations and is received from departments to cover the cost of departmental audits.



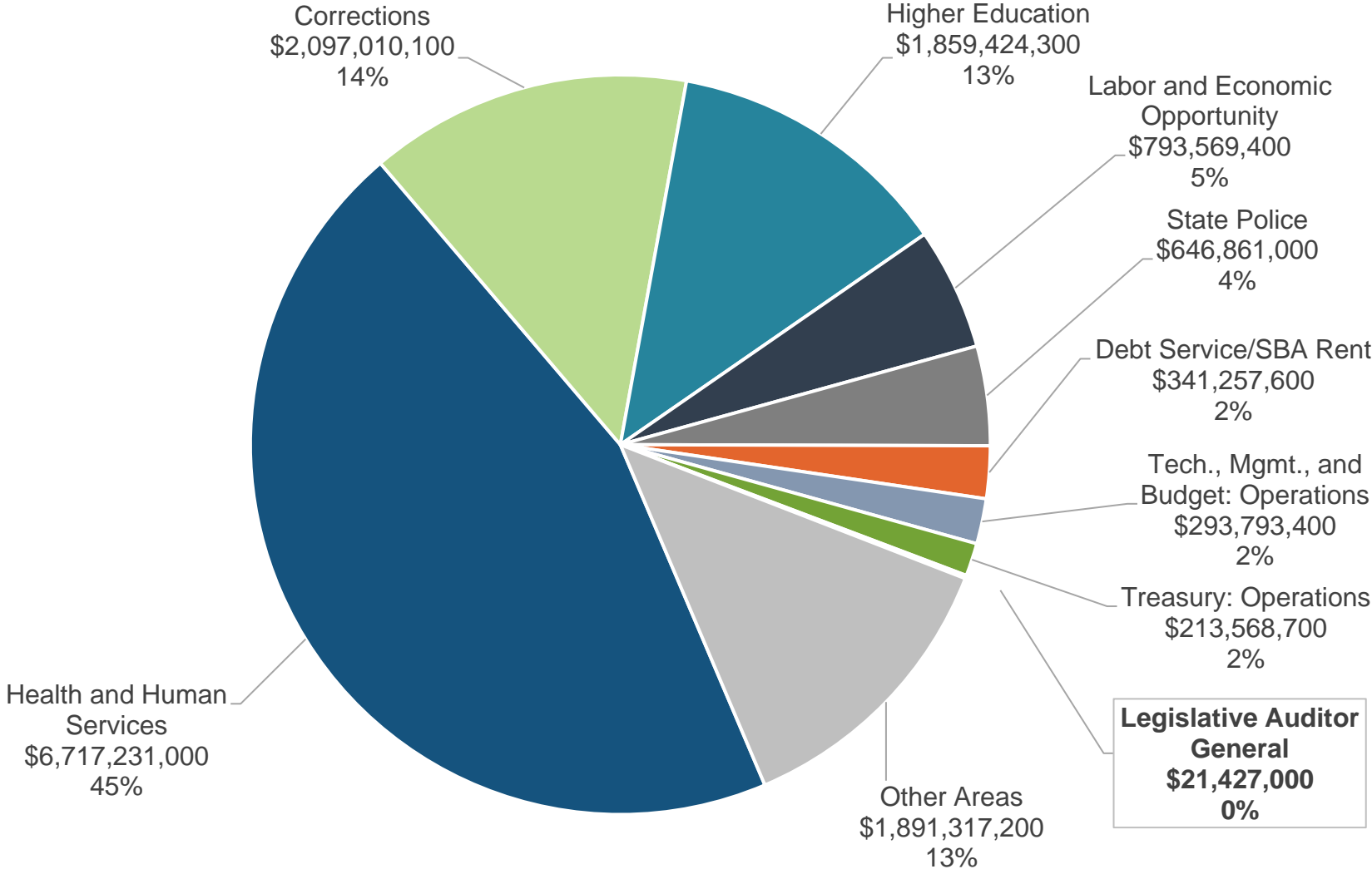
Legislative Auditor General Share of Total State Budget

The Legislative Auditor General budget represents less than 1% of the \$81.4 billion state budget (adjusted gross) for FY 2024-25.



