



Legislative Audit Division

Who We Are & What We Do

Legislative Audit Division

Room 160

State Capitol, first floor

406-444-3122 * lad@mt.gov

<https://leg.mt.gov/lad>

Legislative Auditor



The Legislative Audit Division (LAD) is the legislature's eyes and ears on the complex machinery of state government. LAD staff includes Certified Public Accountants reviewing the state's financial activities, and professionals with experience in public policy as well as business operations and management, ensuring that state programs are running efficiently and effectively. LAD also has tech-savvy staff investigating the state's computer systems to determine whether the data produced is valid, consistent, and protected. We know how

much you value accountability, integrity, and transparency in Montana state government. Your staff in LAD are here to protect and promote these values through independent audits, and in-depth research and oversight of the Executive and Judicial branches. Our reports to the Legislative Audit Committee help executive managers, public stakeholders, and the legislature as a whole understand and improve government. The work of LAD ensures public funds are accounted for properly, government services are delivered efficiently and effectively, and your statutory directives are followed. The public trust is fragile and strict accountability is its best defense. We are here to put this into action and we look forward to working with you to make this happen.

Angus Maciver

Legislative Auditor

Director, Legislative Audit Division

**Documented
policy
impacts are
required
to receive an
Impact
Award**

Recent Audit Awards

2018 Impact Award: Tracking Remedial Environmental Actions Data System

2017 Impact Award: Railroad Safety

2016 Impact Award: Child Abuse and Neglect Investigations

2015 Impact Award: Childhood Immunization Requirements

Awards are given by the National Legislative Program Evaluation Society, which includes employees of state legislative agencies engaged in program evaluation or performance auditing.

**For more information
or to request a copy of an audit, contact LAD
via any of the following:**

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| • Sen. Mary McNally
<i>Chairperson</i> | • Rep. Tom Burnett
<i>Vice-Chairperson</i> |
| • Sen. Dee Brown | • Rep. Randy Brodehl |
| • Sen. Terry Gauthier | • Rep. Kim Abbott |
| • Sen Bob Keenan | • Rep. Dan Bartel |
| • Sen. Margaret McDonald | • Rep. Virginia Court |
| • Sen. Gene Vuckovich | • Rep. Denise Hayman |

The Legislative Audit Committee is a bicameral and bipartisan standing and administrative committee of the Montana Legislature. It consists of six members of the Senate and six members of the House of Representatives. The Audit Committee appoints, consults with, and advises the Legislative Auditor. The Audit Committee reviews the audit reports submitted by the Legislative Auditor, releases the audit reports to the public, and serves as the conduit between the Legislative Auditor and the Legislature.

A Message from the Current Audit Committee Chairperson

"The work of the Legislative Audit Committee is a bi-partisan success story that has been improving state government for more than fifty years.

It ensures state agencies obey laws and accurately balance their books, saves taxpayers money by finding efficiency in state programs, and protects sensitive information held in state computer security systems."

- Senator Mary McNally



Recent Performance & Information Systems Audits



Senior Performance Auditor Sarah Carlson presenting to the Audit Committee.

In Fiscal Years 2017-2018, LAD issued 15 Performance and Information Systems (IS) audits. In addition, the Committee heard updates on the implementation status (follow ups) for 13 Performance and IS audits. Examples of the audits are listed below. All staff at LAD conducting performance and IS audits hold bachelor's degrees in various disciplines appropriate to the audit process, and many have master's degrees. Areas of expertise include public administration, business, journalism, accounting, English and computer science.

Performance audits review and analyze state programs to determine if the programs are achieving the intended results, being conducted efficiently and economically, and in compliance with related statutes and regulations. Performance audits result in recommendations that increase the effectiveness or efficiency of the program. IS audits examine both general and business process controls associated with an information system. IS audits determine the effectiveness of these controls in ensuring that the information provided by the system or application is complete, accurate, valid, confidential, and readily available.

Recent Performance and IS Audits

- Medicaid Fraud, Waste, & Abuse
- Crossroads Correctional Center
- Tax Increment Financing
- Brucellosis Management
- State Employee Discretionary Pay
- State Employee Health Clinics
- Montana Heritage Commission
- Liquor Licensing Compliance
- Governance for Information Technology Investments
- State Park Management
- Funding Highway Infrastructure
- Transportation Maintenance Division
- System for Tracking Remedial Environmental Actions
- Justice Department Information Sharing

Recent Performance and IS Follow Up Reports

- Review of Child Abuse and Neglect Investigations
- Veterinary Diagnostic Laboratory
- Railroad Safety
- Game Damage Program
- Drug Treatment Courts
- Unemployment Insurance Data Integrity
- Licensing Real Estate Professionals
- University System Workforce Data Reporting
- School Data Collection
- Protecting Montana's Consumers
- State Real Property
- Regulation of Independent Contractors

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Recent Financial & Compliance Audits

State law requires LAD conduct a financial and compliance audit of each state agency at least every two years. Consequently, from January 2017 to December 2018, LAD issued more than 30 financial and financial-compliance audit reports. Most staff members working on financial-compliance audits at LAD hold a Certified Public Accountant (CPA) license.

Financial and compliance audits are conducted to determine if an agency's financial operations are properly conducted, the financial reports are presented fairly, and the agency has complied with applicable laws and regulations. Financial audits are conducted to determine if the financial statements included in a report from an agency are presented fairly and the agency has complied with laws and regulations having a direct and material effect on determination of financial statement amounts.

