

FEDERAL SINGLE AUDIT
Montana Single Audit Report
For the Two Fiscal Years Ended June 30, 2015

MARCH 2016

14-02

REPORT SUMMARY

Montana's Single Audit is required by federal regulations and is intended to provide a cost-effective audit for non-federal entities. The state of Montana spent approximately \$2.7 billion in federal funds in each fiscal year 2014-15 and fiscal year 2013-14. For both years combined, this is a decrease from the prior Single Audit biennium of approximately \$100 million.

Context

The Montana Single Audit Report is compiled from the Montana Statewide Audit (13-01B and 15-01A) 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 \$17,649,643 during the audit period that were not determined to be low risk were identified as major federal programs.

The state of Montana had 30 major federal programs during the audit period; major federal programs were administered by 12 different state agencies. Of the federal funds spent during fiscal years 2014-15 and 2013-14, approximately 89 percent is related to Montana's major federal programs.

Results

Audits at state agencies resulted in 27 recommendations related to major programs or otherwise required to be reported by federal audit guidelines. Of these recommendations, three reported questioned costs totaling over \$439,071.

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 19 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 seven 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 2014-15 and fiscal year 2013-14 included in the report.