

**TESTIMONY OF MATT DUNLAP, CIA  
MAINE STATE AUDITOR**

*LD 210, An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2025, June 30, 2026, and June 30, 2027*

Senator Rotundo and Representative Gattine, Senator Baldacci and Representative Salisbury, and distinguished members of the Joint Standing Committees on Appropriations and Financial Affairs and State and Local Government, my name is Matt Dunlap of Old Town, and I have the high honor and distinct privilege of serving as State Auditor. I am here to present several sections of the biennial budget and to answer any question about those sections as they pertain to the Office of the State Auditor.

First, I believe some context is in order which I hope will assist the committees in their deliberations. The Office of the State Auditor was formally established in law in 1907; while our duties have changed somewhat over the last 118 years, our core mission has not. The premise is simple; we examine and test transactions conducted by state agencies to reasonably assure that those programs are expending resources according to the criteria set forth in law. As a former policymaker, I note that it's an activity that seldom attracts much attention, but in terms of our commitment to support the work of state agencies in maintaining efficient processes and in complying with legal guidelines attached to the use of Federal and state appropriations, allocations and allotments, the importance of the functions of this office cannot be over-emphasized. The Office is currently auditing 19 Federal programs totaling approximately 84% percent of the \$5.5 billion in Federal financial assistance expended by the State in fiscal year 2024.

Our partners in state government in general and our fellow citizens in particular are well-served by the expert and committed staff at the Office of the State Auditor, and I am very proud to work with them.

In concert with the Executive, we are pleased to offer you the opportunity to greatly enhance our effectiveness for a relatively modest outlay. The two initiatives for the Office of the State Auditor begin on page A-124 of the budget document.

The first initiative provides funding for statewide technology services provided by the Department of Administrative and Financial Services, Office of Information Technology. MaineIT provides the Office of the State Auditor with desktop support, telecommunications including telephone and email services, and support for new technology implementation through internal service transactions. This All Other request is funded from the General Fund at \$25,417 in FY 2026 and at \$24,377 in 2027, and from Other Special Revenues at \$41,314 in FY 2026 and at \$39,624 in 2027.

The second initiative provides continued and additional funding for the transition of auditing workpapers from a paper process to electronic workpapers. This initiative provides funding for the Audit Bureau Special Revenue Fund for All Other technology services and STACAP as part of

operational needs for electronic auditing work papers including renewal of 30 licenses, as well as technology costs for OIT personal services to support this software. This All Other request is funded from Other Special Revenues at \$73,669 in FY 2026 and \$80,187 in FY 2027.

By fund, the total initiatives from the Office of the State Auditor from the General Fund are \$25,417 in 2026 and \$24,377 in 2027, and from Other Special Revenues are \$114,983 in 2026 and \$119,811 in 2027.

This concludes my testimony. At the pleasure of the chair, I am happy to answer any questions of the committees, now, at the work session, or at any time in between. Thank you

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
<b>Department Summary - All Funds</b>				
Positions - LEGISLATIVE COUNT	37,000	37,000	37,000	37,000
Personal Services	4,370,784	4,555,944	5,126,640	5,419,883
All Other	555,362	563,631	694,031	697,819
<b>Total</b>	<b>4,926,146</b>	<b>5,119,575</b>	<b>5,820,671</b>	<b>6,117,702</b>
<b>Department Summary - GENERAL FUND</b>				
Positions - LEGISLATIVE COUNT	13,000	13,000	13,000	13,000
Personal Services	1,609,940	1,692,448	1,996,475	2,101,531
All Other	91,308	90,767	116,184	115,144
<b>Total</b>	<b>1,701,248</b>	<b>1,783,215</b>	<b>2,112,659</b>	<b>2,216,675</b>
<b>Department Summary - OTHER SPECIAL REVENUE FUNDS</b>				
Positions - LEGISLATIVE COUNT	24,000	24,000	24,000	24,000
Personal Services	2,760,844	2,863,496	3,130,165	3,318,352
All Other	464,054	472,864	577,847	582,675
<b>Total</b>	<b>3,224,898</b>	<b>3,336,360</b>	<b>3,708,012</b>	<b>3,901,027</b>

**AUDIT BUREAU 0067**

**What the Budget purchases:**

The Bureau conducts the State's annual Single Audit, comprised of the financial audit and the compliance audit which is subject to the Single Audit Act Amendments of 1996, 31 United States Code, Section 7501 to 7507 (1998). The Single Audit is conducted in accordance with professional auditing standards generally accepted in the United States. The audit result in material financial statement adjustments, compliance findings, or recommendations for operational improvements resulting in cost savings, and potentially impacts million dollars in both the current and future audit periods. The Bureau is also authorized to conduct audits of all accounts and financial records of any organization, institution or other entity receiving or requesting an appropriation or grant from state government as the Legislature or the State Auditor may require. In addition, the Bureau operates a fraud hotline for receipt of complaints alleging fraud, waste, inefficiency, or abuse in state government.

