



**MONTANA UNIVERSITY SYSTEM**  
**Office of the Commissioner of Higher Education**

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November 6, 2006

Scott A. Seacat  
Legislative Auditor  
Legislative Audit Division  
P.O. Box 201705  
Helena, MT 59620-1705

Dear Mr. Seacat,

I have enclosed the official response from the Montana Board of Regents, concerning the Research and Development Performance Audit that was conducted this past year.

I and my staff concur with all of the recommendations. I, members of the Board, and the staff at our research campuses have also asked me to convey their appreciation for the hard work and professionalism of your staff in developing these recommendations. Members of your staff visited with the research and technology transfer staffs of our research universities numerous times in order to understand the complex issues surrounding research funding and technology transfer operations.

The recommendations of this performance audit will assist the Montana University System in developing or revising policies that will improve the Board of Regent's understanding of the myriad research and technology transfer activities on our campuses. The recommendations will also lead to improved communications between faculty and staff at our research campuses and should expand the commercialization of our world-class research by Montana companies.

Best regards,

A handwritten signature in cursive script that reads "Sheila M. Stearns".

Sheila M. Stearns  
Commissioner of Higher Education

cc: The Board of Regents

**MONTANA BOARD OF REGENTS OF HIGHER EDUCATION  
MONTANA UNIVERSITY SYSTEM  
RESPONSE TO RESEARCH AND DEVELOPMENT PERFORMANCE AUDIT  
November 6, 2006**

This document represents the Commissioner of Higher Education's response to the performance audit report, dated November 2006, concerning research and development activities of the Montana University System. The Commissioner and her staff concur with the recommendations set forth in the audit and have set forth a timeline for working with the Board of Regents and our campuses to comply with the recommendations.

**Recommendation #1**

**We recommend the Board of Regents ensure consistent reporting of data relating to research activities on campuses.**

**Response: Concur.** In July 2006 The Board of Regents approved a strategic plan that sets strategic goals for research and commercialization activities. The Commissioner's Office will work with the Regents and our research campuses to develop more consistent and detailed data reporting requirements which can be better used to measure progress toward our strategic objectives. Target completion: July 2007.

**Recommendation #2**

**We recommend the Board of Regents, through the Office of the Commissioner of Higher Education, coordinates the use of information systems within research administration functions.**

**Response: Concur.** The Commissioner's Office will work with the research campuses to ensure that information systems for research administration are secure and produce consistent data for the Board of Regents. Target completion: September 2007.

**Recommendation #3**

**We recommend The University of Montana – Missoula assign pre-award staff within the Office of Sponsored Programs by departmental specialization.**

**Response: Concur.** The Commissioner's Office will support UM-Missoula in a review of the structure and workload in their Office of Sponsored Programs and support staff changes needed to deal with increased administrative requirements. Target completion: March 2007.

**Recommendation #4**

**We recommend Montana University System universities:**

**A. Develop and implement mandatory training content addressing core elements in research; and**

**B. Provide faculty and staff with additional training opportunities as needed, related to specific subjects relevant to different aspects of the administration and management of research programs.**

**Response: Concur.** The Commissioner's Office will support the research campuses in implementing this recommendation. Target completion: all training will be implemented by the end of FY 2008.

**Recommendation #5**

**We recommend the Montana Board of Regents address its role in the process of direct congressional appropriations by:**

**A. Identifying information relevant to earmark funding to be compiled by universities: and**

**B. Becoming more involved in the understanding and review of these funding sources.**

**Response: Concur.** The Commissioner's Office will ensure the Board of Regents has an opportunity to review and better understand congressional earmark requests. The Commissioner's Office will ensure the Board is apprised of federal appropriations for 2007, which are already underway, and fully implement revised and comprehensive procedures for review in FY 2008.

**Recommendation #6**

**We recommend the Board of Regents revise timeframes for technology transfer processes outlined in policy number 401.2.**

**Response: Concur.** The Commissioner's Office will present the Board of Regents with a recommended policy revision no later than the March 2007 meeting of the Board.

**Recommendation #7**

**We recommend the Board of Regents through the Office of the Commissioner of Higher Education work with universities to review and**

**refine methodologies for capitalizing intellectual property as intangible assets.**

**Response: Concur.** The Commissioner's Office will work with the research campuses to implement consistent accounting methodologies for capitalizing intellectual property. In December 2006, the Government Accounting Standards Board (GASB) is widely expected to issue rules for capitalizing intellectual property at university campuses. If these rules are adequate and comprehensive, the Commissioner's Office will ensure they are implemented. If further refinement for the Montana University System is needed, the Commissioner's Office will ensure they are developed. Target completion: June 2007.

**Recommendation #8**

**We recommend units of the Montana University System ensure technology transfer issues receive sufficient emphasis in training provision by:**

**A. Including direct and specific information on technology transfer issues in mandatory training for principal investigators; and**

**B. Developing subject specific optional training content on technology transfer issues.**

**Response: Concur.** The Commissioner's Office will support the research campuses in implementing this recommendation. Target completion: September 2007.

**Recommendation #9**

**We recommend the Board of Regents develop a system-wide approach to technology transfer issues by:**

**A. Requiring universities to incorporate technology transfer functions in long-range planning initiatives; and**

**B. Developing standardized means of assessing progress in meeting technology transfer goals.**

**Response: Concur.** Consistent with the implementation of Recommendation #1 and the Board of Regent's Strategic Plan, the Commissioner's Office will make recommendations to the Board of Regents to refine and implement this recommendation at each research campus in the Montana University System. Target completion: September 2007.