



Louisiana

Single Audit Report
for the Year Ended
June 30, 1994

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

STATE OF LOUISIANA
Auditor's Reports on Internal Control,
Compliance With State and Federal
Laws and Regulations, and
Schedule of Assistance
For the Year Ended June 30, 1994

The Auditor's Report on the State of Louisiana's General Purpose Financial Statements dated January 23, 1995, has been issued under separate cover.

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor. Also, the report is being transmitted to the Regional Inspector General for Audit, United States Department of Education, the cognizant federal agency for the single audit of the State of Louisiana, and to each federal department or agency that provided federal financial assistance to the State of Louisiana during the year ended June 30, 1994.

March 24, 1995

STATE OF LOUISIANA
SINGLE AUDIT REPORT
For the Fiscal Year Ended June 30, 1994

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STATE OF LOUISIANA
SINGLE AUDIT REPORT
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Executive Summary





To Members of the Legislature and Citizens of Louisiana

This report includes our 1994 reports on the State of Louisiana's internal control structure and its compliance with laws and regulations, which include federal requirements. The reports contain more than 250 matters that require the attention of state government.

This summary highlights some of the statewide issues that are major concerns. Of great importance is the state's aging accounting system. Although we struggle along with the current system, its limitations greatly restrict the availability of information needed by agency managers, the governor, and the legislature. We hope the current efforts to replace the state's accounting system will be completed in a timely manner and will result in an information system that meets the needs of those that direct the future of Louisiana.

We face many challenges and many difficult decisions, some of which have been delayed by past action. However, we will now have to face those matters in a decisive fashion. We are committed to provide accurate, timely, and relevant information to make decisions as effectively as possible for the citizens of Louisiana.

Sincerely,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

OUR MISSION

To Provide Legislative Oversight Relating to the Use of Public Funds Within Louisiana's State and Local Government.

OUR OBJECTIVES

- To provide the legislature and other public officials with accurate and relevant information for use in their decision-making process.
- To provide quality audit services for state and local governments.
- To evaluate the effectiveness, efficiency, and usefulness of state programs.
- To project a positive public image.
- To maintain a high degree of professionalism within the organization.
- To provide a satisfying and rewarding place to work.

STATEWIDE AREAS OF CONCERN

During the 1994 Single Audit, the state had several weaknesses in its control system that warrant statewide concern. Such weaknesses have one or more of the following characteristics:

1. They exist at numerous departments throughout the state.
2. They arise from current statewide policies that do not satisfactorily address the state's needs.
3. They have potentially significant fiscal impact on either the state as a whole or on a segment of the state.

The following are the statewide areas of concern:

LACK OF INTERNAL AUDIT FUNCTION

For the twelfth consecutive year, the State of Louisiana did not have an effective internal audit function for state agencies, hospitals, and universities to examine, evaluate, and report on their internal control structure, including data processing, and to evaluate their compliance with the policies and procedures of the control system.

Although an internal audit function exists within some agencies, our study and evaluation of the state's internal control structure for the year ended June 30, 1994, found that an effective internal audit function did not exist at 17 state agencies, 7 hospitals, and one university. We believe that an effective internal audit function is needed to ensure that the state's assets are safeguarded and that state policies and procedures are uniformly applied.

CONTROLS OVER MOVABLE PROPERTY

The State of Louisiana did not ensure that all state agencies, hospitals, universities, and component units maintain adequate internal accounting controls over movable property as prescribed by the Commissioner of Administration and Louisiana law. The state's policies and procedures should be uniformly applied to ensure that movable property is adequately safeguarded and accurately reported in the financial statements.

Our audit of movable property records throughout the state disclosed that nine state agencies, four hospitals, one university, and two regional centers have not maintained an adequate movable property control system. In addition, there were four audits performed by external auditors that revealed inadequacies in movable property records.

ON-LINE DATA ENTRY

The State of Louisiana did not have adequate internal control procedures in the On-Line Data Entry System (ODES) for the input of transactions into the Financial Accountability Control System (FACS). Access to the system is restricted through the use of passwords and user ID codes; however, this access was not properly restricted to prevent the existence of incompatible functions. The ODES prints transaction reports that show the data entry code and approval code for transactions on the ODES to enable supervisors to search for improper access or entries. However, in many instances, these reports were not reviewed by supervisors to search for improper access or entries.

Our audit of the internal control structure for the ODES throughout the state disclosed that effective internal control procedures did not exist in ten state agencies and two hospitals.

CENTRALIZED COMPUTER ACCOUNTING SYSTEM

The State of Louisiana's centralized computer accounting system, the Financial Accountability and Control System (FACS), is not adequate for financial reporting in accordance with generally accepted accounting principles (GAAP). FACS is outdated in that it is approximately 21 years old, and it has not been adequately updated to reflect the current needs of financial reporting. There are many inadequacies in the system which result in the need for agencies to maintain separate manual or automated side systems to perform certain functions that should be part of the state's centralized system.

Because of the lack of a centralized, integrated accounting system that includes all functions and agencies, significant procedures external to FACS are required for the compilation of the state's general purpose financial statements. The timeliness of financial information on a GAAP basis is impaired, the risk of errors in the compilation of the financial statements is increased, and the number of man hours spent on compiling and auditing the state's financial statements is increased at both the state and agency level.

The Division of Administration is in the process of implementing a new statewide computer system that would potentially resolve the deficiencies noted previously. This project is known as the Integrated Statewide Information Systems (ISIS) project. The ISIS project is progressing toward implementation.

MATERIAL FINDING

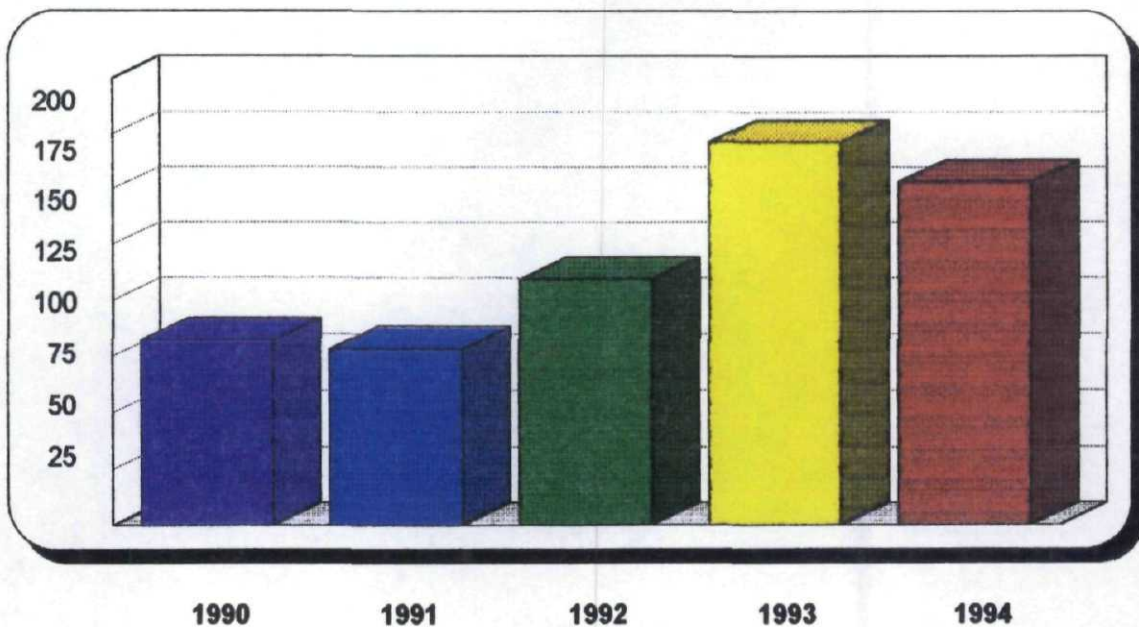
DEPARTMENT OF EDUCATION ***Drug-Free Schools and Communities***

The Louisiana Department of Education, Bureau of Student Services (BSS), has not complied with the laws and regulations that govern the federal Drug-Free Schools and Communities Act (DFSCA) Program (CFDA 84.186).

Based on the criteria used and the conditions noted in our transaction testing, which primarily result from the Director of BSS's circumvention of the department's internal control structure, we question \$984,498 of expenditures charged to the DFSCA Program as follows:

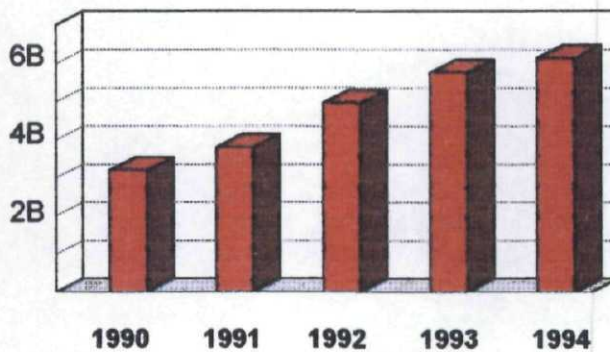
1. Nonregulatory Guidance for State and Local Programs states that the department must monitor its own activities to avoid illegal, imprudent, wasteful, or extravagant use of funds by the state or subrecipient agencies. The guide provides that drug related surveys are an allowable administrative cost that should be paid by the department. For fiscal years 1990 through 1992, the director of BSS mandated that the school boards receiving DFSCA funds survey every student in grades 7-12 for drug and alcohol use, rather than allowing less costly student sampling. The director mandated that the fees be charged to program costs. This amounted to \$640,000 in program costs statewide that should have been charged as administrative costs.
2. The services for the drug survey were obtained by the director without following state procurement practices.
3. The director authorized two fiscal agents to make payments of \$12,000 without a contract for services and \$21,500 without supporting documentation or a contract for services.
4. The department's fiscal agents made 36 professional services payments totaling \$67,707 without contracts and/or invoices for those services; a duplicate payment for \$1,000 without a contract or invoice; a payment for \$1,500 without a contract or invoice based on an undated proposal; and three payments totaling \$23,695 to one vendor without a contract or evidence of a deliverable product.
5. The department's fiscal agents made 18 payments totaling \$118,877 for meals and lodging and/or materials and supplies without proper authorization, written quotations, purchase orders, and/or documentation.
6. The department used \$41,799 of DFSCA funds to pay for a three-day general education conference, which included only one hour of drug abuse/prevention training per the conference agenda. Conference materials were ordered and hotel contracts for food and lodging were signed before obtaining purchase orders or permission for special meals.
7. The department spent \$24,270 of DFSCA funds on a conference focusing on general health issues, although the seminar titles indicated drug free issues, resulting in questioned costs of \$9,940.
8. Four employees were reimbursed \$800 for lodging expenses when three of their rooms were complimentary and one was paid for by the department's fiscal agent engaged to handle the conference's fiscal affairs.
9. The Office of the Attorney General was reimbursed \$5,000 to develop a video and guide for drug abuse education and prevention. However, there was no mention of drug abuse education or prevention in the video, only gang violence.
10. The BSS used \$780 of DFSCA funds for an employee Christmas party.
11. The propriety of various other payments totaling \$39,900 charged to the program were questioned.

NUMBER OF FINDINGS PREPARED BY THE OFFICE OF LEGISLATIVE AUDITOR



TOTAL FEDERAL ASSISTANCE

Fiscal Year 1994 Total Federal Assistance \$6,120,940,786
(excluding loan programs)

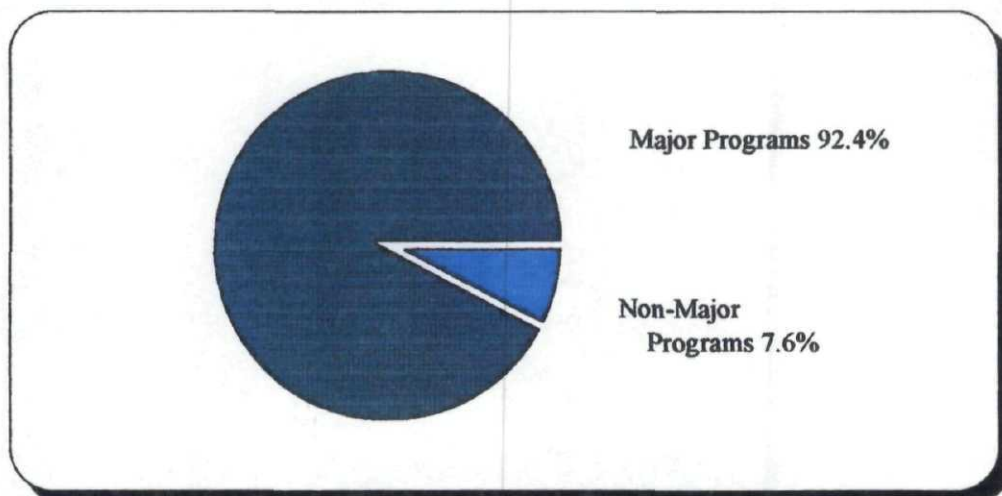


Over the past five years, the total amount of federal revenue the state received has increased more than 90%. The total amount of federal revenue received during 1994 was \$6.1 billion.

Louisiana's nine largest federal programs brought in over 80% of the state's federal revenue in 1994.

MAJOR VS. NON-MAJOR ASSISTANCE

Fiscal Year
1994



Audit Reports





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March 9, 1995

Independent Auditor's Report

HONORABLE EDWIN EDWARDS, GOVERNOR
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the State of Louisiana as of and for the year ended June 30, 1994, and have issued our report thereon dated January 23, 1995. The scope of our audit of the general purpose financial statements was limited, in that the state's General Fund financial statements include an unexplained reconciling item of approximately \$2.2 million adjusted through revenue, and its effect on assets, liabilities, fund balance, revenues, and expenditures cannot be determined. This resulted in a qualified opinion to the general purpose financial statements.

These financial statements are the responsibility of management of the State of Louisiana. Our responsibility is to express an opinion on these financial statements based on our audit. Certain portions of the statements and the related schedule of assistance accompanying this report were not audited by us, but were audited by other auditors; these include the federal financial assistance programs administered by the Louisiana Housing Finance Agency, Grambling State University, the Southern University System, the Lake Charles Harbor and Terminal District, the West Jefferson Levee District, and the Louisiana Educational Television Authority. These federal financial assistance programs reflect total activity and the federal government's risk in their outstanding loan balances of \$68,456,391, which comprise approximately one per cent of total assistance activity and the federal government's risk in outstanding loan balances for the state as of and for the year ended June 30, 1994. Those schedules of assistance audited by the other auditors have been furnished to us, and our assurance, insofar as it relates to the amounts included for the above mentioned agencies and universities, is based solely upon the reports of the other auditors.

Except as discussed in the first paragraph, we conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes

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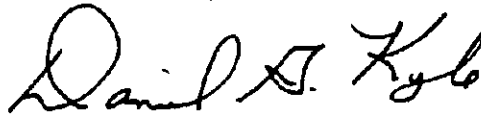
March 9, 1995

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assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Assistance (Appendix A) is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Except for the matter discussed in the first paragraph relating to an unexplained reconciling item, the information in the schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements. In our opinion, based on our audit and the reports of other auditors, except for the effects of the unexplained General Fund reconciling item, the information in the schedule is fairly presented, in all material respects, in relation to the general purpose financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in cursive script, reading "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

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March 9, 1995

**Independent Auditor's Report on Internal Control Structure Based
Solely on an Audit of the General Purpose Financial Statements**

HONORABLE EDWIN EDWARDS, GOVERNOR
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the State of Louisiana as of and for the year ended June 30, 1994, and have issued our report thereon dated January 23, 1995. The scope of our audit of the general purpose financial statements was limited, in that the state's General Fund financial statements include an unexplained reconciling item of approximately \$2.2 million adjusted through revenue, and its effect on assets, liabilities, fund balance, revenues, and expenditures cannot be determined. This resulted in a qualified opinion to the general purpose financial statements. We did not audit the financial statements of certain component units of the State of Louisiana. Those financial statements were audited by other auditors whose reports have been furnished to us. This report, insofar as it relates to those component units, is based solely upon the reports of other auditors.

Except as discussed in the first paragraph, we conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. In planning and performing our audit of the general purpose financial statements of the State of Louisiana as of and for the year ended June 30, 1994, we and other auditors considered its internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

Internal control structure consists of the control environment, accounting system, and control procedures used by the state. The internal control structure is the responsibility of the governor and certain other statewide elected officials of the State of Louisiana and their appointees (management) and is used to provide the state with a reasonable, but not absolute, ability to record, process, summarize, and report financial data consistent with the assertions embodied in the accompanying financial statements; to safeguard public assets; and to comply

**HONORABLE EDWIN EDWARDS, GOVERNOR
STATE OF LOUISIANA**

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with laws and regulations. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures.

For the purpose of this report, we have classified the significant internal control structure policies and procedures into the following categories:

Purchases/disbursements	EDP activities
Fixed and movable property	Payables/encumbrances
Internal audit function	Revenues/receipts
Budgeting/budget reporting	Inter/intrafund transfers
Financial reporting	Treasury/investments
Payroll/personnel	Claims/litigation
Inventory of materials and supplies	Debt management

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

In accordance with the standards mentioned previously and provisions of state law, we are required to communicate to management, and include in our report, any reportable conditions and/or material weaknesses. Reportable conditions are matters that come to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the state's ability to (1) record, process, summarize, and report financial data consistent with the assertions of management in the financial statements or (2) comply with laws and regulations that could have a material impact on the financial statements. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements, including those relating to compliance with laws and regulations, does not reduce to a relatively low level the risk that errors or irregularities, in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned duties.

In our consideration of the internal control structure, we noted the matters contained in Schedule A that we consider to be reportable conditions. The matters described in Schedule A pages 21 through 32 are considered to be material weaknesses. Also, our consideration and other auditors' consideration of the internal control structure disclosed the reportable

LEGISLATIVE AUDITOR

HONORABLE EDWIN EDWARDS, GOVERNOR
STATE OF LOUISIANA

March 9, 1995

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conditions described in Schedules B (page 89), C (page 103), D (page 145), E (page 158), F (page 177), and G (page 189).

Our consideration and other auditors' consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. Because of inherent limitations in any internal control structure, errors and irregularities may, nevertheless, occur and not be detected. Also, projection of any evaluation of the control structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In connection with our audit, we reviewed the prior-year findings on the internal control structure to determine whether management had implemented appropriate action to correct the conditions giving rise to those findings. The results of our review indicate that management had taken appropriate corrective action with respect to the prior-year findings, except for the matters described in the Schedule of Unresolved Prior Audit Findings (Schedule H, page 234), which have been addressed in our current report.

During our exit conferences with management of the various state agencies, we discussed certain policy and procedural matters that, in our judgment, are not reportable conditions. Our comments on internal control structure are intended for the information and use of the governor and certain other statewide elected officials of the State of Louisiana and their appointees (management). By provisions of state law, this report is a public document, and it has been distributed to the Louisiana Legislature and other appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

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March 9, 1995

**Independent Auditor's Report on Internal Control Structure Based
Solely on an Audit of the General Purpose Financial Statements
and the Additional Procedures Required by OMB Circular A-128**

HONORABLE EDWIN EDWARDS, GOVERNOR
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the State of Louisiana as of and for the year ended June 30, 1994, and have issued our report thereon dated January 23, 1995, which was based in part on the reports of other auditors. The scope of our audit of the general purpose financial statements was limited, in that the state's General Fund financial statements include an unexplained reconciling item of approximately \$2.2 million adjusted through revenue, and its effect on assets, liabilities, fund balance, revenues, and expenditures cannot be determined. This resulted in a qualified opinion to the general purpose financial statements. We have also audited the State of Louisiana's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated March 9, 1995, which was based in part on the reports of other auditors.

Except as discussed in the first paragraph, we conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the State of Louisiana complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program. We did not consider the internal control structure, including applicable internal administrative controls, used in administering federal financial assistance programs of the Louisiana Housing Finance Agency, Grambling State University, the Southern University System, the Lake Charles Harbor and Terminal District, the West Jefferson Levee District, and the Louisiana Educational Television Authority, whose schedules of assistance reflect total activity and the federal government's risk in their outstanding loan balances of \$68,456,391, which comprise approximately one per cent of total assistance activity and the federal government's risk in outstanding loan balances for the state as of and for the year ended June 30, 1994. Those internal control structures,

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HONORABLE EDWIN EDWARDS, GOVERNOR
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including applicable internal administrative controls, were considered by other auditors whose reports have been furnished to us. Our report, insofar as it relates to the internal control structures used in administering federal financial assistance programs of the agencies and universities mentioned previously, is based solely upon the reports of the other auditors.

In planning and performing our audits for the year ended June 30, 1994, we and other auditors considered the state's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the state's general purpose financial statements and on its compliance with requirements applicable to major programs, and not to provide assurance on the internal control structure. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated March 9, 1995.

The governor and certain other statewide elected officials of the State of Louisiana and their appointees (management) are responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may, nevertheless, occur and not be detected. Also, projection of any evaluation of the control structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purposes of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs into the following categories:

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HONORABLE EDWIN EDWARDS, GOVERNOR
STATE OF LOUISIANA

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Accounting Controls

Purchases/disbursements	EDP activities
Fixed and movable property	Payables/encumbrances
Internal audit function	Debt management
Budgeting/budget reporting	Revenues/receipts
Financial reporting	Inter/intrafund transfers
Payroll/personnel	Treasury/investments
Inventory of materials and supplies	Claims/litigation

Grant Administration Controls

Relocation assistance and real property acquisition	Types of services
Cost sharing/allocation	Reporting
Matching/level of effort	Federal financial reports
Student file maintenance, fiscal procedures, and record keeping	Administrative requirements
Eligibility/participation	Monitoring subrecipients
Political activity	Coordination of student aid programs
Davis-Bacon Act	Institutional disbursements to award recipients
Civil rights	Refund calculation and overpayment procedures
Cash management	Drug-free workplace
Special requirements	Allowable costs

For all of the internal control structure categories listed above, we and other auditors obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we and other auditors assessed control risk.

During the year ended June 30, 1994, the State of Louisiana expended 93 per cent of its total federal financial assistance under major federal financial assistance programs.

We and other auditors performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances

**HONORABLE EDWIN EDWARDS, GOVERNOR
STATE OF LOUISIANA**

March 9, 1995

Page Four

and reimbursements and amounts claimed or used for matching that are applicable to each of the state's major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We and other auditors noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment and other auditors' judgment, could adversely affect the state's ability to administer federal financial assistance programs in accordance with applicable laws and regulations. We and other auditors noted the matters described in Schedule A (page 21), Schedule B (page 89), Schedule C (page 103), Schedule D (page 145), Schedule E (page 158), Schedule F (page 177), and Schedule G (page 189) that we consider to be reportable conditions.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level of risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration and other auditors' consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we and other auditors noted the matters listed on pages 21 through 32 in Schedule A and pages 89 through 91 in Schedule B involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the State of Louisiana's compliance with requirements applicable to its major federal financial assistance programs for the year ended June 30, 1994, and this report does not affect our report thereon dated March 9, 1995.

In connection with our audit, we reviewed the prior-year findings on the internal control structure, including applicable internal administrative controls, to determine whether management had implemented appropriate action to correct the conditions giving rise to those findings. The

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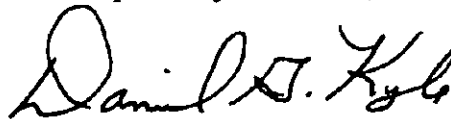
March 9, 1995

Page Five

results of our review indicate that management had taken appropriate corrective action with respect to the prior-year findings, except for the matters described in the Schedule of Unresolved Prior Audit Findings (Schedule H, page 234), which have been addressed in our current report.

During our exit conferences with management of the various state agencies, we discussed certain policy and procedural matters relating to federal financial assistance programs that we do not consider to be reportable conditions. Our comments on internal control structure relating to federal financial assistance programs are intended for the information and use of the governor and certain other statewide elected officials of the State of Louisiana and their appointees (management). By provisions of state law, this report is a public document, and it has been distributed to the Louisiana Legislature and other appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is fluid and cursive, with a large initial "D" and "K".

