

MONTANA UNIVERSITY
SYSTEM

MONTANA STATE UNIVERSITY



GOOD AFTERNOON



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BACKGROUND

Montana State University consists of four campuses located in Bozeman, Billings, Havre, and Great Falls.

The MSU campuses and programs provide undergraduate and graduate academic degrees, as well as two-year vocational and technical programs.

Audit Attention

	2020	2021	RECS
Student Financial Aid Program	\$119 M	\$132 M	2
Research and Development	\$93.5 M	\$111.8 M	0
CARES (Education Stabilization)		\$26.8 M	0

Federal Assertions

A. Activities Allowed Unallowed

B. Allowable Costs/Cost Principle

C. Cash Management

E. Eligibility (Rec 1)

F. Equipment/Real Property

G. Matching, Level of Effort, Earmarking

H. Period of Performance

I. Procurement Suspension & Debarment

J. Program Income

L. Reporting

M. Subrecipient Monitoring

N. Special Test and Provisions (Rec 1 & 2)

13 special tests for Student Financial Aid

N. Special Test and Provisions

Student Financial Aid

- N1.** Verification
- N2.** Disbursements to or on Behalf of Students
- N3.** Return of Title IV Funds
- N4.** Enrollment Reporting
- N5. Student Loan Repayments
- N6.** Borrower Data Reconciliations (Direct Loan) (Rec 1)
- N7.** Institutional Eligibility
- N8. Program Eligibility
- N9.** General Program Eligibility
- N10. Distance Education Program
- N11.** Gramm-Leach-Bailey Act – Student Information Security (IS Rec)
- N12. Perkins Loan Liquidation
- N13.** Perkins Loan Recordkeeping and Record Retention (Rec 2)



FINDINGS AND RECOMMENDATIONS

Student
Financial Aid
Controls

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The university should document internal controls and retain documentation demonstrating review of Direct Loan reconciliations or Cost of Attendance calculations.

Cost of Attendance

Eligibility Assertion E

Per Federal regulations, the COA is primarily the total of:

- Tuition and Fees
- Allowance for books, supplies, transportation, and miscellaneous personal expenses,
- Allowance for room and board, where applicable, and
- Allowance for cost for dependent care, where applicable.

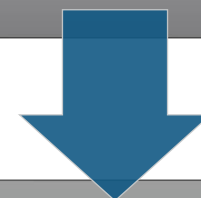
Direct Loan Reconciliation

Special Test Assertion N6

Cost of Attendance – Expected Family Contribution =
Maximum Possible Direct Loan amount



Student accepts loan and funds are applied to
student's bill



Disbursements are reported to the Department of
Education within 15 days University is required to
reconcile monthly

RECOMMENDATION #1

We recommend:

- A. Each campus of Montana State University document their internal controls of the calculation of the Cost of Attendance
- B. Great Falls College and MSU Northern document their internal control process and retain evidence of reviews over Direct Loan reconciliations.

Department response: **Concur**

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**MSU Northern did not send paid
in full letters to Perkins Loan
borrowers when the loan
obligation was satisfied.**

Perkins Loans
Special Test
Assurance N13

DEVELOP INTERNAL CONTROLS

Regulation requires an institution to return notes marked “paid in full” to the borrower or notify in writing that the loan is paid.

MSU Northern did not comply with the regulations by ensuring the “paid in full” letters were sent to the borrower.

University staff indicated they thought the service provider was responsible for the letters.

RECOMMENDATION #2

We recommend that MSU Northern:

- A. Develop internal controls to ensure “paid in full” notifications are sent when a borrower’s loan obligation is satisfied.
- B. Send paid in full letters to borrowers after the loan obligation is satisfied per federal Perkins Loan requirements.

Department response: **Concur**

A large crowd of people, mostly wearing yellow shirts, is visible in the background. Some individuals are pointing or gesturing, suggesting a lively event or rally. The scene is partially obscured by a large grey rectangle.

Questions

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