

FINANCIAL-COMPLIANCE AUDIT

Office of the Commissioner of Higher Education

For the Two Fiscal Years Ended June 30, 2017

NOVEMBER 2017

17-20

REPORT SUMMARY

The Office of the Commissioner of Higher Education is the central administrative unit of the Montana University System and the Board of Regents. For fiscal years 2017 and 2016, the office managed annual budgets of over \$450 million. Over half of the annual budget is distributed to the universities, community colleges, and tribal colleges.

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 board consists of seven appointed and confirmed members and three ex-officio members. The Constitution directs the board in 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).

The MUS provides post-secondary education to over 44,000 students (resident and nonresident) at universities and colleges throughout Montana. Additionally, the state supports non-tribal Montana resident students attending the seven tribal colleges.

In addition to distributions for the support of the MUS, the office also administers the Montana Guaranteed Student Loan Program (MGSLP), MUS Group Insurance Program, MUS Workers' Compensation Program, and the Montana Family Education Savings Program.

As of October 1, 2017, the loan servicing portion of the MGSLP was transferred to a federally-approved national education loan servicing provider, as approved by the board in May 2017. The MGSLP will continue to offer other student financial aid-related activities.

Results

We focused our audit effort on appropriation distributions to university units and transactions related to insurance premiums paid by employees of the universities for health-care coverage. We also reviewed claims payments and balances related to the College Savings Plan and the MGSLP. The office implemented the three prior audit recommendations related to appropriations, prior year expenditures, and an inconsistent accounting requirement in statute.

This report does not include any recommendations to the office. We issued an unmodified opinion on the financial schedules for each of the two fiscal years ended June 30, 2017, and 2016.

For a complete copy of the report (17-20) 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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