



Office of Performance Evaluations Idaho State Legislature

Report 00-03

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Passenger Vehicle Purchase Authority and Practice in Selected State Agencies, Fiscal Years 1999–2000

At the request of the Joint Legislative Oversight Committee, we have completed a narrowly focused follow-up evaluation to our October 1998 report, *Management of State Agency Passenger Vehicles (Report 98-03)*. Our review examined agency passenger vehicle budget requests, appropriations, and purchases in eight agencies that together comprised about 80 percent of the state's owned passenger vehicles in fiscal year 1997.¹

We asked:

- How many passenger vehicles did selected state agencies purchase in fiscal years 1999 and 2000? What percentage of their passenger vehicle fleets did these purchases represent?
- How does this compare to the number of vehicles these agencies requested and the number considered for appropriation? What accounts for any differences?
- To what extent does the statewide budgeting process explain differences between the number of passenger vehicles requested, appropriations for passenger vehicles, and the number of passenger vehicles purchased?

¹ For the purposes of our review, passenger vehicles were defined as cars of all sizes (including patrol cars), vans and trucks up to and including one ton in capacity.

To answer these questions, we:

- Interviewed purchasing and budget personnel from eight selected agencies, legislative and executive branch fiscal staff, and officials with the Division of Purchasing.
- Analyzed agency budget and purchasing information for fiscal years 1999 and 2000, including agency capital outlay summaries and vehicle acquisition summaries, data from the Statewide Accounting and Reporting System, and state motor vehicle contract and purchasing data from the Division of Purchasing.
- Examined budget documents, including executive budget books and legislative fiscal reports and budget books for fiscal years 1999 and 2000. We also surveyed executive budget analysts to learn about the appropriation process for vehicles and the authorization process for agency vehicle purchases.

SUMMARY CONCLUSIONS AND RECOMMENDATIONS

In fiscal year 2000, eight selected agencies purchased a total of 328 passenger vehicles, at a total cost of \$6.3 million. In summary, we found:

This report was completed at the request of the Joint Legislative Oversight Committee under the authority of Idaho Code § 67-457 through § 67-464. Questions about the report may be directed to the Office of Performance Evaluations, P.O. Box 83720, Boise, ID 83720-0055, or phone (208) 334-3880. The report is also available on our web site at <http://www.state.id.us/ope>.

- *Although agencies submit detail about requested vehicles with their budget requests, only a portion of agency requests are reviewed for appropriation. Although the Legislature does not specifically appropriate funds for passenger vehicles, we were able to calculate an estimated vehicle appropriation. According to this estimate, the Legislature appropriated 86 and 89 percent of the agencies' requested funds for vehicles in fiscal years 1999 and 2000, respectively.*
- *Agency expenditures for passenger vehicles often varied substantially from estimated vehicle appropriations, with expenditures in fiscal year 2000 ranging from a low of 49 percent to a high of 479 percent of estimated appropriations. However, these variations generally appeared reasonable. Should policymakers wish to increase their monitoring of agency purchase authority and expenditure practice related to passenger vehicles, current budgeting practice could be adjusted to incorporate a line-item appropriation for passenger vehicles.*
- *Statutory requirements governing transfers of appropriations between object codes have not been adhered to for many years, but appear to be outdated. We recommend that policymakers amend Idaho Code to ensure clear statutory authority for monitoring agency compliance with intended spending authority.*
- Executive budget analysts review the agency funding requests and summarize the detail for the Governor's review. The Governor, in turn, formulates his budget recommendations and, in conjunction with the Division of Financial Management, publishes the Executive Budget.
- Legislative budget analysts also summarize the detail of agency budget requests and prepare summary budget documents that include agency budget requests and the Governor's recommendations. Agency size, the complexity of its funding issues, and analyst judgment each play a role in determining the level to which vehicle-related detail is summarized for review by the Legislature.
- The Joint Finance and Appropriations Committee considers summary budget information. Individual members may request and review additional information. The committee makes preliminary funding decisions and develops appropriations bills for full legislative consideration.
- Agencies purchase passenger vehicles with capital outlay funds. Purchases are made primarily through state passenger vehicle contracts. At times, agencies purchase passenger vehicles from state surplus.

