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Chapter V – Education

Disclosure Issues

In addition to the recommendations included in audit reports for state agencies, audit reports may also include disclosure issues. Disclosure issues are items of which the Legislative Auditor believes the legislature should, but may not be, aware. They include situations where the law may not directly address the issue, where spending by state agencies might be inconsistent with what appears to be the intent of the legislature or where amounts on the state's accounting records might not be accurate. The disclosure issues listed below are included in reports for the agencies addressed in this section.

There were no disclosure issues for agencies included in this section.

FINANCIAL-COMPLIANCE AUDIT

Montana Arts Council

For the Two Fiscal Years Ended June 30, 2011

DECEMBER 2011

11-24

REPORT SUMMARY

Title 22, Chapter 2 of the Montana Code Annotated established the Montana Arts Council (council) as a state agency. Because the council is established by the Montana Code Annotated, unlike most state agencies established by the Montana Constitution, it is often the subject of Legislative scrutiny.

Context

The council's primary activity involves administering grants from state and federal sources of about \$1 million each fiscal year. Interest earnings on the \$12 million balance in the Cultural Trust provide continued funding of cultural and aesthetic project grants. During the audited biennium, interest earnings fell short of the amounts allocated by the 61st Legislature. While cultural trust earnings declined, federal funding received by the council increased by at least 20 percent for the biennium.

Recommendation Concurrence	
Concur	2
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

Results

This report contains the audited financial schedules for the two fiscal years ended June 30, 2011. Due to an error in accounting, the 2010-11 grant expenditures are inaccurate. This report contains two recommendations regarding internal controls over financial reporting and noncompliance with state laws. The council implemented the three prior audit recommendations made in 2009.

For a complete copy of the report (11-24) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>

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FINANCIAL-COMPLIANCE AUDIT
Montana School for the Deaf and Blind
For the Two Fiscal Years Ended June 30, 2012

DECEMBER 2012

12-22A

REPORT SUMMARY

The Montana School for the Deaf and Blind (school) provides services to sensory impaired infants, toddlers, and school aged children through their campus facility in Great Falls and their outreach program that works with individuals in school districts across the state.

Context

At the end of fiscal year 2011-12, the school was providing instruction for 61 hearing and visually impaired students through the Great Falls campus, as well as providing residential living and health services for 26 of those students. Through the school’s outreach program, they were also providing consultation and technical assistance to the families, teachers, and administrators of more than 519 sensory impaired infants, toddlers, and school aged children across the state.

Recommendation Concurrence	
Concur	1
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For fiscal year 2011-12, the school had approximately \$6.5 million of budgeted expenditures. In fiscal years 2010-11 and 2011-12, the school’s foundation provided \$189,658 and \$182,358, respectively, in support of student activities and supply purchases.

Results

Our audit includes one audit recommendation. The school receives federal grant funding from the Office of Public Instruction for school nutrition and special education programs. The school improperly classified the monies as direct federal revenue instead of a transfer-in.

For a complete copy of the report (12-22A) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>
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FINANCIAL-COMPLIANCE AUDIT

Montana Historical Society

For the Two Fiscal Years Ended June 30, 2012

NOVEMBER 2012

12-24

REPORT SUMMARY

The Montana Historical Society is one of the oldest institutions of its kind west of the Mississippi River, which is responsible for managing Montana historic treasures. Approximately 57,000 people visited its museum and archives facility in fiscal year 2011 and fiscal year 2012.

Context

The Museum collection (over 50,000 artifacts) contains art and three-dimensional artifacts relating to all aspects of Montana history and culture. Of the 8,000 pieces of art represented in the collections, the best-known works are by Montana's "Cowboy Artist" Charles M. Russell. This collection (numbering over 200 pieces - 24 major oils, 33 major watercolors, 40 pen and inks, 15 original models, 60 bronzes, and 34 illustrated letters) is one of the most significant collections of Russell art anywhere. Another major art collection represents the life work of sculptor Bob Scriver (3,000 pieces).

The research center program consists of the library, archives, and photograph archives functions. The society houses approximately 30,000 linear feet of state, local government, and private records. The archive collection is constantly growing.