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March 9, 1995

**Independent Auditor's Report on Compliance With Laws and
Regulations Material to the General Purpose Financial Statements**

HONORABLE EDWIN EDWARDS, GOVERNOR
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the State of Louisiana as of and for the year ended June 30, 1994, and have issued our report thereon dated January 23, 1995. The scope of our audit of the general purpose financial statements was limited, in that the state's General Fund financial statements include an unexplained reconciling item of approximately \$2.2 million adjusted through revenue, and its effect on assets, liabilities, fund balance, revenues, and expenditures cannot be determined. This resulted in a qualified opinion to the general purpose financial statements. We did not audit the financial statements of certain component units of the State of Louisiana. Those financial statements were audited by other auditors whose reports have been furnished to us. This report, insofar as it relates to those component units, is based solely upon the reports of other auditors.

Except as discussed in the first paragraph, we conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the State of Louisiana is the responsibility of the governor and certain other statewide elected officials of the State of Louisiana and their appointees (management). As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we and other auditors performed tests of the state's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

LEGISLATIVE AUDITOR

HONORABLE EDWIN EDWARDS, GOVERNOR
STATE OF LOUISIANA

March 9, 1995

Page Two

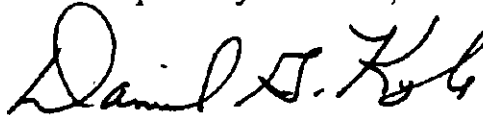
The results of our tests and the reports of other auditors indicate that, with respect to the items tested, the State of Louisiana complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to the items not tested, nothing came to our attention that caused us to believe that the State of Louisiana had not complied, in all material respects, with those provisions.

Although not material to the financial statements, the results of our tests, and the reports of other auditors, indicate certain matters described in Schedules A through G that represent violations of laws and regulations. We considered these instances of noncompliance in forming our opinion on whether the State of Louisiana's 1994 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles. This report does not affect our report dated January 23, 1995, on those financial statements.

In connection with our audit, we reviewed the prior-year findings of noncompliance with laws and regulations to determine whether management had implemented appropriate action to correct the conditions giving rise to those findings. The results of our review indicate that management had taken appropriate corrective action with respect to the prior-year findings, except for the matters described in the Schedule of Unresolved Prior Audit Findings (Schedule H, page 234), which have been addressed in our current report.

During our exit conferences with management of the various state agencies, we discussed compliance matters that, in our judgment, are not material to the financial statements of the individual state agencies or the state's general purpose financial statements. Our comments on compliance with laws and regulations are intended for the information and use of the governor and certain other statewide elected officials of the State of Louisiana and their appointees (management). By provisions of state law, this report is a public document, and it has been distributed to the Louisiana Legislature and other appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

VHS:PEP:dl



DANIEL G. KYLE, PH.D., CPA, CFE
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March 9, 1995

**Independent Auditor's Report on Compliance With General
Requirements Relating to Federal Financial Assistance Programs**

HONORABLE EDWIN EDWARDS, GOVERNOR
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the State of Louisiana as of and for the year ended June 30, 1994, and have issued our report thereon dated January 23, 1995. The scope of our audit of the general purpose financial statements was limited, in that the state's General Fund financial statements include an unexplained reconciling item of approximately \$2.2 million adjusted through revenue, and its effect on assets, liabilities, fund balance, revenues, and expenditures cannot be determined. This resulted in a qualified opinion to the general purpose financial statements.

We have applied procedures to test the State of Louisiana's compliance with the following requirements applicable to the federal financial assistance programs, which are identified in the schedule of federal financial assistance for the year ended June 30, 1994: allowable costs/cost principles, administrative requirements, civil rights, federal financial reports, Davis-Bacon, cash management, political activity, relocation assistance and real property acquisition, and drug-free workplace. We did not audit certain component units of the state, and we did not apply procedures to test compliance with the general requirements by the Louisiana Housing Finance Agency, Grambling State University, the Southern University System, the Lake Charles Harbor and Terminal District, the West Jefferson Levee District, and the Louisiana Educational Television Authority, whose schedules of assistance reflect total activity and the federal government's risk in their outstanding loan balances of \$68,456,391, which comprise approximately one per cent of total assistance activity and the federal government's risk in outstanding loan balances as of and for the year ended June 30, 1994. Compliance with the requirements by the agencies and universities mentioned above were tested by other auditors whose reports have been furnished to us. Our report, insofar as it relates to compliance with the requirements referred to above by the agencies and universities, is based solely upon the reports of the other auditors.

LEGISLATIVE AUDITOR

HONORABLE EDWIN EDWARDS, GOVERNOR
STATE OF LOUISIANA

March 9, 1995

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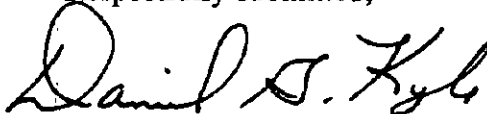
Our procedures were limited to the applicable procedures described in OMB's *Compliance Supplement for Single Audits of State and Local Governments* and the U.S. Department of Education's *Student Financial Assistance Audit Guide*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the state's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to the items not tested, nothing came to our attention that caused us to believe that the State of Louisiana had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in Schedule D (page 145) and Schedule G (page 217).

In connection with our audit, we reviewed the prior-year findings of noncompliance with the general requirements applicable to each federal financial assistance program to determine whether management had implemented appropriate action to correct the conditions giving rise to those findings. The results of our review indicate that management had taken appropriate corrective action with respect to the prior-year findings, except for the matters described in the Schedule of Unresolved Prior Audit Findings (Schedule H, page 234), which have been addressed in our current report.

Our comments on compliance with laws and regulations are intended for the information and use of the governor and certain other statewide elected officials of the State of Louisiana and their appointees (management). By provisions of state law, this report is a public document, and it has been distributed to the Louisiana Legislature and other appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

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March 9, 1995

**Independent Auditor's Report on Compliance With Specific
Requirements Relating to Major Federal Financial Assistance Programs**

HONORABLE EDWIN EDWARDS, GOVERNOR
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the State of Louisiana as of and for the year ended June 30, 1994, and have issued our report thereon dated January 23, 1995. The scope of our audit of the general purpose financial statements was limited, in that the state's General Fund financial statements include an unexplained reconciling item of approximately \$2.2 million adjusted through revenue, and its effect on assets, liabilities, fund balance, revenues, and expenditures cannot be determined. This resulted in a qualified opinion to the general purpose financial statements.

We have audited the State of Louisiana's compliance with the requirements governing types of services allowed or unallowed; eligibility/participation; matching, level of effort or earmarking; reporting; cost sharing/allocation; monitoring subrecipients; student file maintenance, fiscal procedures, and record keeping; institutional disbursements to award recipients; refund calculations and overpayment procedures; coordination of student aid programs; special requirements; claims for advances and reimbursements; amounts claimed or used for matching; and a variety of other specific requirements contained in OMB's *Compliance Supplement for Single Audits of State and Local Governments*, the U.S. Department of Education's *Student Financial Assistance Audit Guide*, various grant award agreements, and the *Catalog of Federal Domestic Assistance* that are applicable to each of the state's major federal financial assistance programs, which are identified in note N to the Schedule of Assistance. The governor and certain other statewide elected officials of the State of Louisiana and their appointees (management) are responsible for the state's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit. We did not audit compliance with those requirements by the Louisiana Housing Finance Agency, Grambling State University, the Southern University System, the Lake Charles Harbor and Terminal District, the West Jefferson Levee District, and the Louisiana Educational Television Authority, whose schedules of assistance reflect total activity and the federal government's risk in their outstanding loan balances of \$68,456,391, which comprise approximately one per cent of total assistance activity and the

HONORABLE EDWIN EDWARDS, GOVERNOR
STATE OF LOUISIANA

March 9, 1995

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federal government's risk in outstanding loan balances for the state as of and for the year ended June 30, 1994. Compliance with the requirements by the agencies and universities mentioned previously were audited by other auditors whose reports have been furnished to us. Our report, insofar as it relates to compliance with the requirements referred to previously by those agencies and universities, is based solely upon the reports of the other auditors.

Except as discussed in the first paragraph, we conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to previously occurred. An audit includes examining, on a test basis, evidence about the state's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures and those of other auditors disclosed immaterial instances of noncompliance with the requirements referred to previously, which are described in Schedule E (page 158) and Schedule G (page 218). We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, based on our audit and the reports of other auditors, the State of Louisiana complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility/participation; matching, level of effort or earmarking; reporting; cost sharing/allocation; monitoring subrecipients; student file maintenance, fiscal procedures, and record keeping; institutional disbursements to award recipients; refund calculations and overpayment procedures; coordination of student aid programs; special requirements; claims for advances and reimbursements; amounts claimed or used for matching; and a variety of other specific requirements contained in OMB's *Compliance Supplement for Single Audits of State and Local Governments*, the U.S. Department of Education's *Student Financial Assistance Audit Guide*, various grant award agreements, and the *Catalog of Federal Domestic Assistance* that are applicable to each of the state's major federal financial assistance programs for the year ended June 30, 1994.

In connection with our audit, we reviewed the prior-year findings of noncompliance with the specific requirements applicable to each major federal financial assistance program and whether management had implemented appropriate action to correct the conditions giving rise to those findings. The results of our review indicate that management had taken appropriate

LEGISLATIVE AUDITOR

**HONORABLE EDWIN EDWARDS, GOVERNOR
STATE OF LOUISIANA**

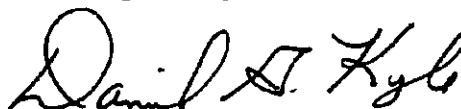
March 9, 1995

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corrective action with respect to the prior-year findings, except for the matters described in the Schedule of Unresolved Prior Audit Findings (Schedule H, page 234), which have been addressed in our current report.

Our comments on compliance with laws and regulations are intended for the information and use of the governor and certain other statewide elected officials of the State of Louisiana and their appointees (management). By provisions of state law, this report is a public document, and it has been distributed to the Louisiana Legislature and other appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is fluid and cursive, with the first name "Daniel" being the most prominent part.

Daniel G. Kyle, CPA, CFE
Legislative Auditor

VHS:PEP:dl



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March 9, 1995

Independent Auditor's Report on Compliance With Specific Requirements
Applicable to Nonmajor Federal Financial Assistance Program Transactions

HONORABLE EDWIN EDWARDS, GOVERNOR
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the State of Louisiana as of and for the year ended June 30, 1994, and have issued our report thereon dated January 23, 1995. The scope of our audit of the general purpose financial statements was limited, in that the state's General Fund financial statements include an unexplained reconciling item of approximately \$2.2 million adjusted through revenue, and its effect on assets, liabilities, fund balance, revenues, and expenditures cannot be determined. This resulted in a qualified opinion to the general purpose financial statements.

In connection with our audit of the 1994 general purpose financial statements of the State of Louisiana and with the study of the state's internal control structure used to administer federal financial assistance programs, as required by OMB Circular A-128, *Audits of State and Local Governments*, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1994. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; matching; reporting; cost allocation; and monitoring subrecipients that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the state's compliance with these requirements. Accordingly, we do not express such an opinion. We did not apply procedures to test compliance with these requirements by the Louisiana Housing Finance Agency, Grambling State University, the Southern University System, the Lake Charles Harbor and Terminal District, the West Jefferson Levee District, and the Louisiana Educational Television Authority, whose schedules of assistance reflect total activity and the federal government's risk in their outstanding loan balances of \$68,456,391, which comprise approximately one per cent of total assistance activity and the federal government's risk in outstanding loan balances for the state as of and for the year ended June 30, 1994. Compliance with the requirements by the agencies and universities mentioned above were tested by other auditors whose reports have been furnished to us. Our

LEGISLATIVE AUDITOR

**HONORABLE EDWIN EDWARDS, GOVERNOR
STATE OF LOUISIANA**

March 9, 1995

Page Two

report, insofar as it relates to compliance with the requirements referred to previously by the agencies and universities, is based solely upon the reports of the other auditors.

Material instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts, or grants that cause us to conclude that the individual item or aggregation of these items would be material to a nonmajor federal financial assistance program. The results of our audit procedures for the Drug-Free Schools and Communities Act (DFSCA) Program (CFDA 84.186) disclosed, as described in Schedule F (page 177), an instance of material noncompliance with program requirements resulting in questioned costs of \$984,498, representing 11.6 per cent of total program expenditures.

We considered this instance of noncompliance in forming our opinion on the State of Louisiana's 1994 general purpose financial statements. This report does not affect our report dated January 23, 1995, on those financial statements.

Except as described above, the results of our tests of compliance indicate that, with respect to the items tested, the State of Louisiana complied, in all material respects, with the provisions referred to in the second paragraph of this report. With respect to the items not tested, nothing came to our attention that caused us to believe that the State of Louisiana had not complied, in all material respects, with those requirements. However, the results of our procedures and the procedures of other auditors disclosed immaterial instances of noncompliance with those requirements, which are described in Schedule F (page 182) and Schedule G (page 233).

In connection with our audit, we reviewed the prior-year findings of compliance with requirements applicable to nonmajor federal financial assistance programs and whether management had implemented appropriate action to correct the conditions giving rise to those findings. The results of our review indicate that management had taken appropriate corrective action with respect to the prior-year findings, except for the matters described in the Schedule of Unresolved Prior Audit Findings (Schedule H, page 234), which have been addressed in our current report.

LEGISLATIVE AUDITOR

**HONORABLE EDWIN EDWARDS, GOVERNOR
STATE OF LOUISIANA**

March 9, 1995

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Our comments on compliance with laws and regulations are intended for the information and use of the governor and certain other statewide elected officials of the State of Louisiana and their appointees (management). By provisions of state law, this report is a public document, and it has been distributed to the Louisiana Legislature and other appropriate public officials.

Respectfully submitted,

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Daniel G. Kyle, CPA, CFE
Legislative Auditor

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Schedule A

**Reportable Conditions in the
Internal Control Structure
For the Year Ended June 30, 1994**



**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Reportable Conditions in
the Internal Control Structure
For the Year Ended June 30, 1994

EXECUTIVE DEPARTMENT

Centralized Computer Accounting System

The state's centralized computer accounting system, the Financial Accountability and Control System (FACS), is not adequate for financial reporting in accordance with generally accepted accounting principles (GAAP). FACS is outdated in that it is approximately 21 years old, and it has not been adequately updated to reflect the current needs of financial reporting. For the fifth consecutive year, we are reporting that there are many inadequacies in the system that result in the need for agencies to maintain separate manual or automated side systems to perform certain functions that should be part of the state's centralized system. Among these functions are the following:

1. FACS does not have a complete general ledger system that would include all control accounts supported by subsidiary ledgers and journals.
2. Account receivables/billings are not maintained and reported in FACS.
3. Debt service accounting for the reporting of long-term debt is not performed by FACS.
4. Many state agencies, including the Department of Transportation and Development, the Department of Labor, colleges and universities, and many boards and commissions, are not users of FACS.
5. FACS is not capable of producing financial statements in accordance with GAAP without significant input and financial reports from agencies using off-FACS accounting systems.

Because of the lack of a centralized, integrated accounting system that includes all functions and agencies, significant procedures external to FACS are required for the compilation of the state's general purpose financial statements. The timeliness of financial information on a GAAP basis is impaired, the risk of errors in the compilation of the financial statements is

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Reportable Conditions in
the Internal Control Structure (Continued)

increased, and the number of man hours spent on compiling and auditing the state's financial statements is increased at both the state and agency level.

The Division of Administration is in the process of implementing a new statewide computer system, known as the Integrated Statewide Information System (ISIS), that would potentially resolve the deficiencies noted previously.

The Division of Administration should continue the process of implementing a new statewide computer system that would meet the state's needs. The Commissioner of Administration concurred in part with the finding. The Commissioner commented that FACS does contain a complete general ledger system, but it does not incorporate all the reporting component units and activities of state entities, which is a result of its age and legislation; and it does not incorporate several required subsidiary components. ISIS will not be a "panacea" to resolve all of the problems identified in this finding. Because of the current status of Article 7, Section 9 of the 1974 Constitution, several large entities will continue to be non-primary users of ISIS, unless legislation is changed. In addition, while GAAP based financial statements is one goal of ISIS, the primary goal is the development of an information management system to provide departmental users with the tools necessary to allow them to meet their program and operational mandates (B-27).

Additional Comments: The response of the Commissioner of Administration implies that provisions of the constitution would inhibit the placement of some of the larger state agencies on ISIS. Article 7, Section 9 of the 1974 Constitution simply refers to the deposit of public funds into the State Treasurer and the exemption of certain state agencies from that requirement. Louisiana Revised Statute 39:78 gives the Commissioner of Administration specific authority to prescribe and cause to be installed and maintained a uniform system of accounting in all state agencies. With this authority, the Commissioner can specify that state agencies be placed on ISIS or at least interface existing systems at non-central cash management agencies with ISIS in sufficient detail to allow for more efficient preparation of financial reports and the production of needed management information.

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Reportable Conditions in
the Internal Control Structure (Continued)

Internal Audit Function

For the twelfth consecutive year, the State of Louisiana did not have an effective internal audit function for state agencies, hospitals, and universities to examine, evaluate, and report on their internal control structure, including data processing, and to evaluate their compliance with the policies and procedures of the control system.

Currently in Louisiana, approximately 71 internal auditors are stationed at 11 state agencies, one state hospital, and 15 state colleges/universities. The governor also established the Office of the State Inspector General (IG) in fiscal year 1988 to provide an internal audit function for state agencies and to provide other valuable services to the state through investigative auditing and the operation of a complaint hotline. Resources from existing audit functions in 1988 were transferred to the IG's office to establish an internal audit function. However, because of funding limitations, the IG does not have adequate staffing to perform an effective internal audit function. Currently, there are 13 auditors in the IG's office.

Although internal audit resources exist within the agencies noted previously, our study and evaluation of the state's internal control structure for the year ended June 30, 1994, found that an effective internal audit function did not exist in the following state agencies, hospitals, and universities. While the following should not be considered an all-inclusive list, their collective assets and revenues demonstrate the need for an effective internal audit function within Louisiana state government.

	Assets	General Appropriations/ Revenues
Central Louisiana State Hospital	\$12,641,964	\$60,988,761
Charity Hospital and Medical Center of Louisiana at New Orleans	170,219,781	558,723,074
Department of Economic Development	27,859,751	44,246,394
Department of Education	69,041,546	2,399,569,522
Department of Environmental Quality	53,321,531	73,288,289
Department of Health and Hospitals	330,328,585	4,129,410,411
Department of Natural Resources	62,145,956	59,671,268
Department of Public Safety and Corrections, Corrections Services	37,175,508	379,949,595
Department of Public Safety and Corrections, Public Safety Services	92,399,568	185,900,464

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
 Reportable Conditions in
 the Internal Control Structure (Continued)

	Assets	General Appropriations/ Revenues
Department of Social Services	\$49,202,098	\$750,589,805
E. A. Conway Medical Center	27,000,000	173,000,000
Earl K. Long Medical Center	47,931,181	179,928,110
Executive Department	70,000,000	137,000,000
Grambling State University	146,455,417	98,064,436
Huey P. Long Medical Center	21,840,399	67,719,575
Louisiana Health Care Authority	42,313,665	18,168,320
Louisiana State University - Shreveport Campus	57,059,322	22,485,159
Office of Public Health	22,050,723	138,448,720
Office of Risk Management	23,397,526	73,747,344
Office of Student Financial Assistance	16,531,638	27,355,335
Office of Telecommunications Management	6,861,948	33,825,384
Orleans Levee District	361,178,159	43,002,463
Pinecrest Developmental Center	8,966,447	65,320,358
University Hospital	57,121,424	100,496,815
University Medical Center	35,000,000	169,000,000
Total	<u>\$1,848,044,137</u>	<u>\$9,989,899,602</u>

Considering the state's reported assets (\$30.7 billion) and its operating revenues (\$16.1 billion) and the number of control and compliance findings contained in this report, we believe that an effective internal audit function is needed to ensure that the state's assets are safeguarded and that state policies and procedures are uniformly applied.

The State of Louisiana should take the necessary steps to establish an effective internal audit function by either reallocating or increasing available internal audit resources or by pursuing other alternatives to accomplish this objective. The Commissioner of Administration concurred with the finding and stated the Division has continued to include the positions in its Budget Request for the last several years and has done so again for fiscal year 1995-96. However, due to the budget crisis which has plagued the state for the past few years, the request has either been deleted or not funded by the legislature. For fiscal year 1994-95, Act 15 of the 1994 Regular Legislative Session requires agencies with budgets in excess of \$30 million to use existing program resources and table of organization for the purpose of establishing an internal auditor position. Agencies will have to continue to use available resources within the Office of Inspector General or the required internal audit allocation identified in Act 15 (B-27).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in
the Internal Control Structure (Continued)****Movable Property Records**

The State of Louisiana did not ensure that all state agencies, hospitals, universities, and component units maintain adequate internal accounting controls over movable property as prescribed by the Commissioner of Administration and Louisiana law. Considering the amount of movable property additions (\$136,783,000), deletions (\$58,609,000), and ending balance (\$806,617,000) for the General Fixed Asset Account Group, and the ending balance for universities of \$953,380,000, as reported by the Division of Administration, Office of Statewide Reporting and Accounting Policy for the year ended June 30, 1994, the state's policies and procedures should be uniformly applied to ensure that movable property is adequately safeguarded and accurately reported in the financial statements.

A good internal control structure requires that adequate control procedures be in place to ensure that (1) the acquisition, valuation, and disposition of movable property is accurately reflected in the accounting records; (2) the location of all movable items is monitored and updated frequently; and (3) amounts recorded in the financial statements are materially correct. In addition, the internal control structure should ensure that movable property is properly safeguarded against loss arising from unauthorized use, that movement of items from one location to another are recorded, and that errors in processing transactions are recognized and corrected. Furthermore, Louisiana Revised Statutes 39:323-325, 328, and 330 require the following:

1. Property managers are responsible for the maintenance of property identification labels as prescribed by the Commissioner.
2. The property manager is required to update the master inventory listing on a monthly basis by submitting all property transactions to the Commissioner.
3. Each property manager is required to take a complete physical inventory of all property at least once each fiscal year. The Commissioner is to be notified in writing at least 30 days in advance of the date(s) on which the physical inventory will be conducted.
4. Upon completion of the annual inventory, each property manager is required to submit a certified report to the Commissioner containing all exceptions or discrepancies found when comparing the results of the physical inventory to the perpetual inventory records.

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Reportable Conditions in
the Internal Control Structure (Continued)

Our audit of movable property records throughout the state disclosed collective amounts of \$79,066,033 in additions; \$22,223,863 in deletions; and \$425,113,955 in ending balances of movable property for those nine state agencies, five state hospitals, one state university, and two regional centers that have not maintained an adequate movable property control system as follows:

1. Charity Hospital and Medical Center of Louisiana at New Orleans failed to ensure that tags were placed on property and that the master inventory listing was updated within 45 days of the property's arrival. In our test of 20 additions to movable property, 7 items were not tagged nor was the master inventory listing updated timely. In addition, the hospital did not ensure that assets acquired under installment purchase agreements were tagged, reported, and placed on the master inventory listing. During the year ended June 30, 1994, the hospital acquired assets totaling \$10,426,522 that were not included in state property records. The hospital also disposed of \$220,860 of equipment without Division of Administration approval. This is the fifth consecutive year that we have cited the hospital for noncompliance with movable property laws.
2. The Department of Economic Development did not ensure that the Louisiana State Racing Commission (LSRC), an office within the department, complied with the state's movable property laws and regulations. Considering that LSRC maintains approximately \$305,621 or 23 per cent of the department's movable property inventory, it is imperative that the department ensure that the movable property is adequately safeguarded and accurately reported. During our examination of LSRC's inventory, we noted that 3 of 12 items examined had not been tagged and added to the inventory system within 45 days of receipt.
3. The Department of Education did not comply with state property control laws and regulations relating to identifying movable property. Our tests indicate that 4 of the 17 items tested were not tagged, or an estimated 24 per cent of its fiscal year 1994 acquisitions. Equipment amounting to approximately \$253,000 may not have been properly identified or updated in the master files.
4. For the ninth consecutive year, various offices within the Department of Health and Hospitals have not maintained adequate controls over movable property and did not comply with the state's movable property laws and regulations. We selected 71 items purchased during the year and found that 51 items (\$56,047 of

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in
the Internal Control Structure (Continued)**

\$82,399) were not tagged and added to the inventory system until 51 to 149 days after receipt of the property.