BACKGROUND

Passenger Vehicle Acquisition

In Idaho state government, the process of requesting, appropriating funding for, and acquiring passenger vehicles involves several steps:

- Agencies assess their needs for replacing or adding vehicles. To comply with budget submission requirements, agencies compile specific information about requested vehicles, including type, make, model, fund, and cost. Agencies submit this information along with information about vehicles to be replaced to the Division of Financial Management each fall.²

Passenger Vehicle Budget Requests

In fiscal year 1999, seven of the eight selected agencies requested a total of 268 passenger vehicles, equal to approximately 11 percent of their combined, owned passenger vehicle fleets at that time.³ In fiscal year 2000, these agencies requested a total of 277 passenger vehicles, also equal to about 11 percent of their combined fleets at that time.

² Historically, the Department of Health and Welfare has not submitted detailed vehicle information in its budget requests. The department has indicated it will provide vehicle information in its fiscal year 2002 budget request.

³ Throughout the evaluation, fleet counts excluded leased vehicles, Veterans Services and the Division of Environmental Quality. The number of vehicles the Department of Health and Welfare requested could not be determined.

Individual agency requests represented varying percentages of their existing, owned fleets. As Table 1 shows, in fiscal year 1999, requests for replacement and new vehicles represented between 6 and 28 percent of existing fleets. In fiscal year 2000, the percentage of existing fleets requested varied even more, ranging between about 4 and 36 percent. In both years, patrol cars made up the largest requested percentage of owned fleets.

Passenger Vehicle Purchases

In fiscal year 1999, the selected agencies purchased an average of 56 passenger vehicles. As Table 2 shows (page 4), some agencies, such as the Department of Lands and the Department of Parks and Recreation, purchased far fewer than the average. The Department of Health and Welfare, the Department of Agriculture, and the State Police (patrol vehicles) each purchased vehicles totaling over one-quarter of their existing owned fleets that year.⁴ In fiscal year 2000,

the selected agencies purchased an average of 41 passenger vehicles. As in fiscal year 1999, the number of vehicles purchased varied substantially between agencies.

In fiscal year 1999, the eight selected agencies together purchased a total of 445 passenger vehicles, at a total cost of \$7.4 million. In fiscal year 2000, the eight agencies purchased a total of 328 vehicles, at a total cost of \$6.3 million. In nearly every case, agencies paid less per vehicle than estimated when requesting funds to purchase them. As Table 3 illustrates (page 5), agencies requested an average of \$22,513 per vehicle in fiscal year 1999 funds, but paid about \$2,400 less per vehicle on average that year. A

⁴ The Departments of Health and Welfare and Agriculture purchased many passenger vehicles that year to replace leased vehicles. The State Police told us patrol vehicles are on a four-year replacement cycle.

Table 1: Number of Passenger Vehicles Requested, As Percentage of Owned Fleets, by Agency, Fiscal Years 1999–2000

	Fiscal Year 1999		Fiscal Year 2000	
	Passenger Vehicles Requested	Percent of Owned Fleet	Passenger Vehicles Requested	Percent of Owned Fleet
Agriculture	18	21.2%	32	30.2%
Correction	51	17.8	41	13.6
Fish and Game	31	6.0	18	3.5
Lands	18	7.1	15	6.5
Parks and Recreation	15	12.5	15	11.4
State Police (<i>Patrol vehicles</i>)	55	28.4	69	35.6
<i>Non-patrol vehicles</i>	23	14.9	21	11.2
Transportation	<u>57</u>	7.4	<u>66</u>	8.8
Total	268		277	

Source: Office of Performance Evaluations analysis of agency budget requests and agency-reported passenger vehicle fleet sizes for the last day of the previous fiscal year.