Montana the Magazine of Western History showcases the people, places, and events that shaped the state and the western region. The magazine has won numerous awards in the past two years, including the 2012 Arrington-Prucha Prize for best Western Religious History from the Western History Association.

The Montana Historical Society Press provides educational outreach for the Montana Historical Society by publishing readable and provocative books for students and adults focusing on the history and cultural resources of Montana. In 2011, *Hand Raised: The Barns of Montana* won the High Plains Book Award for Best Nonfiction.

The Montana State Historic Preservation Office works together with all Montanans to promote the preservation of our state's historic and cultural places. In 2011, the State Historic Preservation Office initiated the Montana Post World War II (1945-1965) Architectural Survey and inventory. The project identified, documented, and evaluated selected properties from Montana's post war period.

The society was supported by approximately 13,000 volunteer hours in fiscal year 2011 and fiscal year 2012. Volunteers provided school tours, helped with social functions, assisted in the museum, and performed clerical work. The Friends of the Society volunteer organization is celebrating its 40th year in 2012.

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Results

We audited the fiscal year 2010-11 and fiscal year 2011-12 financial schedules and tested compliance with state laws and federal regulation. This report contains no recommendations to the society resulting in an unqualified opinion.

Recommendation Concurrence	
Concur	0
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report (12-24) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>
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FINANCIAL-COMPLIANCE AUDIT

Montana State Library Commission

For the Two Fiscal Years Ended June 30, 2011

OCTOBER 2011

11-23

REPORT SUMMARY

The Montana State Library Commission (Library) has the mission to meet the information needs of state agency management and staff, and provide all citizens with access to information created by their government. The Library also supports Montana libraries in delivering quality library content and services to their patrons, and works to strengthen local community public libraries.

Context

To achieve its mission of strengthening local public libraries, the Library operates the Montana Shared Catalog (MSC). MSC is a cooperative project involving more than 100 libraries. The program facilitates access of library users to the collections of member libraries across the state. As administrator, the Library provides access to the shared catalog database server to member libraries on a 24 hours per day, 365 days per year basis. Member libraries pay the Library an annual fee for access to the shared catalog database, for which the Library received \$179,891 and \$239,250 in fiscal years 2011 and 2010, respectively.

Through the Broadband Technologies Opportunities Program, partially funded by the American Reinvestment and Recovery Act, the Library is collaborating with 42 of Montana's public libraries to expand access to free, high-speed internet to 86 percent of the state's population by 2013. The Library will match \$1,829,473 of federal funds primarily with a \$665,000 private donation.

Results

We issued an unqualified opinion on the financial schedules for each of the fiscal years ended June 30, 2011 and 2010. The Library implemented the recommendation from the prior audit. The report contains no new recommendations.

Recommendation Concurrence	
Concur	0
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

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FINANCIAL-COMPLIANCE AUDIT
Office of Public Instruction
For the Two Fiscal Years Ended June 30, 2011

OCTOBER 2011

11-19

REPORT SUMMARY

The Office of Public Instruction (office) distributed State and Federal funds to local school districts for support of K-12 education, in excess of \$897 million in fiscal year 2010-11 and \$879 million in fiscal year 2009-10. The office accomplished this with a staff of 185 employees while complying with a vast array of State and Federal laws.

Context

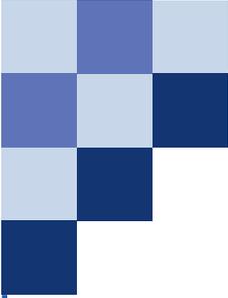
The Office has approximately 185 full-time equivalent employees who provide services to schools, teachers, and children, in over 420 school districts throughout the state. The Office assists in planning, implementing, and evaluating educational programs. The office also oversees Educator preparation and licensure, school accreditation, school finance, and school law. The office administers numerous federal grants under the United States Departments of Agriculture and Education.

Recommendation Concurrence	
Concur	1
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

Results

Our prior audit contained six recommendations of which four were implemented. Two recommendations were not implemented by June 30, 2011 and pertained to compliance with state law. The office is not complying with §20-7-201, MCA, regarding establishing and maintaining a media library and §20-7-502(9), MCA, related to conducting onsite driver education program reviews.