5. The Department of Labor has not implemented the appropriate internal control procedures to ensure that all movable property regulations are followed by the Hammond area office. In our test of movable property, we examined 22 items in the Hammond area office and found 5 untagged items (23 per cent). Also, the location codes for 2 of the 5 untagged items were incorrect. In addition, one typewriter listed in our test was found to be stored at an employee's home for personal use.
6. Three units within the Department of Public Safety and Corrections, Corrections Services, including Prison Enterprises; Office of Youth Development; and Louisiana Training Institute - Bridge City, did not comply with movable property regulations. Our test work disclosed the following: (1) At Prison Enterprises, 138 livestock were on hand that were not included in the inventory; 446 livestock on the inventory listing had died or been sold; and 115 livestock on the inventory listing could not be accounted for. All these errors resulted in an overstatement of \$169,200 or 10 per cent of total livestock. (2) Our audit of the Office of Youth Development revealed that 19 vehicles, with a total cost of \$145,576, had been disposed of but were still reported on the inventory listing. (3) At Louisiana Training Institute - Bridge City, 9 of the 25 items tested (\$5,701 of \$35,601) could not be located, and another 10 of the 25 items tested (\$21,761 of \$35,601) could not be found, but 10 like items were observed with no property tags.
7. The Department of Social Services failed to tag and add 12 of 60 items tested (\$6,607 of \$42,839) to the inventory system within 45 days of receipt. In addition, two items (\$2,394 of \$42,839) had neither been tagged nor added to the inventory system as of June 1994. This is the fifth consecutive year that we have cited the department for noncompliance with the state's movable property laws.
8. For the fifth consecutive year, the Department of Transportation and Development (DOTD) did not have adequate internal accounting controls over movable property. Although DOTD is exempted from the previously cited revised statutes relating to movable property, the department did not maintain

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adequate internal accounting controls over movable property necessary for accurate reporting to the Division of Administration in the financial statements. The department failed to (1) maintain adequate procedures for determining additions, deletions, and ending balances; (2) maintain adequate documentation within the accounting section to support additions and deletions; (3) perform reconciliations between the property control system and the accounting records; and (4) update the property control system for additions and deletions on a timely basis.

9. Earl K. Long Medical Center has not developed adequate procedures to ensure compliance with all state movable property regulations. Our review of the movable property inventory disclosed (1) 2 of the 50 items tested could not be located; (2) 6 of the 50 items tested had not been tagged; and (3) 6 of the 50 items tested had not been placed on the inventory system within 45 days of receipt.
10. For the second consecutive year, Grambling State University did not comply with state law regarding movable property and did not provide adequate internal controls over its movable property. Our tests of movable property disclosed the following: (1) 2 items, totaling \$2,004, of 60 tested could not be located; (2) 3 items, valued at \$1,124, of 60 tested appeared to be damaged beyond repair or obsolete; (3) 4 items, totaling \$5,000, of 24 tested had not been tagged; (4) 6 items totaling \$2,690 to upgrade existing equipment had not been added to the acquisition cost; (5) 26 items, totaling \$28,439, of computer equipment were duplicated on the movable property listing; (6) one invoice disclosed 4 items of equipment totaling \$16,559, but the movable property list showed only one item encompassing the 4 on the invoice; and (7) we were unable to determine if leases with Xerox Corporation costing approximately \$456,000 were operating leases (rentals) or capital leases (lease-purchase agreements), the latter of which would require the equipment to be treated as purchased and included in movable property records. In other tests, we noted that 24 items, valued at \$19,731, were not coded to the correct location. Based on our tests, the known errors resulted in a net overstatement of movable property of approximately \$16,800. This total does not include the \$456,000 noted previously in item 7.

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11. Huey P. Long Medical Center has not complied with certain provisions of the Division of Administration's state property inventory regulations. Our examination noted that 26 of the 282 items examined were not added to the inventory system within 45 days of receipt. Also, medical center personnel were unable to provide copies of some property acquisition/change transaction listings.
12. For the second consecutive year, the Louisiana Health Care Authority did not maintain adequate controls over movable property and did not comply with the state's movable property regulations. We selected 60 items purchased during the year and found that 6 items (\$36,859 of \$78,785) were not tagged and added to the inventory system until 63 to 355 days after receipt of the property.
13. For the sixth consecutive year, the Office of Public Health (OPH) did not comply with the state's movable property regulations. Our tests at OPH disclosed the following: (1) of the 34 items tested, OPH failed to place state property tags on 21 items (62 per cent) tested, did not place state property tags on another 12 items (35 per cent) in a timely manner, and 29 items (87 per cent) tested were not recorded in the master inventory; (2) the fiscal section did not furnish the property officer with copies of paid invoices and purchase orders on items purchased during the months of December 1993 through February 1994; (3) regional property control coordinators did not provide the property manager with a copy of the receiving reports within 3 days of receipt for 16 of the 34 items examined (47 per cent) as required by office policy; (4) the property manager timely issued tags and verification cards on 11 items purchased in December 1993; however, the regional property control coordinators did not return the tagging verification cards within the required 5 days indicating the items had been tagged until March 31, 1994; (5) the manual property tag log, which is used to ensure that the property control coordinators are tagging the property in a timely manner, was not maintained by the property manager; (6) in a test of 32 corrections to inventory, 19 (59 per cent) did not appear to have the correct inventory status; (7) transfer forms for 1994 were not filed in any specific order; therefore, we could not determine if items were entered into the master inventory records; and (8) OPH does not have written procedures for reconciling Louisiana Property Assistance Agency's monthly reports to OPH records.

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14. For the third consecutive audit, Regional Management Center 2, Baton Rouge has not ensured that the individual institutes have maintained adequate internal accounting controls over movable property. The center did not have documentation for \$158,695 (or 9 per cent) of the \$1,871,095 reported movable property additions. The records were not maintained in an orderly manner that would provide assurance that movable property information was complete. Six (or 6 per cent) of 100 items selected from the master list could not be found. In addition, of the 113 items selected to trace to the master list, 23 (20 per cent) could not be located on the master listing and 11 (10 per cent) items selected were not tagged with the required property control tag.
15. Regional Management Center 3, Houma has not complied with the provisions of the state's movable property laws at two of the four institutes examined. At Young Memorial Technical Institute, 27 of the 50 items tested were not tagged nor was the inventory information submitted to LPAA within 45 days of receipt of the property. The number of days between receipt and submission to LPAA ranged from 70 to 224 days. At Thibodaux Area Technical Institute, 13 of the 13 items tested were not tagged nor was the inventory information submitted within 45 days of receipt of the property. The number of days between receipt and submission ranged from 101 to 170 days.
16. University Hospital has not maintained appropriate accountability and control over its state property. The hospital has not established a system to (1) appoint property managers, (2) timely mark and identify movable property as state property, (3) timely update property records for additions and deletions, (4) conduct regular physical inventories of its state property, and (5) report to the Commissioner of Administration.
17. Central Louisiana State Hospital has not maintained adequate internal accounting controls over movable property. Our review disclosed the following: (1) the hospital did not reconcile purchases of movable property per the Detail Appropriation Report to the amount of acquisitions reported to the Louisiana Property Assistance Agency (LPAA); (2) a test of 17 transactions coded to materials and supplies revealed that 5 items of equipment in excess of \$250, amounting to \$1,557, were purchased under small purchases guidelines but were not tagged or reported to LPAA; and (3) one item of equipment was purchased

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for \$361, coded to supplies and tagged, but was not reported to LPAA until 53 days after acquisition.

The audits of one state agency and two courts performed during the fiscal year ended June 30, 1994, for previous fiscal years, revealed inadequacies in their movable property records as follows:

1. For the third consecutive year, the Office of the Lieutenant Governor (FYE 6/30/93) did not update movable property records as required by Louisiana law. Five items of property purchased during fiscal year 1993, totaling \$8,794, were not added to the property master files. Two items of tagged property, totaling \$18,344, previously surplused during fiscal year 1992, were not deleted from property master files.
2. The Third Circuit Court of Appeal (FYE 6/30/93) did not record movable property acquisitions in a timely manner. Our test of movable property records revealed the court did not record 143 items totaling \$193,476, purchased during the period April 1991 through June 1992, until September and October 1992.
3. The Fourth Circuit Court of Appeal (FYE 6/30/93) did not record movable property in a timely manner. Our test of movable property records revealed the court did not record 89 items totaling \$105,775 for the period April 1992 through June 30, 1993, until July 1993. In addition, the law books in the judge's office and the law library have never been recorded on the property listing.

In addition to those listed above, the audits of the House of Representatives, State of Louisiana; Louisiana Educational Television Authority; Louisiana Naval War Memorial Commission; Louisiana State Board of Barber Examiners; Louisiana State Board of Optometry Examiners; and Senate, State of Louisiana, performed by other auditors, revealed inadequacies in movable property records and are included in Schedule G.

The State of Louisiana should take the necessary measures to ensure that all state agencies, hospitals, universities, and component units maintain adequate internal accounting controls over movable property as prescribed by the Commissioner of Administration and Louisiana law. The Commissioner of Administration concurred with the finding. His staff will contact the affected agencies, hospitals, and component units and will request written confirmation as

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to the validity of the findings and corrective action taken or to be taken. Enforcement actions taken will be based upon the past compliance of the entities. The Division of Administration has submitted legislation for the next regular legislative session which would provide enforcement actions to be taken on behalf of the departmental units without their concurrence (B-26).

**CHARITY HOSPITAL AND MEDICAL CENTER
OF LOUISIANA AT NEW ORLEANS**

Patient Charges

For the seventh consecutive year, Charity Hospital and Medical Center of Louisiana at New Orleans has not completed the development and implementation of effective procedures to provide management with assurance that all charges incurred by patients are accurate and billed. Complete and accurate information on patient charges is needed to ensure that the hospital is maximizing revenue.

The pathology department periodically generates a list of laboratory charges that have not been identified with the patients for whom the services (tests) were performed, and there are no follow-up procedures to identify which patients to bill for these services. Our review of laboratory charges processed for inpatients for the period June 20-25, 1994, and for outpatients for the period June 23-25, 1994, found that \$6,788 (30 per cent) and \$9,138 (5 per cent), respectively, of these charges were not posted to patients' accounts.

In our test of inpatient account charges for 17 patients, the following deficiencies were noted:

1. Documentation of the financial eligibility information was not available for 7 of the 17 patient files.
2. At our request, 3 of the 17 bills were audited by the hospital's Coding and Revenue Enhancement Department. Those audits by the Coding Department found the following inaccuracies in amounts billed:

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<u>Patient</u>	<u>Amount Billed</u>	<u>Coding Audit</u>	<u>Per cent Variance</u>
A	\$1,595	\$2,315	45 %
B	2,112	1,006	52 %
C	5,636	6,896	22 %

In addition, a report dated August 8, 1994, issued by the State Inspector General of Louisiana, disclosed that a financial classification code change was made in the billing of a hospital employee that reduced the employee's \$6,360 bill to zero. Documentation to support the adjustment and evidence of supervisory approval were not maintained.

Management of Charity Hospital and Medical Center of Louisiana at New Orleans should ensure that all charges for services and supply items reflect the most current prices, are documented in the patient's medical records, and are processed into the billing system. In addition, the hospital should establish written procedures for patient account information, to provide assurance that violations of procedures are timely detected and records are maintained. Management of the hospital concurred with the finding and recommendation. See management's response at B-4.

Periodic Inventory System

Certain departments of Charity Hospital and Medical Center of Louisiana at New Orleans using the periodic inventory system did not report a complete and accurate consumable supply inventory as required by hospital internal procedures. Hospital procedures require the inventory to include items on the centralized inventory program (stock items) and specialized inventory items of individual departments (non-stock items), which are to be counted and reported manually by department employees. At June 30, 1994, three cost centers, Ambulatory Clinics, Endoscopy, and Labor and Delivery, did not take a count of the non-stock items when conducting the year-end inventory. As a result, an estimated \$57,000 of non-stock items on hand at June 30, 1994, was not included in the inventory reported in the hospital's financial statements.

We recommend that the hospital establish procedures to ensure that all inventories, including non-stock items, are accurately counted and reported in the financial statements. Management

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of the hospital concurred with the finding and recommendation. See management's response at B-5.

CIVIL SERVICE, DEPARTMENT OF STATE**Reconciliation of Personnel Data to Payroll Data**

The Department of State Civil Service did not reconcile personnel data with the payroll data in the Uniform Payroll System. The Uniform Payroll System, which is administered by the Division of Administration as the state's centralized payroll system, generates payroll checks and processes payroll deductions and employee benefits for employees of the user agencies. The Department of State Civil Service uses a separate system to authorize employment with the state through a system of application, testing, and approval. Failure to reconcile personnel data to payroll data increases the risk that inaccurate employment data is being used to process payroll checks and calculate employee benefits and increases the risk that unauthorized employees will be paid. Reconciliations had been previously performed by the Department of State Civil Service; however, because of staffing limitations, no reconciliations were performed for fiscal year 1994.

We recommend that the Department of State Civil Service reestablish the reconciliation process of personnel data in its computer system to the payroll data in the Uniform Payroll System. Management concurred with the finding and recommendation. See management's response at B-8.

E. A. CONWAY MEDICAL CENTER**Untimely Billing for Medical Services**

E. A. Conway Medical Center does not have adequate procedures to ensure timely issuance of bills to inpatients or their guarantors after discharge. The Louisiana Health Care Authority (LHCA) Procedure Manual for Accounts Receivable requires the patient/guarantor to receive a bill 10 days following date of service or discharge; however, when a determination of the patient's eligibility for relief under the Medical Assistance Program (MAP) is pending, the time limits for billing are extended. The Department of Health and Hospital's Medicaid Eligibility Manual for Application Processing, dated June 1, 1992, states that 90 days are allowed for disposition of disability applications and 45 days are allowed for all others.

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Of a sample of 27 inpatient billings that had not been issued within 10 days after patient discharge, 24 bills, with total charges of \$193,260, had not been issued within established time limits. Of these 24 bills, 9 bills for patients listed as awaiting MAP determinations were not billed within the applicable 45 or 90 day processing limits specified. In addition, 5 delays in billings occurred because the Patient Accounts section did not timely recognize and resolve mismatches in information concerning the accounts between two parts of the billing system that placed the account in a *non-billing* status. The remaining 10 billing delays occurred because physicians either had not signed or had not provided information needed to properly code information in medical charts as required by the Public Health Service and the Health Care Financing Administration of the U.S. Department of Health and Human Services.

Based on the delayed bills disclosed in our sample, we projected total delayed billings of \$3,324,612 for all discharged inpatients for fiscal year 1994. These delays in billing cause the loss of time value of the billings and increase the risk that they will not be collected.

The medical center management should coordinate with MAP personnel to encourage timely determinations of eligibility for aid and to ensure that the MAP notifies the medical center's Patient Accounts section timely when determinations are made. The Patient Accounts section should establish procedures to ensure that bills are issued timely upon notification of determinations by MAP. Management should also assign responsibility to an individual to monitor patient billings at frequent intervals and establish procedures to notify Data Processing to resolve delays. Management should take aggressive action to obtain physicians' signatures or information needed to complete or correct medical records to permit timely billing.

Management of E. A. Conway Medical Center concurred with the finding and indicated that specific responsibilities will be assigned to individuals in the MAP unit, Admission and Screening, and Patient Accounts for reviewing accounts on a daily basis for delays and/or problems and to update and make changes in the system to meet billing deadlines. In addition, management indicated that the responsible head of service staff physicians will be given a routing list of physicians (residents) assigned to a patient case to facilitate the physicians (residents) in routing process and sign-off of their respective part of the discharge and/or dictation procedures (B-11).

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EARL K. LONG MEDICAL CENTER

Inventory of Materials and Supplies

For the third consecutive audit, Earl K. Long Medical Center did not adequately maintain its consumable inventory system. The medical center did not correctly apply the first-in, first-out (FIFO) valuation method in pricing inventory for the warehouse and pharmacy. The medical center uses both perpetual and periodic inventory systems and bases the valuation for both systems on the FIFO method. However, individual items in ending inventory were valued at one invoice price, regardless of the date of purchase or number of items in ending inventory. The correct application of FIFO is to individually value each item of ending inventory at the last purchase price paid for that particular item.

Our review of a sample of 25 items disclosed that 12 items, or 48 per cent, were not valued according to the most recent price paid. In addition, documentation of prices paid for 2 items, or 8 per cent, could not be located. Since the medical center pricing procedures were not followed, the actual ending inventory values were not correctly computed.

The medical center should establish procedures to ensure that updated inventory prices for the warehouse and pharmacy are documented and entered into the inventory system. In addition, the medical center may want to consider replacing its existing manual inventory system (Kardex file) for the warehouse with a computerized inventory package to facilitate pricing at year end. Management of the medical center concurred with the finding and recommendation. See management's response at B-13.

On-Line Time and Leave Entry System

Earl K. Long Medical Center has not established adequate internal control procedures for the on-line time and leave entry system for the input of payroll transactions into the Uniform Payroll System (UPS). Time and leave are keyed into the system by each designated timekeeper, and UPS generates reports that indicate all time and leave are recorded into the system. Access to the system is restricted to designated timekeepers. However, our review of internal controls disclosed that the timekeeper performs incompatible functions in that the same employee who keys in the time and leave also reviews the UPS reports and verifies the data input into the system.

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An adequate internal control structure should provide adequate segregation of duties so that no one employee would be in a position to both initiate and conceal errors or irregularities. Without adequate segregation, there is an increased risk that errors or irregularities could occur and not be detected in a timely manner.

The medical center should develop and implement written procedures for the on-line time and leave entry system so that someone other than the employee who keys in the time reviews the UPS reports and verifies data input into the system. Management of the medical center concurred with the finding and recommendation. See management's response at B-13.

Time and Attendance Records

Earl K. Long Medical Center has not ensured that employees' time cards agree to the time and attendance records and payroll registers. The hospital's system of internal control requires that payroll registers be supported by time and attendance sheets and time cards. In addition, the hospital's policy states that a "Subsidiary Time Sheet" must be completed and signed by the employee's supervisor if errors or omissions occur on the time cards. A "Subsidiary Time Sheet" is a document completed by the employee and approved by the supervisor showing the corrected time clocked in or clocked out.

Our review of 24 time cards disclosed that 2 employees (8 per cent) did not clock in or out and were paid for 8 hours of work even though no subsidiary time sheet was completed. In addition, 3, or 13 per cent, of the 24 time cards reviewed showed that employees' hours on the time cards did not agree to the hours on the time and attendance sheets. These discrepancies were due to employees failing to clock in and out and no subsidiary time sheet was completed, employees not following hospital policy and clocking in more than 15 minutes before start of work, and timekeepers not recording the correct hours worked on the time and attendance sheet. Unless the hours worked per the time cards and subsidiary time sheets agree with the time and attendance records, there can be no assurance that the employees are paid correctly.

We recommend that management require all employees to follow established hospital procedures relating to time and attendance records. Management of the medical center concurred with the finding and recommendation. See management's response at B-16.

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FINDINGS AND RECOMMENDATIONS****Reportable Conditions in
the Internal Control Structure (Continued)****EDUCATION, DEPARTMENT OF****Minimum Foundation Program**

The Louisiana Department of Education (LDOE) did not verify certain data relating to special education and transportation costs that are used in deriving the Minimum Foundation Program (MFP) cost distribution formula. These costs are included in LDOE's distribution of more than \$1,800,000,000 in state General Fund monies through the MFP during the fiscal year 1993-94.

Article VIII, Section 13(B) of the Louisiana Constitution of 1974 states that the legislature shall appropriate funds sufficient to insure a minimum foundation program of education in all public elementary and secondary schools. The funds appropriated shall be equitably allocated to parish and city school systems according to formulas adopted by the State Board of Elementary and Secondary Education and approved by the legislature before making the appropriation. The fiscal accountability section of the Office of Management and Finance of the LDOE was established by Louisiana Revised Statute (LSA-R.S.) 17:7(2)(d) to provide for audit, evaluation, and computerization of data submitted by local school systems. That data is used to determine the costs and to calculate the equitable distribution of funds provided for in the MFP for public elementary and secondary education.

While the LDOE has made progress in verifying the accuracy of student counts used for state funding, this is the sixth consecutive year we have cited the LDOE in some manner for failure to verify MFP data. The fiscal accountability section spent its first year performing student count audits of local school systems. It did not verify or audit any prior year special education costs totaling \$403,108,158 or transportation costs totaling \$190,804,434. Because the LDOE did not verify this data, it cannot reasonably ensure that approximately \$1.8 billion in state General Fund monies are distributed equitably to the school systems. In addition, the LDOE will not be able to determine whether the distribution of state funds exceeded the amount provided for in the MFP formula for special education and transportation costs.

We recommend that the LDOE verify the accuracy and validity of the amounts for special education and transportation costs to provide reasonable assurance that MFP funds are allocated and distributed according to LSA-R.S. 17:7(2)(d) and Article VIII, Section 13(B) of the Louisiana Constitution of 1974. In a letter dated September 20, 1994, Ms. Marlyn J. Langley, Deputy Superintendent of Management and Finance, stated that the department agreed with the finding and is currently developing an audit plan that verifies the accuracy and

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validity of financial data. These financial audits will be conducted during the 1994-95 school year (B-20).

Professional Improvement Program

The Louisiana Department of Education (LDOE) does not have proper segregation of duties in the Professional Improvement Program (PIP) and does not allocate the bureau director's salary to programs in the Bureau of Continuing Education other than the PIP. The LDOE distributed approximately \$50 million in General Fund monies through the PIP during 1993-94.

- **Segregation of Duties** - A proper segregation of duties is necessary to safeguard assets, ensure that accounting data is both accurate and reliable, and ensure that errors and irregularities are detected within a timely period. The PIP accountant is responsible for performing all PIP accounting functions for receipts, disbursements, and other associated duties. In addition, the PIP accountant possesses a facsimile signature stamp of the bureau director's signature to be used at the accountant's discretion. Our test of the PIP disbursements disclosed that all disbursements tested were prepared and approved by the PIP accountant. The lack of adequate segregation of duties does not give management reasonable assurance that assets are safeguarded, accountability is maintained, and errors or irregularities are detected within a timely period.
- **Allocation of Payroll Costs** - Payroll costs should be allocated to a particular objective based on an equitable distribution of the employee's time and effort. The Bureau of Continuing Education is composed of the PIP and three other programs. In 1993-94, our tests indicated that all payroll costs for the bureau director were charged to the PIP. Failure to allocate salary costs between programs prevents an accurate accounting for the actual cost of each program.

We recommend that the LDOE establish segregation of duties in the PIP and allocate the payroll charges for the bureau director based on an equitable distribution of the employee's time and effort within the Bureau of Continuing Education. In a letter dated September 13, 1994, Ms. Marlyn J. Langley, Deputy Superintendent of Management and Finance, stated the bureau director will review and sign/initial all documents and/or disbursements. In addition, the letter states the LDOE was directed by the Board of Elementary and Secondary Education (BESE) to pay the bureau director's salary with 100 per cent PIP funds. This was based on

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Article 7, Section 10.1, Part (C), paragraph (4) of the 1974 Constitution of the State of Louisiana. BESE claims that funding part of the bureau director's salary with 8(g) funds would constitute supplanting of state General Fund appropriations (B-21).

Additional Comments: BESE allowed 8(g) funding for the accountants' positions in the three other programs in the Bureau of Continuing Education. Louisiana Revised Statute 17:3802(C)(3) provides that BESE can allow a portion of 8(g) funding to be used for the recovery of verified indirect costs relative to programs approved by BESE.

