



MONTANA LEGISLATIVE AUDIT DIVISION

Department of Military Affairs

FOR THE TWO FISCAL YEARS ENDED JUNE 30, 2020

BACKGROUND

The department consists of eleven programs: Air National Guard, Army National Guard, Montana Youth Challenge, Director's Office, Disaster & Emergency Services, Disaster Fund, Military Capital Construction, Montana Military Family Relief Fund, Scholarship Program, Montana Science and Technology Academies Reinforcing Basic Aviation and Space Exploration (STARBASE), and Veterans Affairs. The department, through the Army and Air National Guard, manages a joint federal-state program to maintain trained and equipped military organizations in readiness for state and national mobilizations to active duty. In addition to the National Guard, the department plans for and coordinates state responses in disaster and emergency situations. The department also manages and cooperates with state and federal agencies in providing statewide services for discharged veterans and their families.

The Department of Military Affairs (department) administers several grant programs subject to federal regulations. Past audits have reported recommendations related to allocation, reimbursement, and expenditure accruals for these grant programs. While the department has made progress, this report continues to include recommendations related to these federal programs including a \$6,179 over federal allocation for the Operation and Maintenance federal program and questioned costs of \$127,954 related to Emergency Management Performance Grants.

AUDITOR'S OPINION: UNMODIFIED

We found the department's financial schedules and note disclosures presented fairly the activity of the department in all material respects and issued unmodified opinions. 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: 4

To the legislature: 0

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

Fully Implemented: 3

Partially Implemented: 2

Not Implemented: 2

RECOMMENDATION #1 (page 5):

Federal Compliance

We recommend the department comply with federal requirements to allocate the correct amount of salaries for employees whose time is split between federal and state activities, reimburse the federal government for the amount overallocated, and develop controls to ensure splits are accurate.

Department response: Concur

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

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RECOMMENDATION #2 (page 6):

Internal Control

We recommend the department continue to enhance internal control procedures and training to ensure proper documentation is obtained prior to the reimbursement of expenses under the Emergency Management Performance Grants program.

Department response: Concur

RECOMMENDATION #3 (page 8):

Internal Control

Record expenditure accruals in accordance with state accounting policy and improve internal controls over the fiscal year-end expenditure accrual process to ensure expenditures are accrued in accordance with state accounting policy.

Department response: Concur

RECOMMENDATION #4 (page 9):

Internal Control

We recommend the Department of Military Affairs strengthen internal controls over the drafting of the financial schedule note disclosures to ensure the information accurately reflects the department's operations.

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: 3
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.