

Report on the

**Office of the State Auditor
State of Alabama
Montgomery, Alabama**

October 1, 2014 through September 30, 2018

Filed: November 29, 2019



**Department of
Examiners of Public Accounts**

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Rachel Laurie Riddle, Chief Examiner



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Honorable Rachel Laurie Riddle
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Madam:

Under the authority of the *Code of Alabama 1975*, Section 41-5A-19, as added by Act Number 2018-129, we submit this report on the results of the examination of the Office of the State Auditor for the period October 1, 2014 through September 30, 2018.

Sworn to and subscribed before me this
the 13th day of November, 2019.

Kelly D. Matthews
Notary Public

Sworn to and subscribed before me this
the 13th day of November, 2019.

Kelly D. Matthews
Notary Public

Respectfully submitted,

Helena Bryant

Helena Bryant
Examiner of Public Accounts

Bradley Perry

Bradley Perry
Examiner of Public Accounts

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Table of Contents

	<i>Page</i>
Summary	A
Contains items pertaining to state legal compliance.	
Comments	B
Contains information pertaining to agency operations and other matters.	
Exhibit #1 Schedule of Cash Receipts, Disbursements and Balances	1
Exhibit #2 Officials	2



Department of
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SUMMARY

**Office of the State Auditor
October 1, 2014 through September 30, 2018**

The Office of the State Auditor (the “Office”) was established by the *Constitution of Alabama 1901*, Article V, Section 112. The State Auditor operates under the legal authority of the *Constitution of Alabama 1901*, Article V, Section 137, and the *Code of Alabama 1975*, Sections 36-16-1 through 36-16-11 and 41-1-6. Created within the office of the State Auditor is the Property Inventory Control Division. Biannually, the Property Inventory Control Division is responsible for conducting an inventory of all state personal property, excluding historical materials, in the custody of the Department of Archives and History, holding every officer or employee strictly accountable for all personal property assigned to his or her custody. No later than November 30th of each new fiscal year, the State Auditor is also responsible for reporting in writing to the Governor all losses and missing items of state property valued at more than five hundred dollars (\$500) as revealed by the most recent inventory of state personal property.

This report presents the results of an examination of the Office and a review of compliance by the Office with applicable laws and regulations of the State of Alabama. This examination was conducted in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12, as added by Act Number 2018-129. Our examination was performed for the purpose of determining whether the public officers, agents, and employees of the Office properly and lawfully accounted for all money and other public assets or resources received, disbursed, or in the custody of the Office. Our examination included determining compliance by the Office with state laws and regulations that pertain to financial transactions; personnel; safeguarding of state-owned assets, property, and resources; information dissemination, processing, and retention; and official actions, rulemaking procedures, and meetings. As a part of our examination, we also reviewed internal control policies and procedures relating to the areas listed above. Our examination did not encompass managerial and operational matters, such as whether the Office accomplished its mission or its regulatory, enforcement, investigative, or other oversight activities in an efficient, fair, timely, or legal manner.

Tests performed during the examination did not disclose any significant instances of noncompliance with applicable laws and regulations.

Honorable Jim Zeigler, State Auditor, was invited to an exit conference held on October 17, 2019. Individuals in attendance were Honorable Jim Zeigler and Ms. Kathie Lynch, Chief Clerk, along with Leovetta Childrey and Helena Bryant from the Department of Examiners of Public Accounts.



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COMMENTS

**Office of the State Auditor
October 1, 2014 through September 30, 2018**

The Office of the State Auditor (the “Office”) was established under the legal authority of the *Constitution of Alabama 1901*, Article V, Section 112. The State Auditor operates under the legal authority of the *Constitution of Alabama 1901*, Article V, Section 137, and the *Code of Alabama 1975*, Sections 36-16-1 through 36-16-11 and 41-1-6. The State Auditor is an elected constitutional officer of the executive branch of state government. To qualify for the Office, a person must have been a citizen of the United States for seven years and a resident of Alabama for at least five years preceding the election, and must be at least twenty-five years old when elected. The State Auditor is fifth in line of succession to the Governor should the Governor's Office be vacated.

The *Code of Alabama 1975*, Sections 36-16-3 and 36-16-6, authorize the State Auditor to employ a chief clerk to serve at the pleasure of the State Auditor. These statutes provide that the official acts of the chief clerk shall be presumed to be by the authority of, and shall be taken as done by the State Auditor, who shall be responsible for the official acts of the chief clerk. The State Auditor employed a chief clerk, an executive assistant, and six other employees hired through the State Merit System as of September 30, 2018.

The State Auditor is responsible for the accounting of the state’s nonconsumable personal property costing \$500 or more, except for those items of personal property deemed important or sensitive enough by the Property Inventory Control Division to be included in the inventory of state property. The State Auditor maintains a statewide record of nonconsumable personal property, audits the presence of the property at state agencies every two years, coordinates with each department to ensure that all state nonconsumable personal property and transactions are properly recorded, and ensures that each department has a property manager who is responsible for that Department's nonconsumable personal property. The State Auditor utilizes a computerized system to track the state’s nonconsumable personal property. The Property Inventory Control System uses scanning technology to enhance property inventory management.

In addition to the statutory duties of the Office, the State Auditor serves as a member (or ex officio member) of the following entities:

- State Board of Adjustment
- State Board of Appointments for Board of Registrars
- State Board of Compromise
- Alabama Education Authority (ex officio member)
- Penny Trust Fund

The Office of the State Auditor operates from one fund maintained in the State Treasury.

The State Auditor's Office owned nonconsumable personal property consisting of automobiles, office furniture, and equipment. We compared a sample of nonconsumable personal property in the custody of the State Auditor's Office with property records maintained by the Property Inventory Control Division of the State Auditor's Office. No discrepancies were noted.

Schedule of Cash Receipts, Disbursements and Balances
For the Period October 1, 2016 through September 30, 2018

	2017-2018	2016-2017
<u>Receipts</u>		
General Fund Allotments	\$ 780,014.00	\$ 843,975.00
Total Receipts	<u>780,014.00</u>	<u>843,975.00</u>
<u>Disbursements</u>		
Personnel Costs	381,844.55	411,303.98
Employee Benefits	130,445.98	136,560.29
Travel, In-State	2,247.75	2,561.50
Travel, Out-of-State		927.15
Repairs and Maintenance	621.00	775.00
Rents and Leases	14,836.32	13,884.13
Utilities and Communication	2,639.17	3,613.96
Professional Services	23,502.05	24,058.52
Supplies, Materials and Operating Expenses	208,832.99	228,606.93
Transportation Equipment Operations	6,044.74	8,250.10
Other Equipment Purchases	98.99	
Prior Year Reversion to the General Fund	3,673.99	763.68
Current Year Reversion to the General Fund	8,031.04	11,679.23
Total Disbursements	<u>782,818.57</u>	<u>842,984.47</u>
Excess (Deficiency) of Receipts Over Disbursements	(2,804.57)	990.53
Cash Balances - Beginning of Year	<u>7,134.30</u>	<u>6,143.77</u>
Cash Balances - End of Year	<u>\$ 4,329.73</u>	<u>\$ 7,134.30</u>

Officials
October 1, 2014 through September 30, 2018

Officials		Term Expires
Hon. Jim Zeigler, State Auditor	600 Dexter Avenue, Suite S-101 Montgomery, AL 36130 (334) 242-7010 www.auditor.alabama.gov	2023
Hon. Samantha Shaw		2015