ENVIRONMENTAL QUALITY, DEPARTMENT OF

Payroll Controls

The Department of Environmental Quality failed to comply with its internally established on-line time and attendance procedures that require its timekeepers to maintain certain documentation and to adhere to certain control procedures. In a test of 25 employee time and attendance records, our review disclosed the following instances of noncompliance with departmental control procedures:

1. For five employees, the time entry sheets failed to support the hours worked as it appears in the payroll register.
2. In three instances, the time entry sheets failed to indicate the daily hours worked by pay code.
3. For eight employees, the time entry sheets failed to support the leave taken as it appears in the payroll register.
4. In eight instances, the time entry sheets did not indicate proper supervisory approval.

Of the seven timekeepers tested, the following deficiencies were noted:

1. Two timekeepers did not maintain leave slips signed by the employee and approved by the supervisor.

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the Internal Control Structure (Continued)**

2. One timekeeper did not maintain copies of time adjustment forms.
3. Two timekeepers did not maintain a copy of the fixed time entry listing report.
4. Four timekeepers failed to ensure that the data were properly keyed into the system through a reconciliation process.
5. One timekeeper failed to submit timely prior pay period adjustment forms to headquarters.
6. Two timekeepers did not use the operator maintenance form to request operator identification numbers or changes.
7. Three timekeepers failed to establish a separate file for each pay period in which all documentation is maintained.

Because of the size of the department's payroll, \$31,447,798 during fiscal year 1994, noncompliance with the department's internal policies and control procedures increases the risk of errors or irregularities.

We recommend that the department require that established on-line time and attendance procedures be followed. Management of the department concurred with the finding and recommendation. See management's response at B-24.

Revenue Controls

For the second consecutive year, we have determined that the Department of Environmental Quality does not have adequate internal controls over the collection of revenue. Our review of the system for assessing, collecting, and recording the revenue disclosed the following weaknesses:

1. Collections received by the Air Quality Division are not forwarded immediately to the Fiscal Services Division. We noted delays of up to 24 working days before receipts were deposited.
2. Due diligence procedures for collecting delinquent invoices are not consistent between the divisions.

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the Internal Control Structure (Continued)**

3. The Air Quality Division, the Water Pollution Control Division, the Groundwater Protection Division, the Solid Waste Division, and the Hazardous Waste Division, who are responsible for billing and collecting fees, are not charging late fees on past due invoices.
4. The Radiation Protection Division is not timely in assessing late fees on past due invoices.

Annually, the divisions within the Department of Environmental Quality collect approximately \$47 million, that is remitted to the state treasury for deposit to statutorily dedicated funds, specifically to the Environmental Trust Fund, the Waste Tire Management Trust Fund, the Motor Fuels Underground Storage Tank Trust Fund, the Hazardous Waste Site Clean-up Trust Fund, the Lead Hazard Reduction Fund, and the Oyster Sanitation Fund.

These revenues are collected from various fees, licenses, permits, et cetera. Adequate internal controls over assessment, collection, and recording of revenue are needed to safeguard assets and to reduce the risk that errors and/or irregularities could occur and not be detected timely.

We recommend that the department strengthen control procedures by implementing the following recommendations:

1. Management should centralize all collections and deposit collections immediately.
2. Management should establish and implement policies and procedures addressing the collection of delinquent invoices and the assessment of late fees in accordance with the appropriate regulations. If the fees are not paid, management should revoke or suspend the applicable permit, license, or registration.

Management of the department concurred with the finding and recommendations. See management's response at B-25.

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the Internal Control Structure (Continued)****EXECUTIVE DEPARTMENT****Compilation of State's Financial Statements**

For the second consecutive year, the Division of Administration, Office of Statewide Reporting and Accounting Policy (OSRAP), instructed agencies that use the statewide accounting system (FACS) to record only "material" adjustments to system generated reports, based on a sliding materiality scale, for their annual fiscal reports (AFRs). The AFRs are the basis for the compilation of the state's Comprehensive Annual Financial Report (CAFR). However, management should seek to produce financial statements that are as precise as possible, regardless of the materiality of adjustments. By using the concept of materiality, an auditing concept, in the compilation of the AFRs, the OSRAP is increasing the likelihood that the state's financial statements will contain material errors and will not be fairly presented in accordance with generally accepted accounting principles.

The OSRAP should instruct FACS agencies to post all known adjustments to the computer generated financial reports to reduce the likelihood that the state's financial statements will contain material misstatements. In a letter from the Commissioner of Administration dated September 14, 1994, the Division did not concur with the finding and recommendation. The Commissioner expressed the following as reasons why the OSRAP should not require agencies to make adjustments considered to be immaterial: (1) OSRAP provides a restricted materiality table for the agencies to use which results in low materiality levels; (2) OSRAP gives a written caution to the agencies that they should report all variances to the auditors; (3) the Legislative Auditor is obtaining audit coverage on major agencies through the Summary of Test Results (STR) system that rolls up all variances; (4) the materiality instructions have not caused audit findings on FACS agencies not making adjustments; and (5) FACS, not the AFRs, is the basis for the CAFR (B-32).

Additional Comments: We offer the following comments in response to the Commissioner's letter: (1) Materiality is an auditing concept, not an accounting concept; (2) the external auditors are often not given adjusting entries by the agencies, which results in the reporting of variances by the auditor; (3) the external auditor should not be used as part of the internal control structure for the financial reporting cycle; adequate internal controls should exist to disclose errors and resulting adjustments should be posted; (4) in an adequate computerized accounting system, adjusting entries should not be time consuming to make even in large quantities; and (5) many of the state's largest agencies and component units are not on FACS,

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which is maintained on a statutory basis of accounting, and the AFR is often the basis for those amounts in the CAFR.

Internal Control - Patients'
Compensation Fund

For the second consecutive year, the Patients' Compensation Fund Oversight Board (PCF) did not have adequate internal control procedures for billing, depositing, and accounting for medical malpractice premiums totaling \$52,047,660 for the year ended June 30, 1994. Weaknesses in internal controls include the following:

1. In our sample of premium payments for 40 health care providers totaling \$120,442, six premium payments (15 per cent) were inaccurate. Errors in the payments resulted in \$5,794 due to health care providers and \$2,621 due from providers for a net amount of \$3,173 due to providers.
2. Of 25 premium payments tested, 18 (72 per cent) were not deposited in a timely manner. In our sample, where the average deposit was approximately \$519,000, the collections resulting from premium payments were not deposited for periods of three to five days after collection. To maximize interest earnings and the use of funds, deposits should be made on a daily basis.
3. PCF cannot rely on its computer database for accurate billing of all health care providers. We found that for 4 of the 40 providers tested (10 per cent), the files were not updated with accurate billing information to determine the correct premium. PCF does not always verify the billing information received from the provider/primary carrier to the provider files and surcharge rate schedules to ensure that the files are current and the premium received is accurate.
4. In our sample of premium payments for 40 health care providers totaling \$120,442, two payments (5 per cent) totaling \$2,267 were not remitted by the primary insurer within 45 days of the date of payment by the health care provider. PCF did not assess or collect the 12 per cent penalty due, totaling \$272.

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the Internal Control Structure (Continued)**

Good internal control procedures should provide assurance that providers are properly billed and that revenues are deposited in a timely manner. Inadequate provider files and billing procedures subject the fund to an increased risk of errors that could result in a loss of revenue. Failure to make timely deposits exposes the fund to possible loss because of theft or mishandling and a loss of interest revenue.

The Patients' Compensation Fund Oversight Board should develop adequate internal control procedures for calculating billings, depositing payments on a timely basis, and accounting for medical malpractice premiums. Management of the board concurred with the finding and recommendation. See management's response at B-37.

On-Line Data Entry System

For the second consecutive year, the State of Louisiana did not have adequate internal control procedures in the On-Line Data Entry System (ODES) for the input of transactions into the Financial Accountability Control System (FACS). Access to the system is restricted through the use of passwords and user ID codes; however, this access was not properly restricted to prevent the existence of incompatible functions. The ODES prints transaction reports that show the data entry code and approval code for transactions on the ODES to enable supervisors to search for improper access or entries. However, in several instances, these reports were not reviewed by supervisors to ensure that the security of the system had been maintained. A good internal control structure should provide for adequate segregation of duties so that no one employee would be in a position to both initiate and conceal errors or irregularities. Without adequate segregation, there is an increased risk that errors or irregularities could occur and not be detected in a timely manner.

Our audit of the internal control structure relating to the ODES throughout the state disclosed that effective internal control procedures did not exist in the following state agencies:

1. Fifteen employees of Charity Hospital and Medical Center of Louisiana at New Orleans had both data entry and approval access user ID codes. In addition, one employee with approval access also had supervisory access that allows the employee to assign data entry and approval access to other employees in the ODES.

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2. Our review of the ODES function at the Department of Education disclosed that (1) there were no written procedures for its ODES function; (2) check registers were not initialed to certify validation procedures were performed; (3) batch cover sheets, showing the initials of the person who reviewed and verified batch totals against the validation reports, were discarded; and (4) the ODES security operator did not maintain a complete listing for all authorized ODES users.
3. Four employees of the Department of Environmental Quality had both data entry and approval user ID codes, and these employees had both entered and approved in excess of 1,500 transactions into the ODES.
4. Three employees of the Department of Health and Hospitals had both data entry and approval user ID codes. The transaction reports printed by the ODES were not reviewed by a supervisor to ensure that the security of the system has been maintained. In addition, the department has not established written procedures relating to the issuance and deletion of user ID codes. We noted that two employees who were no longer employed in their positions as of March 28, 1994, and April 29, 1994, respectively, continued to have access to the ODES until May 16, 1994. Another employee who was transferred to another state agency on June 6, 1994, continues to have access. This is the second consecutive year that the department has not established adequate internal control procedures in the ODES.
5. Two employees of the Department of the Treasury had both data entry and approval user ID codes. The department's ODES Procedures Manual requires employees to post their passwords in designated locations to make them readily available to supervisors. Also, the user ID and password of a terminated employee were being used by other employees to process check requests.
6. The Hammond Developmental Center had one employee with both data entry and approval user ID codes while serving as the security officer (access assignment) for the ODES. Also, two other employees had both data entry and approval user ID codes.
7. Our review of the Louisiana Health Care Authority (LHCA) disclosed that two employees had both data entry and approval user ID codes. The transaction reports printed by the ODES were not reviewed by a supervisor to ensure that

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the security of the system had been maintained. In addition, the security administrator for the Department of Health and Hospitals still had the ability to assign staff access to all types of transactions for LHCA even though LHCA assumed responsibility for processing at the beginning of fiscal year 1994. This is the second consecutive year that the LHCA has not established adequate internal control procedures in the ODES.

8. Four employees of the Office of Elderly Affairs had both data entry and approval user ID codes assigned, and these employees had both entered and approved in excess of 591 transactions into the ODES.
9. One employee of the Office of Telecommunications Management had supervisory access and approval capabilities, and another employee had both data entry and approval user ID codes. This is the second consecutive year that the office has not established adequate internal control procedures in the ODES.
10. One employee of Regional Management Center 3, Houma had both data entry and approval user ID codes. In September 1993, the supervisor resigned, but the center failed to delete the supervisor's name and user ID code from the ODES. Another employee who acted as the ODES supervisor used the former supervisor's user ID to access the system. The acting supervisor also had an approval user ID code. In addition, the transaction reports printed by the ODES are not being reviewed by the supervisors to ensure that the security of the system has been maintained.
11. Three employees at the State Employees Group Benefits Program had both data entry and approval user ID codes for the same type of transaction in the ODES. The transaction reports printed by the ODES to enable supervisors to search for improper access or entries were not being used by the agency to limit employee access to the system to either data entry or approval access.

The State of Louisiana or its agencies should develop and implement written procedures to limit employee access to the ODES to either data entry or approval access by transaction code and should instruct agencies to segregate the function of reviewing transaction reports to ensure that the security of the system has been maintained. The supervisory access (access assignment) should be limited to a supervisor who does not have responsibility for data entry or approval. The Commissioner of Administration did not concur with this finding and stated

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the system was not designed to automatically preclude an employee from having more than one access capability due to limited staffing levels at some agencies. The ODES user procedures are written to assure that agencies are cognizant of the need for the separation of duties and that incompatible functions within an appropriation do not occur. The findings presented by the auditor represent a failure by the agencies to follow established procedures, not a failure of the system design (B-29).

GRAMBLING STATE UNIVERSITY**Access Controls**

For the second consecutive year, Grambling State University has not established adequate internal control over its financial accounting records. Our review of internal control over the university's computerized accounting system revealed that access to many of the financial application data files was available to an unknown number of persons. This occurred because, for certain accounts, the university assigned access capabilities to one or more individuals within a department by use of a single or shared password. Furthermore, no formal records exist that would indicate who has access to these files or who is responsible for establishing the password for these files.

Management has the responsibility to establish and maintain an internal control structure that safeguards the financial data contained in its computerized financial application system. A basic tenet of an adequate internal control structure is segregation of duties, so that one person is not in a position to both perpetrate and conceal errors and/or irregularities. Having multiple users of undocumented, shared passwords does just that.

Management of the university felt it had adequate controls since access was limited to personnel within the various departments. Management's failure to establish and maintain adequate control over access to these files could result in the unauthorized use, possible alteration, or elimination of information contained in these files.

We recommend that access to application data files be assigned to individuals rather than groups of individuals (i.e., departments) on a business-need-only basis. Furthermore, supervisory personnel should review and authorize all requests for access to financial application data files before the Information Resource Center grants the access. A permanent record of these authorizations should be maintained for future reference. In a letter of response dated

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January 18, 1995, Mr. Howard J. Craig, Acting Vice President for Finance, concurred with the finding and recommendation and stated corrective action has been taken (B-41).

Delinquent Accounts Receivable

Grambling State University wrote off \$479,621 of uncollectible accounts receivable from its Auxiliary Enterprise Fund for the year ended June 30, 1994. Since 1988, the university has written off \$2,497,055 of uncollectible accounts receivable. None of these accounts were turned over to a collection agency. Good business practice would dictate that management explore all avenues and make every attempt to collect all receivables. As a result of management's lack of emphasis concerning the collection of these receivables, the university is not collecting all of the monies due it. In addition, because of the current collection practice, students are less likely to pay tuition and fees in a timely manner, if at all.

In our prior audit report, we recommended that management of the university review and evaluate its collection and write-off policies and procedures and amend written policies to allow using the services of a collection agency. Subsequent to January 12, 1994, management revised policies and procedures relating to reserve for bad debts, write-off of accounts receivable, and collection of accounts previously written off. Pending management approval, these policies and procedures should be instituted early in fiscal year 1994-95. In addition, a time table has been established which indicates that a collection agency should be engaged by the university during the month of August 1994.

We recommend that management of the university continue its progress in reviewing and evaluating its collection and write-off policies and procedures and formally amend written policies to allow using the services of a collection agency. In a letter of response dated January 18, 1995, Mr. Howard J. Craig, Acting Vice President for Finance, concurred with the finding and recommendation and stated corrective action has been taken (B-45).

Electronic Data Processing Controls

For the second consecutive year, Grambling State University does not have adequate electronic data processing (EDP) general controls over its computer system. Good overall internal controls require that adequate EDP general controls be developed and maintained to ensure the integrity of the system and the information it generates. The following are the control deficiencies identified:

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the Internal Control Structure (Continued)

1. Duties and responsibilities of the EDP staff were not adequately defined in the organization and written job descriptions. Furthermore, properly approved EDP policy and procedure manuals did not exist.
2. Access control software does not restrict access to critical system software files. Write and delete access levels over these files are not assigned on a business-need-only basis. In addition, the internal user authorization tables of the dial-up security software are not restricted from unauthorized access.
3. Application system images that are installed with privileges do not protect system integrity. Access is not limited on a strict business-need-only basis.
4. A separate security administration function does not exist either within the Information Resource Center or as a totally independent function.
5. Responsibilities for the investigation and resolution of all attempts of unauthorized system access are not defined.
6. Powerful access control software override privileges are not assigned on a limited and strict business-need-only basis.
7. Logical access control parameters are not defined through execute access control software to ensure that access to significant on-line financial application transactions is restricted on a business-need-only basis.
8. There is not an effective internal audit function that monitors Information Resource Center activities to ensure that the control techniques, which are essential to an effective EDP control structure, are designed effectively, placed into operation, and function consistently to effectively achieve related control objectives.
9. Access control software does not restrict access to production application software files. Write and delete access authorities over these files should be assigned on a business-need-only basis.

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the Internal Control Structure (Continued)**

10. All application systems development and modifications did not use a standard systems design methodology, programming standards, and documentation standards.
11. No formal documentation exists to indicate that user departments approve all report layouts, input forms, and control reports before the implementation of application systems into production.
12. Formal procedures have not been developed and used to provide top management's authorization, supervision, review, and approval of all application system development and maintenance projects. In addition, procedures are not used that provide the documentation of the review and acceptance of test results by the Information Resource Center management and the user of all application system development and maintenance projects.
13. Emergency changes, particularly those occurring at night, are not being properly controlled and reported. Procedures are not in effect to ensure that only authorized application programs and changes to existing programs are implemented into production during the normal maintenance process.
14. Supervisory procedures are not in effect to ensure that only authorized processing activities are performed by computer operators.
15. Procedures and responsibilities for the maintenance of user accounts and resource access records are not defined and performed on a timely basis.
16. Access control software global options are not defined in a manner that would promote a well-secured installation.

Management emphasis was not directed toward developing and implementing the necessary controls to safeguard the system. Failure to institute the necessary controls places the integrity of the system and the information generated by it at risk. In addition, if controls are weak, unauthorized individuals may have access to, and the ability to read or alter, information without anyone knowing the information has been accessed or altered.

In our prior report, we recommended that the university establish and implement formal written policies and procedures relating to its EDP general controls to ensure the security of

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the system and the information in the system. These controls should be implemented at the Information Resource Center and at the user level. We also recommended that management continuously monitor and make periodic changes, as needed, to its EDP general controls. Subsequent to December 1, 1993, it appears Grambling State University has made adequate changes and taken appropriate steps to remedy substantially all weaknesses associated with items 10 through 16 listed previously.

We recommend that the university continue its progress in establishing and implementing formal written policies and procedures relating to its EDP general controls to ensure the security of the system and the information in the system. In a letter of response dated January 18, 1995, Mr. Howard J. Craig, Acting Vice President for Finance, concurred with the finding and recommendation and stated corrective action has been taken (B-46).

Employee Leave Records

Grambling State University has not maintained adequate control over employee leave records and may have allowed employees to be paid for time not worked and leave not charged. An adequate internal control structure provides management with the basis to accurately record, process, summarize, and report employee leave transactions. Management has the responsibility to develop and maintain a good internal control structure that safeguards assets, ensures that all leave transactions are recorded in a timely manner, and aids in the timely detection of errors and irregularities. In addition, Article 7, Section 14 of the Louisiana Constitution of 1974 prohibits state agencies from loaning, pledging, or donating public funds to any person, association, or corporation, public or private.

In conjunction with our random test of 30 employee payroll transactions, we tested the activity associated with additions and deletions of annual, sick, and compensatory leave for those entitled to leave privileges. We included one additional employee in this test because of information that came to our attention. Our test revealed of the 31 employees examined, 26 were eligible for leave, and of these, 22 contained errors (exception rate of 84 per cent). We examined 508 time sheets associated with the 26 employees selected [14 biweekly (classified) and 12 monthly (unclassified)] and determined there were 77 instances where the time sheet did not agree with the leave documented on the leave records (exception rate of 15 per cent). These instances included both leave taken per the time sheets, but not posted to the leave records, and leave posted to the leave records that was not documented on the time sheets.

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In addition, Grambling State University has a policy allowing unclassified employees to take annual leave for up to four hours per day and not have it charged against their accumulated balances. Included in the instances noted previously were three occurrences where the leave taken was below the policy requirement to be deducted. Allowing employees to be paid for time not worked without being charged with leave constitutes a donation of public funds and is a violation of the Louisiana Constitution of 1974.

The university does not have adequate controls in place to ensure that the leave records reflect actual leave earned and taken. Also, the university adopted a policy that allows unclassified employees to be absent from work without being charged annual leave for periods up to four hours per day. As a result of the accumulation of errors in the employee leave balances, the compensated absences liability may be materially misstated at year end. In addition, there is an increased risk that overpayments of termination pay may have been made to employees who have separated from the university. Finally, the university is in noncompliance with the constitution in regard to its annual leave policy for unclassified employees.

We recommend that policies and procedures be implemented and monitored to ensure adequate control over the recording, processing, summarizing, and reporting of employee leave information. In addition, the university should revise its annual leave policy to a one hour minimum charge for its unclassified employees. The policies and procedures should specifically address the errors and matters of noncompliance mentioned previously. Finally, the university should immediately make corrections for those instances where leave taken per the time sheets was not posted to the leave records, and leave posted to the leave records was not documented on the time sheets. In a letter dated December 5, 1994, Mr. Howard J. Craig, Acting Vice President for Finance, concurred with the finding and recommendation and stated corrective action has been taken (B-50).

Internal Controls Over Disbursements

For the second consecutive year, Grambling State University has material control weaknesses in its accounts payable department relating to disbursement of funds. Management is responsible for establishing and maintaining an adequate control structure to process disbursements. However, we noted the following in our various tests of disbursements:

1. We selected 60 non-payroll items at random and found that:

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the Internal Control Structure (Continued)**

- Twelve invoices had not been cancelled after payment.
 - Two disbursements were paid based on the purchase order without an original invoice.
 - One disbursement was paid from only a copy of the original invoice.
 - One disbursement for a student loan was not authorized by the Vice-President for Finance as required by university policy.
 - Two disbursements were supported by an invoice without a receiving report or documentation to verify that the university received the goods.
 - One check did not agree to the amount of the invoices attached to the vouchers.
2. Our test for duplicate payments of specifically selected items revealed that four duplicate payments totaling \$553 were made by the university and three disbursements were based on copies of invoices.
3. Our examination of 35 checks of \$15,000 or greater selected at random disclosed that:
- One check contained a duplicate payment of \$70.
 - Eighteen invoices had not been cancelled after payment.
 - One disbursement was paid based on the purchase order without an original invoice.
 - One disbursement was paid from the statement without an original invoice.
 - Two disbursements were supported by an invoice without a purchase order to indicate authorization for purchase of goods.

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the Internal Control Structure (Continued)**

- Two checks written for \$15,000 and above appeared to be initialed by someone other than the president, in violation of the university's informal policy.
- Two checks did not agree to the amount of the invoices attached to the vouchers.
- One disbursement was not classified properly.
- Two disbursements were made more than 90 days after the invoice date.

A good internal control structure incorporates policies and procedures to ensure that expenditures are properly recorded and reduces the risk of errors and irregularities. Because of management's lack of emphasis in establishing controls over the accounts payable department, errors and/or irregularities may occur and not be detected in a timely manner. Subsequent to May 11, 1994, the university implemented additional policies and procedures that should reduce the likelihood of material disbursement errors and/or irregularities.

We recommend that management continue to maintain and monitor its controls over disbursements to ensure that the recently established policies and procedures are implemented by university personnel. In addition, management should immediately review its vendor files for other duplicate payments and request refunds for any found. Finally, management should formally adopt a policy that the president, or his assignee, initial all checks over a specified amount. In two letters dated January 18, 1995, Mr. Howard J. Craig, Acting Vice President for Finance, concurred with the finding and recommendation and stated corrective action has been taken (B-53 and B-55).

Investment Controls

For the second consecutive year, Grambling State University did not provide an adequate internal control structure over investment transactions. The senior business manager has responsibility for the purchase, redemption, and recordation of all investments for the university. All original records of transactions involving investments are initiated and received by him.

A proper internal control structure should provide for the separation of duties such that one person would not be in a position to both initiate and conceal errors or irregularities.

