

LEGISLATIVE AUDIT DIVISION

REPORT SUMMARY

Department of Administration

Financial-Compliance Audit For the Two Fiscal Years Ended June 30, 2004 Audit # 04-13

This report documents the results of our financial-compliance audit of the Department of Administration (department) for the two fiscal years ended June 30, 2004. The previous audit report of the department contained eight recommendations. The department implemented five recommendations and partially implemented three recommendations.

This report contains ten recommendations addressing compliance with state or federal laws and regulations. The first four recommendations address areas where the department could improve compliance to ensure all costs charged to federal programs are allowable. The six remaining recommendations address improving compliance with state laws.

We issued an unqualified opinion on the financial schedules contained in this report. This means the reader may rely on the presented financial information and the supporting data on the state's accounting records.

The department's written response to the audit begins on page B-3.

The listing below serves as a means of summarizing the recommendations contained in the report, the department's response thereto, and a reference to the supporting comments.

Recommendation #1: We recommend the department collect certified weekly payrolls for projects subject to the federal Davis-Bacon Act in accordance with federal regulations. Page 6.

Department Response: Concur. See page B-3.

Recommendation #2: We recommend the department implement controls to ensure federal funds are expended in compliance with state and federal regulations. Page 7.

Department Response: Concur. See page B-3.

Recommendation #3: We recommend the department require employees to properly complete travel vouchers in accordance with state policy. Page 8.

Department Response: Concur. See page B-3.

Recommendation #4: We recommend the department provide appropriate staff training regarding administration of federal grants and federal grant requirements in order to improve compliance with those regulations. Page 9.

Department Response: Concur. See page B-4.

Recommendation #5: We recommend the department develop and implement a plan to operate its property and casualty insurance plan on an actuarially sound basis. Page 11.

Department Response: Concur. See page B-4.

Recommendation #6: We recommend the department record the mineral leasing transfer obligations at the conclusion of the fiscal year as required by section 17-3-240, MCA. Page 12.

Department Response: Do Not Concur. See page B-4.

Recommendation #7: We recommend the department review support for the long-term notes and loans receivable balance in the surplus property fund and the fund balance-reserved balance in the trust fund. Page 13.

Department Response: Concur. See page B-5.

Recommendation #8: We recommend the department maintain records of the information provided to the consultant to document the state's compliance with terms of the SWCAP contract. Page 14.

Department Response: Concur. See page B-5.

Recommendation #9: We recommend the department pay the genetics program fee by March 1 as required by section 33-2-712, MCA. Page 15.

Department Response: Concur. See page B-5.

Recommendation #10: We recommend the department seek legislation to amend section 17-5-302, MCA, to reflect current security industry practice. Page 16.

Department Response: Concur. See page B-5.