

FINANCIAL-COMPLIANCE AUDIT
Department of Labor and Industry
For the Two Fiscal Years Ended June 30, 2013

OCTOBER 2013

13-15

REPORT SUMMARY

The Department of Labor and Industry (department) exists to promote the well-being of Montana’s workers, employers, and citizens. The department is responsible for licensing and regulating individuals and businesses engaged in various professions within the state. We determined only four professional and occupational licensing (POL) boards had fees commensurate with costs during both fiscal years 2012-13 and 2011-12, contrary to state law. In addition, we found the department did not actively manage or account for hundreds of employers not carrying workers’ compensation insurance.

Context

The department’s responsibilities are vast and include administration of the unemployment insurance program; enforcement of state and federal labor, state wage and hour, workers’ compensation, discrimination, and state and federal health and safety laws. In addition, the department establishes and enforces minimum building codes; conducts research and collects employment statistics; provides job training to individuals; provides administrative support to the 36 professional and occupational licensing boards; and oversees federal and state training and apprenticeship programs.

Results

This report contains eight recommendations to the department, with one or more recommendations applicable to each of the department’s five divisions. The department did not actively manage or account for hundreds of employers not carrying workers’ compensation insurance. We determined that 21 of the 36 professional and occupational licensing boards administratively attached to the department charged fees that were not commensurate with costs during fiscal

year 2011-12 and 26 of the 36 were not commensurate with costs in fiscal year 2012-13, which is contrary to state law.

Audit work also identified several internal control deficiencies, some of which are related to the department’s:

- ◆ Administration of safety inspections and fiscal management aspects of the Elevator Licensing Program, resulting in noncompliance with state law and department administrative rule.
- ◆ Information systems programmer’s having unrestricted access.
- ◆ Demotion pay rules.

Recommendation Concurrence	
Concur	7
Partially Concur	1
Do Not Concur	0

Source: Agency audit response included in final report.

For a complete copy of the report (13-15) 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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