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the Internal Control Structure (Continued)**

Management has the responsibility to develop and maintain a good internal control structure that safeguards assets, ensures all transactions are recorded in a timely manner, and aids in the timely detection of errors and irregularities. Management's lack of emphasis in developing and maintaining an adequate internal control structure for investments has subjected these assets to unnecessary risk.

In our prior audit report, we recommended that all investment data, such as confirmations of wire transfers, et cetera, be received first by the comptroller and, when necessary, the comptroller should provide the senior business manager with a copy of the document for his records. Furthermore, all purchases of investments should be approved first by a party independent of the senior business manager and this information should be forwarded to the comptroller so the transaction can be properly recorded. In this manner, transaction documentation would be received and examined by an independent party before the person responsible for initiating the transaction receives it. Also, all safekeeping receipts for investments owned by the university as well as certificates of deposit should be secured in the safe of the cashier's office with limited access and procedures for the removal and/or examination of such assets. A log could be established and maintained by another independent party, such as the head cashier, that would reflect the instruments in the safe and the person examining or taking control of the instruments. In December 1993, the university began implementing procedures that provide for adequate segregation of duties in the approval for purchases, recording, and custody of investments. However, the university should further strengthen its segregation of authority in redemptions.

We recommend that the university continue its progress in establishing and implementing policies and procedures relating to its controls over investment activities so as to ensure proper financial presentation and adequate safeguarding of its investments. In a letter of response dated January 18, 1995, Mr. Howard J. Craig, Acting Vice President for Finance, concurred with the finding and recommendation and stated corrective action has been taken (B-57).

Materials and Supplies Inventories

For the second consecutive year, Grambling State University has not maintained adequate control over its materials and supplies inventories, valued at \$1,391,989 at June 30, 1994. An adequate internal control structure provides management with the basis to accurately account for the receipt, disbursement, valuation, and year-end physical inventory count of its inventory. In our test of inventory, we noted 20 errors (67 per cent) in unit costs in the 30 inventory items for which we tested valuation. These errors included items where the unit cost

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was derived from purchase orders instead of invoices, generally because the items had been there for a few years and information was not available to document the cost and clerical inaccuracy in posting prices from invoices. In addition, the entire fish inventory was valued at the higher of cost or market. Generally accepted accounting principles require that inventories be valued at the lower of cost or market. This error in accounting application resulted in adjustments of \$51,314 subsequent to June 30, 1994, which have been included in the accompanying financial statements.

In addition, we made test counts of 176 items and found the following errors:

- Sixteen instances (9 per cent) of errors in the counts.
- Four occurrences where inventories were not properly carried forward into the final inventory listing.
- Four occurrences of not properly adjusting the perpetual inventory records to properly reflect the physical count at the fiscal year end.
- Seven items totaling \$4,017 that should not be included in inventory.
- Ten errors totaling \$4,267 that resulted from inaccurate extensions of physical count times unit price.

The university had inventories of materials and supplies totaling \$22,800 that had not been reported in the past. Upon our recommendation, the university reported these inventories at June 30, 1994. In addition, there are no perpetual records maintained in many of the departments and some stocks of inventory are old and original costs may not be available.

Inadequate guidance and supervision in the application of newly revised policies and procedures may lead to material misstatements in the university's inventory.

The university should establish and maintain adequate controls and procedures over the receipt, disbursement, valuation, and year-end physical inventory process for all of its materials and supplies inventories, as well as review the level and methods of supervision given in the implementation of its policies and procedures. Also, management should require university personnel responsible for maintaining these inventories to become familiar with these controls and procedures. In a letter of response dated January 18, 1995, Mr. Howard J. Craig, Acting

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the Internal Control Structure (Continued)**

Vice President for Finance, concurred with the finding and recommendation and stated corrective action will be taken (B-59).

HEALTH AND HOSPITALS, DEPARTMENT OF

Cash Subsidy Program

The Department of Health and Hospitals, Office of Mental Health, did not follow established guidelines to determine continuing eligibility for families receiving cash subsidy payments under the Community and Family Support System. A cash subsidy payment is a monetary payment to eligible families of children with developmental disabilities to offset the costs of services and equipment. According to departmental guidelines, a family receiving these payments is required to submit an Annual Parent Report to the Office of Mental Health regional office to confirm continuing eligibility, or subsidy payments will be terminated. In addition, regional staff are required to contact families at least every 90 days to monitor the status of the child.

Our random sample of nonpayroll expenditures included two transactions for cash subsidy payments. For one of these cases in Region 2, we noted that the family did not submit an Annual Parent Report; however, cash subsidy payments continued for 1994. In addition, there was no documentation that the family was contacted regarding the status of the child. The child was removed from the home in April 1994, but it was not until October 1994, when we called it to management's attention that the Office of Mental Health determined that the child would not be returning home and that the cash subsidy payments for 1995 should be terminated.

We expanded our test in Region 2 and noted there were a total of 23 contracts, of which we tested an additional 5. These 5 did not include the Annual Parent Report, and 4 did not have documentation to support monitoring at least every 90 days. As a result, we were unable to determine if the 5 cases in question were eligible for cash subsidy payments.

Management has not placed sufficient emphasis on following established guidelines. Therefore, families who are not entitled to receive cash subsidy payments are receiving them in some cases and in other cases we are unable to make this determination, thus limiting the funds to eligible families and subjecting the regional staff to noncompliance with established guidelines.

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the Internal Control Structure (Continued)**

The Department of Health and Hospitals should mandate that regional staff follow established guidelines to ensure that only eligible families receive cash subsidy payments. In a letter dated December 20, 1994, Mr. Andrew P. Twyman, Deputy Assistant Secretary, Office of Mental Health, concurred with the finding and recommendation and further stated that the department has taken appropriate action to implement the recommendation (B-70).

LABOR, DEPARTMENT OF**Electronic Data Processing Controls**

The internal control structure relating to general electronic data processing (EDP) controls at the Department of Labor's Information Services Division has control deficiencies that could affect the integrity of programs, processing, and data.

General EDP controls should be a part of the control environment as well as the control procedures over (a) application program development and maintenance, (b) logical access to programs and data, (c) computer operations, and (d) segregation of incompatible duties. Good EDP general controls combined with good EDP application controls are necessary to preserve the integrity of the system and to provide reliance on the results produced by the system.

Annually, the Information Services Division processes information relating to approximately \$540 million of revenues and \$390 million of expenditures, as well as varied other transactions. The department has an EDP security system in place, but it does not adequately protect programs, processing, and data from unauthorized access and modification. During a review of the general EDP controls at the department, deficiencies relating to application program modification and logical access to critical computer resources were observed. These inadequacies are the result of the manner in which the system's security emphasizes group access, and the department's use of decentralized security administration. Until these deficiencies are addressed and necessary controls to safeguard the system are developed and implemented, a general risk exists that programs and data could be accessed and modified without proper authorization, review, and approval.

The department should consider the potential adverse effect the control deficiencies described previously may have on financial applications and should strengthen its general EDP control procedures in a planned and cost-effective manner. Management of the department concurred with the finding and recommendation. See management's response at B-96.

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the Internal Control Structure (Continued)

LOUISIANA HEALTH CARE AUTHORITY

Purchasing Controls

The Louisiana Health Care Authority does not have an adequate internal control structure over its purchasing function. An adequate internal control structure should provide for the segregation of duties such that one person would not be placed in a position both to initiate and to conceal errors or irregularities in the normal course of their duties.

The authority has not established adequate internal control procedures to ensure that vendors added to the Louisiana State Purchasing Office's vendor listing are valid vendors and approved by management. In our review of procedures, we noted that access to add vendors or change existing vendor information is available to an employee who is responsible for entering and approving transactions on the On-Line Data Entry System and for receiving vendor checks for mailing.

Because the authority has limited staff resources to properly segregate duties and adhere to purchasing control procedures, errors and/or irregularities could occur and not be detected in a timely manner.

The Louisiana Health Care Authority should implement procedures to ensure that responsibilities for purchasing functions are segregated and control procedures are followed. Management of the authority generally concurred with the finding and recommendation. See management's response at B-109.

LOUISIANA STATE UNIVERSITY
MEDICAL CENTER - NEW ORLEANS

Credit Card Accounts Not Reconciled

The Louisiana State University Medical Center did not ensure that its reconciliations for two credit card accounts were performed timely. The reconciliation for the Professional Practice Association account, with a book balance of \$31,914 at June 30, 1994, was not reconciled for the entire fiscal year as of November 23, 1994. In addition, the credit card account for the bookstore, with a book balance of \$55,313 at June 30, 1994, was not reconciled for the month of June as of November 23, 1994. An effective internal control system is required to ensure

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

**Reportable Conditions in
the Internal Control Structure (Continued)**

that the medical center's assets are safeguarded. This system should include performing timely bank reconciliations to detect errors and/or irregularities on a timely basis. Without such a system, errors or irregularities could occur and not be detected timely.

Management of the medical center should take the necessary action to ensure that all credit card accounts are reconciled on a timely basis. Management of the medical center concurred with the finding and recommendation. See management's response at B-120.

Electronic Data Processing Controls

The Louisiana State University Medical Center (LSUMC) computer center has deficiencies in its system of general electronic data processing (EDP) controls which, in the aggregate, could adversely affect the integrity of EDP programs, processing, and data. An adequate system of general EDP controls includes control techniques designed and implemented effectively to achieve six control objectives: (1) control over program development, (2) control over changes to programs, (3) control over access to programs, (4) control over access to data, (5) control over computer operations, and (6) segregation of incompatible duties. In our review of the LSUMC computer center, we noted the following issues that represent weaknesses in the general EDP control environment:

1. Application Program Development and Maintenance

- There is no staging library used. Programmers are responsible for moving all production information into the various production libraries.
- Batch jobs are supposed to be reviewed by a committee before being put into production; however, this is not always the case.
- The programmers have the capability to impact production processing.
- WRITE access to production source and load libraries is not limited to authorized individuals on a business need-only basis.
- Programmers have access to the production source and load libraries and data files.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in
the Internal Control Structure (Continued)**

- There are no overall formal written standards and procedures for the application section. In addition, there are no overall guidelines for testing, application documentation, or modifications to application programs. There are some standards or requirements outlined; however, they do not cover all aspects for the section and are specific to a system. As a result, there are insufficient trails for tracking and a lack of consistency between project leaders and/or programmers.
2. Computer Operations
- Physical access to Computer Services and the main computer room is not being restricted to individuals on a business need basis and access by the card reader is not being monitored. In addition, too many people have master keys and there is presently no way to monitor or control access.
 - WRITE access to production and control parameter libraries is not being limited to authorized individuals on a business need-only basis.

The LSUMC computer center should strengthen its general EDP control environment by implementing procedures to address the issues previously discussed. Management of the medical center concurred with the findings and recommendations. See management's response at B-122.

Faculty Dental Practice - Accounting Transactions

The Louisiana State University Medical Center (LSUMC) School of Dentistry - Faculty Dental Practice has weaknesses in its internal controls over accounting transactions processed in the Business Office. Adequate internal controls are needed to safeguard assets and to ensure that errors or irregularities are detected in a timely manner by employees performing their assigned duties. Our review of the accounting system disclosed the following weaknesses:

1. The Business Office did not keep a record (log) of the number sequence of the preprinted, consecutively numbered receipts. The log should account for all receipts issued each day and all receipts remaining in stock. Also, consecutively numbered receipts are not being issued for all monies received.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in
the Internal Control Structure (Continued)**

2. The accounting clerks receive cash, prepare receipts for the cash received, and post the cash into the EDP system based on an approved billing sheet. The accounting clerks have EDP capability to enter any cash receipt amount into the billing system regardless of the procedure performed or the corresponding charge required. No one in management matches the billing sheets to the actual cash collected to verify that the collections corresponded with the services rendered.
3. The Charge Description Master is an EDP file that reflects the code number, the description of the procedure, and the amount to be charged for the various services performed at the dental school. The accounting clerks have EDP access to the billing system Charge Description Master File and can alter charge amounts that have been set for certain procedures. Also, the Charge Description Master File is not updated on a timely basis.
4. The accounting clerks are not ensuring that patient billing sheets reflect the dentist's signature before processing.
5. The receptionists who make appointments for the various patients have EDP access to the accounting transaction menu and are able to post charges or payments to patient accounts.

Failure of the LSUMC Faculty Dental Practice to maintain adequate internal controls over accounting transactions increases the risk that errors or irregularities could occur and not be detected timely by employees performing their assigned duties. Furthermore, these control weaknesses increase the risk that the total collections reported at June 30, 1994, totaling approximately \$2.4 million may be in error.

We recommend that procedures be implemented to ensure adequate control over accounting transactions processed at the LSUMC Faculty Dental Practice. Management of the medical center concurred with the finding and recommendation. See management's response at B-125.

Missing Cash

The internal auditors for the Louisiana State University Medical Center (LSUMC) found incidences of missing cash from the Professional Practice Association (PPA) for the period January 7, 1994, through January 18, 1994. Missing cash receipts for \$229 were identified.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

**Reportable Conditions in
the Internal Control Structure (Continued)**

The auditors found that the PPA did not have sufficient internal control procedures to identify the individual responsible.

We recommend that the PPA follow the internal control procedures recommended by the medical center's internal auditors. Management of the medical center concurred with the finding and recommendation. See management's response at B-129.

Patient Accounts

The Louisiana State University Medical Center (LSUMC) - New Orleans Professional Practice Association (PPA) has not instituted internal control policies and procedures to ensure that all discounts for professional services are properly documented and authorized, charges incurred by employees are billed, outstanding patient credit balances are reviewed on a timely basis, and access controls over the patient billing application system are restricted. Adequate internal controls are needed to safeguard assets and to ensure that errors or irregularities are detected in a timely manner by employees performing their assigned duties.

Our review of the PPA billing and collection system disclosed the following weaknesses:

- Physicians in the PPA, at their own discretion, give discounts for professional services in the form of a professional courtesy or a discount on fees charged. We could not locate any LSUMC policy regarding such discounts. The physicians giving the discounts did not provide adequate written documentation for approximately 200 discounts we examined. Thus, we were unable to determine the validity of the discounts given to patients. As a result, there is the possibility that discounts may have been given to patients that have not been authorized by the attending physician.
- There were 165 of 400 PPA department employees who were also patients of the LSUMC. An examination of 13 of the 165 patient medical records for PPA department employees revealed that all 13 had received services, but they were not billed for any charges (100 per cent). Management has not established policies and procedures to ensure that all charges for services are captured and billed. As a result, it appears that employees are not paying for services rendered by the LSUMC.

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Reportable Conditions in
the Internal Control Structure (Continued)

- At April 30, 1994, the PPA had outstanding patient credit balances of \$695,229. These balances are a result of patient overpayments and from payments entering the computer system before the corresponding charge is posted. Good internal controls require management to establish policies and procedures to record transactions timely and accurately. In addition, Louisiana Revised Statute (LSA-R.S.) 9:164 requires that any monies due and payable for more than one year are presumed abandoned and must be reported to the Department of Revenue and Taxation.
- Monitoring and periodic review of access controls is required to sustain system integrity. During our review of the patient billing system, we noted that several billing functions were not password protected. Also, some functions are password protected, but expanded and inappropriate access to these functions were allowed. As a result of these control deficiencies, there could be unauthorized access and modification to the patient billing data.

Management of LSUMC - New Orleans PPA should establish policies and procedures to ensure the following:

- That written authorization is obtained from the physician for all discounts granted. In addition, written policies should be developed to provide guidance relating to when such discounts may be granted.
- That all charges, including employee charges, are entered into the patient billing system in a timely manner, preferably before payments being posted.
- That ownership of the current credit balances be determined and the monies be returned to the rightful owner and that all credit balances more than one year old are reported to the Department of Revenue and Taxation in accordance with LSA-R.S. 9:164.
- That control procedures over access to critical computer resources are strengthened in a planned and cost effective manner.

Management of the medical center concurred with the findings and recommendations. See management's response at B-130.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in
the Internal Control Structure (Continued)****Payroll/Personnel Controls**

The Louisiana State University Medical Center does not remove terminated employees from the Payroll/Personnel System in a timely manner. Good internal control procedures require the design and use of adequate documents and records to ensure the proper recording of transactions and events. Our review of records for four terminated employees showed that three were not removed from the Payroll/Personnel System for as long as two years after the date of termination. This occurred because employees are not required to exit through nor are terminations reported to a single human resources office. Although no overpayment was detected, when terminated employees that are not removed from the Payroll/Personnel System, there is increased risks of overpayment and payroll fraud.

We recommend that management institute procedures to ensure that terminated employees are reported to Human Resources and removed from the Payroll/Personnel System in a timely manner. Management of the medical center concurred with the finding and recommendation. See management's response at B-131.

NATURAL RESOURCES, DEPARTMENT OF**Electronic Data Processing Controls**

For the sixth consecutive year, the Department of Natural Resources' Information Processing Section (data center) has not established an adequate internal control structure relating to general electronic data processing (EDP) controls, which could affect the integrity of programs, processing, and data. Management of the department has made progress toward correcting its EDP problems, and, in fact, did correct some of the conditions relating to controls over operations, documentation, access, and physical security. However, three conditions reported in the prior year remain unresolved at June 30, 1994.

The EDP systems included in the data center are the Underground Injection Control System (UIC), Louisiana Mineral Information System (LOMIS), Transportation Audit System (TAS), and Production Accounting and Reporting System (PARS). Annually, LOMIS processes information relating to approximately \$225 million of mineral royalty income received by the state. In addition, the other information systems aid in tracking oil and natural gas production and transportation in the state. Internal controls should be established to ensure that assets are properly safeguarded, transactions are properly recorded, and errors and/or irregularities are

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in
the Internal Control Structure (Continued)**

detected and corrected in a timely manner. These controls are necessary to preserve the integrity of the system and to provide reliance on the results produced by the system.

The three conditions reported in the prior year that remain unresolved at June 30, 1994, are as follows:

1. Approximately 74 terminals are incapable of masking passwords, thus creating a potential security risk.
2. A test database does not exist. Production files must be used for tests.
3. Certain batch programs do not account for all additions, changes, and deletions to database files.

The Department of Natural Resources should take action to remedy the control weaknesses. The department should also provide for a full evaluation of the data center to determine whether other weaknesses exist, in addition to those we identified, and to determine the most efficient and effective means to establish proper controls. Management of the department concurred with the finding and recommendation. See management's response at B-147.

NORTHWESTERN STATE UNIVERSITY**Electronic Data Processing Controls**

The Computer Center at Northwestern State University has deficiencies relating to general electronic data processing (EDP) controls that could affect the integrity of programing, processing, and data. General EDP controls are part of the control environment as well as the control procedures over application development and maintenance, logical access to systems and data, computer operations, and segregation of incompatible duties. Good general EDP controls combined with good EDP application controls ensure that computer production is performed according to management's design and intent.

Annually, the Computer Center processes information relating to approximately \$55 million of revenues as well as other transactions of the university. During an interview with management of the Computer Center, we noted the following weaknesses in the general and application EDP controls: (1) duties and responsibilities of EDP staff are not adequately defined in job

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in
the Internal Control Structure (Continued)**

descriptions; (2) user departments do not document approval of applications before they are put into production; (3) a security administration function does not exist; (4) an effective internal audit function to monitor the activities of the Computer Center does not exist; (5) security over access to computer hardware and software is inadequate, (6) password changes are not documented; (7) a formal disaster recovery plan does not exist; and (8) programmers occasionally serve as operators, which results in a lack of segregation of duties. Management has focused more on providing users with the information to accomplish required tasks rather than developing and implementing the necessary controls to safeguard the system.

We recommend that Northwestern State University establish and implement general and application EDP controls in its Computer Center to address the weaknesses noted above. In a letter dated November 18, 1994, Dr. Robert A. Alost, President of Northwestern State University, stated that the university concurred with the finding and recommendation (B-151).

Timely Deposits

Northwestern State University has not made timely deposits of tuition and fees from its branch campuses. University policies require that all money received by the university be deposited daily and procedures are provided for making said deposits. Furthermore, management is responsible for maintaining an adequate internal control structure to safeguard university assets, to include the timely deposit of funds. We examined 23 deposits (\$140,414) from 7 branch sites and found that 16 deposits, amounting to \$117,579, were made between 5 and 18 working days after students paid the tuition and fees. These deposits were not made timely because personnel failed to follow university policies and procedures requiring the timely deposit of receipts. This failure to make timely deposits exposes public funds to loss because of theft or mishandling and a loss of interest revenue to the university.

We recommend that the university deposit its receipts timely. Also, management should monitor its controls periodically to ensure that they are operating as intended. In a letter dated September 19, 1994, Dr. Robert Alost, President of Northwestern State University, stated that the university concurred with the finding and recommendation and will review its policy and procedure regarding deposits with the off-campus administrators (B-153).

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Reportable Conditions in
the Internal Control Structure (Continued)

PINECREST DEVELOPMENTAL CENTER

Internal Controls Over Payroll

Pinecrest Developmental Center does not have adequate internal accounting controls over payroll expenditures. A good internal control structure requires that adequate control procedures be in place to reduce the risk that payroll related errors and/or irregularities could occur and not be detected in a timely manner. We identified various internal control weaknesses that could subject the center's assets to unauthorized use and/or misuse. Our examination revealed the following weaknesses:

1. The user identification codes for two timekeepers that resigned in April 1994 were still active on June 1, 1994. These codes were assigned to new timekeepers instead of terminating the codes.
2. We tested 24 employees and found errors in 2 employees' time reports that had not been detected. The payroll department is two to three months behind in verifying leave and overtime to the time entry system.
3. One center timekeeper can access all time entry files and payroll master files for all employees in one section, which includes 283 client workers and 402 regular workers.
4. Site supervisors are not certifying that client workers actually worked the time reflected on their time sheets.

The Uniform Payroll System provided the center with the ability to input payroll data directly into the system. Management of the center was under the impression that the controls established were sufficient.

We recommend that management strengthen its internal accounting controls over payroll expenditures to correct these weaknesses. In a letter dated December 15, 1994, Mr. Edwin M. Wright, MR/DD Regional Administrator, stated that the center agreed with the finding and recommendations and has taken steps to correct the weaknesses (B-166).

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Reportable Conditions in
the Internal Control Structure (Continued)

Material and Supply Inventory

Pinecrest Developmental Center does not have adequate control over its material and supply inventory valued at \$467,719 at June 30, 1994. The following weaknesses were noted during our tests of inventory:

1. The same employee having custody of the pharmacy and clothing inventory items also performs the physical counts, orders, receives, and issues these items.
2. Access to the computerized perpetual inventory records has not been limited by the use of passwords and segregation of duties.
3. Management of the center has not established formal written policies and procedures for receiving, issuing, returning items, warehousing materials and supplies, or for monthly and year-end closeout procedures.
4. Inventory items have been received by employees without first having a purchase order that indicates these items were ordered.

Because of management's lack of emphasis regarding adequate controls, materials and supplies could be misused, abused, or stolen and not be detected in a timely manner. During the fiscal year ended June 30, 1994, the center had shortages in its inventory of materials and supplies ranging from \$1,154 to \$8,974.

We recommend that management of the center implement adequate control over its material and supply inventory. In a letter dated December 15, 1994, Mr. Edwin M. Wright, MR/DD Regional Administrator, stated that the center agreed with the finding and recommendation and has taken steps to correct the weaknesses (B-168).

PUBLIC HEALTH, OFFICE OF

Electronic Data Processing Controls

The internal control structure relating to electronic data processing (EDP) controls for the Participant Access System/Program Operations Reporting and Tracking (PASPORT) System at

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FINDINGS AND RECOMMENDATIONS
Reportable Conditions in
the Internal Control Structure (Continued)

the Office of Public Health (OPH) has control deficiencies that could affect the integrity of programs, processing, and data. Good EDP controls are necessary to preserve the integrity of the system and to provide reliance on the results produced by the system.

The Food and Nutrition Service of the U.S. Department of Agriculture conducted a Post Implementation Review of OPH's PASPORT System during the week of September 12-17, 1993, and issued its report on the findings and recommendations. Findings relating to control deficiencies in the areas of hardware, communications, clinic automated systems, mainframe automated systems, and administration/operational support were presented in the report. Until these deficiencies are addressed and necessary controls are developed and implemented, a general risk exists that information could be processed with errors and not be detected within a reasonable time.

