

**ACCOUNTABILITY, COMPLIANCE,
AND TRANSPARENCY**
**REPORTING AND RESOLVING
ALLEGATIONS OF FRAUD, WASTE, AND
ABUSE IN MONTANA STATE GOVERNMENT**

DECEMBER 2025

A report to the Montana Legislature
for Fiscal Year 2025



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§5-13-202(2), MCA

FRAUD HOTLINE

(STATEWIDE)

1-800-222-4446

(IN HELENA)

444-4446

LADHotline@legmt.gov

www.montanafraud.gov

ACCOUNTABILITY, COMPLIANCE, AND TRANSPARENCY HOTLINE

We are pleased to present our report summarizing hotline and referral activity for fiscal year 2025.

The Legislative Audit Act requires the Legislative Auditor to establish and maintain a toll-free number (hotline) for reporting fraud, waste, and abuse in state government. The Act further requires the Legislative Auditor to periodically report to the Legislative Audit Committee on the use of the toll-free number, the results of reviews, verifications, and referrals, and the corrective actions taken by appropriate agencies. State agencies are also required to notify the Legislative Auditor upon discovery of any theft, actual or suspected, involving state money or property under that agency's control.

This report provides the legislature with a summary of all hotline and referral activity for fiscal year 2025. It includes work completed on submissions during financial-compliance, information system, or performance audits, as well as work done independently of a scheduled audit. This report also includes the results of our fourth biennial state employee survey, which assesses state employees' attitudes toward and awareness of mechanisms for reporting fraud, waste, and abuse in state government.

Respectfully submitted,

/s/ Angus Maciver

Angus Maciver, Legislative Auditor

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MONTANA LEGISLATIVE AUDIT DIVISION

ACCOUNTABILITY, COMPLIANCE, AND TRANSPARENCY

A report to the Montana Legislature

BACKGROUND

State law requires the Legislative Auditor to establish and maintain a mechanism for citizens to report fraud, waste, and abuse in state government; review and maintain a record of all submissions; analyze and verify the information received; or refer the information for appropriate action to the agency that is or appears to be the subject of the call.

The Legislative Audit Division (LAD) established a hotline in 1993 and citizens or state employees are able to submit a report through a toll-free number.

Currently, there are several ways to report alleged fraud, waste, or abuse in state government, including via a toll-free phone number, e-mail, USPS, online reporting form, or text message.

Reporting and Resolving Allegations of Fraud, Waste, and Abuse

Submissions to the hotline have steadily increased in recent years, reaching a record high of 160 reports in fiscal year 2025, nearly doubling since FY2023. Although we experienced a 19 percent increase in reported allegations over the last fiscal year, most of this increase was in submissions where another agency had jurisdiction to investigate. These submissions were referred to the relevant agencies for resolution. We continue to investigate roughly 50-60 hotline reports annually, working with multiple state agencies to resolve allegations and monitor trends in activity.

What is the Accountability, Compliance, and Transparency (ACT) Hotline?

Section 5-13-311, MCA, requires the Legislative Auditor to establish and maintain a mechanism for citizens to report fraud, waste, or abuse in state government. In 1993, the Legislative Audit Division (LAD) established a toll-free hotline for citizens and state employees to submit reports. LAD records and manages hotline submissions in a database. There are several ways to report alleged fraud, waste, or abuse in state government, including a toll-free phone number, email, USPS, online reporting form, and text. These reporting mechanisms are illustrated below.



Email

ladhotline@legmt.gov



Toll-Free Number

1-800-222-4446



Online Reporting

montanafraud.gov



Text2Tell

704-430-3930



Mailing Address

LAD Fraud Hotline
Legislative Audit Division
PO Box 201705
Helena, MT 59620

All reporting forms allow the reporter to remain anonymous and keep their information confidential. Additionally, §5-13-314, MCA, protects employees of the state or authorized contractors from penalties, sanctions, retaliation, or restrictions in connection with their employment due to their disclosure of information if they have not violated state law. Section 5-13-309, MCA, requires agency directors to report the discovery of any theft, actual or suspected, to LAD. These are termed penal violations and are also recorded and managed in the LAD database.

The ACT Team consists of four LAD staff who maintain the report management system and LAD's response to submissions. Around 500 hours were logged in fiscal year 2025 by division staff in managing, investigating, referring, or otherwise responding to hotline submissions. The time invested led to findings of fraud, waste or abuse in four cases, including the submission of two contracts and invoices in the amounts of \$170,100 in one case and improper use of grant funds in the amount of \$16,000 in another.

When a hotline submission is received, ACT Team members categorize the allegation based on the reporter's description. In categorizing and investigating the reports, staff use the following definitions:

- **Fraud:** any intentional or deliberate act to deprive another of property or money by guile, deception, or other unfair means.
- **Waste:** an unintentional, thoughtless, or careless expenditure, consumption, mismanagement, use or squandering of government resources to the detriment or potential detriment of the state.
- **Abuse:** an intentional, wrongful, or improper use or destruction of government resources, or seriously improper practice that does not involve prosecutable fraud.

The ACT Team adopted these definitions from the Generally Accepted Government Auditing Standards and Black's Law Dictionary.

The Importance of the ACT Hotline

The LAD ACT hotline plays an important role in identifying fraud, waste, and abuse in Montana state government. A 2024 report from the Association of Certified Fraud Examiners found that fraud in government organizations had a median loss value of \$150,000 and that 44 percent of frauds are detected via a submission. For fraud in general, the report found that more than half of hotline submissions (52 percent) come from employees, while 40 percent of total submissions come through online reporting mechanisms.

Since 2018, we have been tracking the volume and nature of hotline submissions to identify patterns and understand the role of the hotline. These patterns and perceptions are discussed in this report.

What We Found

Hotline Reports Increased and Penal Violations Have Decreased Over Time

Hotline reports are allegations of potential fraud, waste, or abuse of state resources. In fiscal year 2025, there were a total of 160 hotline submissions. This was a significant increase over the 130 reports we received in 2024 and continues an overall upward trend in hotline activity over the past few years.

We had jurisdiction over 62 hotline reports, a 33 percent increase from last year. We received 98 reports over which we had no jurisdiction; these reports are referred to the appropriate state agency. In fiscal year 2025, 25 agencies were the subject of hotline submissions. This is a slight increase in the number of agencies that were the subject of hotline submissions in fiscal year 2024, and the overall trend has been consistent over time.

