



MONTANA LEGISLATIVE AUDIT DIVISION

Department of Administration

FOR THE TWO FISCAL YEARS ENDED JUNE 30, 2020

BACKGROUND

The Department of Administration (department) employs over 500 employees and is responsible for providing key services to other state agencies, including those related to: accounting and financial reporting, warrant writing, and state treasury functions; payroll, employee benefits, and human resources; Capitol complex maintenance and the maintenance, construction, and remodeling of state buildings; information systems development and maintenance; insurance and risk management; and statewide leasing, purchasing, and surplus property administration.

Through the long-range building program, the department expended approximately \$106 million for building construction costs during the audit period.

Additionally, the department administers the state's General Fund. During the audit period, the department transferred-out approximately \$316.7 million from the General Fund to fund other programs or functions of state government during the audit period.

The Department of Administration provides services to state government agencies in a variety of areas. Many of these services are managed through the department's Internal Service Funds. The department generated revenues from Internal Service Fund operations of approximately \$702.9 million during the audit period. Significant expenditure activity of the department included approximately \$374.4 million in benefit and claims expenditures associated with the State of Montana Benefit Plan and \$93.7 million for statutorily required contributions to the state's retirement systems during the audit period. The department received approximately \$25.7 million in CARES Act funds during the audit period. The majority of CARES Act funds were distributed to local governments. This report contains two recommendations to the department, related to internal controls over contract payments and noncompliance with state accounting policy.

AUDITOR'S OPINION (PAGE A-1): UNMODIFIED

We found the department's financial schedules presented fairly the activity of the department in all material respects and issued an unmodified opinion on the regulatory basis of accounting under which the financial schedules are presented. This means a reader can rely on the information presented and the underlying financial records.

For the full context of the department's financial activity, see the financial schedules and notes beginning on page A-4.

RECOMMENDATIONS:

In this report, we issued the following recommendations:

To the department: 2

To the legislature: 0

In this report, we determined the implementation status of recommendations in the prior audit:

Fully Implemented: 5

Partially Implemented: 1

Not Implemented: 1

In addition, we determined the implementation status of recommendations from the 16-13 audit of the department:

Fully Implemented: 3

Partially Implemented: 1

Not Implemented: 0

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For the full report or more information, contact the Legislative Audit Division.

leg.mt.gov/lad

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The mission of the Legislative Audit Division is to increase public trust in state government by reporting timely and accurate information about agency operations, technology, and finances to the Legislature and the citizens of Montana.

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RECOMMENDATION #1 (page 10):

State Compliance, Internal Control

Local Government Services does not have policies in place to write off uncollectible accounts from local governments.

Department response: Concur

RECOMMENDATION #2 (page 12):

Contract Management, Internal Control

The department should enhance internal controls to ensure contract payments were in compliance with contract requirements.

Department response: Concur

REPORT ON INTERNAL CONTROL AND COMPLIANCE

(page B-1):

In this report, we identified the following:

Material Weaknesses in Internal Control: 0

Significant Deficiencies in Internal Control: 0

Material Non-Compliance: 0

Other Matters: 0

For the full context of this information, including the distinction between the types of items reported, see the report beginning on page B-1.