

FINANCIAL-COMPLIANCE AUDIT

Department of Environmental Quality  
For the Two Fiscal Years Ended June 30, 2016

NOVEMBER 2016

16-16

REPORT SUMMARY

The Department of Environmental Quality administers environmental protection and enforcement efforts of the state of Montana, including remediation of environmental damage and enforcement of the state's environmental laws. The department had \$134.7 million of expenditures in fiscal year 2015 and \$140 million in fiscal year 2016.

## Context

The Department of Environmental Quality (department) promotes environmental quality through programs to promote air quality; improve water supply, wastewater, and solid waste disposal infrastructure; regulate the discharge of pollutants; enforce the environmental laws of the state; and ensure remediation and reclamation at the sites of past natural resource damages. During fiscal year 2016, the department reorganized the administration of these programs in an effort to be more efficient.

The department is funded by state revenue collected through License and Permits, Charges for Services, and Investment Earnings. The department also receives federal grants related to the State Revolving Fund loan programs and multiple other grants. The department reported revenues and transfers-in totaling \$30.6 million in the State Special Revenue Fund and \$66.2 million in the Federal Special Revenue Fund in fiscal year 2015 and \$31.5 million in the State Special Revenue Fund and \$35.0 million in the Federal Special Revenue Fund in fiscal year 2016. One of the main factors for the large decrease in federal revenues was several multi-year grants coming

to an end in the Abandoned Mine program in fiscal year 2015.

## Results

During the course of the audit, we reviewed the internal control procedures and tested selected transactions related to the revenues generated from transfers-in, licensing and permitting, and the State Revolving Fund loan programs. We also reviewed expenditures related to personal services, other services and transfers-out. The report contains no recommendations.

Our prior audit report for the two fiscal years ended June 30, 2014, contained five recommendations. The department implemented all five recommendations.

For a complete copy of the report (16-16) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to [lad@mt.gov](mailto:lad@mt.gov); or check the web site at <http://leg.mt.gov/audit>

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