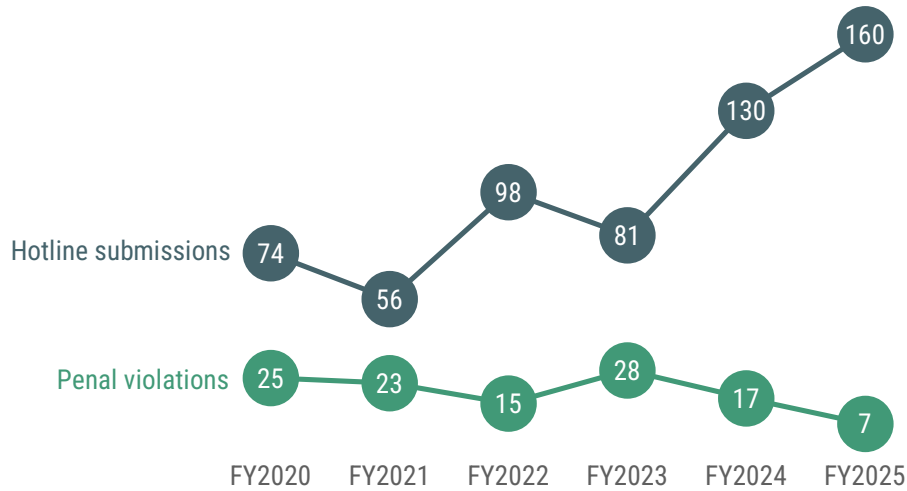
State law requires agencies to report the discovery of any theft, actual or suspected, to LAD, referred to as a penal violation (PV). A PV may also be discovered during an audit or reported through the hotline. The ACT Team reviews and classifies these submissions, determines whether additional information is needed for an ongoing or subsequent audit, assigns staff to analyze the submission, or refers the issue to the Attorney General and the Governor, as required by state law. In fiscal year 2025, we received seven PVs from four state agencies, continuing a multi-year decline in the number of PVs reported to us. It is unclear whether the decline in the number of PVs is due to fewer actual thefts in state agencies or if agencies are reporting on a less accurate basis. However, as shown below, the latter is most likely.

In fiscal year 2025, five of the seven reported PVs came from either the University of Montana or Montana State University (MSU). In 2018, eight agencies reported a total of 17 PVs. The Department of Fish, Wildlife and Parks accounted for four, MSU reported five, and the remaining eight came from six other agencies. By 2023, MSU reported nearly all of the state's 22 PVs. Only four other agencies reported a single PV each. These patterns suggest that many state agencies may not be fulfilling their statutory obligation to report PVs.

The following figure (page 4) illustrates LAD's total hotline reports and PVs for six fiscal years.

Figure 1

Hotline submissions continue to trend upward, while fewer **penal violations** were reported.



Source: Compiled by the Legislative Audit Division.

Increase in Reports where Other Agencies have Jurisdiction To Investigate

In fiscal year 2024, we saw a notable increase in hotline reports in which LAD has no jurisdiction to investigate. This trend continued in fiscal year 2025, although to a lesser extent, with 98 reports. This includes allegations of activity that are unrelated to fraud, waste, or abuse in state government (for example, reports of criminal activity unrelated to state resources or allegations of wrongdoing in local governments). Still, the majority of these reports relate to allegations of fraud, waste, or abuse in state government programs where there is existing legal authority and resources allocated for investigations. The most common example of a 'no jurisdiction' report is an allegation of fraud involving public assistance programs administered by the Department of Public Health and Human Services (SNAP, TANF, Medicaid, etc.). This agency has existing legal authority and programmatic resources to investigate these allegations, so LAD refers the report, rather than investigating it. To better understand the increase in these reports, we further categorized the allegations by type. The following table (page 5) shows the number and percentage of nonjurisdiction cases by allegation types. It includes some examples of specific activity associated with the broad categories.

Table 1

Allegation Type	Activity Examples	Agency Referral	2024 (%)	2025 (%)
Public Assistance	Fraudulent claims for SNAP/TANF benefits or Section 8 housing	DPHHS / OIG Commerce	38%	39%
Consumer Protection	Faulty products or deficient services, website scams	DOJ	26%	25%
Federal/Tribal Government	Misconduct by federal agency of tribal government employees	Commerce	0%	8%
Tax Compliance	Unreported income for tax purposes	DOR	13%	6%
Local Government	Misconduct by county employees	DOA	9%	6%
Criminal Activity	Selling illegal drugs, theft of property	DOJ	7%	12%
Employment & Workforce	Fraudulent unemployment insurance or workers' comp claims	DOLI / MSF	6%	4%
Hunting & Wildlife	Unlicensed hunting, poaching	FWP	1%	0%

Source: Compiled by the Legislative Audit Division.

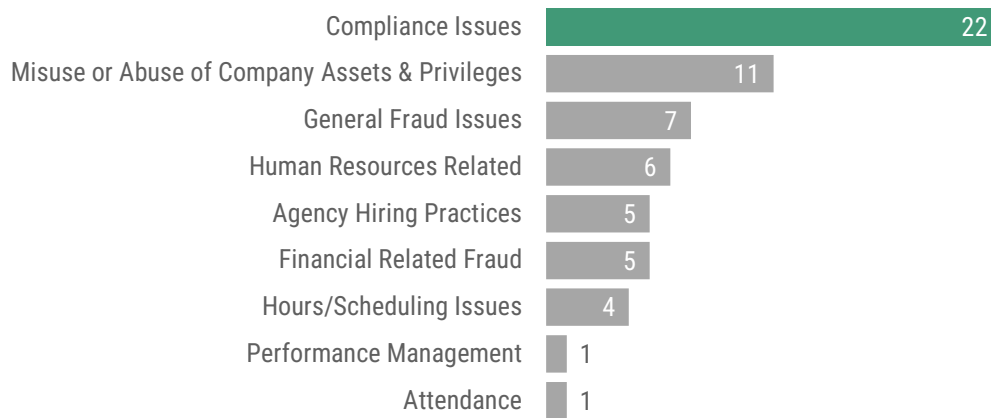
Compliance Issues Were the Most Common Allegation Type

Of the 62 hotline cases we reviewed, 22 related to allegations of noncompliance with various state laws, rules or policies. This included allegations regarding noncompliance with state laws concerning open meetings, contracting and procurement, and the terms and conditions of various grant agreements. Compliance issues, along with the misuse or abuse of company assets and privileges, continue to be prevalent allegation types when comparing reporting trends over time.

In fiscal year 2025, we also reviewed multiple allegations relating to state employees or employment, including reports on time and attendance, performance management, wage and hour disputes, and hiring practices. The following figure (page 6) shows the allegation type for fiscal year 2025.

Figure 2

The most frequent allegation we received in FY2025 was related to **noncompliance**.



Source: Compiled by the Legislative Audit Division.

Resolutions of Hotline Submissions

After an investigation by LAD staff, reports are resolved based on the evidence obtained and the ability of staff to corroborate the allegation. Unsubstantiated reports are those submissions where evidence does not prove the allegation's truth. Substantiated reports are those submissions where evidence obtained proves the truth of the allegation.

We investigated and substantiated four hotline reports in fiscal year 2025. One involved the Department of Commerce and concerned grants awarded to the Little Shell Tribe of Chippewa Indians of Montana (Little Shell Tribe). The second involved the Montana State University, the third involved the Department of Transportation (MDT), and the last involved the Montana Legislature.

Resolution of these reports is discussed in the following sections.

Investigation Substantiates Waste of State Funds in Commerce Department Grant to Little Shell Tribe

During FY2025, the Legislative Audit Division (LAD) received multiple complaints involving the Little Shell Tribe. These complaints largely concerned the use of grant funds, whether provided directly by the federal government or managed by the Department of Commerce (DOC). We did not investigate allegations involving only federal funds, such as ARPA and CARES Act funds, because we did not have jurisdiction to investigate those complaints, as they did not involve state funds (or federal pass-through funds held in trust by a state agency) or a state agency.

In the substantiated complaint, the concern was the lack of progress on the Pray Travertine Project. Little Shell Tribal Enterprises, LLC was awarded an \$80,000 Tribal Business Development Grant from the State Tribal Economic Development Commission to construct a manufacturing facility. According to our investigation, DOC had funded \$16,000 of the award to the LLC. Per the grant contract, any authorized but unspent funds must be returned to the Department of Commerce at the end of the contract period unless an extension is approved. Our investigation found that while the grant was funded, the project was not completed on time, and no extension had been requested. The LLC also failed to return the unspent funds to the department. Based on these findings, we determined the case constituted a waste of public resources.

