

FEDERAL SINGLE AUDIT
Montana Single Audit Report
For the Two Fiscal Years Ended June 30, 2013

MARCH 2014

12-02

REPORT SUMMARY

The state of Montana spent approximately \$2.8 billion in federal funds in fiscal year 2011-12 and \$2.7 billion in fiscal year 2012-13. For both years combined, this is a decrease from the prior Single Audit biennium of approximately \$0.5 billion. This decrease is largely due to discontinued funding from the American Recovery and Reinvestment Act (ARRA) funds for programs such as Medicaid, Supplemental Nutrition Assistance Program (SNAP), and Unemployment Insurance.

Context

The Montana Single Audit Report is compiled from the Montana Statewide Audit (12-01B and 13-01A) reports and the audits performed at each state agency. The Montana Statewide Audit reports are included in the Single Audit report without modification. In addition, results from each state agency are included as recommendations in the Single Audit report, to the extent required by federal regulations.

The federal government provides extensive requirements for recipients of federal grants. The audit of each state agency includes determining compliance with these requirements when the federal grant is determined to be a major federal program under federal audit guidelines. Programs with expenditures totaling at least \$17,940,084 during the audit period were identified as major federal programs.

The state of Montana had 29 major federal programs during the audit period; major federal programs were administered by 14 different state agencies. Of the federal funds spent during fiscal years 2011-12 and

2012-13, approximately 82 percent is related to Montana's major federal programs.

Results

Audits at state agencies resulted in 17 recommendations related to major programs or otherwise required to be reported by federal audit guidelines. Of these recommendations, three reported questioned costs totaling over \$4.1 million.

Federal audit regulations specifically require the Single Audit to report whether each major federal program complied with selected federal requirements. The auditor's report identifies five major programs that did not comply with those federal requirements in all material respects.

Federal audit requirements also define varying degrees of deficiencies in internal controls. These include a control deficiency, a significant deficiency, and a material weakness, in order

from least to most serious. The audit reported nine significant deficiencies and four material weaknesses.

Federal grantor agencies are the primary users of the Single Audit report, and the form of the audit report is designed to meet their oversight needs. Legislators and other report users may also use the Schedules of Expenditures of Federal Awards fiscal year 2012-13 and fiscal year 2011-12 included in the report.

For a complete copy of the report (12-02) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>
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