

PERFORMANCE AUDIT

State Real Property Management

Department of Natural Resources and Conservation

Department of Administration

AUGUST 2015

14P-07

REPORT SUMMARY

The State of Montana does not have a comprehensive, accurate inventory of its non-trust real property holdings. A more centralized process for real property transactions, and a stronger centralized real property management strategy, would make the state's management of this strategic asset more efficient and effective.

Context

The State of Montana's extensive real property holdings, found in every county in the state, total several million acres. While the vast majority of this land is held in trust and managed to benefit common schools and other specific beneficiaries, the state owns non-trust real estate for a number of other specific purposes as well. These purposes include highway construction and maintenance, wildlife habitat and conservation, environmental remediation, higher education, and the general day-to-day operation of state government across multiple agencies.

Our review looked at the statutorily required inventory of non-trust real property and how it is maintained and updated. We reviewed other sources of real property inventory information, as well as several agency-specific lists provided by the agencies themselves. We also examined the processes for the acquiring and disposing of real property, and how the state manages its entire portfolio of land across Montana.

Unlike other performance audits that examine specific programs or divisions, this project touched on a number of different agencies, as many agencies own real property for unique

reasons, and nearly every agency owns and manages real property in some capacity.

Results

Our audit found that the real property inventory required by statute is incomplete and inaccurate, and that staff at state agencies are generally unaware of the inventory and their responsibilities to help maintain it. We also found there is no consistent process for the acquiring and disposing of real property, and that while there are some statutory indications of a real property management strategy, the state could do more to provide comprehensive management of a strategic asset belonging to the people of Montana and worth many hundreds of millions of dollars.

Our report includes four recommendations, including:

- ◆ The agency charged with maintaining the non-trust real property inventory prioritize the completion and accuracy of the inventory,
- ◆ The legislature consider the centralization of real property transaction services,

- ◆ The legislature consider authorizing the development and implementation of a more comprehensive real property management strategy, and
- ◆ The agency tasked with providing to the legislature and the budget office an accounting of all space utilized by state agencies broaden its biennial report to include space owned by the state and not just leased space.

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

For a complete copy of the report (14P-07) 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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