MSU Employee's Personal Use of State Credit Card Deemed Abuse of State Resources

In the second substantiated case, an employee at Montana State University was alleged to have used a state-owned credit card for personal expenses. We referred this to the University for investigation. The University's College of Agriculture had already investigated and found \$418 in questionable charges between July 2023 and December 2024. Additionally, in December 2022, a \$9.99 check made payable to the University was endorsed by the employee and deposited into her personal account. The employee repaid the amounts in question, having indicated that the charges and the check issue were mistakes. In April 2024, the employee's state card was deactivated. The college issued guidance to all employees on the proper use of the credit cards.

In July 2024, after the employee provided assurances, the college reinstated her access to a state credit card. In January 2025, the college cancelled the card after again finding questionable charges from December 2024 and then disciplined the employee. The employee retired soon thereafter.

Audit Services and University Business Services assured us that they will "revisit the University's policies and procedures on [pro-]card misuse, including notification to all MSU departments about the need for prompt deactivation of misused cards in accordance with MSU policy and notification to [MSU's] Audit Services for potential review by the University's fiscal misconduct committee."

We determined that this case was substantiated for abuse of state assets and resources.

Transportation Department Reimbursements for Employee's Commute Found to Be Abuse

An MDT employee who worked at the MDT headquarters in Helena moved to Great Falls. Her supervisor approved mileage reimbursement for her commute from Great Falls to Helena and approved her travel time as paid time. Montana state law and the state travel policy both preclude reimbursement to an employee for their travel time/expenses for commutes from their home to their workstation.

Therefore, this case was substantiated for abuse of state resources. Because the employee's actions were approved by her supervisor, the employee was not required to repay the money.

MDT has committed to adding a copy of the travel policy to its training manual. Refresher training on travel policies has been provided to relevant employees.

Legislative Employee Bypassed Procurement Rules, Leading to Potential \$170K in Waste and Abuse

The final case involved the award of a contract by the Legislative Branch. In December 2024, a Legislative Branch employee presented to the Legislative Services Division (LSD), two signed contracts and two invoices totaling \$170,100, dated that same day, to secure the services of Agile Analytics, LLC (Agile) to monitor the implementation of bills passed into law as a result of the work of the Senate Select Committee on Judicial Oversight and Reform. Agile was controlled by a person with whom the Legislative Branch employee had a professional and personal relationship.

State law requires that contracts between state employees and contractors/vendors go through a competitive bidding process in most cases to avoid the waste of state resources. State law also prohibits the artificial bifurcation of contracts to circumvent the standard procurement process. The contracts presented by the Legislative Branch employee were divided into two parts (one for \$88,200 and one for \$81,900) for no apparent legitimate reason.

After investigation, we agreed with the Department of Administration (DOA) and LSD that there was no logical reason for the original contracts to be bifurcated other than to unlawfully avoid DOA oversight. Although the invoices were not paid, these actions, and the attempted procurement of over \$100,000 in consulting expenses, when the Legislative Branch employee had earlier sought and been denied approval for the expenditure, constituted an abuse of his position. The Legislative Branch employee did not follow the normal procurement process, as he did not initiate a competitive bidding process. In an attempt to cure the illegal contracts, Legislative Services, in conjunction with DOA personnel, combined the two contracts and attempted to justify the deviation from procedures by treating the contract as a "sole source" contract.

However, even a sole-source contract involving amounts over \$100,000 requires public notice for a period of time to allow others to intervene. There was no time to do this before the funding expired, so DOA attempted to justify the situation as an exigency. However, state law is very clear. An exigency cannot be justified when the state employee waits until the last minute to secure services. There was, in fact, no exigency.

While there was no monetary loss suffered by the state, the initial effort to artificially bifurcate the contracts and the subsequent decisions to forgo the normal procurement route via the sole source exception and exigency procedures deprived the state of the financial benefits of open competition in procurement and also caused improper use of staff time and therefore constituted a waste of state resources.

Because the Legislative Auditor is required to report apparent violations of penal laws to the Attorney General, we referred this to the Department of Justice for further investigation.

SURVEY RESULTS



State Employee Fraud Hotline Survey

In May 2025, we distributed the fourth biennial fraud hotline survey to a sample of employees in the Executive and Judicial branches and the Montana University System (MUS). This survey measures employee engagement with reporting methods for fraud, waste, and abuse (FWA), including use of the hotline. It also gauges employee perceptions of the amount of FWA in state government. This voluntary and anonymous survey, along with the results from the three previous surveys, help us monitor trends and promote awareness and use of the ACT hotline.

We Administered the Survey in May 2025

As in previous surveys, we randomly sampled 6,000 individuals from about 21,000 state employees for the 2025 survey. We again excluded the Legislative Branch and student employees of the MUS. To ensure broad agency representation, we used a stratified sampling method. The sample size from each agency was proportional to the size of each agency, except all agencies with fewer than 100 employees were combined into one group to protect anonymity. We sent the survey to the sampled employees in May 2025. The 2025 response rate was slightly higher than in previous surveys, likely due to the increased visibility of the hotline during the 2025 Legislative Session.

The 2025 survey had a slightly higher response rate than previous surveys.

Survey Statistic	2025	2023	2021	2019
Number of surveys sent	6,000	6,000	6,000	6,000
Total respondents entered	1,832	1,654	1,648	1,626
Total respondents to FWA Question	1,755	1,653	1,613	1,613
Total respondents completed	1,658	1,487	1,533	1,462
Response rate (entered)	31%	28%	28%	27%
Response rate (FWA Question)	29%	26%	27%	27%
Response rate (completed)	28%	25%	26%	24%

Source: Compiled by the Legislative Audit Division from online survey results.

In addition to questions about FWA, we included demographic questions to help assess and account for nonresponse bias. These questions covered agency affiliation, tenure, gender, and education. For more information on survey methods and our nonresponse analysis, see the appendix.

Remote Work Was Similar to Last Time and Was Not Related to FWA

First introduced in the 2023 hotline survey, we again asked respondents how often they work remotely each week. Reported remote work frequency was similar to 2023 results. We again found no statistically significant relationship between frequency of remote work and firsthand knowledge of FWA.

The frequency of remote work was similar to last time.

Weekly Telework	0 hours	1-8 hours	9-24 hours	>24 hours
2023 survey	49%	18%	16%	17%
2025 survey	47%	16%	18%	19%

Source: Compiled by the Legislative Audit Division from online survey results.