For a complete copy of the report (11-19) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>
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MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL-COMPLIANCE AUDIT

Office of the Commissioner of Higher Education

For the Two Fiscal Years Ended June 30, 2011

OCTOBER 2011

11-20

REPORT SUMMARY

The Office of the Commissioner of Higher Education transferred a total of \$189,501,181 to the Montana University System in fiscal year 2010 and \$183,296,861 in fiscal year 2011. The Montana University System is comprised of 14 campuses and enrolls more than 47,000 students.

Context

The Montana Constitution extends governance authority over the Montana University System (MUS) to the Montana Board of Regents (board) but leaves the power to appropriate state funds for the MUS to the legislature. The board consists of seven members appointed by the Governor, and confirmed by the Senate, to seven-year overlapping terms. The Governor, Superintendent of Public Instruction, and the Commissioner of Higher Education are ex-officio members of the board. The Constitution charges the board with hiring a Commissioner of Higher Education who serves as its executive staff. All state funds appropriated by the legislature to the board for the support of the MUS are channeled through the office.

The Office of Higher Education (Office) conducts its operations in, but is not limited to, the following programs: Administration Program, Student Assistance Program, Improving Teacher Quality Program, Educational Outreach & Diversity Program, Work Force Development Program, Guaranteed Student Loan Program, Appropriation Distribution, MUS Workers

Compensation Program, and the MUS Group Insurance Program. Other smaller programs include the Board of Regents Administration, Community College Assistance and Tribal College Assistance programs.

The Office transferred appropriations totaling \$189,501,181 to the MUS in fiscal year 2010 and \$183,296,861 in fiscal year 2011. The total includes \$18,000,000 from the 6-mill levy in fiscal year 2010 and \$17,000,000 in fiscal year 2011.

Results

There are no recommendations to the Office in this report.

Recommendation Concurrence	
Concur	0
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report (11-20) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>
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FINANCIAL AUDIT

Montana Guaranteed Student Loan Program

For the Fiscal Year Ended June 30, 2012

DECEMBER 2012

11-06B

REPORT SUMMARY

Due to changes in federal regulations in fiscal year 2011, the Montana Guaranteed Student Loan Program (GSL) no longer guarantees new student loans. The GSL program will end when there are no guaranteed loan balances remaining. As of June 30, 2012, GSL had an outstanding Guaranteed Loan Balance of \$1,635,014,002.

Context

GSL operates under the guidance of the Board of Regents. It provides access to post secondary education through guaranteeing student loans.

As the guaranteed loan balance decreases, there will be less revenue to fund GSL's operations. When operating costs exceed revenues, GSL needs to use the assets in its operating fund to provide its required loan guarantee services. When no assets remain, another funding source will be required, because federal regulations require GSL to service all the loans it guaranteed.

House Bill 2 from the 2011 Legislative Session transferred \$5 million in scholarships and loan forgiveness from the General Fund to GSL's Federal Special Revenue Fund in the 2013 biennium. As a result, the June 30, 2013, operating fund's assets are projected to be half what they were as of June 30, 2011.

During fiscal year 2012, GSL purchased over \$25 million of student loans from financial institutions. GSL purchased these loans as a result of borrowers defaulting, filing bankruptcy, becoming disabled, or dying. This is a \$3 million decrease in loans purchased from the previous fiscal year.

GSL recovered \$7.9 million from borrowers on outstanding loans. In accordance with Federal Family Education Loan Program regulations, GSL remitted \$5.5 million of the amounts collected to the U.S. Department of Education, and retained a net \$2.4 million.

GSL's current default rate is 3.7 percent.

Results

We issued an unqualified opinion on GSL's financial statements. There were three prior audit recommendations. GSL implemented two and partially implemented one. This report discusses the partially implemented prior audit recommendation but contains no further recommendation.

Recommendation Concurrence	
Concur	0
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report (11-06B) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>
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FINANCIAL AUDIT

Montana Guaranteed Student Loan Program

For the Fiscal Year Ended June 30, 2011

DECEMBER 2011

11-06A

REPORT SUMMARY

In accordance with Federal Family Education Loan Program regulations, the Montana Guaranteed Student Loan Program (GSL) guarantees loans to eligible students for post-secondary education. At June 30, 2011, GSL's original principal balance of loans guaranteed was \$1,756,727,435. This is a drop of \$296 million from the previous fiscal year. GSL ceased guaranteeing any new loans in fiscal year 2011 because Congress changed the Federal Family Education Loan Program effective July 1, 2010. Therefore, GSL's original principal balance of guaranteed loans will decrease until it has no more outstanding loans.

