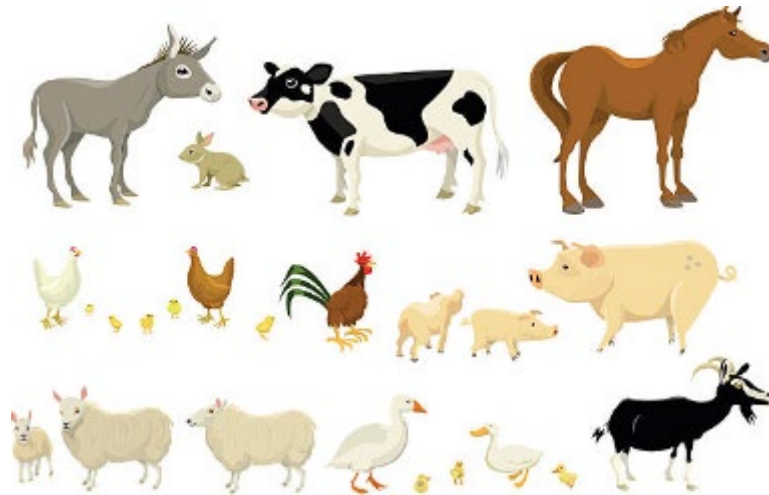


Department of Livestock FY20 and 21



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BRIEF INTRODUCTION

The Department of Livestock was established to:

- protect the livestock interests of the state from theft, disease, & predators
 - Includes prevention of the transmission of animal diseases to humans

The department accomplishes this primarily through funding from a livestock per capita assessment, brand record fees, and inspection fees.

Audit Areas of Focus

Revenues

Brand re-records
Livestock per capita assessment
Inspection fees

Expenditures

Operating Expenses
Budget Authority

Prior Audit Report

- 5 prior audit recommendations
- 3 implemented, 2 partially implemented
 - Adverse opinion

Results

RECOMMENDATIONS

Two recommendations related to stock estray and capital assets.

OPINION

Unmodified – you can rely on the information presented on the financials and recorded on the states accounting records

INTERNAL CONTROL & COMPLIANCE

Two significant deficiencies related to both audit recommendations.

Recommendation 1 (page 3)

- We recommend the Department of Livestock enhance internal controls to ensure stock stray transactions required by law are recorded in accordance with state accounting policy.



Stray unbranded livestock go to the department to try and locate owner.

The department usually sells the livestock but could keep and care for the animal.

When sold, proceeds are held and either returned to owner if located or after two years the proceeds become the departments.

- Prior to FY20, this activity was in an agency type fund.
- New accounting standards, effective starting FY20 resulted in this activity moving to a state special revenue fund.
- The accounts required to be used in a state special revenue fund are different than an agency type fund.
- This resulted in classification errors on the financial schedule. All activity is recorded on the state's accounting system, just not in the correct accounts as shown in chart on page 4.

Recommendation 2 (page 5)

- We recommend the Department of Livestock enhance controls over capital asset activity to ensure transactions are recorded according to state accounting policy.

- The department purchased new lab equipment totaling \$408,791 during the audit period.
 - Of the equipment purchased, six assets totaling \$202,640 were not recorded on the state's accounting records as an asset.
 - All activity was recorded on the state's accounting system as an expenditure.
 - A failure to record entries to an asset account means the asset management system does not show the asset and depreciation on the asset is not calculated.
 - Additional errors were made in recording entries to retire equipment resulting in misstatements on the other expenses and equipment lines on the expenditure schedules.

Significant Deficiencies

- Both recommendations
- Not material, but merits bringing to attention of those charged with governance



Questions?