Table 2: Number of Passenger Vehicles Purchased, and Percent of Owned Fleet, by Agency, Fiscal Years 1999–2000

	Passenger Vehicles Purchased With <u>1999 Funds</u>	Percent of <u>Owned Fleet</u>	Passenger Vehicles Purchased With <u>2000 Funds</u>	Percent of <u>Owned Fleet</u>
Agriculture	33	38.8%	20	18.9%
Correction	48	16.7	41	13.6
Fish and Game	31	6.0	39	7.5
Health and Welfare	144	27.2	37	5.9
Lands	12	4.7	8	3.5
Parks and Recreation	13	10.8	10	7.6
State Police (<i>Patrol vehicles</i>)	55	28.4	55	28.4
<i>Non-patrol vehicles</i>	20	13.0	26	13.8
Transportation	89	11.6	92	12.3
Agency Average	56		41	

Source: Office of Performance Evaluations analysis of agency reported passenger vehicle fleet size for the last day of the previous fiscal year, agency purchase reports, and the Statewide Accounting and Reporting System.

similar pattern held for fiscal year 2000. In the Department of Agriculture, the difference was substantial in fiscal year 2000: the department paid over \$5,000 less per vehicle than it had originally requested. That year, the department purchased four used vehicles, among others, reducing the average vehicle cost.

Passenger Vehicle Fleet Size

The combined total fleet size for the eight agencies increased by six percent between 1998 and 2000. As Table 4 (page 6) shows, fleets in six of the eight selected agencies grew during the two fiscal years, and two agencies' fleets decreased in number. The Department of Agriculture's fleet increased 40 percent during this time period, but as noted, two-thirds of this increase may be explained by the department's purchase of vehicles after a state vehicle lease contract ended.

ASSESSMENT OF PURCHASE AUTHORITY AND PRACTICE

To examine concerns that agencies purchase far more passenger vehicles than are appropriated by the Legislature, we analyzed the budget requests agencies submitted, summary budget information provided to legislative appropriators, and vehicle purchase data for fiscal years 1999 and 2000.

According to the Division of Financial Management's Budget Development Manual and pursuant to Idaho Code § 67-3502, agencies are required to complete and submit a set of standardized vehicle request forms as part of their budget requests. These forms provide detailed information regarding the type of vehicle requested and the type, mileage, and age of vehicles to be replaced. However, we found:

Table 3: Differences Between Average Vehicle Request Amounts and Average Purchase Costs, Fiscal Years 1999–2000

	<u>Average Amount Per Requested Vehicle</u>	<u>Average Cost Per Vehicle Purchased</u>	<u>Difference</u>
Fiscal Year 1999			
Agriculture	\$17,144	\$14,686	\$2,458
Correction	19,192	16,712	2,480
Fish and Game	21,354	21,207	147
Health and Welfare	N/A	10,038	N/A
Lands	25,528	22,189	3,339
Parks and Recreation	20,227	19,854	373
State Police (<i>Patrol vehicles</i>)	31,291	27,936	3,355
<i>Non-patrol vehicles</i>	20,874	15,061	5,813
Transportation	19,649	18,275	1,374
Weighted Average	\$22,513	\$16,580	\$2,417
Fiscal Year 2000			
Agriculture	\$20,638	\$15,496	\$5,142
Correction	20,624	17,250	3,374
Fish and Game	22,378	21,925	453
Health and Welfare	N/A	15,467	N/A
Lands	22,693	18,942	3,751
Parks and Recreation	20,000	18,813	1,188
State Police (<i>Patrol vehicles</i>)	27,333	27,962	-629
<i>Non-patrol vehicles</i>	21,133	15,381	5,752
Transportation	19,224	17,431	1,793
Weighted Average	\$22,194	\$19,285	\$2,603

Source: Office of Performance Evaluations analysis of agency budget requests and agency and Statewide Accounting and Reporting System purchase information.

