



# MONTANA LEGISLATIVE AUDIT DIVISION

## COMPLIANCE AUDIT Montana State University For the Two Fiscal Years Ended June 30, 2015

OCTOBER 2015

15-13

REPORT SUMMARY

In fiscal years 2014 and 2015, Montana State University spent approximately \$249 million in federal monies for financial aid awards to students. This report includes multiple recommendations to the university regarding improvements in the administration of the federal Student Financial Assistance programs, under which these financial aid awards were made.

### Context

The Montana State University (university) consists of campuses located in Bozeman (MSU–Bozeman), Billings (MSU–Billings), Havre (MSU–Northern), and Great Falls (Great Falls College–MSU). We performed procedures at each of these campuses as part of the audit.

Through the audit, we examined the university's compliance with federal regulations governing the Student Financial Assistance (SFA) and Research and Development (R&D) programs. The university recorded approximately \$142.49 million in R&D expenditures in fiscal years 2014 and 2015, 99.44 percent of which were at MSU–Bozeman. As such, our audit efforts focused on compliance with R&D program requirements at MSU–Bozeman. The university also spent approximately \$249.23 million of SFA federal funds in fiscal years 2014 and 2015, of which 84.92 percent were for awards to students at MSU–Bozeman and MSU–Billings. As a result, our audit focused on compliance testing for the SFA programs at the MSU–Bozeman and MSU–Billings campuses.

In addition, we reviewed certain aspects of the operations of the Museum of the Rockies, the Fire Services Training School, and the Wool Laboratory. We also tested select state laws and Board of Regents' policies at each of the campuses we visited as part of the audit.

### Results

This report contains 12 recommendations to the university, 5 of which are related to internal control deficiencies over and noncompliance with federal regulations governing the SFA programs at MSU–Bozeman and MSU–Billings.

The remaining recommendations are related to: documentation of review procedures performed for R&D expenses at MSU–Bozeman; noncompliance with policy requirements within the operations of the Museum of the Rockies; deficiencies in internal controls related to accounting and financial reporting for university-owned collections at the Museum of the Rockies, revenue activities at the Wool Laboratory, and computer system access termination; and noncompliance with Board of Regents' policy at MSU–Northern.

Recommendation Concurrence	
Concur	11
Partially Concur	1
Do Not Concur	0
<b>Source: Agency audit response included in final report.</b>	

For a complete copy of the report (15-13) 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>

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