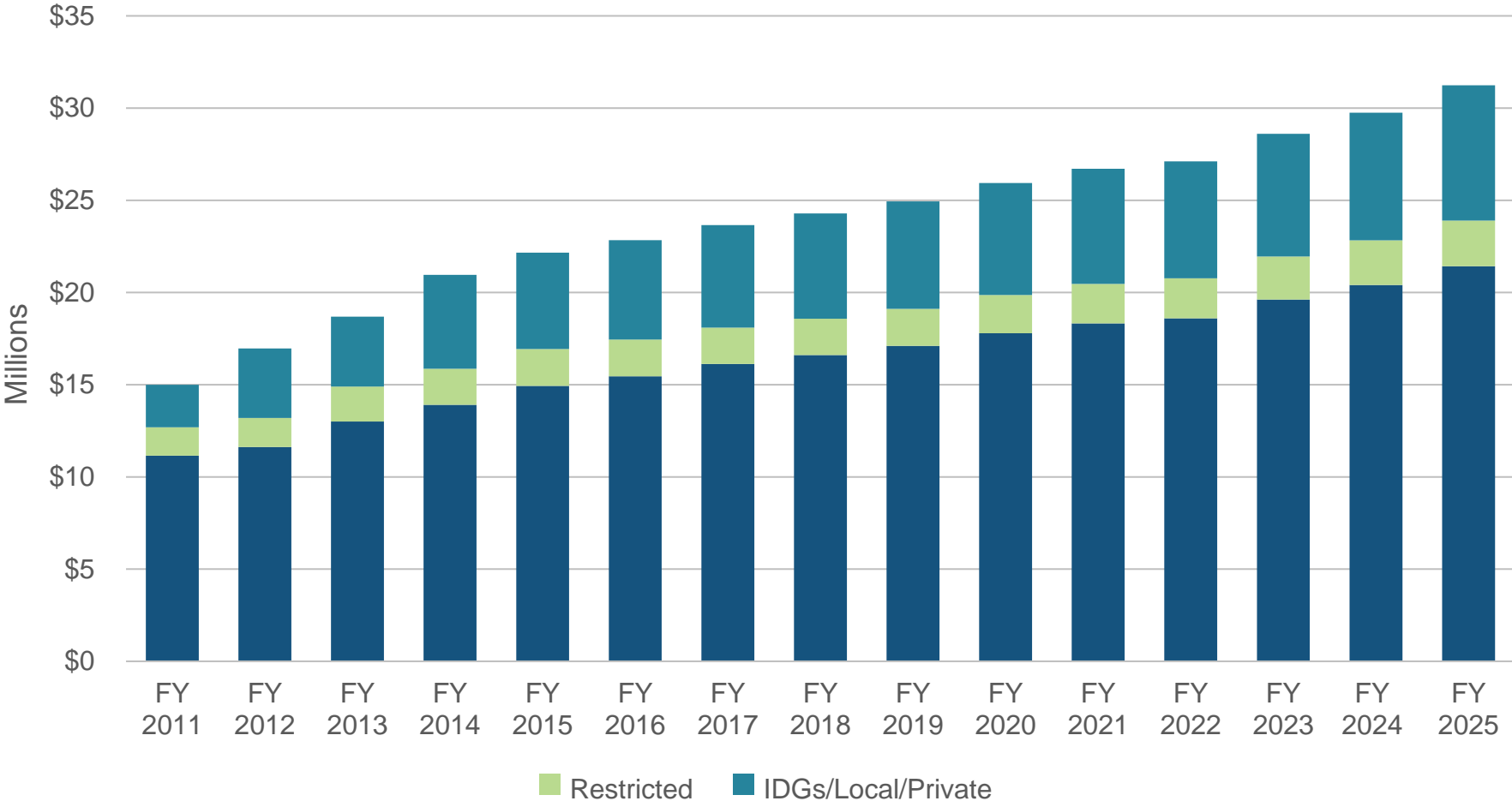
Legislative Auditor General Share of Total GF/GP Budget

The Legislative Auditor General budget represents less than 1% of the \$14.9 billion state GF/GP budget appropriations for FY 2024-25.



Legislative Auditor General Funding History

Funding for the legislative auditor general has grown by **108.3%** since FY 2010-11, driven mainly by pre-funding of retiree healthcare in FY 2011-12, a shift of boilerplate funding to line item funding, and inclusion of additional funds for increased audit oversight in recent years, mainly due to growth in information technology program funding.