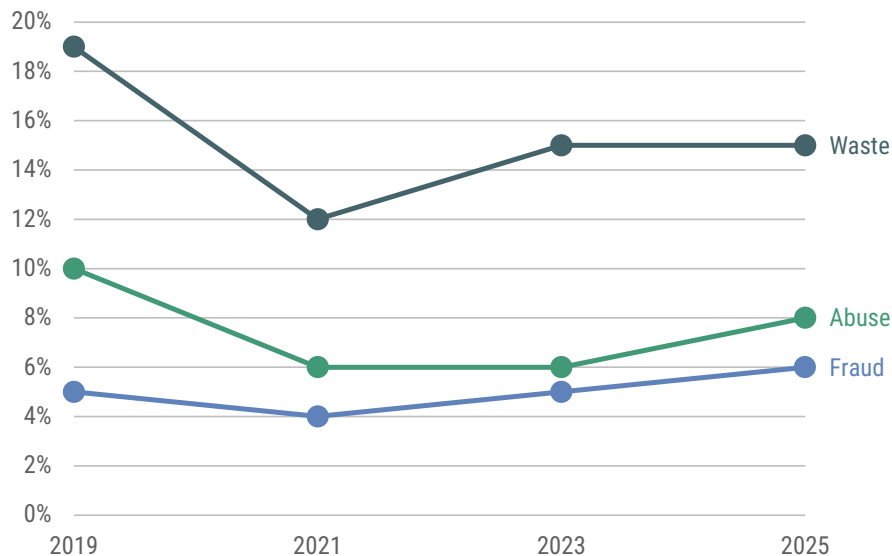
Firsthand Knowledge of FWA Has Not Changed Much in Recent Years

We asked employees whether they had first-hand knowledge of FWA in their agency in the past two years. Respondents were provided the following definitions:

- **Fraud:** Any intentional or deliberate act to deprive another of property or money by guile, deception, or other unfair means.
- **Waste:** An unintentional, thoughtless, or careless expenditure, consumption, mismanagement, use, or squandering of government resources to the detriment or potential detriment of the state.
- **Abuse:** An intentional, wrongful, or improper use or destruction of government resources, or seriously improper practice that does not involve prosecutable fraud.

There were 1,755 individuals who answered the questions about FWA in 2025. The percentage of employees reporting firsthand knowledge of FWA has remained fairly consistent across the last three surveys.

State employee firsthand knowledge of FWA has been consistent in recent years.

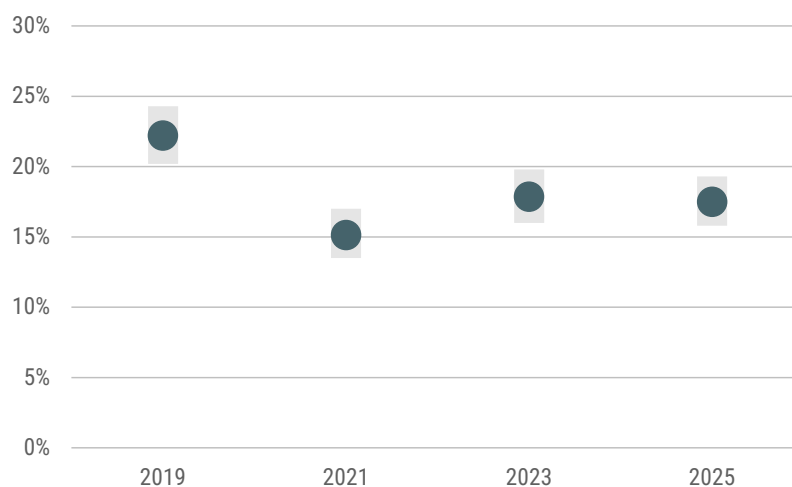


Source: Compiled by the Legislative Audit Division from online survey results.

As in previous surveys, employees reported more firsthand knowledge of waste than of fraud or abuse. The changes in reported rates of abuse and waste were not statistically significant. However, the increase in the fraud percentage between 2023 (4.8 percent) and 2025 (6.4 percent) was statistically significant. While the fraud increase was statistically significant, it is modest. We will continue monitoring these metrics as further increases could warrant additional review of controls at agencies.

Because respondents could report firsthand knowledge of fraud, waste, abuse, or some combination of these, we also analyzed the combined percentage of employees who answered 'Yes' to at least one of the three categories. After a notable drop between 2019 and 2021, the percentage has remained relatively stable.

Firsthand knowledge of at least one of FWA has not changed significantly in recent years.

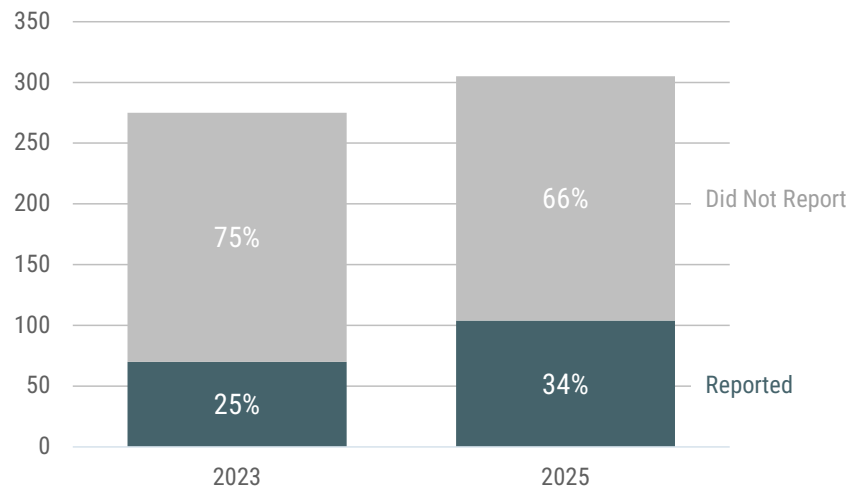


Source: Compiled by the Legislative Audit Division from online survey results.

More Report FWA, Still Mostly Within Their Own Agency

As in previous surveys, respondents with firsthand knowledge of FWA were asked whether they reported it and, if so, where. Of the 305 respondents who said they had firsthand knowledge of FWA, 104 (34 percent) said they reported the issue, while 201 (66 percent) did not. This represents a statistically significant increase in reporting compared to the prior survey.

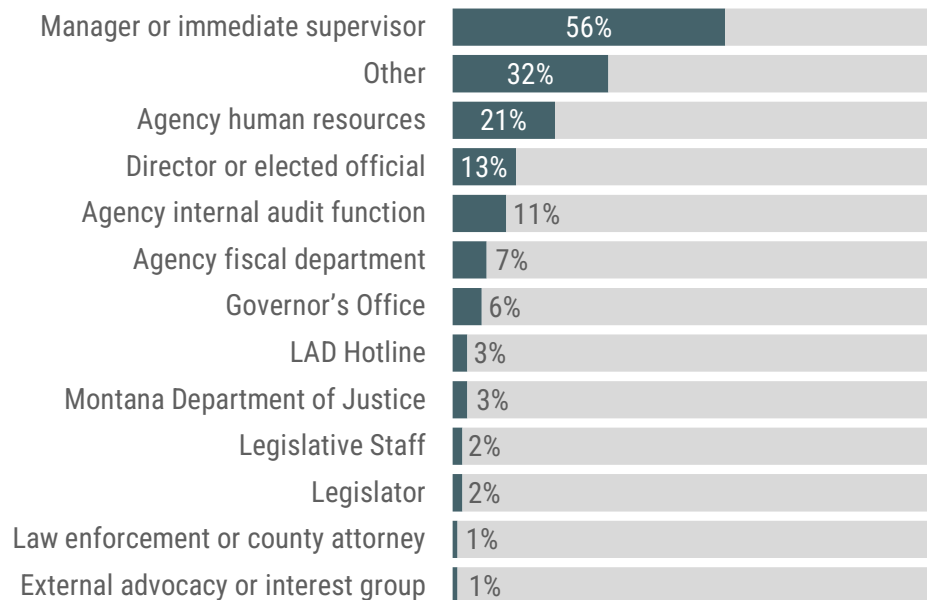
A higher percentage of state employees **reported FWA**.



