

COMPLIANCE AUDIT
University of Montana

For the Two Fiscal Years Ended June 30, 2015

OCTOBER 2015

15-12

REPORT SUMMARY

Student enrollment at the University of Montana declined from 18,709 in fiscal year 2012 to 16,719 in fiscal year 2015. Most of the decline occurred in enrollment of Montana resident students. The enrollment drop caused the university to lose performance funding when several campuses did not achieve the student retention objective in fiscal year 2015. We considered these events and their impact when performing work at University of Montana campuses.

Context

The University of Montana (university) consists of four campuses: University of Montana–Missoula, Montana Tech of the University of Montana, University of Montana–Western, and Helena College University of Montana. The campuses provide diverse programs leading to graduate, undergraduate, and associate degrees as well as occupational certificates.

During the audit, we examined the university’s compliance with federal regulations pertaining to the Student Financial Assistance (SFA) and Research and Development (R&D) programs. Each campus has a separate SFA agreement with the U.S. Department of Education. We focused SFA federal compliance audit procedures on the University of Montana–Missoula (UM–Missoula), which distributed \$99.7 million or 38 percent of the \$262 million distributed in fiscal year 2014, the most of any campus in the Montana University System. The university also expended over \$90 million in federally funded research and development in the past two years, most of it at the Missoula campus. Consequently, we concentrated our audit effort in these two programs at UM–Missoula.

We also tested compliance with selected state laws and Board of Regents’ policies at each university campus.

Results

The report contains four recommendations to the university.

One SFA recommendation addresses noncompliance with exit counseling and grace period notice requirements for Perkins student loan borrowers. Another addresses timely reconciliation between amounts reported as disbursed to students for Direct Loans and Pell grants and the amounts actually disbursed.

The R&D issues concern the need to improve documentation of the review of grant financial activity required by UM–Missoula policy and questioned costs associated with an equipment purchase.

Recommendation Concurrence	
Concur	4
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report (15-12) 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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