- **Although detail about requested vehicles is submitted and available for review, only a portion of the vehicles agencies include in their budget requests are specifically reviewed by the Joint Finance and Appropriations Committee.**

Although agencies provide detailed information about vehicle requests, the detail of requests is not consistently considered when making appropriation decisions. Executive and legislative budget analysts summarize the detail of each agency's budget request, including passenger vehicle requests, into budget documents for executive and legislative decision-

Table 4: Change in Agency Owned Passenger Vehicle Fleet Size, Fiscal Years 1998–2000

	June 30, 1998 Reported Owned Fleet Size	June 30, 1999 Reported Owned Fleet Size	June 30, 2000 Reported Owned Fleet Size	Percent Change 1998–2000
Agriculture	85	106	119	40%
Correction	287	302	321	12
Fish and Game	519	519	538	4
Health and Welfare	530	627	613	16
Lands	255	231	223	-13
Parks and Recreation	120	132	139	16
State Police (<i>Patrol vehicles</i>)	194	194	200	3
<i>Non-patrol vehicles</i>	154	188	190	23
Transportation	769	748	748	-3
Total	2,913	3,047	3,091	6%

Source: Office of Performance Evaluations analysis of agency-reported passenger vehicle fleet sizes.

makers. The documents include varying amounts of detail: often, detail about vehicles is collapsed into an agency's larger capital outlay request, while, in other cases, vehicle requests are specifically noted in the text of budget summaries. Also, as noted, vehicle detail is not available for one large agency, the Department of Health and Welfare.

We also found:

- **The Legislature does not specifically appropriate funds for passenger vehicles.**

While legislative appropriators consider some of the detail included in agency capital outlay requests, and may adjust funding levels to reflect decisions about specific requests, appropriations are made at the object code level (i.e., personnel, operating, capital outlay). The levels of funding set by object code are then reflected in appropriations bills. The bills do not include the detail relied upon to "build" the budget. As a result, there is no clear and specific means to determine the number of passenger vehicles for which

agencies were appropriated funds.

To determine how vehicle appropriations compared to agency vehicle requests, we examined detailed agency budget submissions for passenger vehicles and agency appropriations for capital outlay. Because appropriations are made at the object code level, we calculated an estimated appropriation for passenger vehicles by applying the percentage of requested vehicles in each agency's capital outlay request to the agency's capital outlay appropriation.⁵

⁵ We estimated passenger vehicle appropriations by using the percentage of an agency's capital outlay request represented by passenger vehicles. We applied this percent to the agency's total capital outlay appropriation to yield an estimated passenger vehicle appropriation. For example, the Department of Agriculture's passenger vehicle request reflected 54.5 percent of its total capital outlay request in fiscal year 2000. We multiplied the legislative capital outlay appropriation of \$731,600 by 54.5 percent to arrive at an estimated vehicle appropriation of \$399,000.

We found:

- **The Legislature appropriated the majority—86 and 89 percent respectively—of the selected agencies’ requested funds for passenger vehicles in fiscal years 1999 and 2000.**

As reflected in Table 5, estimated appropriations amounted to 86 percent of agency passenger vehicle requests in fiscal year 1999 and 89 percent in fiscal year 2000. Two agencies—the Department of Parks and Recreation and the Idaho Transportation Department—received funding for 100 percent or more in both years. On the other hand, two agencies—the Department of Correction in fiscal year

1999 and the Department of Fish and Game in fiscal year 2000—received less than half the requested funds for vehicles.

