

FINANCIAL-COMPLIANCE AUDIT

Department of Agriculture

For the Two Fiscal Years Ended June 30, 2013

MARCH 2014

13-21

REPORT SUMMARY

The Department of Agriculture paid out approximately \$14 million of hail insurance claims for the 2013 hail year, which includes months June through August. Claims related to the current hail year will be reflected in the 2014 financial schedules. This is an increase of 260 percent over the previous hail year and has resulted in a depletion of the hail insurance reserves.

Context

The Department of Agriculture, (department) has 123.5 employees and is organized under three divisions, Agricultural Sciences Division, Agricultural Development Division and Central Services Division. For fiscal years 2012 and 2013, approximately 55 percent of the department’s financial activity is recorded in the State Special Revenue Fund, which is comprised of numerous accounts for various agricultural programs. Wheat and Barley, Noxious Weeds, and Pesticide programs account for a significant amount of this activity. General Fund expenditures account for less than 10 percent of total expenditures.

The Hail Insurance Program recorded in the Enterprise Fund historically accounts for approximately 30 percent of the financial activity for the department. The benefits paid out during this audit period, which includes the 2011 and 2012 hail years, were \$4.8 and \$3.9 million, respectively. The benefits paid out for the 2013 hail year discussed previously are recorded in fiscal year 2014, so are not reflected on the financial schedules included in this report.

Results

During the course of our audit, we reviewed the internal control procedures and tested selected transactions related to the revenues generated from licensing and permitting of various commodities, wheat and barley taxes, noxious weed transfers, and hail insurance premiums. We also reviewed grant expenditures, hail insurance benefits and claims, and refunds. There are no recommendations resulting from our audit.

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

For a complete copy of the report (13-21) 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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