Appropriation Areas

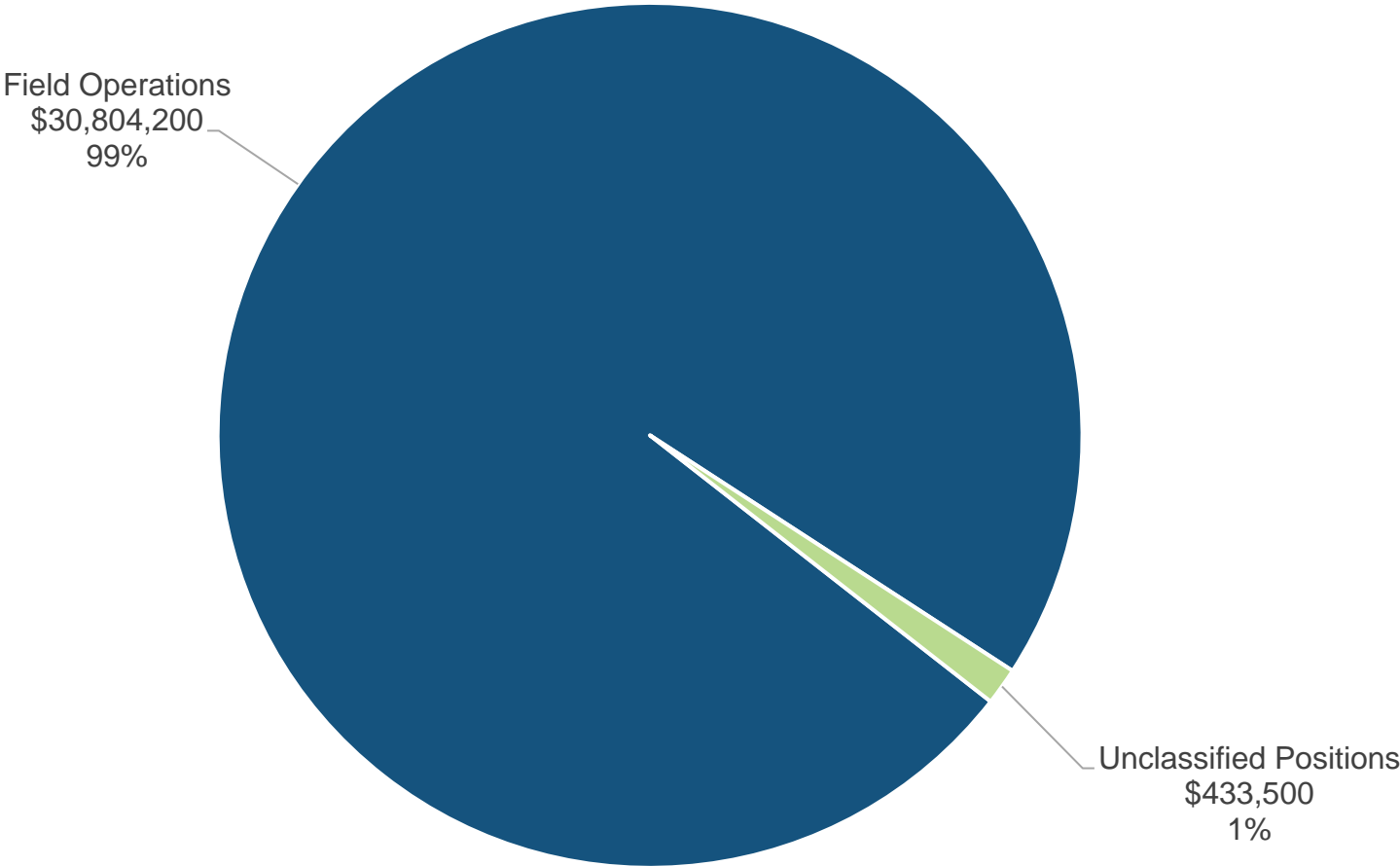
Legislative Auditor General Appropriation Areas

Unclassified Positions: Salaries for the auditor general, the deputy auditor general, and an additional unclassified position

Field Operations: All other salaried staff, which are state classified civil service employees despite being staff of the legislative branch, and office operations (rent, travel, information system charges, office supplies, dues, etc.)

FY 2024-25 Gross Appropriations

About **99%** of the **\$31.2 million** Legislative Auditor General budget supports field operations which covers staff and operations costs for day-to-day activities of the auditor general.