LAD also issues a statewide biennial Single Audit Report by the end of March of even-numbered years. The Single Audit work is required for state agencies to receive federal funding. It includes reports on compliance with requirements applicable to select federal programs.



Senior Financial-Compliance Auditor Chris Darragh presenting to the Audit Committee.

Examples of Financial & Compliance Audits Issued January 2017 - October 2018

- | | |
|--|---|
| • Montana State University | • State Auditor's Office |
| • University of Montana | • Public Employees' Retirement Board |
| • Department of Justice | • Board of Public Education |
| • Department of Commerce | • Montana Single Audit: All Agencies |
| • Department of Fish, Wildlife, & Parks | • Board of Investments |
| • Department of Labor & Industry | • Guaranteed Student Loan Program |
| • Legislative Branch | • Lottery |
| • Department of Public Health & Human Services | • State Fund |
| • Office of Public Instruction | • Water Pollution Control & Drinking Water State Revolving Fund Program |
| • Department of Transportation | • Dawson Community College |
| • Department of Agriculture | • Flathead Community College |
| • Judicial Branch | • Miles Community College |
| • Office of the Commissioner of Higher Education | • Medical Legal Panel |
| • Department of Livestock | • Arts Council |
| • Montana Facility Finance Authority | • Board of Housing |
| | • Library Commission |

Electronic copies of audits are available at www.leg.mt.gov/lad

Legislators Request Audits & Research Assistance from LAD

**Any Legislator
may request an
audit of state
government
activity.**

Any member of the Legislature may request the Legislative Auditor audit any activity in state government. In addition to conducting audits, the Legislative Audit Division is a research resource to legislators. The auditor and staff assist the legislature, its committees, and its members by gathering and analyzing information relating to the operations of state government. Commonly referred to as legislative requests, these are generally small projects undertaken to provide members of the legislature with information regarding a specific question or analysis about an agency or program. In Fiscal Years 2017 and 2018, the division formally responded to 45 legislative requests on various topics.

Fraud Hotline

The auditor maintains a Web site (www.montanafraud.gov) and a toll-free telephone number (800-222-4446) for use by Montana residents for the reporting of fraud, waste, and abuse in state government. Any information received concerning a governmental entity other than state government may also be referred by the auditor to an appropriate federal, state, or local government agency. In Fiscal Years 2017 and 2018, the division received 82 hotline calls regarding alleged fraud, waste, and abuse in state government.

In fiscal years 2017 and 2018, in addition to completing more than 40 audits, the Legislative Audit Division received 82 hotline calls from the public regarding possible waste, abuse and fraud in state government, and responded to 45 research requests from legislators for information regarding various operations of state government.

The Montana Constitution on the Legislative Audit Function

Article V, Section 10(4) of the Montana Constitution mandates a legislative post-audit function. The Legislative Audit Act, contained in Title 5, Chapter 13, MCA, establishes the Legislative Audit Committee of the Montana Legislature and the Legislative Audit Division. Managed by a Legislative Auditor appointed by the committee, the division provides the legislature, its committees and its members, with factual and timely information. The intent of the Act is that each agency of state government be audited for the purpose of furnishing the legislature with factual information vital to the discharge of its legislative duties. Per state law, the auditor conducts a financial and compliance audit of each state agency at least every two years. In addition, the auditor selects and prioritizes agencies and programs for audits with consideration given to the agency's or program's financial, operational, and technological risks associated with meeting its intended purpose, goals, objectives, and legal mandates.

*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*

Audit Committee Chairpersons

07/2017 Senator Mary McNally (D)
11/2013 Representative Randy Brodehl (R)
09/2009 Senator Mitch Tropila (D)
06/2009 Senator Mike Cooney (D), Acting
08/2007 Senator Joe Balyeat (R)
06/2005 Representative John Musgrove (D)
06/2003 Representative Jeff Pattison (R)
06/2001 Senator Jon Tester (D)
04/1999 Representative Bruce Simon (R)
06/1997 Senator Linda Nelson (D)
04/1995 Representative Ernest Bergsagel (R)
03/1991 Senator Greg Jergeson (D)
05/1989 Representative John Cobb (R)
05/1985 Senator Judy Jacobson (D)
12/1984 Senator Matt Himsl (R)
03/1983 Representative Kathleen McBride (D)
03/1979 Senator Matt Himsl (R)
02/1977 Representative Harold Gerke (D)

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What's Down the Road for the Audit Committee?



The membership of the Audit Committee will be determined before the end of the 2019 session. A member of the committee serves until their term of office ends or until a successor is appointed, whichever comes first. The new committee will meet as often as necessary throughout the biennium to review financial-compliance, information systems, and performance audit reports. Public comment is taken after each audit is presented and discussed at Audit Committee meetings. Committee meetings can be viewed as they occur via the Legislative web page. Video and audio archives of recent meetings are available also.

Who Audits the Auditors?

Auditing standards set by the U.S. Government Accountability Office (GAO) require a peer review of the Legislative Audit Division every three years. A review team traveled to Montana in June 2017 to evaluate the division's work. They concluded that LAD has suitably designed, and complies with, a system of quality control that provides reasonable assurance the office is performing and reporting in conformity with applicable standards in all material respects. The review team included staff from state audit organizations in Kansas, Indiana, New Hampshire, and Arkansas, as well as the U.S. Department of Health and Human Services. A peer review generally includes a review of audit documentation, review of policies and procedures, and staff interviews. The next peer review of the LAD will occur in 2020.

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