Context

In fiscal year 2011, GSL purchased over \$28 million of student loans from institutions, due to the borrower defaulting on a loan, filing bankruptcy, becoming disabled or dying. This is an increase of \$7 million from fiscal year 2010.

During the current fiscal year GSL collected \$8 million from borrowers on loans purchased in the current and previous years. In accordance with Federal Family Education Loan Program regulations, GSL remitted \$5.8 million of that amount to the U.S. Department of Education.

GSL's current default rate is 2.8 percent.

Results

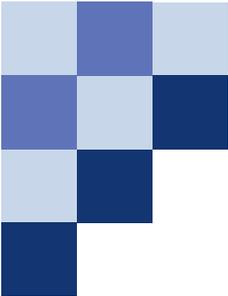
We issued an unqualified opinion on GSL's financial statements. This report contains three recommendations regarding noncompliance with the Montana Constitution and state law, an accounting error, and a financial statement preparation control deficiency. The previous report had no recommendations.

Recommendation Concurrence	
Concur	3
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report (11-06A) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>

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FINANCIAL-RELATED AUDIT

The University of Montana (All Campuses)

For the Two Fiscal Years Ended June 30, 2011

OCTOBER 2011

11-12

REPORT SUMMARY

During 2010-11, The University of Montana served over 19,000 students; 77 percent were residents of Montana. The University of Montana (UofM) consists of four campuses: University of Montana – Missoula, Montana Tech of The University of Montana, University of Montana – Western, and University of Montana – Helena College of Technology.

Context

The University of Montana is one of the state's two universities; it offers one-year associate degrees and certificates, two-year associate degrees, four-year undergraduate bachelor's degrees, and master's and doctoral graduate degrees.

UofM–Missoula is considered the center of liberal arts education in the Montana University System (MUS) and operates the only law school in the MUS. Montana Tech is located in Butte and focuses on engineering and science degrees in a broad selection of disciplines. UofM–Western is located in Dillon and has a unique university-wide program called Experience One, where students take one course at a time throughout the semester. UofM–Helena College of Technology is a two-year institution offering education in occupational, technical, and training specialties. For fiscal year 2010-11, The University of Montana employed over 3,100 full-time equivalent employees.

The University of Montana is responsible for distributing federal financial aid and private scholarships to qualified students. Students are awarded federal financial aid after filing an application with the federal government; federal aid might include loans, grants, and work study. Scholarships are financed through donations gifted directly to the campuses or their respective foundations.

UofM–Missoula and Montana Tech conduct significant research and development funded by the federal government, state agencies, and private parties. Between both campuses over \$70 million worth of research and development have been expended during each of the last two years.

Results

Our audit resulted in three recommendations. Two recommendations relate to the access allowed to The University of Montana's computer system, known as Banner. The Banner system is critical in supporting the organization's operations. In order to protect the system and data from unauthorized activity, access to Banner should be controlled. Our audit identified five different instances where Banner access was not appropriately limited.

The third recommendation relates to compliance with policies prescribed by the Board of Regents (board). The university accepted grants from state agencies where the indirect cost rate was below the amount required by board policy.

Recommendation Concurrence	
Concur	3
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report (11-12) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>
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FINANCIAL AUDIT

The University of Montana

For the Two Fiscal Years Ended June 30, 2011

JANUARY 2012

11-10A

REPORT SUMMARY

The University of Montana (university) is comprised of The University of Montana – Missoula, Montana Tech of The University of Montana, The University of Montana – Western, and The University of Montana – Helena College of Technology. Enrollment of full-time equivalent students between fiscal years 2010 and 2011 increased from 18,099 to 19,043. Employment of full-time equivalent workers between fiscal years 2010 and 2011 increased from 3,643 to 3,774.

Context

The annual financial statement audit of the university is performed to supply relevant and timely audited financial statements to interested parties. A biennial compliance audit (11-12) covering fiscal years 2011 and 2010 was released in October 2011.

