



MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL-COMPLIANCE AUDIT

Department of Revenue

For the Two Fiscal Years Ended June 30, 2014

OCTOBER 2014

14-14

REPORT SUMMARY

The Montana Department of Revenue administers state tax laws, enforcing regulations for more than 30 state taxes and fees. During the audit period, the department collected approximately \$1.9 billion in taxes in each fiscal year. Of this, over \$216 million was distributed to local governments in fiscal year 2013, and \$228 million in fiscal year 2014.

Context

In addition to tax administration, the Department of Revenue (department) oversees liquor distribution and licensing operations in the state and administers the one-stop licensing program and bad debt collections on behalf of state agencies. The department also manages unclaimed property, returning property to its rightful owners.

GenTax was not restricted as required by department policy.

Finally, the internal service fund used to administer the bad debt collection program charged fees that generated revenue collections greater than the program's expenditures. This resulted in excess fund equity balance in both fiscal years 2013 and 2014.

Results

The department administers the coal gross proceeds and contractor's gross receipts taxes. Both of these tax types are prescribed in law. Our audit determined interest and penalties are not assessed as required by state law on contractor's gross receipts. We also noted the form prescribed to report coal gross proceeds is not detailed enough to demonstrate the state received its required allocation.

The taxes collected by the department are primarily administered through the use of a computer system referred to as GenTax. Our audit procedures determined that access to

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

For a complete copy of the report (14-14) 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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