We then compared the estimated appropriations for vehicles with actual vehicle purchases for these two years. We found:

- **Although agency expenditures for passenger vehicles often varied substantially from the estimated passenger vehicle appropriations, these variations generally appeared reasonable.**

As Table 6 shows, in fiscal year 1999, seven of the eight selected agencies together spent approximately

Table 5: Comparison of Requested Passenger Vehicle Appropriations With Estimated Appropriations, by Agency, Fiscal Years 1999–2000

	<u>Agency Request for Passenger Vehicles</u>	<u>Est. Appropriations for Passenger Vehicles</u>	<u>Percent of Request Appropriated</u>
Fiscal Year 1999			
Agriculture	\$ 308,600	\$ 211,328	68%
Correction	978,800	455,220	47
Fish and Game	661,975	647,911	98
Lands	459,500	375,745	82
Parks and Recreation	303,411	377,639	124
State Police (<i>Patrol vehicles</i>)	1,721,000	1,488,269	86
<i>Non-patrol vehicles</i>	480,100	415,176	86
Transportation	<u>1,120,000</u>	<u>1,220,166</u>	109
Total	\$6,033,386	\$5,191,454	86%
Fiscal Year 2000			
Agriculture	\$ 660,400	\$ 399,296	60%
Correction	845,600	450,300	53
Fish and Game	402,810	178,528	44
Lands	340,400	294,381	86
Parks and Recreation	300,000	387,601	129
State Police (<i>Patrol vehicles</i>)	1,886,000	1,798,382	95
<i>Non-patrol vehicles</i>	443,800	423,182	95
Transportation	<u>1,268,756</u>	<u>1,529,305</u>	121
Total	\$6,147,766	\$5,460,975	89%

Source: Office of Performance Evaluations analysis of agency passenger vehicle request and purchasing data and Idaho Legislative Budget Books and Fiscal Reports appropriation information.

114 percent of their total estimated passenger vehicle appropriations.⁶ The ratio of actual expenditure to appropriation varied, ranging from a low of 68 percent in the Department of Parks and Recreation to a high of 229 percent in the Department of Agriculture. In fiscal year 2000, the seven agencies together spent approximately 105 percent of their total estimated passenger vehicle appropriations, with similar variations in the ratio of expenditures to appropriations: variations ranged from a low of 49

percent in the Department of Parks and Recreation to a high of 479 percent in the Department of Fish and Game.

To examine why passenger vehicle expenditures varied broadly from estimated appropriations, we spoke with agency representatives and reviewed the supporting documentation provided. Agency representatives explained that vehicle needs are difficult to project nearly two years before funds may be expended. According to agency representatives, their circumstances often change, necessitating flexibility in the use of capital outlay funds or the use of “savings” from personnel or operating.

⁶ The Department of Health and Welfare was not included in the analysis because capital outlay budget requests and appropriation amounts could not be correlated.

Table 6: Comparison of Estimated Appropriations for Passenger Vehicles to Total Purchase Amounts, by Agency, Fiscal Years 1999–2000

	Est. Appropriation for Passenger Vehicles	Actual Passenger Vehicle Expenditures	Percent Actual Expenditure to Appropriation
Fiscal Year 1999			
Agriculture	\$ 211,328	\$ 484,639	229%
Correction	455,220	802,180	176
Fish and Game	647,911	657,416	101
Lands	375,745	266,272	71
Parks and Recreation	377,639	258,098	68
State Police (<i>Patrol vehicles</i>)	1,488,269	1,536,500	103
<i>Non-patrol vehicles</i>	415,176	301,225	73
Transportation	<u>1,220,166</u>	<u>1,626,483</u>	133
Total	\$5,191,454	\$5,932,813	114%
Fiscal Year 2000			
Agriculture	\$ 399,296	\$ 309,913	78%
Correction	450,300	707,256	157
Fish and Game	178,528	855,088	479
Lands	294,381	151,535	51
Parks and Recreation	387,601	188,125	49
State Police (<i>Patrol vehicles</i>)	1,798,382	1,537,920	86
<i>Non-patrol vehicles</i>	423,182	399,916	95
Transportation	<u>1,529,305</u>	<u>1,603,621</u>	105
Total	\$5,460,975	\$5,753,374	105%

Source: Office of Performance Evaluations analysis of agency passenger vehicle purchase data and from Idaho Legislative Budget Books and Fiscal Reports data.