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
<b>Program Summary - GENERAL FUND</b>				
Positions - LEGISLATIVE COUNT	13,000	13,000	13,000	13,000
Personal Services	1,609,940	1,692,448	1,996,475	2,101,531
All Other	91,308	90,767	90,767	90,767
<b>Total</b>	<b>1,701,248</b>	<b>1,783,215</b>	<b>2,087,242</b>	<b>2,192,298</b>

<b>Program Summary - OTHER SPECIAL REVENUE FUNDS</b>				
Positions - LEGISLATIVE COUNT	22,000	22,000	22,000	22,000
Personal Services	2,574,780	2,673,312	2,931,881	3,110,581
All Other	369,965	378,775	368,775	368,775
<b>Total</b>	<b>2,944,745</b>	<b>3,052,087</b>	<b>3,300,656</b>	<b>3,479,356</b>

**2025-26**                      **2026-27**

**Initiative:** Provides funding for statewide technology services provided by the Department of Administrative and Financial Services, Office of Information Technology.

**GENERAL FUND**

All Other			25,417	24,377
<b>Total</b>			<b>25,417</b>	<b>24,377</b>

**OTHER SPECIAL REVENUE FUNDS**

All Other			38,561	36,984
<b>Total</b>			<b>38,561</b>	<b>36,984</b>

**2025-26**                      **2026-27**

**Initiative:** Provides continued and additional funding for the transition of auditing workpapers from a paper process to electronic workpapers.

**OTHER SPECIAL REVENUE FUNDS**

All Other			73,669	80,187
<b>Total</b>			<b>73,669</b>	<b>80,187</b>

	<u>Actual</u> 2023-24	<u>Current</u> 2024-25	<u>Budgeted</u> 2025-26	<u>Budgeted</u> 2026-27
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**Revised Program Summary - GENERAL FUND**

Positions - LEGISLATIVE COUNT	13,000	13,000	13,000	13,000
Personal Services	1,609,940	1,692,448	1,996,475	2,101,531
All Other	91,308	90,767	116,184	115,144
<b>Total</b>	<b>1,701,248</b>	<b>1,783,215</b>	<b>2,112,659</b>	<b>2,216,675</b>

**Revised Program Summary - OTHER SPECIAL REVENUE FUNDS**

Positions - LEGISLATIVE COUNT	22,000	22,000	22,000	22,000
Personal Services	2,574,780	2,673,312	2,931,881	3,110,581

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27

**Revised Program Summary - OTHER SPECIAL REVENUE FUNDS**

All Other	369,965	378,775	481,005	485,946
<b>Total</b>	2,944,745	3,052,087	3,412,886	3,596,527

**UNORGANIZED TERRITORY 0075**

**What the Budget purchases:**

The Unorganized Territory is headed by the Fiscal Administrator, whose responsibilities include the review, analysis and investigation of the budgets and expenditures of all counties and State agencies requesting funds from the Unorganized Territory Education and Services Fund. In addition, the Fiscal Administrator drafts and submits the annual Municipal Cost Components legislation in order for taxes to be levied, attends and participates in public hearings and publishes and distributes the annual financial report of the Unorganized Territory to interested taxpayers, legislators and County Commissioners. The Administrator also serves as the Chair of the State Commission on Deorganization.

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27

**Program Summary - OTHER SPECIAL REVENUE FUNDS**

Positions - LEGISLATIVE COUNT	2,000	2,000	2,000	2,000
Personal Services	186,064	190,184	198,284	207,771
All Other	94,089	94,089	94,089	94,089
<b>Total</b>	280,153	284,273	292,373	301,860

	<b>2025-26</b>	<b>2026-27</b>
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**Initiative:** Provides funding for statewide technology services provided by the Department of Administrative and Financial Services, Office of Information Technology.

**OTHER SPECIAL REVENUE FUNDS**

All Other	2,753	2,640
<b>Total</b>	2,753	2,640

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2023-24	2024-25	2025-26	2026-27

**Revised Program Summary - OTHER SPECIAL REVENUE FUNDS**

Positions - LEGISLATIVE COUNT	2,000	2,000	2,000	2,000
Personal Services	186,064	190,184	198,284	207,771
All Other	94,089	94,089	96,842	96,729
<b>Total</b>	280,153	284,273	295,126	304,500