

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.**

For a complete copy of the report (11-13) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to [lad@mt.gov](mailto:lad@mt.gov); or check the web site at <http://leg.mt.gov/audit>  
Report Fraud, Waste, and Abuse to the Legislative Auditor’s FRAUD HOTLINE  
Call toll-free 1-800-222-4446, or e-mail [lad@mt.gov](mailto:lad@mt.gov).