

MAINE STATE LEGISLATURE

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OFFICE OF
THE GOVERNOR

NO. 3 FY 92/93
DATE August 10, 1992

**AN ORDER ESTABLISHING A PROCESS FOR BUDGET PLANNING,
ANALYSIS, MANAGEMENT, AND CAPITAL EXPENDITURE ANALYSIS
IN THE BUREAU OF THE BUDGET**

WHEREAS, limited public resources have caused difficult choices for State government with respect to the allocation of available budget resources to program needs;

WHEREAS, the Special Commission on Governmental Restructuring recognized the need in State government to develop and implement budgets related to expected outcomes, measurable performance objectives and relative priorities for programs;

WHEREAS, the Special Commission on Governmental Restructuring recognized the need in State government to increase the public accountability of government officials and to improve the effectiveness and cost efficiency of government programs;

WHEREAS, the Special Commission on Governmental Restructuring recognized the need in State government to make capital investments under a plan based on long-term, cost-benefit analysis; and,

WHEREAS, it is in the mutual best interests of the Executive and Legislative branches of State government to ensure that State resources are allocated in the public interest.

NOW, THEREFORE, I, JOHN R. MCKERNAN, JR., GOVERNOR of the State of Maine, do hereby establish in the Bureau of the Budget a process for budget planning, analysis, management and capital expenditure analysis.

PURPOSE

The Bureau of the Budget must provide State government with systems and procedures that support budget planning, analysis, and capital expenditure analysis that relate expenditures, revenues and other budget resources to expected outcomes, relative priorities and measurable performance objectives for programs. The Bureau also must implement management processes and procedures that increase and improve the accountability and responsiveness of managers in State government with respect to decisions related to budgets, finances and program operations. In carrying out these responsibilities, the requirements of the Bureau of the Budget shall be as defined below in addition to those currently provided for in law.

1. Budget Planning and Analysis.

- a. Support consensus forecasting related to state revenue projections and the state economic assumptions on which they depend;
- b. Develop and maintain systems and procedures that support the development and implementation of budgets that relate expenditure and revenue estimates to expected outcomes, relative priorities and measureable performance objectives for programs;
- c. Provide support to the Commissioner of Administrative and Financial Services and the Governor with budget and financial performance information;
- d. Support systems and procedures that provide for the tracking of budget performance, financial performance, and program performance; and,
- e. Provide the Legislature with budget and financial information related to expected program outcomes and results.

2. Budget Management. Develop and maintain an internal control program as a model for departments and agencies to:

- a. Establish and maintain guidelines for a system of internal control which enhances management accountability, responsibility and decision making;
- b. Establish and maintain a system of internal control which is designed to identify internal control weaknesses and identify actions that are necessary to correct those weaknesses;
- c. Designate an internal control officer to implement and review the department or agency's internal control program;
- d. Implement education and training efforts to ensure employee awareness of and understanding about internal control standards and evaluation techniques; and,
- e. Evaluate periodically the need for an internal audit function.

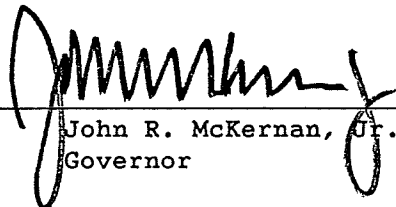
3. Capital Budgeting.

- a. Develop and implement systems and procedures for the evaluation of long-term capital investments;
- b. Implement and maintain analytical procedures and techniques for selecting among competing capital investments based on cost-benefit and program priority considerations;

- c. Analyze the level of debt in the governmental funds, the internal service funds, and the enterprise funds;
- d. Recommend the appropriate financing mix for recommended capital investments based on the results of b. and c. above to include general purpose bonds, lease purchase, lease, appropriation or allocation;
- e. Develop and implement systems and procedures to the extent feasible and practicable for the evaluation of capital expenditure requests for the maintenance of program operations; and,
- f. Cooperate with the Bureau of General Services in the development of procedures for the collection and analysis of data related to the evaluation of capital improvements as long-term investments.

TRANSITION

The effective date of this Order is August 10, 1992.



John R. McKernan, Jr.
Governor