Management of OPH should consider the potential adverse effect the control deficiencies described previously may have on financial applications and should strengthen its EDP control procedures for the PASPORT System in a planned and cost-effective manner. Management concurred with the finding and recommendation. See management's response at B-174.

PUBLIC SAFETY AND CORRECTIONS,
DEPARTMENT OF, CORRECTIONS SERVICES

Access to Payroll On-Line System

The Department of Public Safety and Corrections, Corrections Services, has not established adequate internal controls to restrict access to the automated payroll files of the Office of Youth Development. An effective internal control structure requires that individuals be permitted access only to the data files necessary to perform their duties. The assigned access level permitted six of the payroll personnel unlimited access and update capability to the automated records of the Office of Youth Development's \$27.5 million payroll. Without restrictions, employees of the Office of Youth Development could alter payroll records of other employees at other locations and these errors may not be detected in a timely manner.

We recommend that the department use Uniform Payroll System controls and passwords to deny access to personnel when their responsibility is only for their specific location. In a letter dated November 14, 1994, Mr. James M. LeBlanc, Undersecretary/Chief of Staff, stated that the department agreed with the finding and recommendation (B-181).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in
the Internal Control Structure (Continued)****Deferred Payroll**

The Department of Public Safety and Corrections, Corrections Services, did not report in its 1993 or 1994 financial statements deferral of the payroll expenditure and the liability it incurred when it changed pay period ending dates in August 1992. Instructions from the Division of Administration, Office of Statewide Reporting and Accounting Policy, require an agency to record and report liabilities in the financial statements in the period they are incurred. The notes to the financial statements should disclose a description of the liability and the related accounting policy.

In August 1992, Corrections Services was required to change its pay period ending date to begin using the new on-line time and attendance data entry system. The old pay period ended on Thursday, August 27, 1992, and as approved by the Department of State Civil Service, the new pay period started on Monday, August 31, 1992. Employees who worked their regular hours during the three-day period (Friday through Sunday) were not paid for those regular hours worked. The payment is being deferred until the affected employee terminates employment or transfers. Approximately 4,600 employees worked during the three-day period, which resulted in \$1,200,000 of deferred wages and related benefits. We found that written instructions on calculating the payment when employees terminate or transfer are not followed consistently by all payroll units. Furthermore, payments to employees for hours worked during the period are not always reviewed to ensure accuracy, completeness, and timeliness of payments.

We recommend that the department calculate and report the current liability and appropriate disclosure in the notes to the financial statements for this accrued payroll expenditure. In addition, the department's instructions for the calculation and method of payment should be consistently followed by all facilities and all payments should be appropriately reviewed before payment for accuracy. In a letter dated November 21, 1994, Mr. James M. LeBlanc, Undersecretary/Chief of Staff, stated that the department agreed with the finding and recommendation (B-182).

Payroll Data Entry Controls

The Department of Public Safety and Corrections, Corrections Services, does not have adequate internal controls over payroll transactions input into the Uniform Payroll System (UPS). Good internal controls include an adequate segregation of duties and supervision and review so that no one employee would be in a position to both initiate and conceal errors or

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in
the Internal Control Structure (Continued)**

irregularities. During the 1994 fiscal year, we found the following weaknesses in the payroll data entry controls:

- There was no review of the timekeeper data entry in the Office of Youth Development headquarters section or the field offices.
- At Louisiana Training Institute - Baton Rouge, 6 of the 16 timekeepers, who enter the time and leave data, are also the supervisors who review and approve the same data. There was no subsequent review of the timekeeping entries for any of the timekeepers.
- At Louisiana Training Institute - Bridge City, one person activates employee payroll files, enters the initial rate of pay and all subsequent adjustments, and terminates employees.
- Prison Enterprises does not have back-up timekeepers for its 12 timekeeping units. When a timekeeper is absent, the work is held until he returns. The timekeeper records prior period adjustments to correct any differences between the actual time worked or on leave and the amount of time automatically recorded by UPS.

We recommend that the department implement procedures that segregate timekeeping duties from review and approval duties, require supervisors to review data entry, and have back-up timekeepers to perform data entry when the regular timekeeper is absent. In a letter dated November 16, 1994, Mr. James M. LeBlanc, Undersecretary/Chief of Staff, stated that the department agreed with the finding and recommendations (B-184).

Value of Inventory - Prison Enterprises

The Department of Public Safety and Corrections, Corrections Services, Prison Enterprises' accounting system does not provide an accurate weighted average cost of its inventory. An accurate value of inventory is necessary for management to make sound operating decisions and to prepare accurate financial statements. Approximately 3,700 (53 per cent) of 7,000 inventory items are valued using the weighted average cost method. The general ledger balance reported for these 3,700 items at June 30, 1994, is \$2,630,000 or 54 per cent of the total inventory balance of \$4,855,000.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in
the Internal Control Structure (Continued)**

Out of 26 inventory items we examined, 6 items had issues recorded with no (zero) cost, 3 items had the incorrect purchase cost or production cost recorded, and one item had a negative unit cost when issued. These errors have a cumulative effect on the calculation of the weighted average cost of the inventory and cause the general ledger balance at June 30, 1994, to be misstated by an amount that cannot be determined without review of each of the 3,700 items.

We noted that employees may record issues before recording the receipt of the inventory item. There are also errors in the calculation of the weighted average cost of the inventory because the accounting system permits an individual inventory item to show a negative quantity on hand and a negative value. While the accounting system does have an edit function that would detect a negative quantity on hand, management discontinued using the edit to expedite the recording of inventory issues. Any of these conditions may cause errors in the accounting system's calculation of unit cost, total cost of inventory issued, and ending balances.

We recommend that the department correct these accounting system problems and monitor the activity in its inventory account. In a letter dated December 13, 1994, Mr. James M. LeBlanc, Undersecretary/Chief of Staff, stated that the department agreed with the finding and recommendation (B-188).

**PUBLIC SAFETY AND CORRECTIONS,
DEPARTMENT OF, PUBLIC SAFETY SERVICES****Electronic Data Processing Controls**

The Department of Public Safety and Corrections, Public Safety Services, has not established an adequate internal control structure relating to electronic data processing (EDP) controls that could affect the integrity of data. An adequate internal control structure requires that individuals be permitted access only to the data files and programs necessary to perform their duties. Duties should be segregated so that no one employee is in a position to both initiate and conceal errors or irregularities. The department's computer systems process several million transactions each year, accounting for \$89,389,345 in assets; \$185,900,464 in revenue; and \$256,768,780 in major state revenue in the 1994 fiscal year. Most of the 2,300 departmental employees use at least one of three computer systems that are largely accessed through five security sign-ons. The following was observed:

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in
the Internal Control Structure (Continued)**

- The department has not followed its procedure for granting EDP access, which requires each authorization to be permanently maintained. There are no established procedures to notify the computer security staff in a timely manner when employees who were authorized access to data files are terminated or reassigned. In addition, several employees who have access cannot be identified because the user code is not in their full and correct name, and some offices share a single password. Our attempt to identify the EDP transactions available to users disclosed that the department did not have documentation for using many EDP transactions. Furthermore, the documentation of the terminal registration numbers that allow for limiting access to selected locations is outdated and inaccurate.
- The department does not have adequate segregation of duties for performing EDP functions. Computer security staff in the Offices of Motor Vehicles, Management and Finance, and Alcoholic Beverage Control have incompatible functions that allow the same employee to have access to all employee sign-ons and routinely process data through the EDP systems. The payroll supervisor who approves adjustments to the Uniform Payroll System master payroll files also has on-line capability for updating those files. In addition, application programmers have data update capabilities with some applications.
- The department has not established adequate internal control procedures over its on-line time and leave entry system. Time and leave are keyed into the system by each designated timekeeper, who then prints a report that indicates all time and leave recorded into the system. Our review of internal controls disclosed that Office of Motor Vehicles supervisors perform incompatible functions in that the same employee who keys in the time and leave also reviews the report and verifies the data input into the system.

Without certain established procedures and adequate segregation, there is an increased risk that errors or irregularities could occur and not be detected in a timely manner.

We recommend that management consider the following:

- Restrict access to application data files to assigned individuals on a business-need-only basis and maintain a permanent record of the authorizations.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

**Reportable Conditions in
the Internal Control Structure (Continued)**

- Document all application transactions to facilitate a smooth transition in the event of employee turnover and for proper processing of data.
- Segregate the functions of computer security from those familiar with update of application data.
- Continue to work toward eliminating data update capabilities from application programmers.
- Ensure that owners of financial application data files periodically review all individuals having access to the files for which the owner is accountable.
- Separate incompatible functions relating to the on-line time and leave entry system.

Management of the department concurred with the findings and recommendations. See management's response at B-190.

REVENUE AND TAXATION, DEPARTMENT OF

Electronic Data Processing Controls

For the second consecutive year, the internal control structure relating to general electronic data processing (EDP) controls at the Department of Revenue and Taxation's Information Services Division has deficiencies that could affect the integrity of programs, processing, and data.

General EDP controls should be a part of the control environment as well as the control procedures over (a) application program development and maintenance, (b) logical access to programs and data, (c) computer operations, and (d) segregation of incompatible duties. Good general EDP controls combined with good EDP application controls are necessary to preserve the integrity of the system and to provide reliance on the results produced by the system.

Annually, the Information Services Division processes information relating to approximately \$4 billion of major state revenues. Management for the Information Services Division is making progress toward correcting its EDP deficiencies relating to application program

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in
the Internal Control Structure (Continued)**

modification. However, deficiencies relating to application program modification and logical access to critical computer resources were observed during a review of the general EDP controls at the department. Until these deficiencies are addressed and necessary controls to safeguard the system are developed and implemented, a general risk exists that programs and data could be accessed and modified without proper authorization, review, and approval.

The department should consider the potential adverse effect the control deficiencies described previously may have on financial applications and strengthen its general EDP control procedures in a planned and cost-effective manner. Management of the department concurred with the finding and recommendation. See management's response at B-196.

RISK MANAGEMENT, OFFICE OF**Administrative Settlements**

The Office of Risk Management has not obtained proper approval on certain claims at the time of settlement. The office's policies and procedures require that all claims settled in excess of \$50,000 be approved by the Commissioner of Administration. However, in our test of five administrative settlements, we noted that settlements of \$772,694 and \$1,655,824 were not approved as required by the Commissioner of Administration. Both of these settlements were authorized and paid from funds by Act 4 of the 1994 Louisiana Legislative Session, effective June 3, 1994. A similar condition was previously reported in our specified procedures examination dated February 17, 1994.

Management attributes the failure to obtain commissioner approval for the settlement of \$772,694 to an oversight on the part of the adjuster. Relating to the other settlement of \$1,655,824, management did not seek approval from the commissioner. It is office policy to obtain approval for settlement from the commissioner following the receipt of written concurrence from the Office of the Attorney General. However, because of the fact that written concurrence was not received from the Office of the Attorney General until June 6, 1994, after Act 4 became law, the settlement was not submitted to the commissioner for approval. Failure to obtain the required approval authority for settlements contributes to the risk that claims may be settled in error and violates the office's policies and procedures.

We again recommend that the Office of Risk Management adhere to its policies and procedures relating to approvals for settlements. Specifically, management should ensure that all written

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in
the Internal Control Structure (Continued)**

approvals are obtained as required and the related documentation to support the settlement is present before the authorization and payment of any settlements. In a letter dated December 15, 1994, Judge J. Burton Foret (Retired) stated that "ORM agrees that the Claims Unit personnel need to be more careful in the handling of settlements." (B-197)

Loss Prevention

As reported in our specified procedures examination dated February 17, 1994, the Office of Risk Management, Claims Unit, does not have written policies and procedures outlining those circumstances or conditions that would warrant an investigation by the Bureau of Risk Analysis and Loss Prevention of identified hazards causing substantial loss to the state. State law (LSA-R.S. 39:1543) established the Bureau of Risk Analysis and Loss Prevention to assist state agencies in the prevention and reduction of employee job related accidents, injuries, and loss of state property to reduce the direct and indirect costs to the state relating to such losses.

However, it appears management of the office does not see a need for these policies and procedures since corrective action has not been taken for the current year. As a result, there is increased exposure of losses to the state from identified hazards that may not have been corrected.

We again recommend that the Office of Risk Management, Claims Unit, develop and implement written policies and procedures outlining those circumstances or conditions that would warrant an investigation by the Bureau of Risk Analysis and Loss Prevention of identified hazards causing substantial loss to the state. These policies and procedures would require that the agency responsible for corrective action periodically update the Office of Risk Management as to whether the hazard has been corrected, or provide an explanation as to why corrective action has not been taken. In a letter dated December 15, 1994, Judge J. Burton Foret (Retired) stated that "The personnel of the Office of Risk Management are fully aware of the seriousness of this finding. The criteria to be set up for claims requiring investigation in the Claims Unit procedures has not been done; however, instructions have been given to the managers concerned that the criteria for claims to be investigated are to be written into the procedures. The preparation of this policy is in the process of being drafted and will be forwarded to your office upon completion." (B-199)

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Review of Original Documentation

The Office of Risk Management is not performing, on a sample basis, a field review of the original source documentation to support billings by contract attorneys. We noted that for fiscal year 1994, contract attorneys were reimbursed approximately \$12 million for expenses that included legal services and other expenses such as telephone, copying charges, postage, et cetera. It is a practice of the office to accept from attorneys, copies of receipts and summaries of time worked for legal services substantiated by an affidavit. Claim adjusters then perform desk reviews of these copies of supporting documents using the contract and the office's billing guidelines as the criteria for review. This condition was previously reported in our specified procedures examination dated February 17, 1994.

A field review of original source documentation has not been conducted since 1990. Considering the magnitude of payments to contract attorneys each year, an adequate internal control structure would require that the office perform a field review, on a sample basis, of original source documentation to ensure that billings are accurate and expenses are allowable.

We again recommend that the Office of Risk Management, on a sample basis, conduct field reviews of original source documentation maintained by the contract attorney to ensure that the Office of Risk Management is being properly billed. In a letter dated December 15, 1994, Judge J. Burton Foret (Retired) stated that "In order to conduct recommended field audits ORM will need to hire personnel for this purpose. The Office had already submitted its budget for 94/95 at the time that this finding was made (February, 94). The Office has sustained three significant cuts totaling \$40,908,492 for 94-95. These positions are not being requested in 95-96 because additional personnel are more critically needed elsewhere; however, plans are to request a program to handle the recommendation in 96-97." (B-200)

SOCIAL SERVICES, DEPARTMENT OF

On-Line Time and Leave Entry System

For the second consecutive year, the Department of Social Services has not established adequate internal control procedures for the On-Line Time and Leave Entry System for the input of payroll transactions into the Uniform Payroll System (UPS). Time and leave are keyed into the system by each designated timekeeper, and UPS generates reports that will indicate all time and leave recorded into the system. Access to the system is restricted to a

**STATE OF LOUISIANA
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**Reportable Conditions in
the Internal Control Structure (Continued)**

designated timekeeper and alternate at the payroll unit level. However, our review of internal controls at six offices disclosed that in five offices, the timekeeper performs incompatible functions in that the same employee who keys in the time and leave also reviews the UPS reports and verifies the data input into the system. This condition can be attributed to management not developing clear procedures relating to the timekeepers entering and reviewing payroll transactions.

An adequate internal control structure should provide adequate segregation of duties so that no one employee would be in a position to both initiate and conceal errors or irregularities. Without adequate segregation, there is an increased risk that errors or irregularities could occur and not be detected in a timely manner.

The department should develop and implement written procedures for the On-Line Time and Leave Entry System which make clear that someone other than the timekeeper reviews the UPS reports and verifies data input into the system. In a letter of response dated August 30, 1994, Mr. Al Sanford, Director, Division of Fiscal Services, stated that management concurred with the finding and recommendation and outlined the plan of corrective action to be implemented by the department (B-207).

SOUTHERN UNIVERSITY

**Baton Rouge Campus - Electronic
Data Processing Controls**

Although Southern University has made progress in securing some of its application programs and data files in its Information Systems Division (ISD) data center, it still has some control deficiencies that could affect the integrity of programs, processing, and data. This is the fifth consecutive year we have reported weaknesses in the university's ISD data center. General electronic data processing (EDP) controls are part of the control environment as well as the control procedures over (1) application development and maintenance, (2) logical access to systems and data, (3) computer operations, and (4) segregation of incompatible duties. Good general EDP controls combined with good EDP application controls ensure that computer production is performed in accordance with management's design, intent, authorization, review, and approval.

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the Internal Control Structure (Continued)**

Annually, the ISD processes information relating to approximately \$133 million of revenues, as well as a variety of other transactions of the university. During a review of the EDP general controls at the ISD data center, we found control deficiencies relating to the security over access to production programs. Although a security package has been installed, it does not adequately restrict access to production programs, including job control language (JCL), object code, and production source code for the general ledger system. Also, access violation reports are not produced to account for unauthorized attempts to access production programs. As a result, a general risk exists that programs and data could be accessed and modified without proper authorization, review, and approval.

We recommend that Southern University limit access to production programs and files for all applications and track all authorized and unauthorized access and modifications to these program files. In a letter dated October 10, 1994, Dr. Marvin L. Yates, Chancellor, Southern University - Baton Rouge Campus, stated that the university has implemented mitigating controls external to the security package to restrict access to production programs, object codes, and production libraries. These control procedures will remain in place until all appropriate controls have been implemented in the security package (B-222).

**Baton Rouge Campus -
Insurance Reimbursements**

The internal auditor of the Southern University System issued a report dated September 6, 1994, on insurance claims reimbursement procedures. The report stated that the university did not request reimbursements timely from the Division of Administration, Office of Risk Management (ORM) for 1990-91 property and equipment losses. This caused the university to lose \$37,341 in reimbursable funds for the 1994 fiscal year. The university must submit a paid invoice and request reimbursement from ORM within three years when a loss of property or equipment is sustained or the university will not be reimbursed. The auditors also noted that the university did not perform a reconciliation between the general ledger claims receivable account and the claims listing provided by ORM.

The internal auditor recommended that management resolve these problems with timely submission of reimbursement requests. Management should establish dates for transmitting claims reimbursement information from the Comptroller's Office to the Property Control Office and reconcile its general ledger account to the claims listing from ORM. In a letter dated November 29, 1994, Dr. Marvin L. Yates, Chancellor of Southern University, stated that insurance reimbursement claims are currently being submitted on a timely basis and

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FINDINGS AND RECOMMENDATIONS****Reportable Conditions in
the Internal Control Structure (Continued)**

procedures have been implemented for reconciling the general ledger claims receivable account to the claims listing from ORM (B-224).

Baton Rouge Campus - Missing Cash Receipts

The internal auditor for Southern University System issued a report dated April 18, 1994, on the ticket office operations of the Athletic Department, Southern University - Baton Rouge Campus. The report stated that the athletic ticket office had internal control weaknesses that include inadequate segregation of duties, lack of proper supervision, untimely deposits, lack of supporting documentation, inadequate security over access to the Ticketmaster system, and lack of security over access to the ticket manager's office. Because of these internal control weaknesses, cash shortages totaling \$39,692 were not noted and resolved in a timely manner. The following is a summary of significant findings contained in the report:

1. Daily deposits were not made by the ticket office as required by written policies and procedures and cash deposited by the ticket office was not reconciled to cash collected per the ticket sales reports. A comparison of cash received per ticket sales reports to cash deposited by the ticket office revealed shortages of \$19,412 for the 1994 fiscal year. Also, it appeared that an employee had used cash collected from ticket sales during the 1994 fiscal year to cover a \$20,280 shortage in Bayou Classic cash receipts from the 1993 fiscal year.
2. The auditors noted that \$10,310 in cash collected from sales of tickets for three events sponsored by Student Affairs was given to the Vice Chancellor for Student Affairs for deposit in an account maintained by the Alumni Federation, Incorporated, rather than deposited in the athletic department's bank account.

The auditor recommended that shortages be reported to the university police, duties within the ticket office be separated, and reports and documentation supporting collections and deposits be maintained and reviewed and approved by a supervisor. Also, the auditor recommended that employee access codes to Ticketmaster be changed regularly, access to the ticket manager's office be limited and controlled, all funds collected by the ticket office be deposited daily into the athletic department's bank account, and daily reconciliations be made between cash collected and cash deposited with differences explained and documented. In a letter dated October 10, 1994, Dr. Marvin L. Yates, Chancellor, Southern University - Baton Rouge Campus, concurred with the findings and recommendations. He stated university police have

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Reportable Conditions in
the Internal Control Structure (Continued)

been informed of the shortages and procedures have been implemented to strengthen internal controls and improve ticket office operations in the Department of Athletics (B-219).

New Orleans Campus - Cash Collections

The Bursar's Office of the New Orleans Campus of Southern University did not post cash receipts to the general ledger timely and did not keep a record of the number sequence of preprinted, consecutively numbered receipts. Good internal controls require that cash receipts be posted to the general ledger timely, that a record be kept of prenumbered receipts, and that the number sequence of receipts be accounted for and matched to deposits. Our review of 15 prenumbered receipts issued during the year by the Bursar's Office disclosed that 11 receipts were not posted to the general ledger from 7 to 48 business days after the receipt was written. The number sequence of the receipts was not used to reconcile cash received to cash deposited and no record was kept of receipts in stock, receipts issued each day, and receipts remaining on hand. Failure of the New Orleans Campus to maintain adequate internal controls over cash received in the Bursar's Office increases the risk that errors or irregularities could occur and not be detected timely by employees performing their assigned duties.

Management of the New Orleans Campus of Southern University should ensure that the Bursar's Office posts the receipts to the general ledger in a timely manner, keeps a record of prenumbered receipts, and verifies that all receipts are accounted for and matched to deposits. In a letter dated December 7, 1994, Dr. Robert B. Gex, Chancellor of Southern University at New Orleans, stated that the university agreed with the finding and recommendation (B-229).

STATE EMPLOYEES GROUP BENEFITS PROGRAM

Manual Payments

The State Employees Group Benefits Program did not maintain adequate internal controls over the processing of certain FACS 120 documents (manual checks). Manual checks are used by state agencies to process payments for special circumstances and emergencies and are normally used by the program to draw warrants from the state treasury to pay claims. However, during the year ended June 30, 1994, the program used manual checks to process \$7,236,260 in routine payments to a single vendor (Louisiana Biodyne). This occurred because a temporary vendor number was used for the entire year. A permanent vendor number was not obtained and entered into FACS until September 1994. Program management did not monitor the use

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in
the Internal Control Structure (Continued)**

of the temporary vendor number for the extended period nor did anyone question the use of manual checks for routine payments. Management attributes these conditions to a turnover in the accounts payable section and the lack of written procedures.

We recommend that the program develop and implement written procedures to monitor the use of temporary vendor numbers and manual checks. In a letter dated November 30, 1994, Mr. James R. Plaisance, Executive Director, concurred with the finding and recommendation and stated corrective action will be taken (B-247).

TREASURY, DEPARTMENT OF THE**Securities Lending Program**

For the second consecutive year, the Department of the Treasury did not monitor the collateral pledged for investments loaned to brokers from the Louisiana Education Quality Trust Fund (LEQTF) securities lending program to ensure that the investments were adequately collateralized. In addition, the department did not recalculate or verify the reasonableness of the monthly fees received from the bank for the LEQTF securities lending program.

The contract for the LEQTF securities lending program states that collateral must be pledged at 102 per cent of the fair market value of the investments that are loaned to brokers. Because the department does not monitor the collateral pledged, there is a risk that the investments loaned may not be adequately collateralized. Also, because the department does not recalculate or otherwise verify the fees earned by the securities lending program, there is a risk that the state may not be receiving the proper amount of fees to which it is entitled. During fiscal year ended June 30, 1994, the department received approximately \$387,000 in fees for the program.