Source: Compiled by the Legislative Audit Division from online survey results.

Consistent with past surveys, most employees who reported FWA did so within their own agency. The figure below shows where 104 respondents reported their firsthand knowledge of FWA.

A majority of state employees who report FWA continue to do so internally.



Source: Compiled by the Legislative Audit Division from online survey results.

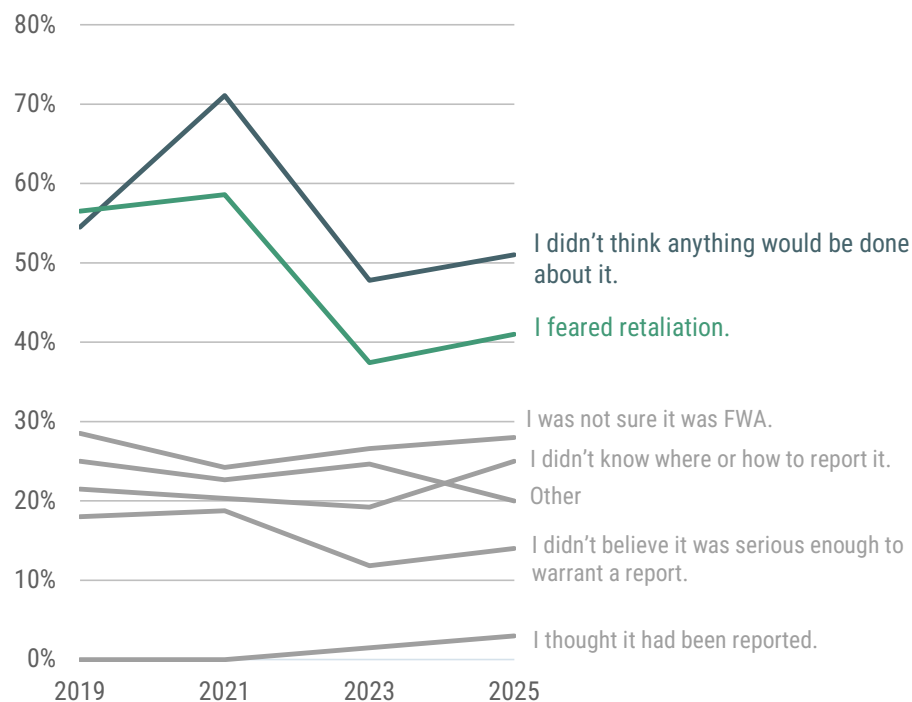
As the figure indicates, employees continue to report FWA primarily through internal channels. Most who selected “Other” specified internal contacts such as their bureau chief or management. This pattern reinforces that agency-level internal controls remain the first line of defense in promoting accountability, compliance, and transparency in state government operations.

Top Barriers Remain Fear of Retaliation and Belief Nothing Will Happen

We again asked respondents who said they did not report FWA for the reasons they did not report it. The top two reasons have remained consistent across all surveys:

- Thinking nothing will be done about it
- Fear of retaliation

Thinking nothing will be done about it and **fear of retaliation** remain the top barriers to reporting FWA.



Source: Compiled by the Legislative Audit Division from online survey results.

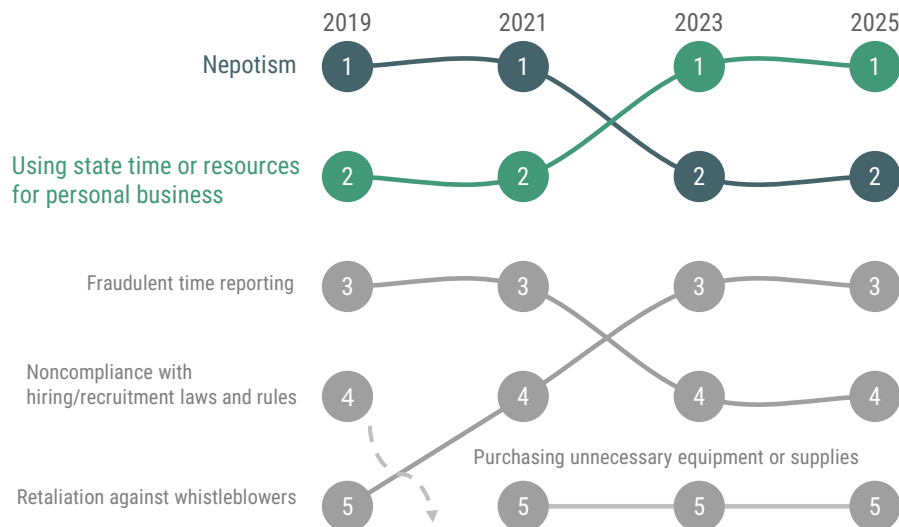
This trend underscores the ongoing need for strong whistleblower protections and consistent follow-up on reports of FWA.

The Top Two FWA Types Remain Misuse of State Time and Nepotism

To gauge employees' perceptions of how common certain types of FWA are in state government, we asked respondents to consider several examples of FWA that can occur in the public sector.

The top two types of FWA perceived by state employees have remained consistent over time: nepotism and using state time and resources for personal business. We defined nepotism in the survey as “favoring a familial relationship over merit.” Perceptions of retaliation against whistleblowers have also continued to rise, ranking third in both the 2023 and 2025 surveys.

Misuse of state time or resources and **nepotism** were the top perceived forms of FWA in all four surveys.



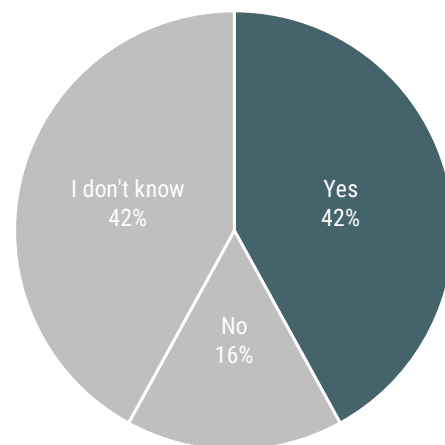
Source: Compiled by the Legislative Audit Division from online survey results.

State Employees Need More Training on Reporting FWA

Adequate training helps employees recognize and report fraud, waste, and abuse (FWA) when they encounter it. We asked respondents whether they received training or guidance on how to report FWA.

More than half of the respondents said they had not received such training or were unsure. This result is concerning, as limited training may lead to underreporting, continued misuse of public resources, and missed opportunities to prevent unethical behavior. Some agencies may need to provide more consistent training on how and where to report FWA.

Less than half of the respondents said they get training or guidance on how to report FWA.

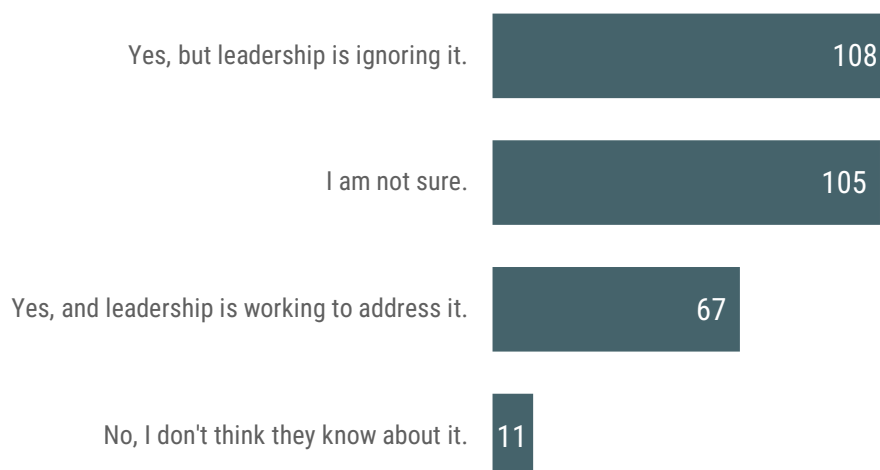


Source: Compiled by the Legislative Audit Division from online survey results.

