

Report on the

**Governor's Office
State of Alabama
Montgomery, Alabama**

October 1, 2015 through September 30, 2019

Filed: October 16, 2020



**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:

An examination was conducted on the Governor's Office, Montgomery, Alabama, for the period October 1, 2015 through September 30, 2019, by Examiners Adrianna Bradley and Latisha Parker. I, Adrianna Bradley, served as Examiner-in-Charge on the engagement, and under the authority of the *Code of Alabama 1975*, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the examination.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Adrianna Bradley'.

Adrianna Bradley
Examiner of Public Accounts

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Department of
Examiners of Public Accounts

SUMMARY

Governor's Office
October 1, 2015 through September 30, 2019

The Governor's Office is established and operates under the following legal authorities:

- *Constitution of Alabama, 1901*, Sections 112 through 131
- Amendment 282 to the *Constitution of Alabama, 1901*
- *Code of Alabama 1975*, Sections 36-13-1 through 36-13-14
- *Code of Alabama 1975*, Sections 36-13-30 through 36-13-33

The Governor serves as the chief executive officer of the state, commander-in-chief of the state militia and volunteer forces, and as a member (or ex officio member) of numerous boards, bureaus, and commissions.

This report presents the results of an examination of the Governor's Office and a review of compliance by the Department 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. Our examination was performed to determine whether the public officers, agents, and employees of the Governor's Office properly and lawfully accounted for all money and other public assets or resources received, disbursed, or in the custody of the Governor's Office. Our examination included determining compliance by the Governor's 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 Governor's 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.

Becca Crawford, Chief Fiscal Officer, was invited to an exit conference held by teleconference on September 23, 2020. Individuals in attendance were Mrs. Crawford; Elizabeth Filmore, Deputy Chief of Staff; and Erika McKay, Chief Deputy General Counsel, along with Brad Grier and Adrianna Bradley from the Department of Examiners of Public Accounts.



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COMMENTS

Governor's Office
October 1, 2015 through September 30, 2019

The Governor's Office is established and operates under the following legal authorities:

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The Governor serves as the chief executive officer of the state, commander-in-chief of the state militia and volunteer forces, and as a member (or ex officio member) of numerous boards, bureaus, and commissions.

The Governor's Office operates from accounts within the State's General Fund and from Special Revenue Funds, as follows:

GENERAL FUND ACCOUNTS

Governor's Contingency Fund – Although named the Governor's Contingency Fund in the ***Code of Alabama 1975***, Section 36-13-30, and required by that section to be a separate fund in the State Treasury, the fund does not exist as a separate fund but is an account within the State's General Fund. The account receives a designated share of each annual General Fund appropriation to the Governor's Office. The account is used to pay expenses of state government, or for other public services, for which no appropriation or an insufficient appropriation was made, as provided in the ***Code of Alabama 1975***, Sections 36-13-30 through 36-13-34.

The Governor's Office posts monthly expenditures of the Contingency Fund on its official website, www.governor.alabama.gov. The website lists the date, amount, vendor and reason for each expenditure.

National Governor's Conference Fund – Although named the National Governor's Conference Fund, the fund is not a separate fund, but is an account within the State's General Fund. The account receives a designated share of each annual General Fund appropriation to the Governor's Office to pay expenses of the State's participation in the National Governor's Conference.

Governor's Proclamation Expense Fund – Although named the Governor's Proclamation Expense Fund, the fund is not a separate fund, but is an account within the State's General Fund. The account was established to pay expenses incurred in complying with the *Code of Alabama 1975*, Section 17-12-18, which requires the Governor to issue proclamations of the results of certain elections in some newspaper at the seat of government.

Governor's Office Fund – Although named the Governor's Office Fund, the fund is not a separate fund, but is an account within the State's General Fund. The account receives a designated share of each annual appropriation from the State's General Fund to pay the administrative expenses of the Governor's Office.

Governor's Office of Education, Workforce and Transformation Fund – Although named the Governor's Office of Education, Workforce and Transformation Fund, the fund is not a separate fund, but is an account within the State's General Fund. This account has three goals: (1) to increase the labor force participation rate, (2) surpass the Alabama post-secondary attainment goal, and (3) create career pathways in all 16 career clusters for in-school youths, out-of-school youths, adults, at-risk populations, and disconnected populations.

SPECIAL REVENUE FUNDS

Special Revenue Fund 1202 - Crum Defense Escrow Account – The fund was established as a separate fund in the State Treasury for legal fees associated with the defense of Fob James in the *Crum v. State of Alabama* litigation.

Special Revenue Fund 1280 - Governor Contingency Donation Fund – The fund was established as a separate fund in the State Treasury to account for the donation of funds from the Bentley Inauguration and Transition Foundation. The fund is used to offset expenses related to the general operations of the Governor's Office and the Governor's Mansion.

Special Revenue Fund 1410 - BP Oil Spill Fund – The fund was created as a separate fund in the State Treasury to account for receipts and disbursements of the Governor's Office share of funds received from British Petroleum (BP) to pay expenses associated with the State's response to the BP Oil Spill on the Gulf of Mexico.

Special Revenue Fund 1685 - Justice Reinvestment Initiative Fund – The fund was created as a separate fund in the State Treasury to account for enacted legislation that averts spending on corrections and reinvests savings on strategies to reduce recidivism and improve public safety.

Nonconsumable personal property in the custody of the Governor's Office was compared with property records maintained by the Property Inventory Division of the State Auditor's Office. No discrepancies were found.

Schedule of Cash Receipts, Disbursements and Balances
For the Period October 1, 2017 through September 30, 2019

	2018-2019	2017-2018
Receipts		
General Fund Allotments	\$ 5,409,665.00	\$ 3,777,705.00
Grants		142,875.74
Total Receipts	<u>5,409,665.00</u>	<u>3,920,580.74</u>
Disbursements		
Personnel Costs	2,227,717.11	1,946,865.67
Employee Benefits	768,730.38	684,811.16
In-State Travel	10,136.55	6,990.73
Out-of-State Travel	13,378.37	16,039.14
Repairs and Maintenance	7,459.81	6,818.56
Rentals and Leases	55,236.09	95,292.60
Utilities and Communication	79,096.59	111,343.76
Professional Services	233,101.36	194,563.70
Supplies, Materials, and Operating Expenses	170,695.73	272,587.62
Transportation Equipment Operations	2,558.23	5,505.01
Other Equipment Purchases	46,764.21	22,835.37
Miscellaneous		259,650.00
Prior Year General Fund Reversion	6,299.83	50,329.37
Current Year General Fund Reversion	1,843,899.15	590,447.46
Total Disbursements	<u>5,465,073.41</u>	<u>4,264,080.15</u>
Excess (Deficiency) of Receipts Over Disbursements	(55,408.41)	(343,499.41)
Cash Balances at Beginning of Year	632,248.73	894,672.29
Balance Sheet Activity Impacting Total Ending Cash	<u>15,928.51</u>	<u>81,075.85</u>
Cash Balances at End of Year	<u>\$ 592,768.83</u>	<u>\$ 632,248.73</u>