

FINANCIAL-COMPLIANCE AUDIT

Department of Revenue

For the Two Fiscal Years Ended June 30, 2016

OCTOBER 2016

16-14

REPORT SUMMARY

The Montana Department of Revenue administers state tax laws by enforcing regulations for more than 38 state taxes and fees. The department collected approximately \$2 billion in taxes in fiscal year 2015 and \$1.9 billion in fiscal year 2016. Of this, over \$203 million was distributed to local governments in fiscal year 2015, and \$178 million in fiscal year 2016.

Context

In both fiscal year 2015 and 2016 the Department of Revenue (department) deposited around \$1.7 billion of the total tax collections into the General Fund. The main sources of these taxes are listed below.

- ◆ Individual Income
- ◆ Property
- ◆ Natural Resources
- ◆ Corporate
- ◆ Cigarette & Tobacco
- ◆ Liquor/Alcohol
- ◆ Lodging Facility
- ◆ Retail Telecommunications
- ◆ Railroad Car
- ◆ Energy
- ◆ Contractors Gross Receipts
- ◆ Car Rental
- ◆ Cement & Gypsum
- ◆ Inheritance

In addition to tax administration, the department establishes values for all taxable property. The department also manages unclaimed property, such as abandoned safety deposit boxes, and attempts to return property to its rightful owners. They oversee liquor distribution and licensing operations in the state and administer the eStop licensing

program and bad debt collections on behalf of state agencies. The eStop program allows businesses to apply for or renew up to eight state licenses all at once with one payment.

We reviewed the department’s internal controls, performed analytical procedures, and reviewed accounting transactions. We also tested the department’s compliance with over 140 state laws and regulations.

Results

The report includes two recommendations related to a missing prior year revenue transaction and late reporting of property tax valuations.

As a result of the audit, we issued an unmodified opinion on the department’s financial schedules. This means readers can rely on the information presented on the financial schedules.

Recommendation Concurrence	
Concur	2
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report (16-14) 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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