



MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL-COMPLIANCE AUDIT

Montana Department of Transportation

For the Two Fiscal Years Ended June 30, 2009

OCTOBER 2009

09-17

REPORT SUMMARY

The Montana Department of Transportation plans, designs, builds, and maintains the statewide network of highways. It is responsible for collecting and distributing highway user fees and fuel taxes. The department enforces state and federal laws for commercial motor carriers and registers interstate fleet vehicles. The department also facilitates the operation and the infrastructure of airports and airways in Montana, registers aircraft and pilots, and maintains several state-owned airports. The department represents Montana interests in railroad planning issues and supports local entities in overall transportation planning and transit assistance.

Context

The department's primary sources of funding are federal funds and state motor fuel taxes. The department receives nearly \$400 million from the federal government for Highways and Engineering, Maintenance, and Rail Transit and Planning. The department also receives approximately \$200 million in tax revenue.

Department expenditure activities are organized into various divisions, the two largest of which are Highways and Engineering and Maintenance. The Highways and Engineering and Maintenance programs make up over 80% of the department's expenditures.

The department was budgeted 2,265.25 full-time equivalent positions during fiscal year 2008-09. The department is one of the largest employing agencies within state government that has offices located around the state.

Results

The prior audit report contained 14 recommendations and they implemented 11, partially implemented two and did not implement one. The recommendations not fully implemented relate to the unconstitutional diversion of highway revenue and allocation of aviation fuel tax revenue. The recommendation not implemented is related to the Scenic-Historic Byways Advisory Council.

The current audit report contains four recommendations related to internal controls at fiscal-year end, payment of relocation expenses prior to entering into relocation agreements, controls over fuel purchasing cards, and the appointment of members of the Scenic-Historic Byways Advisory Council. The recommendation related to the fuel purchasing cards involved an employee that had been using various fuel purchasing cards to fuel personal vehicles and equipment for several years.

The current audit report also includes two disclosure issues related to the payment of forfeited excess annual leave balances and the allocation of gasoline dealers' license tax revenue as required by statute. The disclosure issue related to the payment of forfeited excess annual leave balances included the department paying \$284,343 in fiscal year 2007-08 and \$44,958 in 2008-09. We disclosed these issues for the information of the legislature, but made no recommendation.

Recommendation Concurrence	
Concur	4
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.