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MONTANA LEGISLATIVE AUDIT DIVISION

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Improving Montana's Opencut Mine Permitting Process

The Department of Environmental Quality can strengthen permitting operations and improve resource management by clarifying responsibilities and improving management information capabilities..

Audit Findings

The Opencut Mining Program (program) within the Department of Environmental Quality (department) is responsible for permitting and oversight of opencut mining in Montana. This performance audit focused on the opencut mine permitting process.

To examine the program's permitting activities, we analyzed available data, reviewed program records, and interviewed opencut mining stakeholders. One of our objectives was to determine what controls are needed to assure the department issues opencut mining permits within the time frames established in state law and administrative rule. However, program records did not track information necessary to accurately determine whether the department complied with the statutory 30-day time frame for processing permit applications. While the lack of management information affected our analysis, available data indicated the department can make improvements to better manage the permitting process and program compliance with state laws. The following bullets highlight audit findings.

- **Improving file documentation**. The department's official files were missing documentation necessary to issue an opencut mining permit.
- **Formalizing the permitting process**. The department had an informal application process for permit applicants and department personnel, which can result in confusion among the regulated community and program staff.
- **Clarifying the department's role in processing applications**. Although the department has a backlog of pending permit applications, program staff perform tasks beyond their statutory responsibilities, such as drafting application documents for mine operators.
- **Facilitating collection of the Resource Indemnity and Groundwater Assessment Tax (RIGWAT)**. Not all opencut mine operators pay RIGWAT, a primary source of program funding. While the Department of Revenue (DOR) is responsible for collecting the tax, the Department of Environmental Quality can facilitate collection efforts by providing DOR with information about opencut mining activities.
- **Improving the management information system**. The department does not collect complete management information to effectively manage the Opencut Mining Program. Additionally, the department has not identified performance measures essential to a results-oriented management system.
- **Setting priorities for processing applications**. Some applicants may have received preference when program personnel processed applications because there are no formal priorities for processing applications.
- **Clarifying public notification**. Proposed opencut mines commonly generate public interest. However, state law does not require operators or the department to notify the public of proposed operations.

Audit Recommendations

Audit recommendations address improving internal controls, clarifying department responsibilities, and improving efficiencies of the permitting process.

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For a complete copy of the report (08P-04) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to **lad@mt.gov**; or check the web site at **http://leg.mt.gov/audit**