Some Said Leadership Is Aware of FWA and Is Ignoring It

In the 2025 survey, we added a new question for respondents with firsthand knowledge of FWA: whether they believed leadership was aware of the issue and addressing it.

Most with firsthand knowledge of FWA either thought leadership was aware and ignoring it, or they were not sure.



Source: Compiled by the Legislative Audit Division from online survey results.

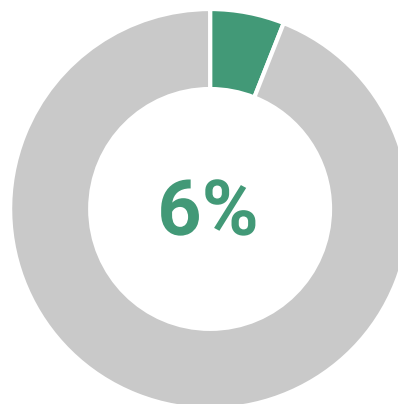
The results reveal a concerning issue. Among these respondents, most either believed leadership was aware but ignoring the issue (108 respondents) or were unsure of leadership's awareness (105). Only a smaller group felt leadership was actively addressing it (67), and very few believed leadership was unaware (11). These results highlight the importance of leadership taking visible and decisive action when FWA is reported.

Some Said They Have Been Asked to Ignore Law, Rule, or Policy

The 2025 survey introduced another new question: whether someone in a position of authority had asked the respondent to deliberately ignore an established law, rule, policy, or procedure. About 100 respondents (6 percent) answered "Yes."

While this percentage is low, even a small share indicates a potential ethical concern that can weaken public trust and the integrity of state institutions. This result establishes a baseline for tracking this metric in future surveys.

Only **6 percent** said they were asked to ignore an established law, rule, policy, or procedure.

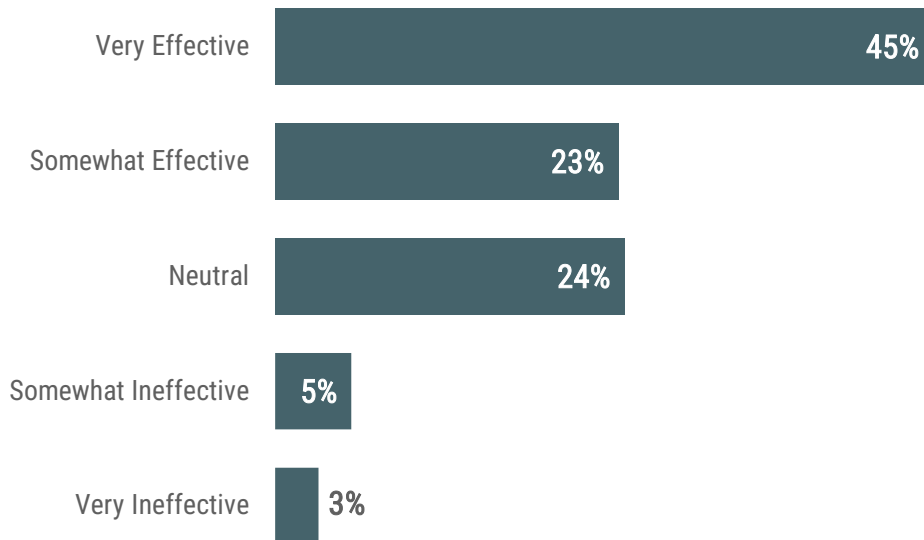


Source: Compiled by the Legislative Audit Division from online survey results.

The Majority of State Employees Rated FWA Prevention as Effective

We also asked respondents to rate how effective their agency's processes are at preventing FWA.

Most rated their agency's processes as effective in preventing FWA.



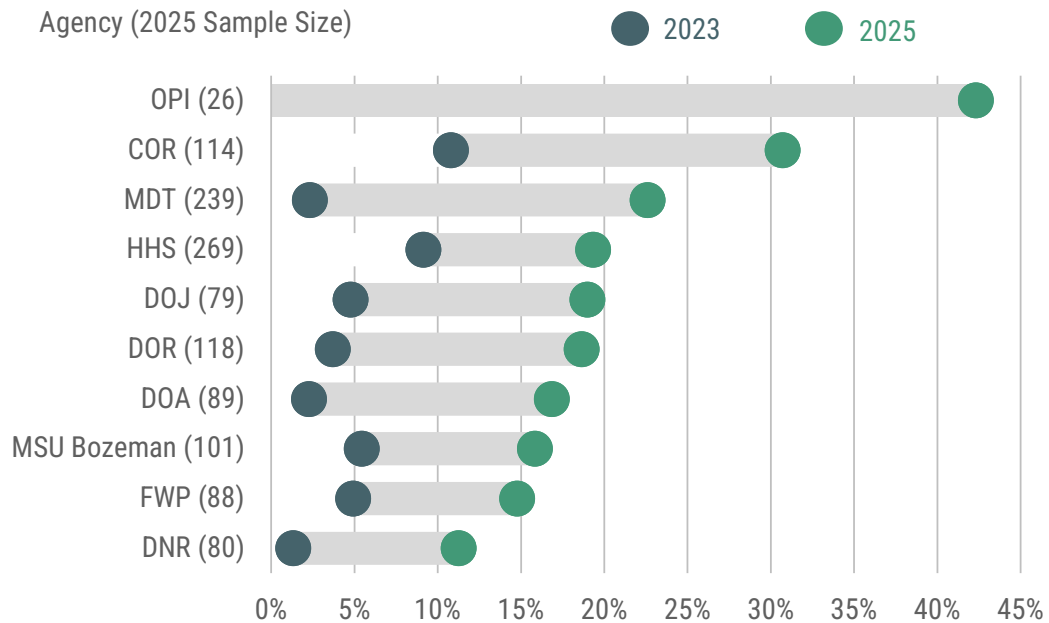
Source: Compiled by the Legislative Audit Division from online survey results.

As shown in the figure, most employees viewed their agency's processes as effective, with only 8 percent rating them as ineffective. This result can be interpreted in two ways. On one hand, it suggests broad confidence in agency systems. On the other, it highlights a potential risk, as any level of concern about FWA prevention deserves attention. These results also reveal a contrast. While about two-thirds of respondents viewed their agency's processes as effective in preventing FWA, most employees with firsthand knowledge of FWA said leadership was either ignoring the issue or they were unsure if leadership was aware. Both results will be important to monitor in future hotline surveys.

Some Agencies Had Large Increases in Firsthand Knowledge of FWA

We also examined agency-level changes in firsthand knowledge of FWA since the last survey. Such changes could reflect the effects of leadership actions, policy reforms, or cultural shifts within agencies. The table below shows the top 10 large agencies with the greatest percentage increase in respondents reporting firsthand knowledge of at least one FWA between 2023 and 2025. Percentages should be interpreted with caution, as some are based on smaller sample sizes.

