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Chapter V – Long-Range Planning

Disclosure Issues

In addition to the recommendations included in audit reports for state agencies, audit reports may also include disclosure issues. Disclosure issues are items of which the Legislative Auditor believes the legislature should, but may not be, aware. They include situations where the law may not directly address the issue, where spending by state agencies might be inconsistent with what appears to be the intent of the legislature or where amounts on the state's accounting records might not be accurate. The disclosure issues listed below are included in reports for the agencies addressed in this section.

There were no disclosure issues for agencies included in this section.

FINANCIAL-COMPLIANCE AUDIT

Department of Natural Resources and Conservation
For the Two Fiscal Years Ended June 30, 2014

OCTOBER 2014

14-17

REPORT SUMMARY

Our audit identified areas where the Department of Natural Resources and Conservation can improve compliance with state accounting policy for expenditure abatements.

Context

For fiscal years 2013-14 and 2012-13, the Department of Natural Resources and Conservation (department) generated distributable revenues of \$130,088,600 through its management of state lands for 12 separate land trusts, of which \$117,452,368 benefited the Common Schools Trust.

We tested 75 laws related to department operations, statutes authorizing the issuance of renewable resource bonds, and selected laws governing the State Revolving Fund programs.

We focused audit effort on personal services; other expenses; transfers-out; transfers-in; investment earnings; rentals; leases and royalties; timber sales; and federal revenue to support our opinion on the financial schedules.

The department has \$20,437,142 in accounts receivable from federal agencies at June 30, 2014, for fire-fighting costs incurred in previous years. In the Fire Suppression account in the state special revenue fund, the department had a fund equity balance of \$42,502,103 at June 30, 2014.

Results

The current report contains a recommendation concerning improper reductions in expenditures when receipts occur rather than recording revenue as required by state policy.

The readers can rely on the financial schedules presented for fiscal years 2013-14 and 2012-13.

The prior audit report for the two fiscal years ended June 30, 2012, contained six recommendations to the department. The department implemented all six of the prior recommendations.

Recommendation Concurrence	
Concur	1
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report (14-17) 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>

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Call toll-free 1-800-222-4446, or e-mail ladhotline@mt.gov.

FINANCIAL-COMPLIANCE AUDIT
Department of Environmental Quality
For the Two Fiscal Years Ended June 30, 2014

OCTOBER 2014

14-16

REPORT SUMMARY

The Department of Environmental Quality administers environmental protection and enforcement efforts of the state of Montana. The department ensures remediation of environmental damage in Montana and enforces the state’s environmental laws. We determined accounts receivables in the Leaking Underground Storage Tanks cleanup program are overstated by \$5.4 million. In addition, we found the department did not comply with requirements of their relocation policy and state policy related to computer password security.

Context

The Department of Environmental Quality (department) promotes environmental quality through programs to promote air quality; improve water supply, wastewater, and solid waste disposal infrastructure; regulate the discharge of pollutants; enforce the environmental laws of the state; and ensure remediation and reclamation at the sites of past natural resource damages.

and account classification. Three other recommendations address noncompliance with the Federal Transparency Act, the moving and relocation policy, and the computer password security policy.

Our prior audit report for the two fiscal years ended June 30, 2012, contained four recommendations. The department implemented all four recommendations.

Results

During the course of the audit, we reviewed the internal control procedures and tested selected transactions related to the revenues generated from licensing and permitting and the State Revolving Fund. We also reviewed expenditures related to personal services, other services and transfers out. The report contains five recommendations. Two recommendations related to accounting misstatements involve accounts receivables

Recommendation Concurrence	
Concur	5
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report (14-16) 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>
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