More specifically:

- In fiscal year 1999, the state vehicle lease contract ended, creating an unforeseen need to replace vehicles. For example, the Department of Agriculture requested 18 vehicles in fiscal year 1999, but purchased 33, equal to expenditures of 229 percent of its estimated vehicle appropriation. According to department staff, 12 of the additional purchases replaced leased vehicles when the terms of the state lease contract unexpectedly changed. The department sought and received emergency purchase authority from the Division of Financial Management to purchase 9 of these vehicles, and also purchased 3 additional new vehicles.
- In another instance, savings in appropriated funds were used to purchase additional passenger vehicles. In fiscal year 2000, the Department of Fish and Game purchased 39 vehicles after requesting 18, spending about 479 percent of its estimated passenger vehicle appropriation. Agency personnel explained that these additional purchases stemmed from a commission decision mid-year to transfer 10 percent of license-funded operating funds into capital outlay to replace its “worst equipment.”⁷ Our review of purchasing data revealed that the department made approximately 65 percent of its passenger vehicle purchases in the fourth quarter that year.
- In another case, agency funds were shifted to alternative spending priorities after budget requests were submitted. In fiscal year 1999, the Idaho Transportation Department requested 57 passenger vehicles and purchased 89 vehicles, equivalent to about 133 percent of its estimated appropriation for passenger vehicles. According to the department’s Road Equipment Superintendent, the department shifted funds within its capital budget to account for priorities that had changed in the two years after the budget request was developed. Overall, passenger vehicle purchases accounted for \$1.63 million of a

\$211.2 million capital outlay appropriation to the department that year.

- In another case, planned vehicle purchases were not made when dedicated funding generated lower than expected funding. In fiscal year 1999, the Department of Parks and Recreation requested 15 passenger vehicles and purchased 13, equivalent to 68 percent of its estimated passenger vehicle appropriation. In fiscal year 2000, the department requested 15 and purchased 10 passenger vehicles, equal to about 49 percent of its estimated vehicle appropriation. Agency staff explained that when dedicated funds were lower than expected, reductions were made to planned capital outlay purchases, including passenger vehicles.⁸

As noted, agency representatives told us that, at times, they used “savings” from appropriations for personnel or operating to purchase passenger vehicles. To consider this explanation, we examined purchasing data from the statewide accounting system to determine what percentage of passenger vehicles were purchased late in the fiscal year.

We found:

- **Most of the selected agencies purchased three-quarters or more of their passenger vehicles in the last half of each fiscal year, or with encumbered funds.**

Overall, the selected agencies purchased passenger vehicles later in the year, which may indicate that purchases were made when more was known about fund availability. As shown in Table 7, in fiscal year 1999, the eight selected agencies made an average of 79 percent of their passenger vehicle purchases in the second half of the year, or with encumbered funds. Similarly, in fiscal year 2000, the selected agencies made an average of 77 percent of their passenger vehicle purchases in the second half of the year or with encumbered funds.

⁷ Idaho Fish and Game Commission Quarterly Meeting, April 7–8, 1999, Budget Direction. The department’s Administration Section Manager noted that the vehicles replaced each were between 11 and 17 years old.

⁸ Total passenger vehicle purchases in another agency, the Department of Lands, were also less than the estimated appropriation for vehicles. However, this agency received a sizeable lump sum appropriation both fiscal years reviewed, complicating the calculation of an estimated vehicle appropriation.

On the other hand, two agencies purchased a large percentage of their total passenger vehicles during the first half of the year in one or both years. In fiscal year 1999, the Department of Health and Welfare made 95 percent of its passenger vehicle purchases (136 vehicles), in the first half of the year. According to department officials, the department purchased passenger vehicles early in the year to replace leased

vehicles when the state vehicle lease contract ended. In fiscal year 2000, the Department of Agriculture made 69 percent of its passenger vehicle purchases in the first half of the year. While these purchases were not made with “savings” from operating funds, as noted earlier, the department spent less overall on passenger vehicles that year than its estimated passenger vehicle appropriation.