We recommend that the Department of the Treasury monitor the collateral pledged for the LEQTF securities lending program to verify that amounts pledged are adequate and in compliance with the contract. We also recommend that the department recalculate the earnings of the LEQTF securities lending program to verify that the state is receiving the proper amount of fees. In a letter from the First Assistant State Treasurer dated October 6, 1994, the department did not concur with the finding. He stated that the State Treasurer's Office has been successful in customizing reports to monitor collateral and has made significant improvements in verifying securities lending fees (B-256).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in
the Internal Control Structure (Continued)**

Additional Comments: The department provided us with no evidence of monitoring collateral during fiscal year 1994. We do agree that the department made improvements in monitoring securities lending fees; however, we suggested that an independent calculation be made.

UNIVERSITY HOSPITAL**Periodic Inventory System**

University Hospital did not take a complete and accurate physical count of its consumable supply inventory including the specialized non-stock inventory items maintained by individual departments. While the hospital conducted inventories for most hospital departments on June 23, 1994, it did not adjust the inventory counts of its non-stock items valued at \$2,467,762, or 67 per cent of the total consumable inventory, for activity occurring during the period June 24, 1994, through June 30, 1994.

In addition, five departments, including Cardiopulmonary, Emergency Room, Intensive Care Unit, Coronary Care Unit, and Nutritional Services did not inventory their non-stock items. The first four of these departments reported inventory amounts as of June 30, 1994, totaling \$79,800, or 2 per cent of the inventory, based on information available at June 30, 1993. The fifth department, Nutritional Services, did not report its non-stock items on hand at June 30, 1994, estimated at \$25,000. As a result of the above exceptions, the amount presented in the hospital's annual financial report for the consumable inventories does not reflect the actual value as of June 30, 1994.

We recommend that the hospital establish procedures to ensure that all inventory, including non-stock items, are accurately counted and reported in the financial statements. Management of the hospital concurred with the finding and recommendation. See management's response at B-257.

Time and Attendance

University Hospital does not have formal procedures for documenting time worked by employees. Good internal accounting controls require that adequate procedures be established to ensure that all accounting transactions are properly documented and that employees' time and attendance is properly maintained and accurately recorded. During our review of payroll

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

**Reportable Conditions in
the Internal Control Structure (Continued)**

controls, we examined time and attendance records for 17 employees. In all instances, the employees recorded and maintained their own time and attendance on hand posted time cards which they kept at their work stations. None of the departments tested had a centralized location established for the employees' time cards to be maintained before review and approval by supervisors. As a result, there is a greater risk that unauthorized regular and overtime hours could be reported by the employees, that the employees would be paid for these hours, and that these errors or irregularities would not be detected timely by the hospital.

The hospital should establish a system of maintaining time and attendance records to ensure that the time and attendance reporting process is adequately documented and controlled. Management of the hospital concurred with the finding and recommendation. See management's response at B-258.

UNIVERSITY OF NEW ORLEANS

Receivables

For the second year, the University of New Orleans did not exercise adequate controls over receivables (including student receivables and nonstudent receivables other than grants and contracts) as follows:

1. Several employees have been assigned the functions of monitoring and collecting accounts receivable. Although an accounts receivable manager has been hired, sole accountability for all receivables has not been delegated to the manager because of the large volume of outstanding receivables. Therefore, sufficient improvements have not been made to assure that assets are safeguarded and errors and/or irregularities are being detected in a timely manner.
2. Collection efforts on delinquent accounts are delayed because of the large volume of outstanding receivables. As a result, at June 30, 1994, there are \$429,954 of receivables that are between 91 days and 360 days delinquent and another \$821,565 of receivables that are more than 361 days delinquent.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

**Reportable Conditions in
the Internal Control Structure (Continued)**

3. The university cannot provide evidence that the accounts receivable aging listing reconciles to the general ledger accounts receivable control account. An accurate aging report is necessary to monitor accounts receivable balances.
4. The accounts receivable listings and files contain inaccurate, incomplete, and unsupported information on the debtors. Our sample of 47 student and nonstudent accounts revealed that the addresses on file were incorrect for six accounts, incorrect balances were recorded for two accounts, and support for the receivables was incomplete or could not be provided for another three accounts.

Management is responsible for maintaining a system that adequately safeguards assets and results in the reporting of accurate financial data. Failure to provide such a system can result in lost income to the university.

Management of the university should continue to monitor the age and collectibility of all receivables on an ongoing basis and write off those it determines to be uncollectible. Adequate procedures should be established to ensure that subsidiary and control accounts are in agreement and that debtor supporting documentation and information are kept current. Management of the university outlined in a written response the steps that have been and are being taken to fully resolve the problems with receivables (B-135).

Time and Attendance Records

For the fourth year, the University of New Orleans has not ensured that all employees and their supervisors or timekeepers certify the accuracy of attendance leave records and/or time and attendance records. The university's Administrative Policy and Procedure (AP) 4.1 requires that attendance leave records be signed by each employee and timekeeper on the workday following the last working day of each month. Of 30 employee attendance leave records examined by us, 6 employees and one timekeeper did not sign the attendance leave records. In addition, AP 4.1 requires that all leave be approved by the appropriate supervisor. Three of 17 employees tested did not have their leave slips approved by their supervisor. Also, 5 of the 17 employees did not fill out leave slips for sick or annual leave usage and, therefore, did not have written approval to take leave.

Other exceptions noted during our test of time and attendance and leave records of the employees sampled are as follows:

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FINDINGS AND RECOMMENDATIONS****Reportable Conditions in
the Internal Control Structure (Concluded)**

1. One of 10 classified employees required to complete time sheets had a discrepancy between the time sheet and the attendance leave record.
2. Two of 10 classified employee time sheets were not signed by the employee's supervisor.
3. Three of 6 temporary employees did not sign their time sheets, and 2 of the 6 employees' time sheets were not approved by their supervisor.
4. Two of 17 employees with leave taken did not have their leave correctly subtracted on their attendance leave records.

These discrepancies were caused by lack of enforcement of university time and attendance internal control procedures. Failure to consistently enforce controls increases the risk of payroll related errors and irregularities by employees and their supervisors and could subject the university to a possible loss of funds.

The University of New Orleans should ensure that all employees and their supervisors or timekeepers certify the accuracy of attendance leave records and/or time and attendance records. In addition, leave slips should be used by all employees to document the approval of leave. Management of the university concurred with certain portions of the finding including (1) leave records should be signed; (2) leave slips should be completed and approved; (3) temporary employees' time sheets should be approved by the supervisor; and (4) arithmetical calculations on attendance leave records should be correct. Management did not concur with other portions of the finding which cite that (1) time sheets and attendance leave records must agree; (2) classified employees' time sheets should be signed by a supervisor; and (3) temporary employees' time sheets should be signed by the employee. Management further stated that the university continues to emphasize and enforce university policies through its management to ensure compliance. The university feels that it has significantly improved the record keeping over the past three years with an aggressive internal audit program, campus-wide training programs, and an organized project team to redesign and automate the leave records system (B-141).

Additional Comments: While we agree that the university is striving to improve record keeping, we feel that a well designed internal control structure should ensure document compatibility and proper accountability by requiring signatures of employees and supervisors to include temporary employees.

Schedule B

**Reportable Conditions in the
Internal Control Structure
Relating to Federal Financial
Assistance Programs
For the Year Ended June 30, 1994**



**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

**Reportable Conditions in the
Internal Control Structure Relating to
Federal Financial Assistance Programs
For the Year Ended June 30, 1994**

HEALTH AND HOSPITALS, DEPARTMENT OF

Rate Setting

For the third consecutive year, the Department of Health and Hospitals (DHH), Office of the Secretary, set prospective reimbursement rates for clients in residential facilities, those facilities that contract with the Office of Mental Health (OMH) and the Office of Alcohol and Drug Abuse (OADA), using cost reports that have not been independently audited to ensure that costs are accurate and allowable. These cost reports are submitted to DHH Rate Administration and are desk reviewed for accuracy and allowability of costs using a checklist of procedures including analytical reviews, recalculations, and automatic questioning of certain types of expenditures. Although DHH Rate Administration performs these procedures, a complete audit of these cost reports was not required by the department. In our tests of 1994 residential contracts, we noted that DHH amended the contracts to include a requirement that an independent auditor render an opinion on the 1994 cost reports. However, the audited cost reports will not be available for establishing reimbursement rates until the 1996 contract year.

According to the DHH Rate Setting for Residential Care System Manual, all cost reports will be submitted in accordance with generally accepted accounting principles as well as state and federal regulations. The manual further states that the Medicare Provider Reimbursement Manual (HIM-15) is the final authority for rates set unless a provision in the Rate Setting Manual is more restrictive. While the desk reviews of the cost reports are performed and the department has initiated corrective action, the department does not have audited cost reports of the residential facilities to ensure that the expenditures included in the cost reports are accurate and allowable under HIM-15. Given the magnitude of the state and federal funds totaling \$4,295,047 required to reimburse 31 residential providers during the year, it is imperative that only audited data be used as a basis to set reimbursement rates.

The department should use audited cost reports to establish reimbursement rates as soon as possible. In a letter dated November 21, 1994, Mr. Thomas D. Collins, Acting Director of the Bureau of Health Services Financing, concurred with the finding and recommendation. He

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Reportable Conditions in the****Internal Control Structure Relating to****Federal Financial Assistance Programs (Continued)**

further stated that the department has amended the 1994 facility contracts to include a requirement that the independent auditor render an opinion on the cost reports for residential facilities that contract with OMH and OADA (B-89).

SOCIAL SERVICES, DEPARTMENT OF**Rate Setting**

For the third consecutive year, we found that the Department of Social Services, Office of the Secretary, set prospective reimbursement rates for clients in residential facilities using cost reports that are strictly the representation of facility management and that have not been independently audited and/or reviewed by the department to ensure that costs are accurate and allowable.

According to the agreement between the state and the provider, the cost reports are to be prepared in accordance with generally accepted accounting principles and state and federal regulations. The agreement further states that the Medicare Provider Reimbursement Manual (HIM 15) is the final authority on allowable costs. While desk reviews of the cost reports are performed to ensure costs are allowable under HIM 15 and/or departmental requirements, the department does not have a mechanism in place to audit and/or review the records of the residential facilities. Given the magnitude of the state and federal funds [Child Welfare Services - State Grants (CFDA 93.645); Foster Care, Title IV-E (CFDA 93.658)] totaling approximately \$12,962,867 required to reimburse 59 residential providers during the year, it is imperative that only allowable and accurate data be used as a basis to set reimbursement rates. Since the department's current procedures are not adequate, there exists a risk of overpayments to residential care providers.

Effective August 9, 1993, a contract was awarded to the University of Southern Maine to develop and implement a new rate setting system. As a result of the work of the consultant, a new system should be in place in August 1994, to compute the reimbursement rates for the fiscal year ending June 30, 1995. However, the department will still use unaudited cost reports in those computations. The department plans to obtain audited cost reports for the fiscal year ending June 30, 1994, and those audited cost reports will be used to determine the reimbursement rates for the fiscal year ending June 30, 1996.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in the
Internal Control Structure Relating to
Federal Financial Assistance Programs (Continued)**

The department, working in conjunction with the state and federal government, should proceed to develop and implement its new rate setting system using audited cost reports as soon as possible. Until the new system is in place, the department, through alternative methods, should ensure that all expenditures included in the cost reports are accurate and allowable. In a letter of response dated August 23, 1994, Mr. Al Sanford, Director, Division of Fiscal Services, stated that management concurred with the finding and recommendation and outlined the plan of corrective action to be implemented by the department (B-211).

HEALTH AND HOSPITALS, DEPARTMENT OF**Cash Receipt and Disbursement Controls**

The Department of Health and Hospitals has not provided adequate controls or segregation of duties over certain cash receipt and disbursement functions. A good internal control structure should provide for segregation of duties so that no one employee is in a position to both initiate and conceal errors and irregularities. Also, reconciliations between cash receipts and subsidiary records are required to ensure accountability over cash collections and the accuracy of the subsidiary records.

The department did not ensure adequate segregation of duties and/or other adequate control procedures over receipts and disbursements in the following areas:

1. Adding vendors to the Louisiana State Purchasing Office's vendor listing - Access to add vendors or change existing vendor information is available to the same employees who are responsible for entering and approving transactions on the On-Line Data Entry System and receiving vendor checks for mailing.
2. Automatic payments - Automatic payments are disbursements that are automatically processed on a periodic basis without routine authorization. The department has two types of automatic payments, family subsidy payments and leases, which are the responsibility of the Contract Management Section. This section is also responsible for setting up the automatic payments. There is no independent or subsequent review of these automatic payments to ensure that payments are valid and authorized by management.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in the
Internal Control Structure Relating to
Federal Financial Assistance Programs (Continued)**

3. Petty cash and travel transactions - Accountants receive approved petty cash and travel transactions vouchers and enter the information on the Travel Management System. Although duties are segregated so that the individual who verifies travel checks to supporting documentation does not routinely enter the travel information on the Travel Management System, that individual has access to enter travel information and does so when necessary. In addition, that individual enters petty cash documents on the Travel Management System and verifies the petty cash check to supporting documentation. No one performs an independent review of petty cash transactions to ensure that information entered on the system has been authorized. Furthermore, no one independent of the travel section compares the checks to supporting documentation to ensure that all checks are adequately supported and approved.
4. Receipts of the Drug Rebate Program - Under this program, pharmaceutical companies participating in the Medical Assistance Program (CFDA 93.778, Medicaid) are required to issue rebates to the department based on the amount of drugs provided Medicaid participants by the department. A Pharmacy Rebate Auditor performs the incompatible functions of receiving payments, recording payments to a check log, and posting payments to the subsidiary records.
5. Receipts of the Controlled and Dangerous Substances Program and the Health Standards licensing fees - Designated employees perform incompatible functions by receiving fees, recording fees to a receipt log, and posting fees to subsidiary ledgers or payor folders. No independent reconciliation is performed between the record of deposits and the subsidiary ledgers or the number of licenses issued.

Failure by management to emphasize the importance of implementing an adequate internal control structure increases the risk that errors and/or irregularities could occur and not be detected in a timely manner.

We recommend that the department take steps to ensure adequate controls and segregation of duties are established over all of its cash receipt and disbursement functions. In a letter dated December 16, 1994, Mr. Stan Mead, Director of Fiscal Services, concurred with the finding and recommendation and outlined a plan for corrective action (B-68).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in the
Internal Control Structure Relating to
Federal Financial Assistance Programs (Continued)****Medicaid Third Party Liability**

For the third consecutive year, the Department of Health and Hospitals (DHH) has not adequately identified the existence of private health insurance for all recipients of the Medical Assistance Program (CFDA 93.778, Medicaid). The Code of Federal Regulations (42 CFR 433.135-433.154) requires the department to take reasonable measures to determine the legal liability of third parties (TPL) to pay for services furnished under the state plan and establishes the procedures by which the requirement is to be met. However, we noted the following:

1. DHH field staff are required to gather data on Medicaid recipients and enter it into the Department of Social Services Welfare Information System (WIS) and the DHH computer system. Recipient information is entered through WIS and then updated automatically (via magnetic tape) for Medicaid eligibility in the DHH Medicaid Management Information System (MMIS).

Our examination of 60 eligibility case files for Medicaid recipients disclosed one case file with evidence that a recipient's spouse maintained dependent medical insurance through his employer. However, the TPL information had not been entered by DHH in the WIS and, as a result, did not get updated into MMIS.

A provider claim was filed for services rendered on June 14, 1994, for \$27 and was paid on August 23, 1994. Had the TPL been indicated in the MMIS, the claim would have been denied and returned to the provider for a determination of the amount of the liability.

2. The department contracts with a private company to use Medicaid recipient social security numbers from the MMIS recipient and resource files and match them against private health insurance carriers' eligibility files. If the MMIS files indicate third party coverage and the insurance carrier files do not, then the contractor is disregarding the exception and is not billing the insurance carrier. This practice does not consider the possibility of errors in the insurance companies' records that could result in Medicaid payments for claims that are the legal liability of third parties.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in the
Internal Control Structure Relating to
Federal Financial Assistance Programs (Continued)**

Failure to establish or to assure that adequate controls are in place to identify the existence of third party liability subjects the department to noncompliance with federal regulations and increases the possibility of other overpayments to providers.

DHH should assure that the existence of TPL coverage for Medicaid recipients is adequately identified. Also, we recommend that the department include the consideration of TPL resource information available on the MMIS file in contracting with the private company to identify and collect from legally liable third parties. In a letter dated October 18, 1994, Mr. Thomas D. Collins, Acting Director, Bureau of Health Services Financing, concurred with the finding and recommendation and stated corrective action will be taken (B-77).

Non-Emergency Medical Transportation Program

The Department of Health and Hospitals (DHH), Bureau of Health Services Financing, does not have adequate controls to properly administer the Medical Assistance Program (CFDA 93.778, Medicaid) Non-Emergency Medical Transportation (NEMT) Program in Louisiana. Prudent business practices mandate the development and implementation of adequate internal controls to prevent the loss of funds through fraud and abuse and other errors and irregularities.

In a report dated July 27, 1994, the Legislative Auditor's Performance Audit Division reported the results of its audit of the NEMT Program administered by DHH for the period February 1, 1993, through October 31, 1993.

The report contained three findings as follows:

- DHH had no written criteria for setting and adjusting provider reimbursement rates. Without written criteria for setting and adjusting provider reimbursement rates, the department is at risk of reimbursing excessive rates that are not based on actual cost data.
- Analysis of one NEMT service region for the period February 1, 1993, through October 31, 1993, disclosed \$2.4 million, or 46 per cent, of all reimbursements in that region did not match authorizing information and therefore were questionable. All reimbursements made without adequate supporting documentation, such as reconciliation of the service data, are questionable costs and are

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in the
Internal Control Structure Relating to
Federal Financial Assistance Programs (Continued)**

subject to be disallowed. Total reimbursements for all eight NEMT service regions for fiscal year ending June 30, 1994, was \$72,741,584.

- The current review process used for the NEMT Program groups all transportation providers together when the computerized statistical analysis is performed. This increases the probability that small providers could abuse the program without being detected.

These conditions can be attributed to management's lack of emphasis for sufficient internal controls as the program has greatly expanded over the years.

We recommend that the department take immediate steps to implement the following recommendations proposed by the Legislative Auditor's Performance Audit Division:

- DHH should establish a written policy for setting and adjusting reimbursement rates. This policy should be based on either actual cost information submitted by providers and/or independent cost data from outside sources.
- DHH should implement policies to ensure that dispatch centers send authorizing data to UNISYS, the fiscal intermediary. The information sent should include at a minimum the prior authorization number, date of service, Medicaid recipient identification number, and provider identification number.
- DHH should require the fiscal intermediary to use the authorizing data to verify that claims for reimbursement were authorized by the dispatch center. The claims to be paid should be matched to the authorizing data before the claims are paid.
- Once DHH has paid, the prior authorization number should be cancelled so a second claim for the same trip cannot be submitted and paid.
- DHH should require the Surveillance and Utilization Review Section to stratify providers into meaningful subgroups based on volume.
- DHH should thoroughly investigate all discrepancies regarding prior authorization numbers and reimbursements.

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In a letter dated December 22, 1994, Mr. Thomas D. Collins, Acting Director of the Bureau of Health Services Financing, concurred with the finding and recommendations and outlined a plan of corrective action (B-81).

HUEY P. LONG MEDICAL CENTER

Commodities Inventory Records

Huey P. Long Medical Center does not have adequate perpetual inventory records to control its commodities inventory received under the Food Distribution Program (CFDA 10.550). The Agreement for Distribution and Use of Donated Food Commodities between the medical center and the Louisiana Department of Agriculture requires the medical center to maintain a perpetual inventory of all commodities. Also, an adequate internal control structure requires that there be a method for accurately accounting for receipts, issues, and ending inventory of commodities.

The medical center maintains perpetual records for commodities, but its accounting for items used is not adequate. Dietary employees are supposed to log all commodity items as they are removed from inventory. However, we noted that for the month of March 1994, there were no entries made for commodities used. Because it is difficult to get the employees to log the items used, the medical center has been obtaining the commodities used each month by using the difference between the physical count at month end and the amount of the beginning inventory plus commodities received. This lack of control over commodities could result in commodities being misused or errors in reporting.

We recommend that the medical center designate one employee to be responsible for issues of commodities and require that employee to keep an accurate, current record of all commodities used. Management of the medical center concurred with the finding and recommendation. See management's response at B-92.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Reportable Conditions in the
Internal Control Structure Relating to
Federal Financial Assistance Programs (Continued)****LABOR, DEPARTMENT OF*****Community Services Block Grant***

The Louisiana Department of Labor (LDOL) did not ensure that adequate internal accounting controls over Community Services Block Grant (CFDA 93.569, CSBG) financial records were maintained. In addition, the department did not close out seven 1993 CSBG awards timely. The Louisiana Administrative Code (LAC) Title 40, Part 17, Chapter 47, Section 4701 (L) requires that CSBG subgrantees submit a closeout package to the department at the end of each grant period no later than 45 days after the ending date of the grant. Also, the Office of Management and Budget Circular A-102, Subpart C, Paragraph 20 requires that the accounting records adequately identify the source and application of funds provided for financially assisted activities. The department did not provide adequate supervision of accounting personnel to assure that accurate and current accounting records for the CSBG program were maintained. As a result, 7 of the 86 grants awarded by the department for the grant period ended September 30, 1993, were not closed out timely. In addition, four of the seven grants we tested, or 57 per cent, contained substantial accounting errors for advances to individual subgrantees. Inadequate controls over accounting records increase the risk that the CSBG financial records could be materially misstated and that record keeping and reporting requirements will not be achieved.

We recommend that the LDOL provide adequate supervision of CSBG accounting personnel to assure that accurate and current financial records are maintained and that subrecipient grants are closed out timely. Management of the department concurred with the finding and recommendation. See management's response at B-95.

**NEW ORLEANS HOME AND
REHABILITATION CENTER*****Daily Census Report***

The New Orleans Home and Rehabilitation Center (NOHRC) did not ensure that accurate information was reported on daily census reports. Good internal control procedures require that such reports contain information which is current and accurate. NOHRC collects payments based on fixed price contracts for Veterans Administration, Medicare, and Medicaid

**STATE OF LOUISIANA
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patients. Payments are based on bills submitted to the appropriate governmental agencies for the number of patient care days given to each eligible resident. NOHRC uses a daily census report to track the number of patient care days. The daily census report is prepared from information reflected on the nurse's report sheet and the daily midnight census.

During our examination, we noted that these reports contained the following inaccurate information:

1. The nurse's report sheet did not support the midnight census count for two of the four units examined.
2. Two of the four units' daily midnight census counts did not support the NOHRC census information supplied to the fiscal office.
3. Adjustments made to the daily midnight census were not explained and were not initialed by the person making the change.
4. Information such as changes to patient's level of care, type of pay, date of admission, and date of discharge was not disseminated on a timely basis to all the pertinent parties.

In addition, we noted that NOHRC's written internal procedures for preparing the daily midnight census did not require it to be signed by the preparer or by a person approving the information. Inaccurate information on these reports deprived NOHRC of essential information needed to prepare accurate billings to the appropriate governmental agencies.

We recommend that the persons preparing and approving the daily midnight census sign the document, and any adjustments to this report should be explained and initialed. Procedures should be instituted to ensure that any changes made to patient information pertinent to billing be disseminated to all of the appropriate personnel. All departments involved should receive in-service training to reinforce the importance of current, accurate dissemination of pertinent patient information. In a letter dated April 12, 1994, Ms. Dianne Harris, Hospital Administrator, agreed with the finding and recommendation. The rehabilitation center has revised the reports and procedures to ensure that timely and accurate patient information needed to prepare billings is furnished to all pertinent parties (B-149).

