

Legislative Audit Division

Report Summary

Department of Revenue

Financial-Compliance Audit

For the Two Fiscal Years Ended June 30, 2004

Audit # 04-14

This report documents issues noted during our financial-compliance audit of the Department of Revenue for the two fiscal years ended June 30, 2004. The six recommendations in this report include IRIS funding, liquor receivables, unrecorded expenditures, and state compliance.

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

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

A. We recommend the Montana Legislature resolve the constitutional issues of state debt, repayment appropriation, and delegation of authority related to Chapter 597, Laws of 2003.

Department Response: Do not concur. See page B-3.

B. We recommend the department discontinue drawing funds from its BOI loan. Page 11.

Department Response: Do not concur. See page B-3.

Recommendation #2 We recommend the department seek legislation to require payments from agency liquor stores within 30 days, or to allow payment to liquor suppliers in 60 days. Page 12.

Department Response: Concur. See page B-4.

Recommendation #3 We recommend the department record contracted collection expenditures on the state's accounting records in accordance with state law. Page 13.

Department Response: Concur. See page B-4.

Recommendation #4 We recommend the department develop written policy for the reporting of actual or suspected theft to ensure compliance with state law. Page 14.

Department Response: Concur. See page B-5.

Recommendation #5 We recommend the department:

A. Seek legislation to amend section 15-36-311, MCA, to be consistent with the rest of Title 15, chapter 36, part 3, MCA.

Department Response: Concur. See page B-5.

B. Seek legislation to resolve the conflict between sections 15-1-113 and 15-1-121, MCA.

Department Response: Concur. See page B-5.

C. Seek legislation to amend section 15-1-201, MCA, to reflect current information needs. Page 16.

Department Response: Concur. See page B-5.

Recommendation #6 We recommend the department:

A. Work with the Department of Administration's Accounting Bureau to revise the guidance for recording deferred revenue transactions on the entitywide ledger.

Department Response: Partially concur. See page B-6.

B. Record the proper deferred revenue transactions in the entitywide ledger to facilitate preparation of the state's government-wide financial statements. Page 17.

Department Response: Concur. See page B-6.