



# MONTANA LEGISLATIVE AUDIT DIVISION

## FINANCIAL-COMPLIANCE AUDIT

### Office of the Secretary of State

For the Two Fiscal Years Ended June 30, 2010

NOVEMBER 2010

10-19

REPORT SUMMARY

The Office of the Secretary of State (office) is a self-supporting agency that provides diverse services to the public and state agencies. These services include maintaining the official records of the executive branch and the acts of the legislature; reviewing, maintaining, and distributing public-interest records of businesses and nonprofit organizations; filing administrative rules adopted by state departments, boards, and agencies; filing and maintaining records of secured financial transactions, such as liens; and commissioning notaries of public. In addition to these services, the Secretary of State also administers state election laws and oversees elections and serves on the state Board of Land Commissioners, the Board of Examiners, and the Capital Finance Advisory Council.

#### Context

The office accounts for its expenditures in its Business and Government Services Program. The majority of the office's expenditures are payroll and operating costs. The office received over \$1.6 million in federal grants during the audit period to assist the office with election related activity, but the office's main source of revenue is derived from the fees it charges for the various services it provides. The office received approximately \$4.4 and \$4.7 million in fiscal years 2009 and 2010, respectively, for these types of services. The office also received \$1.5 million from the legislature to begin replacing the office's existing information technology system with a web-based system.

#### Results

The office implemented three of the four recommendations made in the prior audit report (08-19). The recommendation pertaining to the office's excess fund balance in the Enterprise Fund is addressed again in the current audit report.

Other topics discussed in the report relate to an unrecorded capital asset and unrecorded expenses, which resulted from the office's refusal to pay its allocated share of the Statewide Cost Allocation Plan.

Recommendation Concurrence	
Concur	3
Partially Concur	0
Do Not Concur	1
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](mailto: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](mailto:lad@mt.gov).