

FINANCIAL-COMPLIANCE AUDIT
Office of the Commissioner of Higher Education

For the Two Fiscal Years Ended June 30, 2015

JANUARY 2016

15-20

REPORT SUMMARY

The Board of Regents is designated in state law as the approving authority for budget amendments of the Montana University System. In this report, we discuss instances where the Office of the Commissioner of Higher Education expended funds on behalf of programs lacking budget authority in advance of obtaining and recording a budget amendment.

Context

The Montana Constitution confers governance authority over the Montana University System (MUS) to the Board of Regents (board), but vests the power to appropriate state funds to the legislature. The Constitution directs the board, which consists of seven appointed and confirmed members and three ex-officio members, with hiring a Commissioner of Higher Education to serve as its executive staff. All state funds appropriated by the legislature for support of the MUS are administered by the Office of the Commissioner of Higher Education (office).

In fiscal year 2014-15, the office administered \$429.3 million in budget authority, of which \$226.8 was designated for distribution to university units, community colleges, and tribal colleges. Of the remaining authority, \$90.5 million was appropriated for various programs, and \$112 million was appropriated for the MUS Insurance and flexible spending programs in the enterprise fund.

Results

We focused our audit effort on appropriation distributions to university units, transactions related to insurance premiums and claims

payments, balances related to the College Savings plan, and federal compliance requirements of the Guaranteed Student Loan Program.

We found instances where the office expended money using budget authority of one program to pay the costs of another, paid expenditures of one fiscal year with authority from the prior year, and expended funds without an appropriation by using an advance account.

Our audit resulted in three recommendations to the office and an unmodified opinion on the financial schedules for each of the two fiscal years ended June 30, 2015, and 2014.

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