



MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL-COMPLIANCE AUDIT

Department of Commerce

For the Two Fiscal Years Ended June 30, 2009

SEPTEMBER 2009

09-16

REPORT SUMMARY

The Department of Commerce (department) is responsible for encouraging and promoting economic and community development within the state. The department consists of six divisions and several entities attached to the department for administrative purposes. These entities include the Board of Housing, Montana Facility Finance Authority, Board of Research and Commercialization Technology, Board of Investments, Coal Board, Hard Rock Mining Impact Board, State-Tribal Economic Development Commission, and Montana Heritage Preservation and Development Commission.

Context

The activities and balances presented in the department's financial schedules include activity that is audited as part of the Montana Board of Housing, Montana Facility Finance Authority, and the Montana Board of Investments engagements. Between 83 percent and 90 percent of revenue and expenditure activity for the department is attributed to the Montana Board of Investments' receipt and disbursement of cash invested by various local government entities in the Short Term Investment Pool.

Other significant activities administered by the department include the federal Section 8 housing programs which provide financial assistance to help very low income families afford decent, safe, and sanitary rental housing. The department spent nearly \$35 million for the federal Section 8 housing programs in fiscal year 2009. Additionally, the department administers the federal Community Development Block Grant program and the state's Treasury State Endowment program.

While none of the funds were expended as of June 30, 2009, the department was awarded over \$43 million in American Recovery and Reinvestment Act funds from the federal government.

Results

Four of the five recommendations in the audit report are related to two federal housing programs: the Section 8 Housing Vouchers and Special Allocations programs. The department cited staff turnover as a main contributing factor for errors identified in the report.

Proper calculation of Section 8 housing assistance payments is discussed in this report, and was also reported in our prior audit of the department. We recommended that the department adopt procedures to ensure updated utility and fair market rent rates for various regions of the state are considered in setting client payment rates. The department implemented the other six recommendations included in our prior audit report.

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 or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the website at <http://leg.mt.gov/audit>. Report Fraud, Waste, and Abuse to the Legislative Auditor's FRAUD HOTLINE Call toll-free 1-800-222-4446, or e-mail lad@mt.gov.