MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL COMPLIANCE AUDIT

Montana School for the Deaf and Blind

For the Two Fiscal Years ended June 30, 2010

SEPTEMBER 2010 10-22A REPORT SUMMARY

The Montana School for the Deaf and Blind provides services to sensory impaired infants, toddlers, and school aged children through their campus facility in Great Falls and their outreach program that works with individuals in school districts across the state. The Great Falls campus consists of educational classrooms, recreational facilities, and cottages for the resident students. In addition to state funding, the school receives support from a private, not for profit foundation.

Context

At the end of fiscal year 2009-10, the school was providing instruction for 49 hearing and visually impaired students through the Great Falls campus, as well as providing residential living and health services for 18 of those students. Through the school's outreach program, they were also providing consultation and technical assistance to the families, teachers, and administrators of more than 450 sensory impaired infants, toddlers, and school aged children across the state. The school is comprised of four programs with a total of 88 FTE. The majority of these employees worked in the Student Services and Education programs.

The school is primarily funded with both General Fund appropriations and State Special Revenue funding sources such as revenue from the School Trust Lands. For fiscal year 2009-10, the school had approximately $6.5 million of budgeted expenditures. In fiscal years 2008-09 and 2009-10, the school's foundation provided an additional $265,779 and $149,898 of funding in support of student activities, supplies and capital projects.

Results

Our audit includes three audit recommendations and one disclosure issue. The major finding is related to foundation donations in support of two capital projects for the school. This finding addresses the missclassification of revenue, which had been recorded as capital contributions instead of donations, unrecorded financial activity in that not all of the funding for the projects had been recorded on the school's financial records, and failure to follow state purchasing laws and rules pertaining to these projects. We believe the errors were in part due to the administrative function performed for the foundation by an MSDB employee. We have reported this relationship between the school and the foundation as a disclosure issue.

One other recommendation of particular interest relates to an agreement with an organization external to state government to pay for internet services for the school. The agreement for this assistance is administered through the Department of Administration (DofA) and previous to fiscal year 2009-10, the financial activity for this assistance had been recorded on the financial records for DofA and not the school's accounting records as required by state accounting policy. The school has no controls in place to ensure the terms of the agreement were met. In fiscal years 2008-09 and 2009-10, DofA had failed to process the paperwork for reimbursement for the internet fees from this outside organization in the amount of $17,640.

Recommendation Concurrence	
Concur	3
Partially Concur	0
Do Not Concur	0

Source: Agency audit response included in final report.

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