During December 2010, the university issued, with Board of Regents approval, approximately \$48.4 million of taxable and tax-exempt revenue bonds. The proceeds were used to buy back all of one series of bonds and a portion of another series.

Between fiscal years 2011 and 2010, the university operating revenues and operating expenses increased \$8.7 million and \$15.2 million, respectively. The rise in operating revenue is attributable mainly to increased tuition and fees revenue resulting from higher enrollment numbers. Largely, operating expenses grew in three main classifications; compensation and employee benefits, scholarships and fellowships, and supplies and other services.

State appropriations, including American Recovery and Reinvestment Act (ARRA) appropriations, totaled \$82.5 million for fiscal year 2011, a decrease of \$0.57 million from fiscal year 2010. Federal financial aid grants and contracts increased \$6.6 million between fiscal years 2011 and 2010. State appropriations and federal financial aid are considered nonoperating revenues and are classified as such on the financial statements.

Results

The audit report does not contain any recommendations. We issued an unqualified opinion on the university’s financial statements. The reader can rely on the audited financial information included in our audit report.

Recommendation Concurrence	
Concur	0
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report (11-10A) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>
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FINANCIAL AUDIT

Montana State University

For the Two Fiscal Years Ended June 30, 2012

DECEMBER 2012

11-11B

REPORT SUMMARY

Montana State University (university) is a land grant university serving state, national, and international students and communities. The University's four campuses are located in Bozeman, Billings, Havre, and Great Falls. The Montana Agricultural Experiment Station, MSU Extension, and the Fire Services Training School are reported under the Bozeman campus. The campuses provide a diversity of undergraduate and graduate academic degrees and two-year vocational/technical programs.

Context

We perform annual financial audits of the university to provide timely information and accountability for operations to interested parties. During the 2011-2012 academic year, tuition and fee revenue increased approximately 2.5 percent due to increased enrollments. Total operating expenses in fiscal years 2012 and 2011 were \$476.3 million and \$458.6 million, respectively. Annualized full-time equivalent student counts reported by the Commissioner of Higher Education for fiscal year 2012 are as follows: Bozeman-12,352, Billings-4,478, Havre-1,125, and Great Falls-1,465.

In addition to financial activity of the University, the financial statements include financial activity related to Montana State University Foundation, Museum of the Rockies Incorporated, Montana State University Bobcat Club, Montana State University-Billings Foundation, and Montana State University-Northern Foundation.

The report also contains unaudited supplemental information with detailed information for each campus, the Agricultural

Experiment Station, MSU Extension, and the Fire Services Training School.

In addition to the annual financial audits, we conduct financial related audits every two years to determine compliance with contract provisions grant requirements, and selected state laws and regulations. We will conduct a financial-related audit for Montana State University covering fiscal years 2012 and 2013.

Results

Report readers can rely on financial information included in these audited statements for financial decisions. This report does not contain any recommendations to the university.

Recommendation Concurrence	
Concur	0
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report (11-11B) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>
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FINANCIAL-RELATED AUDIT
Montana State University (All Campuses)
For the Two Fiscal Years Ended June 30, 2011

OCTOBER 2011

11-13

REPORT SUMMARY

Montana State University (MSU) consists of four campuses located in Bozeman, Billings, Havre, and Great Falls. It also provides outreach and continuing education to people in the communities of Montana through its Montana Agricultural Experiment Station, MSU Extension, and Fire Services Training School. For fiscal year 2010-11, the university served just under 19,000 students, 79 percent of which were Montana residents. We identified continuing compliance deficiencies related to nonresident student tuition waivers, payment of overtime, and hiring practices.

Context

Montana State University (MSU) is one of two universities in the state. All campuses are accredited by the Northwest Commission on Colleges and Universities. Collectively, the campuses provide undergraduate and graduate academic and two-year vocational-technical programs to students.

MSU–Bozeman was founded as the state’s agricultural college in 1893. MSU–Bozeman managed approximately \$103 million and \$109 million in grant funds in fiscal years 2010-11 and 2009-10, respectively. MSU–Billings offers two-year certificate programs, associate degrees, and bachelor’s and master’s degrees at its two locations. MSU–Northern offers courses and associate, bachelor’s, and master’s degree programs at three locations, including Havre, Lewistown, and Great Falls. MSU–Great Falls College of Technology offers two-year degrees and certificate programs preparing students for careers in health sciences, business, and technology. For fiscal year 2010-11, MSU employed 4,371.40 full-time equivalent employees.