Table 7: Percent of Passenger Vehicles Purchased During Each Half-Year, by Agency, Fiscal Years 1999–2000

	<u>1st and 2nd Quarters</u>	<u>3rd and 4th Quarters</u>	<u>From Encumbered Funds</u>
Fiscal Year 1999			
Agriculture	27%	73%	0%
Correction	34	60	6
Fish and Game	0	100	0
Health and Welfare	95	5	0
Lands	0	100	0
Parks and Recreation	7	73	20
State Police ^a	2	86	12
Transportation	5	95	0
Average	21%	74%	5%
Fiscal Year 2000			
Agriculture	69%	21%	10%
Correction	9	72	19
Fish and Game	2	72	26
Health and Welfare	68	32	0
Lands	0	89	11
Parks and Recreation	0	73	27
State Police ^a	9	85	6
Transportation	24	76	0
Average	23%	65%	12%

^a Includes patrol cars and passenger vehicles from all departmental divisions.

Source: Office of Performance Evaluations analysis of purchasing data from the Statewide Accounting and Reporting System.

Appropriations Transfers

These variations in expenditures from appropriations were not reviewed nor approved by the Joint Finance and Appropriations Committee. Idaho Code establishes a separate process for the approval of adjustments to appropriations once they have been made. In code, the Board of Examiners is given the authority for approving appropriation transfers from personnel or operating funds into capital outlay.⁹ We found:

- **Statutory requirements governing transfers of appropriations between object codes have not been adhered to for many years, but appear to be outdated and may need adjustment.**

According to Idaho Code § 67-3511, “No appropriations made by the Idaho legislature may be transferred from one object code to another except with the consent of the state board of examiners upon application duly made by the head of any department.” However, according to representatives from the State Controller’s Office and an official from the Division of Financial Management, the board has not fulfilled

⁹ Constitution of the State of Idaho, Art. IV, §18 (1993). The Board of Examiners is comprised of the Governor, the Secretary of State, and the Attorney General, and the secretary to the board is the State Controller.

this role for a number of years. The Division of Financial Management official told us the role was delegated to the Division of Financial Management several years ago.¹⁰ Furthermore, our review of policies governing the statewide accounting system specify that appropriation transfers between objects are to be approved by the Division of Financial Management, with final authority to release expended funds given to the State Controller.¹¹

An official in the Legislative Services Office, Legislative Audits, confirmed that appropriation transfer authority was delegated to the Division of Financial Management several years ago because: (1) requests for object code transfers could not be acted upon in a timely manner when the Board of Examiners met monthly; and (2) the number of object code transfer requests had increased to a burdensome level for the board. In fact, in fiscal year 2000, state agencies made over 1,500 appropriation transfers between object codes.

¹⁰ Although we were unable to locate any record of this decision, the last record of the board approving requests for object code transfers was found in meeting minutes from September 1972.

¹¹ In practice, the Judiciary and the Legislative Branch have been exempted from this requirement, due to concerns over separation of powers.

RECOMMENDATIONS

Should policymakers wish to increase their monitoring of agency purchase authority and expenditure practice related to passenger vehicles:

- ***Policymakers could adjust current budgeting practice to incorporate a line-item appropriation for passenger vehicles.***

Furthermore, because agencies are not required to seek nor obtain legislative approval to transfer appropriation authority from one object code to another, and it is unclear whether the State Board of Examiners has the statutory authority to delegate its authority over transfers to the Division of Financial Management:

- ***We recommend that policymakers amend Idaho Code § 67-3511 to authorize the Division of Financial Management to approve object code transfers or otherwise ensure clear statutory authority for monitoring agency compliance with intended spending authority.***

Consistent with Idaho Code § 67-461(2), the Governor and the Division of Financial Management were given the opportunity to review this report in advance and respond in writing. They did not provide written responses. We appreciate the cooperation we received from the Division of Financial Management and each of the state agencies involved in this review.

Office of Performance Evaluations
Idaho State Legislature
P.O. Box 83720
Boise, Idaho 83720-0055