

FINANCIAL-COMPLIANCE AUDIT

Montana Historical Society

For the Two Fiscal Years Ended June 30, 2016

NOVEMBER 2016

16-24

REPORT SUMMARY

The Montana Historical Society maintains exhibits for the public that are intended to promote an understanding and appreciation of Montana's cultural heritage. Federal grants are administered for historic preservation programs. We identified material errors in the recording of federal indirect cost recoveries on the Schedule of Total Revenues & Transfers-In for the fiscal year ended June 30, 2015, which resulted in a qualified opinion.

## Context

The Montana Historical Society operates with five programs; the museum, the research center, Montana State Historical Preservation Office, the education and outreach program, and administration program. These five programs are in place to preserve historic resources, provide assistance to organizations preserving Montana's history, and provide programs that interpret Montana's past.

The museum collection is made up of more than 50,000 artifacts. This includes art, costumes, textiles, firearms, and industry objects for agriculture, cattle, and mining industries. This is where the 200 piece Charlie Russell art collection is housed.

Volunteers provide many services for the Montana Historical Society. Volunteers give school tours, perform research, and provide administrative support.

Revenues totaled approximately \$2.8 million in both fiscal years 2015 and 2016. Expenditures were approximately \$6.3 million and \$6.7 million in fiscal years 2015 and 2016, respectively. The main sources of revenue are grants and contracts, and the sale of documents, merchandise, and property. Expenditures are primarily for personal services and operating expenses.

Our audit effort was focused on the primary activity of the Montana Historical Society. We reviewed support for operating expenses, analyzed personal services, inspected federal grant revenue support, and examined support for daily deposits. We considered Montana Historical Society's control system throughout the audit and evaluated compliance with selected laws and regulations.

## Results

The current audit report contains two recommendations and a qualified opinion on the Schedule of Total Revenues & Transfers-In for the fiscal year ended June 30, 2015. The reader should use caution when using the information presented in the Schedule of Total Revenues & Transfers-In for the fiscal year ended June 30, 2015. Fiscal year 2015 indirect cost recoveries are recorded contrary to state accounting policy, resulting in a misstatement on the fiscal year 2015 financial schedules. Montana Historical Society does not have controls in place to record depreciation in accordance with state accounting policy and to write off inventory when it is obsolete. The prior audit report did not contain any recommendations.

*(continued on back)*

| Recommendation Concurrence                                     |   |
|--|---|
| Concur   | 1 |
| Partially Concur   | 1 |
| Do Not Concur  | 1 |
| <b>Source: Agency audit response included in final report.</b> |   |

For a complete copy of the report (16-24) 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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