Some large agencies showed increases in firsthand knowledge of FWA.



Source: Compiled by the Legislative Audit Division from online survey results.

All increases shown in the table were statistically significant. Agency-level changes will remain important to monitor in future surveys and to consider when assessing fraud risk during agency audits.

APPENDIX



Appendix – Survey Results and Methodology

What agency of state government do you work for?

Answer Choices	Responses	
Board of Public Education	4	0.2%
Department of Administration	89	5.1%
Department of Agriculture	13	0.7%
Department of Commerce	32	1.8%
Department of Corrections	114	6.5%
Department of Environmental Quality	53	3.0%
Department of Justice	79	4.5%
Department of Labor and Industry	100	5.7%
Department of Livestock	12	0.7%
Department of Military Affairs	20	1.1%
Department of Natural Resources and Conservation	80	4.6%
Department of Public Health and Human Services	269	15.3%
Department of Revenue	118	6.7%
Department of Transportation	239	13.6%
Department of Fish, Wildlife & Parks	88	5.0%
Great Falls College	3	0.2%
Governor's Office	7	0.4%
Historical Society	9	0.5%
Judicial Branch	73	4.2%
Montana School for the Deaf and Blind	4	0.2%
Montana State Library	10	0.6%
Montana State University - Billings	12	0.7%
Montana State University - Bozeman	101	5.8%
Montana State University - Northern	5	0.3%
Office of the Commissioner of Higher Education	7	0.4%
Office of Public Instruction	26	1.5%
Office of State Public Defender	31	1.8%
Public Service Commission	4	0.2%
Secretary of State	3	0.2%
State Auditor's Office	8	0.5%
State Fund	17	1.0%
University of Montana - Helena	1	0.1%
University of Montana - Missoula	103	5.9%
University of Montana - Montana Tech	15	0.9%
University of Montana - Western	6	0.3%
	n=1,755	

How many years have you worked for the state of Montana?

Answer Choices	Responses	
0-10	1,015	57.8%
11-20	477	27.2%
21-30	201	11.5%
More than 30	62	3.5%
	n=1,755	

What is your gender?

Answer Choices	Responses	
Male	786	44.8%
Female	933	53.2%
Non-binary	9	0.5%
Prefer to self-describe	27	1.5%
	n=1,755	

What is the highest level of education you have completed?

Answer Choices	Responses	
Less than high school degree	4	0.2%
High school degree or equivalent	171	9.7%
Some college, but no degree	239	13.6%
Associate degree	192	10.9%
Bachelor's degree	690	39.3%
Graduate degree	459	26.2%
	n=1,755	

On average, how many hours per week do you work remotely?

Answer Choices	Responses	
0 hours per week	822	46.8%
1-8 hours per week	286	16.3%
9-24 hours per week	312	17.8%
More than 24 hours per week	335	19.1%
	n=1,755	

The following is a definition of FRAUD:

Any intentional or deliberate act to deprive another of property or money by guile, deception, or other unfair means.

In the past two years, do you have any first-hand knowledge of fraud occurring at your agency?

Answer Choices	Responses	
Yes	112	6.4%
No	1,643	93.6%
	n=1,755	

The following is a definition of WASTE:

An unintentional, thoughtless or careless expenditure, consumption, mismanagement, use or squandering of government resources to the detriment or potential detriment of the state.

In the past two years, do you have any first-hand knowledge of waste occurring at your agency?

Answer Choices	Responses	
Yes	254	14.5%
No	1,501	85.5%
	n=1,755	

The following is a definition of ABUSE:

An intentional, wrongful, or improper use or destruction of government resources, or seriously improper practice that does not involve prosecutable fraud.

In the past two years, do you have any first-hand knowledge of abuse occurring at your agency?

Answer Choices	Responses	
Yes	132	7.5%
No	1,623	92.5%
	n=1,755	

Did you report the instance(s) of fraud, waste, or abuse?

Answer Choices	Responses	
Yes	104	34%
No	201	66%
	n=305	

To whom did you report the instance(s) of fraud, waste, or abuse?
(Select all that apply)

Answer Choices	Responses	
Agency management (immediate supervisor)	55	55.6%
Other (please specify)	32	32.3%
Agency human resources	21	21.2%
Executive management (director or elected official)	13	13.1%
Agency internal audit function	11	11.1%
Agency fiscal department	7	7.1%
Montana Department of Justice	3	3.0%
Legislative Audit Division Hotline	3	3.0%
Legislator(s)	2	2.0%
Legislative staff	2	2.0%
Local law enforcement or county attorney	1	1.0%
External advocacy or interest group	1	1.0%
Federal officials or law enforcement	0	0%
Montana Citizens' Advocate Office (Governor's Office)	0	0%
Media	0	0%
	n=99	

Check the reasons you did not report the suspected fraud, waste or abuse.
(Select all that apply)

Answer Choices	Responses	
I didn't think anything would be done about it, even if I reported it.	99	50.8%
I feared that I would be retaliated against if I reported it.	80	41.0%
I was not sure if it was fraud, waste, or abuse, or if my suspicions were correct.	54	27.7%
I didn't know where or how to report it.	48	24.6%
Other (please specify)	39	20.0%
I didn't believe it was serious enough to warrant a report.	27	13.8%
I thought it had already been reported.	6	3.1%
	n=195	

Do you believe leadership is aware of any fraud, waste, or abuse that occurred in your agency within the last two years?

Answer Choices	Responses	
Yes, and leadership is working to address it.	67	23.0%
Yes, but leadership is ignoring it.	108	37.1%
No, I don't think they know about it.	11	3.8%
I am not sure.	105	36.1%
	n=291	

The following represent some examples of fraud, waste, or abuse that can occur in public sector organizations. Please indicate how common you think these behaviors have been in the past two years in the agency you are currently working for.

Examples	Never		Rare		Sometimes		Frequent		Total
Using state time or resources to conduct personal business	880	52.9%	543	32.6%	196	11.8%	45	2.7%	1,664
Nepotism (favoring a familial relationship over merit)	1,091	65.6%	340	20.4%	153	9.2%	80	4.8%	1,664
Retaliation against whistleblowers	1,181	71.0%	266	16.0%	160	9.6%	57	3.4%	1,664
Fraudulent time reporting	1,042	62.6%	419	25.2%	156	9.4%	47	2.8%	1,664
Purchasing equipment or supplies that were unnecessary or were never used	1,035	62.2%	441	26.5%	160	9.6%	28	1.7%	1,664
Noncompliance with hiring/recruitment laws and rules	1,240	74.5%	270	16.2%	112	6.7%	42	2.5%	1,664
Illegal employee discipline/termination decisions	1,226	73.7%	286	17.2%	114	6.9%	38	2.3%	1,664
Personal use/misuse of state vehicles	1,173	70.5%	382	23.0%	96	5.8%	13	0.8%	1,664
Collusion with vendors or contractors	1,319	79.3%	269	16.2%	59	3.5%	17	1.0%	1,664
Disclosing or using confidential information for personal benefit	1,343	80.7%	259	15.6%	52	3.1%	10	0.6%	1,664
Using state time or resources to participate in political campaign activity	1,330	79.9%	273	16.4%	53	3.2%	8	0.5%	1,664
Manipulation, falsification, or alteration of government records	1,377	82.8%	229	13.8%	47	2.8%	11	0.7%	1,664
Misuse of procurement cards	1,300	78.1%	312	18.8%	45	2.7%	7	0.4%	1,664
Fraudulent travel claims	1,325	79.6%	293	17.6%	37	2.2%	9	0.5%	1,664
Acceptance of bribes, kickbacks, or gifts	1,415	85.0%	203	12.2%	38	2.3%	8	0.5%	1,664
Management directing staff to perform personal errands	1,428	85.8%	204	12.3%	29	1.7%	3	0.2%	1,664
Theft of cash or property	1,392	83.7%	246	14.8%	23	1.4%	3	0.2%	1,664
Deliberate destruction of state property	1,435	86.2%	206	12.4%	14	0.8%	9	0.5%	1,664

Does your agency provide training or guidance for staff on how to report suspected fraud, waste or abuse?

