

FINANCIAL-COMPLIANCE AUDIT
Office of the Secretary of State
For the Two Fiscal Years Ended June 30, 2014

FEBRUARY 2015

14-19

REPORT SUMMARY

The Office of the Secretary of State provides diverse services to the public and other state agencies including elections administration, administrative rule, corporate and Uniform Commercial Code filing, and records and information management. The office collected approximately \$9.8 million in revenue for its services provided during fiscal years 2013 and 2014 combined.

Context

Services provided by the Secretary of State's office (office) include maintaining the official records of the executive branch and the acts of the legislature; reviewing, maintaining, and distributing public-interest records of businesses and nonprofit organizations; filing administrative rules adopted by state departments, boards, and agencies; filing and maintaining records of secured financial transactions, such as liens; and commissioning notaries public.

During the fiscal year 2013 and 2014 audit period, approximately 97 percent of the office's total expenses of \$11.1 million are related to personal services and operating expenses. All office expense activity is included in the Business and Government Services program on the Schedules of Expenditures & Transfers-Out. The office's main source of revenue is charges for services, derived from the fees it charges for corporate and Uniform Commercial Code (UCC) filings, totaling approximately \$9.8 million in the audit period.

Results

Our audit effort concentrated on significant activity including charges for services, personal services, and contracted services. In addition, we reviewed significant transactions recording the new computer system as construction work in process. We audited this activity through a combination of sampling, analytical techniques, as well as testing of the office's significant controls. We also determined the status of audit recommendations made to the office in the prior audit report.

We found the office implemented one of the three recommendations. We were unable to follow-up during this audit on the other two recommendations because the office did not have any reverted appropriations or new federal funding. We will continue to monitor the recommendations in future audits.

For a complete copy of the report (14-19) 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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