

FINANCIAL-COMPLIANCE AUDIT
Office of the Governor and Lieutenant
Governor

For the Two Fiscal Years Ended June 30, 2014

NOVEMBER 2014

14-23

REPORT SUMMARY

The 2013 Montana Legislature authorized a General Fund transfer of \$7.5 million to the Office of the Governor and Lieutenant Governor to fund operation costs of nine specific state agencies. During fiscal year 2014, approximately \$1.45 million was disbursed and of that amount approximately \$516,000 was transferred to agencies not referenced in the law. This matter, as well as other internal control, compliance, and accounting issues are addressed in this report.

Context

The Office of the Governor and Lieutenant Governor (office) is comprised of nine programs that oversee the activities of the executive branch of Montana state government, consistent with statutory and constitutional mandates.

Fiscal year 2013 marked the last year of the State Small Business Credit Initiative federal award, which accounted for over \$4.4 million in federal revenue. This federal award was subgranted to the Department of Commerce. The primary expenditures of the office results from personal services. These expenditures account for over 70 percent of the total expenditures for the office during each fiscal year audited.

In obtaining evidence for our opinion of the financial schedules of the office, we assessed risk, documented internal controls, and performed tests related to personal services, operating expenses, transfers-in, and federal revenue. We also tested compliance with 34 selected state laws.

Results

The prior audit report contained one recommendation on improving review procedures over transactions to ensure compliance with state accounting policies and state law. We determined the office did not implement this recommendation. The current audit report contains four recommendations related to strengthening internal control procedures for approval of expenditure transactions, complying with state law on use of the Governor's Operations Account, following state policy on establishing procurement cards accounts, and recording revenue estimates.

Recommendation Concurrence	
Concur	3
Partially Concur	0
Do Not Concur	1
Source: Agency audit response included in final report.	

For a complete copy of the report (14-23) 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>
Report Fraud, Waste, and Abuse to the Legislative Auditor's FRAUD HOTLINE
Call toll-free 1-800-222-4446, or e-mail ladhotline@mt.gov.