Answer Choices	Responses	
Yes	705	42.5%
No	261	15.7%
I don't know	694	41.8%
	n=1,660	

Has someone in a position of authority asked you to deliberately ignore an established law, rule, policy, or procedure?

Answer Choices	Responses	
Yes	103	6.2%
No	1,556	93.8%
	n=1,659	

How effective do you think your agency's processes are in preventing fraud, waste, or abuse?

Answer Choices	Responses	
Very effective	742	44.8%
Somewhat effective	387	23.3%
Neutral	394	23.8%
Somewhat ineffective	86	5.2%
Very ineffective	49	3.0%
	n=1,658	

Survey Administration

LAD biennially surveys a sample of state employees across the Executive and Judicial branches as well as the Montana University System (MUS). The survey excludes the Legislative Branch and student employees of the MUS. Its purpose is to measure engagement with mechanisms for reporting fraud, waste, and abuse (FWA) and to gauge employee perceptions of FWA in state government. We refer to this biennial effort as the hotline survey. We first administered it in June 2019 as a baseline, then at the end of April 2021, in early May 2023, and most recently in early May 2025.

For the 2025 hotline survey, we again used a stratified random sample of 6,000 employees. Each agency's share of the sample was proportional to its size, and agencies with fewer than 100 employees were combined into one group to protect anonymity. We emailed the survey on May 7, 2025, kept it open for about two weeks, and sent two reminders, one about a week after launch and one the day before closing. Unlike in 2023, we sent messages directly from our survey platform (Qualtrics) rather than Outlook, which allowed us to send all invitations at once and target reminders only to nonrespondents.

Response Rate

High response rates increase the likelihood the results accurately reflect the population of interest and improves statistical power. Because of this, we were hoping for a similar (or better) response rate to the 2025 hotline survey than in previous iterations of the survey. The following table shows the response rate for the 2025 compared to previous hotline surveys.

The 2025 survey had a slightly higher response rate than previous surveys.

Survey Statistic	2025	2023	2021	2019
Number of surveys sent	6,000	6,000	6,000	6,000
Total respondents entered	1,832	1,654	1,648	1,626
Total respondents to FWA Question	1,755	1,653	1,613	1,613
Total respondents completed	1,658	1,487	1,533	1,462
Response rate (entered)	31%	28%	28%	27%
Response rate (FWA Question)	29%	26%	27%	27%
Response rate (completed)	28%	25%	26%	24%

Source: Compiled by the Legislative Audit Division from online survey results.

The response rate for the 2025 survey was slightly higher than in previous surveys. We somewhat anticipated this increase due to the elevated profile of the hotline during the 2025 Legislative Session. More people entered the survey than ever before, and more people completed the survey than ever before. The dropout rate appears to be relatively consistent across surveys. That is, about 2-3 percent drop off between entering the survey and completing the survey.

Nonresponse Analysis

When conducting surveys, it is important to identify potential sources of nonresponse bias. Nonresponse bias occurs when respondents do not represent the population in ways that impact the results. To assess nonresponse bias, we included several demographic questions at the beginning of the survey:

- Agency affiliation
- Tenure/length of service
- Gender
- Education

We compared the demographic characteristics of respondents to those of the full population to identify significant differences. Agency affiliation data were available from our sampling data, and LAD Information Technology Audit staff helped obtain tenure, gender, and education data from SABHRS HR. However, the SABHRS HR data did not include the Montana University System and listed gender only as “male” or “female.” As a result, we excluded the university system from nonresponse analysis for tenure, gender, and education, and could assess gender only for respondents who identified as male or female.

As the table shows, large agencies were somewhat overrepresented in the survey, while the Montana University System (MUS) was underrepresented, which is a pattern consistent with previous surveys. Although we distribute the survey before the end of the academic year to encourage participation, this timing has not substantially improved response rates from MUS units. This may indicate other factors, such as lower familiarity with our office compared to the Executive and Judicial branches.

The MUS was underrepresented, but respondents were proportional to the population on other demographics.

	Population	Respondents
Agency Size (all)		
Large	60%	83%
University	38%	14%
Small	2%	3%
Tenure (excluding universities)		
0–10 Years	59%	58%
11–20 Years	24%	27%
21–30 Years	14%	11%
More than 30 Years	3%	4%
Gender (excluding universities)		
Male	50%	45%
Female	50%	53%
Education (excluding universities)		
Less than high school degree	<1%	<1%
High school degree or equivalent	25%	10%
Some college, but no degree	2%	14%
Associate degree	12%	11%
Bachelor's degree	32%	39%
Graduate degree	15%	26%
Not Indicated	14%	N/A

Source: Compiled by the Legislative Audit Division from online survey results.

Tenure was well represented in the 2025 survey. As in past years, slightly more females than males responded compared to their proportions in the population. While SABHRS provided education-level data, about 14 percent of records lacked this information, making direct comparisons difficult. However, the distribution of education levels among respondents was similar to prior surveys.

Overall, the most notable nonresponse issue continues to involve agency size, specifically underrepresentation from the MUS and overrepresentation of large agencies. Because this pattern has persisted across all survey years, we did not weight the 2025 results. Weighting would reduce comparability with prior surveys, and the proportion of respondents answering “Yes” to the FWA questions differed by less than seven percentage points across agency sizes, suggesting weighting would have minimal impact.



Accountability, Compliance, and Transparency Hotline

Our goal is to make State of Montana a better place for employees, customers, and contractors. The Accountability, Compliance, and Transparency (ACT) Hotline is a confidential, 24 hours a day, 365 days per year service that you can access from any location. Reports may be made on either an anonymous or named basis. The website is hosted by an independent third party and is not part of the State of Montana. You may report anonymously with confidence on this site if you choose. Those reporting potential fraud, waste, or abuse in Montana state government are encouraged to identify themselves, but anonymous reports are also accepted and investigated.

- Report online at www.montanafraud.gov.
- E-mail LADHotline@legmt.gov with a description of the allegation.
- Call the toll-free Fraud Hotline at 1-800-222-4446 or in Helena at 444-4446. This hotline is available 24 hours a day, 7 days a week. A person is generally available to answer your call personally Monday-Friday from 7:00 a.m. to 2:00 p.m.
- Text your concern to 704-430-3930. Your text will be routed through an independent third party to protect your anonymity. Your phone number is not recorded or provided to us. You will receive a confirmation text with directions on how to check the status of your report and communicate anonymously with our office.
- Send a written report to the following address:

LAD Fraud Hotline
Legislative Audit Division
PO Box 201705
Helena, MT 59620-1705