Major Budget Topics

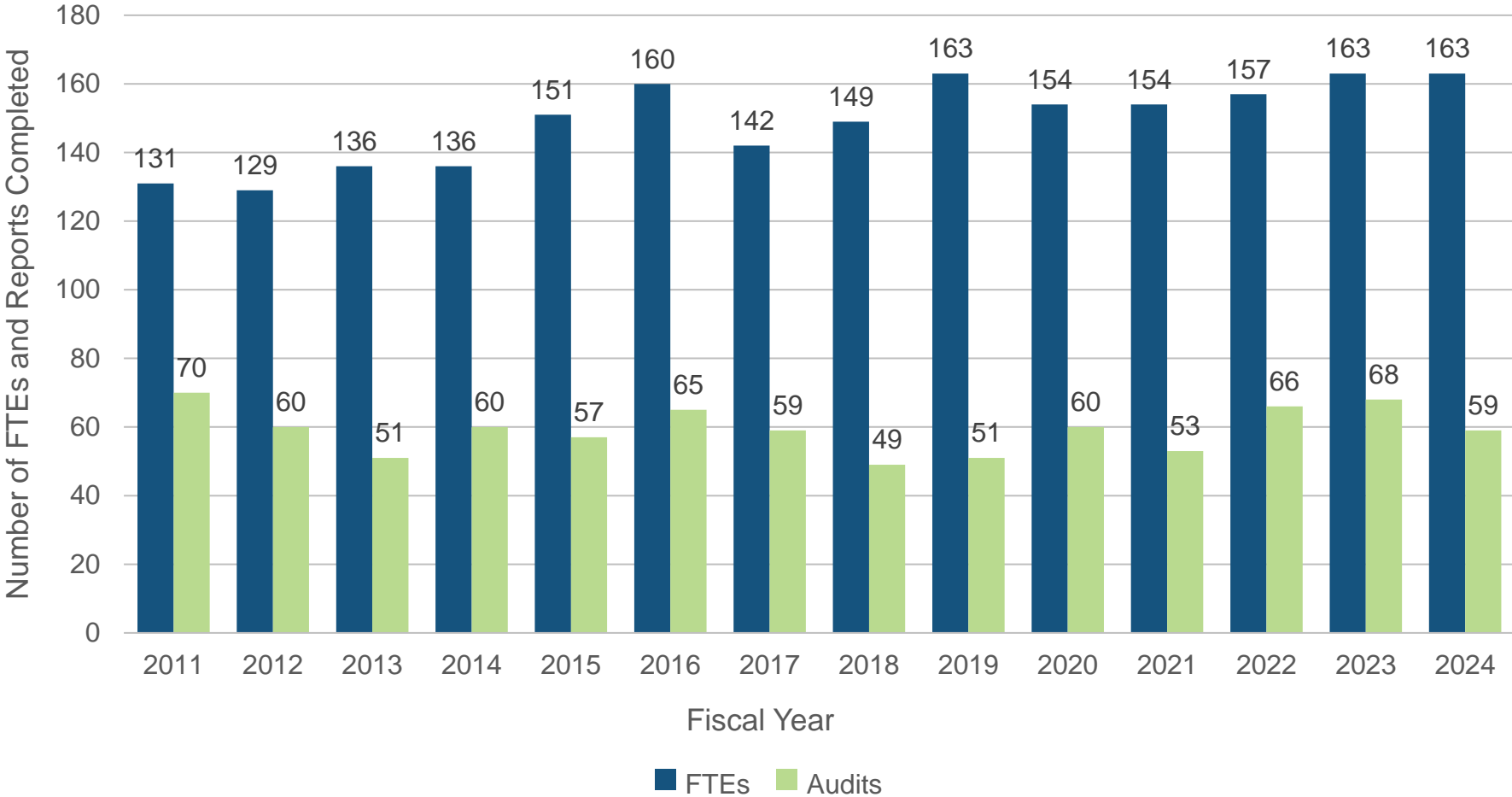
Legislative Auditor General

Types of Audits Performed:

- **Financial Audits:** Provide reasonable assurance that financial statements or financial schedules of an audited entity are presented fairly and conform with generally accepted accounting principals; includes State of Michigan Comprehensive Annual Financial Report
- **Statewide Single Audit:** Financial audits performed in accordance with the Single Audit Act of 1984 (as amended in 1996) and by state statute; meets the needs of federal grantor agencies and other financial report users; requires study and evaluation of the internal control structure and testing of compliance with laws and regulations relevant to federal assistance programs
- **Performance Audits:** Provide an independent assessment of the performance of a governmental entity, program, or function to improve public accountability and to facilitate decision-making by parties responsible for initiating corrective action; follow-up reports are done to determine whether there was compliance
- **Performance and Financial Audits:** Designed to achieve a combination of performance and financial audit objectives

Legislative Auditor General Reports

FTE Positions and Audit, Special, and Letter Reports Completed. In FY 2023-24, the legislative auditor general completed 59 audits.



For more information about the Legislative Auditor General budget:

HFA Resources

<http://www.house.mi.gov/hfa/GeneralGovernment.asp>

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