



AUDITOR OF STATE

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Adam Horst, Director
State Budget Agency
212 State House
200 W. Washington Street
Indianapolis, IN 46204

RE: Office of the Auditor of State FY 2014 – FY 2015 Biennial Budget Request

Dear Director Horst:

As a separately elected constitutional officeholder, accountable directly to the voters, the Auditor of State must maintain the necessary funding to exercise effective control and authority over those tasks that have been entrusted to me by statute.

I offer this overview of the budget request submitted for the Office of the Auditor of State for the FY 2014 – FY 2015 biennium. The budget I am seeking for the office in comparison to the current FY 2013 budget contains a 2.8% increase for FY 2014 and a 3.4% increase in FY 2015. This budget request is 12% less than our FY 2011 budget and keeps our base budget at a level less than previous budgets from over 10 years ago.

The Auditor of State's office processes nearly every financial transaction for the State of Indiana. As part of the State's payroll system, we process the biweekly payroll warrants for over 29,000 active state employees and another 1,000 on disability. We also process an additional 1,550 biweekly payments for the police pension, spouses of officers killed in the line of duty, former governors and spouses. Within the State's financial system, we process in excess of 7,500,000 payments annually including distribution of funds to counties, school corporations, cities, and towns. In addition to the payment transactions outlined, the Auditor of State is statutorily charged to maintain the centralized accounting records of the state, which is accomplished through the maintenance of the State's general ledger. The Auditor of State also provides daily data to the State Budget Agency and all other state agencies, as well as, prepares the State's Comprehensive Annual Financial Report.

Over the past few years, the Auditor's office has improved the efficiency of its functions and the security of its transactions by increasing the number of electronic funds transfers. With the utilization of the State's pay-card program, all state employee payroll is now processed by electronic funds transfer with 98% receiving payroll through direct deposit. It is also important to note that all 92 counties receive their distributions by electronic funds transfer as do most cities and towns. The amount of transactions processed within the financial system by EFT is now over 80% with a 92% total dollar amount for all EFT payments. One last

savings implementation has been the utilization of electronic statement notifications in place of paper pay stubs. All together, this increase in electronic processing has saved the State in bank fees, printing costs, postage and carrier fees. It is also worth noting that the Office has achieved these efficiencies while reducing staff. In 2007, when I came into office, the Auditor's staff consisted of 72 employees. As of today, we have 52 employees. We continue to look to streamline our processes and look to do more with less.

Through careful evaluation of our expenses and assessment of our future needs, the request submitted should sufficiently meet our needs to maintain our current services throughout the biennium. We will continue to maintain our current level of services to the citizens of Indiana, employees of the State of Indiana, legislative bodies, and all others having financial dealings with the State of Indiana.

Sincerely,

Tim Berry
Auditor of State, Indiana

TB/bam