

MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL-COMPLIANCE AUDIT Montana Arts Council For the Two Fiscal Years Ended June 30, 2013

APRIL 2014

13-24

REPORT SUMMARY

The Montana Arts Council is charged with governance, management, and control of staff hired to perform its mission to receive and distribute funds made available by the National Endowment for the Arts and to administer Cultural Trust interest earnings and funds appropriated by the legislature.

Context

The Montana Arts Council (council) is an agency of state government established to develop the creative potential of all Montanans, advance education, spur economic vibrancy, and revitalize communities through involvement in the arts. In promoting the state's arts industry, the council works with arts educators, arts organizations, and artists around the state. The council consists of 15 members appointed by the Governor and confirmed by the Senate to serve staggered five year terms. The council has seven full-time equivalent positions to conduct their operations.

As of June 30, 2013, there was approximately \$13 million in the Cultural Trust. The trust provides interest earnings that are appropriated by the Legislature to award grants for authorized cultural and aesthetic projects. The Legislature appropriated \$666,299 of the interest earnings to the council for the biennium ending June 30, 2013.

The council also receives an annual partnership grant from the National Endowment for the Arts (NEA) in order to fund their State Arts Plan, Arts Education, and Arts in Underserved Communities programs. The council was awarded \$814,500 and \$769,300 in fiscal years 2012 and 2013, respectively. The federal funds

received must be matched on a one-to-one basis with state funds.

We focused our audit effort on the review of Cultural Trust fund investment revenues and transfers-out, council personal services expenditures, and the administration of cultural and aesthetic grants authorized by the Montana Legislature and the NEA federal grant funds. Throughout the audit, we reviewed and tested the department's control systems and determined compliance with selected state and federal laws and regulations.

Results

Our current report contains one recommendation related to weaknesses identified in transaction and internal control reviews. We issued unmodified opinions on the financial schedules for each of the two fiscal years ended June 30, 2013.

Recommendation Concurrence	
Concur	1
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report (13-24) 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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