Results

Our prior audit report included six recommendations to the university. Of those, the university implemented three, partially implemented one, and did not implement two recommendations.

This audit report includes ten recommendations. Recommendations primarily relate to proper segregation of duties over cash collection and distribution functions, payment of overtime in accordance with university policy, internal controls over payroll tax withholdings, and compliance with various state laws and Board of Regents’ policies.

Recommendation Concurrence	
Concur	9
Partially Concur	1
Do Not Concur	0
Source: Agency audit response included in final report.	

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FINANCIAL AUDIT

Montana State University

For the Two Fiscal Years Ended June 30, 2011

JANUARY 2012

11-11A

REPORT SUMMARY

Montana State University is a land grant university serving state, national, and international students and communities. The university's four campuses are located in Bozeman, Billings, Havre, and Great Falls. The Montana Agricultural Experiment Station, the MSU Extension Service, the Gallatin College Program and the Fire Services Training School are reported under the Bozeman campus. The campuses provide a diversity of undergraduate and graduate academic degrees and two-year vocational/technical programs.

Context

We perform annual financial audits of the university to provide timely information and accountability for operations to interested parties. Financial related audits are conducted every two years to determine compliance with contract provisions, grant requirements, and selected state laws and regulations. We issued our financial-related audit (11-13) for Montana State University covering fiscal years 2010 and 2011 in October 2011.

In addition to financial activity of the university, the financial statements include financial activity related to Montana State University Foundation, Museum of the Rockies Incorporated, Montana State University Bobcat Club, Montana State University-Billings Foundation, and Montana State University-Northern Foundation.

During the 2010-2011 academic year, tuition and fee revenue increased approximately 7.7 percent due to increased enrollments. Total operating expenses in fiscal years 2011 and 2010, were \$458.6 million and \$449.1 million, respectively. The university received a one

time state appropriation of federal stimulus funds in the amount of \$18.5 million in fiscal year 2011. Annualized full-time equivalent student counts reported by the Commissioner of Higher Education for fiscal year 2011 are as follows: Bozeman-11,820, Billings-4,555, Havre-1,155, and Great Falls-1,415.

Results

This report does not contain any recommendations to the university.

Recommendation Concurrence	
Concur	0
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

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FINANCIAL AUDIT

Montana State University

For the Two Fiscal Years Ended June 30, 2012

DECEMBER 2012

11-11B

REPORT SUMMARY

Montana State University (university) is a land grant university serving state, national, and international students and communities. The University's four campuses are located in Bozeman, Billings, Havre, and Great Falls. The Montana Agricultural Experiment Station, MSU Extension, and the Fire Services Training School are reported under the Bozeman campus. The campuses provide a diversity of undergraduate and graduate academic degrees and two-year vocational/technical programs.

Context

We perform annual financial audits of the university to provide timely information and accountability for operations to interested parties. During the 2011-2012 academic year, tuition and fee revenue increased approximately 2.5 percent due to increased enrollments. Total operating expenses in fiscal years 2012 and 2011 were \$476.3 million and \$458.6 million, respectively. Annualized full-time equivalent student counts reported by the Commissioner of Higher Education for fiscal year 2012 are as follows: Bozeman—12,352, Billings—4,478, Havre—1,125, and Great Falls—1,465.

In addition to financial activity of the University, the financial statements include financial activity related to Montana State University Foundation, Museum of the Rockies Incorporated, Montana State University Bobcat Club, Montana State University-Billings Foundation, and Montana State University-Northern Foundation.

The report also contains unaudited supplemental information with detailed information for each campus, the Agricultural

Experiment Station, MSU Extension, and the Fire Services Training School.

In addition to the annual financial audits, we conduct financial related audits every two years to determine compliance with contract provisions grant requirements, and selected state laws and regulations. We will conduct a financial-related audit for Montana State University covering fiscal years 2012 and 2013.

Results

Report readers can rely on financial information included in these audited statements for financial decisions. This report does not contain any recommendations to the university.

Recommendation Concurrence	
Concur	0
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report (11-11B) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>

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