

MEMO

OFFICE OF INSPECTOR GENERAL

DATE: December 8, 2003
TO: Board of Governors
FROM: Barry R. Snyder
SUBJECT: 2004-05 Proposed Budget for the Office of Inspector General

ACTION REQUESTED

Approval of the 2004-05 Budget for the Office of Inspector General as itemized below:

1. An operating budget of \$8,533,205. This figure represents an increase of \$781,715 for the biennium or about 4.9 percent annually. The budget provides for thirty-one positions.
2. A capital budget of \$30,500; a 74.6 percent increase over the previous budget.

DISCUSSION

The Office of Inspector General's budget will allow us to continue our legislated mandate of conducting audits, investigations, and other reviews to help improve the economy, efficiency, and effectiveness of the Board's programs and operations and to help prevent and detect fraud, waste, abuse and mismanagement. Our operating budget includes an increase of 6.2 percent for personnel services that reflects primarily additional salary expenses for two positions added in 2003 to address increasing legislated workload from the Federal Information Security Management Act and increasing investigative workload and complexity. The increase in personnel services also provides for succession planning, merit increases, and increases in retirement and insurance expenses. Our budget includes a decrease of 4.1 percent in goods and services, primarily in our request for contractual professional services. Our capital budget reflects an increase to fund new information technology equipment, which helps us continue to use technology to further streamline our internal operations and to improve our overall analytical capabilities, communications, and product delivery. Attached are more specifics on our budget request.

Our budget was prepared in a manner that is administratively consistent with the preparation of the Board's operating budget, but is submitted separately to reflect the independence of the office.

Inspector General's Analysis of the Budget Request
91011 Program Direction

Account Classification	2002-03 Base	2004-05 Request	Difference	Ave. Annual % Change
Salaries	\$ 5,863,415	\$ 6,505,269	641,854	5.3
Retirement/Thrift Plans	564,000	703,308	139,308	11.7
Insurance	313,248	394,938	81,690	12.3
Subtotal Personnel Services	\$ 6,740,663	\$ 7,603,515	862,852	6.2
Travel	210,000	202,000	- 8,000	-1.9
Stationery & Supplies	8,500	8,500	0	0.0
Software	22,228	65,550	43,322	71.7
Furniture & Equipment	163,630	190,000	26,370	7.8
Books & Subscriptions	3,410	1,500	- 1,910	-33.7
Contractual/Professional	404,598	240,500	- 164,098	-22.9
Tuitions/Registrations/Members	138,241	147,400	9,159	3.3
All Other	6,750	6,600	- 150	-1.1
Depreciation	14,274	28,628	14,353	41.6
IT User Charge	39,195	39,012	- 183	-0.2
Subtotal Goods & Services	\$ 1,010,827	\$ 929,690	-81,137	- 4.1
Operating Funds	\$ 7,751,490	\$ 8,533,205	781,715	4.9
Capital	\$ 10,000	\$ 30,500	20,500	74.6