



MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL AUDIT

Montana Guaranteed Student Loan Program

For the Fiscal Year Ended June 30, 2010

NOVEMBER 2010

09-06B

REPORT SUMMARY

The Montana Guaranteed Student Loan Program (MGSLP) was established by the Office of the Commissioner of Higher Education in 1981 to coordinate and administer the federally insured student loans issued by various lending institutions. In 2010, Congress passed the Health Care and Education Reconciliation Act, which eliminated the Federal Family Education Loan Program. As of July 1, 2010, all new federal student loans are made through the Federal Direct Student Loan Program (FDSLP). MGSLP will no longer receive income from Loan Processing and Issuance fees, Disbursement Services, or Guarantee fees.

Context

The Office of the Commissioner of Higher Education's Montana Guaranteed Student Loan Program allows eligible students to receive loans from lending institutions to pay for post-secondary education. The federal government guaranteed the loans made by lending institutions and makes administrative cost reimbursements to the MGSLP for acting as a collection agent. The MGSLP performed the administrative duties associated with the loan guarantee process and contracted with an outside vendor for computer support services.

Federal law requires an annual financial audit of the MGSLP financial statements. MGSLP is also included in the biennial financial-compliance audit of the Office of the Commissioner of Higher Education.

The original principal balance of guaranteed loans outstanding held by MGSLP as of June 30, 2010, was approximately \$2,052,149,661.

Results

This report contains no recommendations to the program. The prior audit report also contained no recommendations.

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

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