

FINANCIAL-COMPLIANCE AUDIT

Department of Justice

For the Two Fiscal Years Ended June 30, 2012

NOVEMBER 2012

12-18

REPORT SUMMARY

The Department of Justice (department) provides a diverse set of services to the state of Montana. One of those services is management of the settlement funds for reclamation of the Upper Clark Fork River. Our audit identified errors in the liability recorded for this project.

Context

The Attorney General is an elected official that heads the department, whose operations include the Montana Highway Patrol, the Montana Law Enforcement Academy, the State Forensic Lab, driver and vehicle licensing and registration, and oversight of gambling within the state. The department is primarily funded by the General Fund (approximately 25 percent) and the State Special Revenue Fund (approximately 60 percent). The largest sources of revenue generated through the department are from motor vehicle licenses and permits and gambling taxes, which provided approximately \$185 million in revenues to the General and State Special Revenue Funds for each fiscal year.

The Montana Board of Crime Control, Natural Resource Damage Program, and Public Safety Officer Standards and Training Council (POST) are administratively attached to the department. The Board of Crime Control administers federal grants dedicated to preventing and addressing crime statewide. The Natural Resource Damage Program conducts natural resource damage assessments and lawsuits, and develops restoration plans and projects. POST is responsible for establishing basic and advanced qualification and training standards for employment of Montana’s public safety officers.

Results

There are four recommendations in this report. We identified a control deficiency related to pollution remediation liabilities, which led to an overstatement of \$43.3 million and an understatement of \$35.2 million in these liabilities for fiscal years 2011 and 2012, respectively. We also identified accounting errors in recording agency fund activity and equipment and intangible assets.

Fees and charges for services are not commensurate with costs within the Agency Legal Services Bureau Internal Service Fund. During the audit period, the fees and charges did not cover the cost of bureau operations.

We identified noncompliance with state laws related to the registration of motor vehicles, grants to chronically and critically ill children, and reporting requirements for licensed amateur radio operators.

| Recommendation Concurrence | |
|--|---|
| Concur | 4 |
| Partially Concur | 0 |
| Do Not Concur | 0 |
| Source: Agency audit response included in final report. | |

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