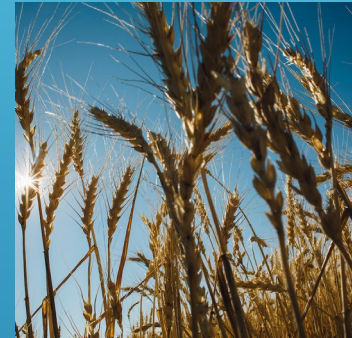


Montana State University




Mary Currin
Financial Compliance Audit Supervisor

Financial Audit for the Fiscal Year Ended June 30, 2022



University Attendees

- Dr. Waded Cruzado, President
 - Terry Leist, Vice President for Administration and Finance
 - Aaron Mitchell, Associate Vice President of Financial Services
 - Brad White, Director of Audit Services
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- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, set against a blue gradient background.

Campuses and Agencies

The university consists of four campuses: Montana State University Bozeman, Montana State University Billings, Montana State University Northern in Havre, and Great Falls College. It also comprises three agencies: Montana Agricultural Experiment Station, Montana Extension, and Fire Services Training School.

Educational Opportunities

The MSU campuses and programs provide undergraduate and graduate academic degrees and two-year vocational and technical programs to state, national, and international students.

Net Position

- Increase by approximately \$58.2 million
- Return to normal operations
 - Revenues
 - Tuition and fees
 - Housing
 - Food Services

Prior Audit Recommendation

We recommended the university establish and maintain adequate internal controls over capital asset activity to ensure complete and accurate financial reporting.

Prior Audit Recommendation

- Internal controls over the data tracked and calculated by its asset management system
- Need for compensating controls
- Added procedures to reconcile capital assets between the asset management system and accounting records
- No assurance as to whether the system accurately calculates depreciation
- Need to enhance internal controls over this aspect of the system's processing.
- Partially implemented

Recommendation #1

We recommend Montana State University improve internal controls and provide training to staff over preparation and review of the financial statements and related notes.

Table 1
Table of Misclassifications

Statement of Cash Flows		
	As Initially Reported	Final Reported Amounts
Purchase of Investments	\$ (261,800)	\$ (42,515,986)
Investment Income	\$ (42,269,811)	\$ (15,625)
Note 10 - Non-Current Liabilities and Derivative Instruments		
	As Initially Reported	Final Reported Amounts
Bonds Payable, Net of Discount - Additions	\$ 126,437,171	\$ 127,767,447
Bonds Payable, Net of Discount - Reductions	\$ (93,288,332)	\$ (79,389,804)
Bonds Payable, Net of Discount - Ending Balance June 30, 2022	\$ 188,356,585	\$ 203,585,389
Bonds Payable, Direct Placement - Reductions	\$ -	\$ (15,228,805)
Bonds Payable, Direct Placement - Ending Balance June 30, 2022	\$ 24,333,805	\$ 9,105,000

Recommendation #2

We recommend Montana State University conduct a physical inventory of capital assets every two years, as required by state accounting policy.

Inventory of Capital Assets

- State policy – Inventory assets at a minimum of every two years
- Inventory report – Total of 5,101 assets
- 3,273 assets last inventoried between August 2014 and June 2020

Opinion

We issued an unmodified opinion, as we found the university's financial schedules and note disclosures presented fairly the university's activity in all material respects.

Questions?