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Internal Control Structure Relating to
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**REGIONAL MANAGEMENT CENTER 2,
BATON ROUGE****Vocational Education - Community
Based Organization**

The Florida Parishes Technical Institute, as an eligible recipient, has not adequately provided controls and documentation for the operation of the Vocational Education - Community Based Organization (CBO) (CFDA 84.174) program. The guidelines for the program specify that the program is to provide assistance to severely economically and educationally disadvantaged youth ages 16 through 21, inclusive. In addition, a good internal control structure requires that adequate policies, procedures, and practices be implemented to accurately report the activities of such programs, specifically the verification of eligibility of participants and hours charged by instructors.

The Florida Parishes Technical Institute did not maintain adequate records to provide verification of the eligibility of the students participating in the CBO program. Although a checklist was prepared for each participant, the institute did not maintain documentation to support verification of the eligibility requirements. In addition, numerous discrepancies existed in the number of hours charged by instructors and the hours of credit earned by students. We noted numerous days where teachers charged hours for providing instruction when students did not receive credit, where students were given credit when teachers did not charge hours, and where teachers' and students' hours differed. Because the Florida Parishes Technical Institute did not maintain adequate documentation of the activities of the CBO program, Regional Management Center 2, Baton Rouge cannot be assured that the student participants met the eligibility requirements established for the CBO program. In addition, Regional Management Center 2, Baton Rouge has not been ensured by the Florida Parishes Technical Institute that the hours charged by teachers for providing instruction and the hours that students were given credit for participation were accurate.

Management of the center should review the procedures surrounding the CBO program, revise those procedures, and implement any necessary changes to ensure that the students participating in the CBO program meet the eligibility requirements, that the hours charged by instructors are correct, and that the activities of the program are accurately reported. In a letter dated May 6, 1994, Mr. George Foster, Regional Director, stated that the Louisiana Department of Education performed a review of the CBO's policies, procedures, and practices,

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and as a result of that visit, the activities of the CBO located at the Florida Parishes Technical Institute were suspended until further notice. In addition, an audit will be conducted by the Louisiana Department of Education to ensure that all files have been brought up to standards as required by federal and state guidelines and that periodic reviews will be made to ensure that these standards are being maintained (B-191).

SOUTHERN UNIVERSITY

**Shreveport-Bossier City Campus -
Federal Perkins Loan Notes Receivable**

For the second consecutive year, the Southern University System's Shreveport-Bossier City Campus (SUSBO) does not maintain adequate internal controls over recording Perkins Loan (NDSL) notes receivable transactions. A good internal control system requires that adequate control procedures be in place to provide for accurate and timely posting of loans, loan payments, and loan cancellations to ensure subsidiary records are complete and accurate. SUSBO has no procedure to verify that loan payments received by the Bursar's Office are posted correctly to individual student receivable accounts in the subsidiary ledger. Also, there are no computer edits in place to prevent the set up of new student receivable accounts in the subsidiary ledger when transactions are entered under incorrect student names and identification numbers. During fiscal year 1994, SUSBO began the process of reviewing the subsidiary ledger and manual loan records and prepared a schedule of loan balances at June 30, 1994. Our sample of 25 notes receivable accounts disclosed that 12 accounts did not agree to the subsidiary ledger. Also, there is an unidentified difference of \$100,898 between the subsidiary ledger total of \$719,501 and the schedule of \$618,603.

Failure to maintain an adequate system of controls over notes receivable could result in management's inability to ensure that all receivables are properly recorded, complete, and accurately reported on the university's financial statements. Failure to maintain accurate account balances could also result in the under or over collection on student notes receivable.

The university should establish procedures to verify that notes receivable transactions are posted accurately and timely to individual student receivable accounts. Also, computer program edits should be established to prevent the system from creating unauthorized accounts. Every effort should be made to identify the transactions making up the unidentified difference

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Reportable Conditions in the****Internal Control Structure Relating to****Federal Financial Assistance Programs (Continued)**

and appropriate action taken to correct the subsidiary ledger. In a letter dated October 10, 1994, Dr. Jerome G. Greene, Jr., Chancellor, Southern University - Shreveport-Bossier City Campus, stated that the university has contracted with Eduserve Technologies to perform billing services for the Perkins Loan notes and transferred 484 files to the company in the fall of 1994. He stated the university is in the final phase of a reconciliation process to identify and correct discrepancies in the subsidiary ledger. The Business Office monitors the accuracy of postings to the subsidiary ledger on a monthly basis and compares the ledger to the individual student files (B-237).

UNIVERSITY OF NEW ORLEANS**Student Financial Aid**

The University of New Orleans does not have adequate written policies and procedures for processing applications and awarding student financial aid. A good internal control structure, as well as the Code of Federal Regulations [34 CFR 668.14(d)(1)], requires a system of checks and balances to ensure that errors and/or irregularities would be prevented or detected in a timely manner.

In our consideration of the internal control structure, we noted the following conditions:

1. The university's written procedures do not include the requirement for supervision of student workers who have been assigned the responsibility of verifying the information contained in student financial aid applications. An adequate system of internal controls should require that anytime a student worker performs verification procedures, the student should be properly supervised and documentation of that supervision should be properly maintained.
2. The university has not developed written procedures for selection of Federal Perkins Loan recipients. The Code of Federal Regulations [34 CFR 674.10(c)] applicable to the Federal Perkins Loan Program (CFDA 84.038) requires that a school give priority to those students with exceptional financial need, as defined by the school, using procedures the school establishes for that purpose. The

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school's selection process must be in writing, uniformly applied, and kept on file at the school.

3. The university has not developed written procedures for selection of Federal Supplemental Educational Opportunity Grant (FSEOG) recipients. The *Federal Student Financial Aid Handbook*, 1993-94, Chapter 8, page 5, requires that a school develop written procedures to ensure that recipients of FSEOG (CFDA 84.007) are selected in accordance with the selection provisions found in the Code of Federal Regulations (34 CFR 676.10) namely, on the basis of the lowest expected family contribution (EFC) and Pell Grant priority requirements over the entire award year.
4. Two employees of the Student Financial Aid Office, who are also students at the university, received grants and/or loans that were substantially greater than those received by other students at the university. One employee received a FSEOG for \$2,010, while the normal FSEOG was \$1,000 during the same period. Also, this same employee received \$1,300 in State Student Incentive Grants (SSIG) while the normal SSIG was \$600. Another employee received Perkins Loans, totaling \$5,149, during the 1993-94 year, while the normal Perkins Loan was \$2,250. Because the university does not have adequate written policies and procedures for the selection of loan and grant recipients, we cannot determine that the student financial aid received by these employees was awarded on a fair and impartial basis.

The lack of adequate written policies and procedures for approving and awarding grants and loans increases the risk that errors and/or irregularities may occur and not be detected in a timely manner. In addition, without a system of checks and balances, the University of New Orleans cannot be assured that awards of student financial aid are granted on a fair and impartial basis to students with exceptional financial need or the lowest EFC.

The University of New Orleans should establish and implement adequate policies and control procedures to ensure that grants and loans are uniformly awarded and made on a fair and impartial basis in compliance with the Code of Federal Regulations. Management of the university concurred with the finding and recommendation. See management's response at B-139.

Schedule C

**Noncompliance With Laws and Regulations
For the Year Ended June 30, 1994**



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**Noncompliance With Laws and Regulations
For the Year Ended June 30, 1994**

**CHARITY HOSPITAL AND MEDICAL CENTER
OF LOUISIANA AT NEW ORLEANS**

Professional Service Contracts

For the third consecutive year, Charity Hospital and Medical Center of Louisiana at New Orleans did not comply with Louisiana Administrative Code 34:V.121, which requires the hospital to procure approval of all professional service within 60 days of the effective date of the contract. In addition, for the second consecutive year, the hospital made payments on professional service contracts before their approval and made payments in excess of contract amounts. In our review of 44 contracts, we found that Charity Hospital and Medical Center of Louisiana at New Orleans did not submit timely 35 professional service contracts totaling \$53,868,573 for approval from the Division of Administration, Office of Contractual Review, as required by Louisiana Administrative Code. Also, on 5 of the contracts reviewed, the hospital incurred and paid expenditures of \$2,850,575 before the contracts were properly approved. Furthermore, the hospital incurred expenditures totaling \$1,337,307 above the approved contract amount on 5 of the contracts examined.

Charity Hospital and Medical Center of Louisiana at New Orleans should adopt and implement procedures to ensure the hospital is in compliance with laws and regulations covering professional service contracts. Such procedures should be designed to prevent payments on contracts before the contracts are approved or in excess of the approved contract amount. Management of the medical center responded that a majority of the contracts in question were sent timely to the Louisiana Health Care Authority but were not sent timely by the authority to the Division of Administration. Management also commented that the contract process began much earlier for fiscal year 1994-95, and they are implementing the contract management system provided by the Louisiana Health Care Authority, which should help correct the situation (B-6).

Reporting Worker's Compensation Claims

Charity Hospital and Medical Center of Louisiana did not ensure that employer's reports of occupational injury were reported as prescribed by the Office of Risk Management and the Louisiana Administrative Code, Title 37:107(b). The state's policies and procedures should be

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uniformly applied to ensure that all accidents involving state employees while in the course of their employment are reported. Furthermore, Louisiana Administrative Code, Title 37:107(b) requires that such accidents be reported within five days from the date of injury.

In our review of five claims for medical expense reimbursement during the period from January 1993 to August 1994, we found that four claims had not been reported to the Office of Risk Management. Failure to report claims for medical expense reimbursement to the Office of Risk Management violates Louisiana Administrative Code and does not allow for accurate accountability of worker's compensation claims.

We recommend that the hospital take the necessary measures to ensure that all reports of work related injury be timely reported as required by the Office of Risk Management and the state administrative code. Management of the hospital concurred with the finding and recommendation. See management's response at B-7.

EDUCATION, DEPARTMENT OF

Unfavorable Budget Variances

The Louisiana Department of Education (LDOE) exceeded its budget authority under Act 14 of the 1993 Regular Session for the Special Education - Federal Support and Vocational Education - Federal Flow-Thru programs. Louisiana Revised Statute 39:73 provides that a budget unit may not incur obligations or make expenditures in excess of the total amount allotted for expenditures. The LDOE - Offices of Special Education and Vocational Education expended \$1,945,667 and \$1,920,256, in excess of their program budgets of \$33,827,789 and \$20,606,070, respectively, during the 1993-94 fiscal year. The department did not request approval from the Division of Administration or the Joint Legislative Committee on the Budget for an increase in federal funds for the two programs.

We recommend that management of the LDOE monitor its budgets with regard to expenditures in order not to exceed its budgetary authority. In a letter dated October 24, 1994, Ms. Marlyn J. Langley, Deputy Superintendent of Management and Finance, stated the department concurred with the finding and proper budget monitoring controls would be instituted (B-23).

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EXECUTIVE DEPARTMENT

Fiscal Reporting Deadline

The Commissioner of Administration of Louisiana, through the Office of Statewide Reporting and Accounting Policy (OSRAP), does not have adequate compilation procedures in effect that would have ensured that the state's comprehensive annual financial report (CAFR) for the year ended June 30, 1994, was issued by December 31, 1994, as required by Louisiana law. Louisiana Revised Statute (LSA-R.S.) 39:80 requires that the CAFR, containing the financial statements and notes thereto, be prepared within six months after the close of each fiscal year.

In OSRAP's attempt to identify an unexplained reconciling item in the General Fund, the CAFR was not issued within six months after the close of the fiscal year, and, consequently, users of those statements did not have timely access to the financial information included in the CAFR. The CAFR includes total assets of \$30,718,810,000 and total revenues and other financing sources of \$25,311,690,000.

We recommend that OSRAP change its compilation procedures to ensure that the CAFR is issued by the statutory deadline of within six months after the close of the fiscal year. The Commissioner did not concur with the finding and stated that each year, the agency procedures and compilation procedures developed by the Division are provided to the Legislative Auditor for comment. At no time before November 1994, did the Legislative Auditor indicate that the procedures were deficient or that the audit scope on those procedures were changing. When it was ascertained that an audited financial statement could not be issued by December 31, 1994, an unaudited CAFR was provided to the legislative leadership, the governor, the Commissioner of Administration, and the bond rating agencies on December 23, 1994; therefore, it is the Commissioner's position that the requirements of LSA-R.S. 39:80 were met (B-30).

Additional Comments: Contrary to the statement made by the Commissioner of Administration, we have not changed the scope of the audit of the State of Louisiana. Furthermore, we have expressed concerns in the past over the compilation process and the state's central accounting system as evidenced by the repeat findings presented elsewhere in this report titled "Compilation of State's Financial Statements" and "Centralized Computer Accounting System." In meetings with the Commissioner and his staff, the Legislative Auditor has consistently stated that the current centralized accounting system has major inadequacies and that materiality is an auditing concept not an accounting concept, and,

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consequently, all known accounting adjustments should be made. In addition, we do not consider the requirements of LSA-R.S. 39:80 to be met by an unaudited, unofficial CAFR, which included amounts that were subsequently changed.

Fund Balance Requirements -**Patients' Compensation Fund**

For the third consecutive year, the Executive Department, Patients' Compensation Fund Oversight Board, did not maintain an adequate surplus in the Patients' Compensation Fund as required by Louisiana law. Louisiana Revised Statute 40:1299.44(A)(6)(a) requires that a surplus of 50 per cent of the annual surcharge premiums, reserves established for individual claims, reserves established for incurred but not reported claims, and expenses be maintained in the fund.

For the fiscal year ended June 30, 1994, the accumulated balance of surcharges, reserves, and expenses is estimated to be approximately \$391 million, which under Louisiana law would require a fund balance of approximately \$195 million. As of June 30, 1994, the actual fund balance was approximately \$39 million, which resulted in a shortfall of \$156 million. This shortfall resulted from practices in effect before the Patients' Compensation Fund Oversight Board was created, whereby rates for medical malpractice premiums were not set based on experience ratings, including historical losses, interest payments, and future medical amounts.

We recommend that the board maintain an adequate rate level to achieve the 50 per cent surplus requirement over a reasonable period of time. In a letter dated September 13, 1994, the executive director of the board concurred with the finding and recommendation and stated that with rate increases and no unforeseen statutory changes, it is still possible to approach parity within three to five years (B-36).

GRAMBLING STATE UNIVERSITY**Act 971 Funds**

For the second consecutive year, Grambling State University did not establish a separate preventative maintenance reserve fund and did not receive formal final approval from the Board of Regents for the carry-over fund projects for the fiscal years ended June 30, 1992 and 1993. In addition, management has not responded to the Board of Regents requests of August

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(Continued)

and December of 1993 for appropriate accounting to verify, over the past five years, operating budgets, relevant carry-over funds, preventative maintenance account activity, and nonrecurring account activity.

Louisiana Revised Statute 17:3386(A), established by Act 971 of 1985, provides that any university which adopts a building and facility preventative maintenance program approved by the Board of Regents may retain unexpended state General Fund appropriations at fiscal year end. At least 50 per cent of such retained funds shall be maintained by the university in a preventative maintenance reserve fund and shall be used solely for preventative maintenance purposes in accordance with the approved program. Retained funds shall only be spent on nonrecurring projects, subject to approval by the appropriate higher education management board, the Board of Regents, and the Joint Legislative Committee on the Budget.

In interviews, management stated that the university has delayed establishing and funding the separate preventative maintenance reserve fund and submitting the requested information to the Board of Regents for approval, until the fiscal year 1994 carry-over could be determined and submitted to the board.

We recommend that management of the university immediately submit the requested information to the Board of Regents, establish the separate preventative maintenance reserve fund, and transfer the appropriate funds accordingly. In a letter of response dated January 18, 1995, Mr. Howard J. Craig, Acting Vice President for Finance, concurred with the finding and recommendation and stated corrective action has been taken (B-42).

Advance Salary Payments

Grambling State University paid its unclassified nonfaculty staff employees' salaries, amounting to \$1,144,000, for the month of December on December 17, 1993. Early payment of these salaries constitutes the loan of public funds since the salaries were not due and payable until December 31. Article 7, Section 14 of the Louisiana Constitution of 1974 prohibits state agencies from loaning, pledging, or donating public funds to any person, association, or corporation, public or private. Furthermore, Attorney General Opinion No. 89-594 opines that advance payment of employee compensation is a violation of the constitution.

Apparently, management did not understand certain provisions of the state constitution when it made the advance payments to employees for work not yet performed. As a result, the university is not in compliance with certain provisions of the state constitution. Also, there

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are increased risks for cash flow problems and payments being made for work never performed by employees.

We recommend that Grambling State University only pay salaries to its employees after the work has been performed. In a letter of response dated January 18, 1995, Mr. Howard J. Craig, Acting Vice President for Finance, concurred with the finding and recommendation and stated corrective action will be taken (B-43).

Board of Regents' Policies and Procedures

For the second consecutive year, Grambling State University failed to comply with the Board of Regents' policies and procedures and certain internal accounting controls regarding its off-campus Doctor of Education in Developmental Education Program. The university appointed Dr. Andrea G. Jefferson to the position of Assistant Professor/Coordinator of off-campus courses on October 5, 1992. She was responsible for the overall coordination of the Doctor of Education in Developmental Education Program in the New Orleans area. Her duties included academic advertising and counseling of graduate students enrolled in the masters, specialist, and doctoral programs in developmental education; implementing marketing strategies to enhance recruitment efforts; monitoring the progress of students from the application stage to graduation; conducting transcript analyses; and teaching selected courses consistent with her academic preparation and experience. She is a 10-month employee with an annual salary of \$50,000.

During the year under examination, Dr. Jefferson taught one class with six students who registered and attended in the fall semester of 1993, and one class with one student who registered and attended in the spring semester of 1994. Board of Regents' policy Section II:4.2, Part D, Standard II (D) states, in part, that to assure the efficient use of resources dedicated to off-campus activities, a minimum of 10 students must be enrolled in the first class session in any graduate course offered off-campus.

Dr. Jefferson has not taught any classes on the main campus of Grambling State University. Board of Regents' policy Section II:4.2, Part D, Standard III (B) states that faculty members regularly assigned off-campus instruction must teach from time to time on the main campus.

We also noted that Dr. Jefferson did not consistently certify her time and attendance records. The time and attendance records do not indicate the hours per day worked during the year. We found that time and attendance records for Dr. Jefferson were certified/signed by

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(Continued)

Dr. Jefferson's supervisor at the main campus after receiving negative confirmation from Dr. Jefferson through March of 1994. After that time, Dr. Jefferson signed her own time sheets. Our review of monthly progress reports and other records do not appear to support a 40-hour week. Therefore, we are unable to determine if the hours reflected on the time and attendance reports are accurate.

It is management's responsibility to develop and maintain an adequate internal control structure to safeguard assets by preventing or detecting errors or irregularities in a timely manner and to ensure compliance with applicable laws and regulations.

We again recommend that the university's management become familiar and comply with the Board of Regents' policies and procedures regarding off-campus activities. If sufficient enrollment cannot be achieved, the program should be discontinued in that area. The university should monitor more closely the efforts and accomplishments of the coordinator to ensure that the university is maintaining a cost efficient and beneficial program.

At a minimum, management should establish and maintain an adequate system of internal control to properly account for Dr. Jefferson's time and attendance. Dr. Jefferson should continue to certify each of her time and attendance reports and these reports should reflect actual hours worked. Monthly progress reports should disclose, in detail, times and dates of meetings attended, presentations made, names of people contacted, and other relevant information. The report should also include a tentative schedule for the upcoming month. In a letter of response dated January 18, 1995, Mr. Howard J. Craig, Acting Vice President for Finance, concurred with the finding and recommendation and stated corrective action has been taken. Management has stated that Dr. Jefferson will be teaching classes on the main campus during the fall semester of 1994 (B-44).

Investment Compliance

Grambling State University has invested in securities with maturity dates beyond that allowed by law. Louisiana Revised Statute (LSA-R.S.) 49:327B(2) states, in part, that investments will mature on dates determined by prudent judgment to generate a favorable return and that will allow the monies to be available for use when the monies will be needed. However, the maturity of securities considered general funds cannot exceed 5 years from date of purchase. For monies invested from special funds, the maturities cannot exceed 10 years from date of purchase.

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(Continued)

We examined the 21 securities purchased during fiscal year 1994 that remained outstanding at June 30, 1994. There were 7 instances (33 per cent) where the university violated LSA-R.S. 49:327B(2) as identified in the following table. These extended maturity dates, along with fluctuating interest rates, had a direct effect on the decline in market value identified below.

<u>Fund</u>	<u>Maximum Maturity Allowed</u>	<u>Book Value in Violation</u>	<u>Market Value at June 30, 1994</u>	<u>Decline in Market Value</u>	<u>Maturity of Actual Securities Bought</u>
General	5 Years	\$558,058	\$496,342	\$61,716	28-29 Years
Auxiliary	10 Years	849,367	769,965	79,402	25-30 Years
Plant	10 Years	504,750	430,570	74,180	15-24 Years
Total		<u>\$1,912,175</u>	<u>\$1,696,877</u>	<u>\$215,298</u>	

Management has not placed considerable emphasis upon accountability nor adherence to state laws relating to investments. As a result, the university has experienced a decline in the market value in some of its investments and is in noncompliance with state law. In addition, there is an increased risk of other losses due to extended maturity dates and fluctuating interest rates.

We recommend that Grambling State University review its investment policies and procedures and ensure that all future investments comply with the maturity limitations outlined in the statutes. In addition, we recommend that management examine the existing securities and consider the most prudent action to take to comply with the statutes. In a letter dated December 13, 1994, Mr. Howard J. Craig, Acting Vice President for Finance, concurred with the finding and recommendation and stated corrective action has been taken (B-56).

Louisiana Procurement Code

For the second consecutive year, Grambling State University made lease payments in violation of the state procurement code. Approximately \$97,406 of such payments were made during the year ended June 30, 1994. In the calendar years 1989 and 1990, the university entered into eleven lease agreements for photocopiers with terms of 48 and 60 months with estimated payments totaling \$575,955. While these photocopiers were available on state contract, terms of the state contract provided for 36 monthly installments. Since the university elected not to follow the terms of the 36-month state contract, the leases should have been bid as required by

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the Louisiana Procurement Code. However, we are unable to determine that bids were taken. Louisiana Revised Statute 39:1594 requires contracts exceeding the amount allowed under the small purchases law (\$5,000) be awarded by competitive sealed bidding.

We were unable to obtain adequate information from the university to make a determination as to whether these are operating or capital leases. We obtained copies of order agreements from the vendor to estimate the total amount of lease agreements in effect during the audit period. An adequate internal control structure should provide management with the basis to accurately account for its assets and contractual obligations.

We recommend that management of the university become familiar with the Louisiana Procurement Code and comply with it. Furthermore, management should obtain complete records for each photocopier lease and establish the appropriate accounting records and controls for its lease agreements. In a letter of response dated January 18, 1995, Mr. Howard J. Craig, Acting Vice President for Finance, concurred with the finding and recommendation and stated corrective action has been taken (B-58).

Medicare Taxes

Grambling State University did not withhold the 1.45 per cent Medicare tax from 517 employees' salaries during calendar years 1987 through 1991. In addition, the university did not remit these funds, nor the matching 1.45 per cent employer's tax, to the Internal Revenue Service (IRS). Chapter 21 of the Internal Revenue Code (IRC) imposes a 1.45 per cent tax on wages received with respect to employment, requires that tax be collected by the employer through payroll deductions, requires the employer to remit the withholding to the IRS, and imposes a tax of 1.45 per cent of the wages to be paid by the employer.

As a result of management's lack of emphasis concerning withholding, matching, and remitting Medicare taxes, the university has calculated that it owes the IRS \$63,861 in employee contributions and an additional \$63,861 in employer contributions for these taxes. In addition, the IRS may impose interest on the unpaid taxes for all years and could also impose penalties of up to 25 per cent of the taxes owed for late payment, as well as an additional penalty of up to 25 per cent for failure to file when required. If the university remits the total \$127,722 to the IRS without recouping the employee portion, the university may violate Article 7, Section 14 of the Louisiana Constitution relating to donation of public funds.

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Grambling State University should file the required returns and remit the unpaid taxes to the IRS immediately. In addition, applicable interest and penalties imposed by the IRS after receiving the tax payment should be paid upon receipt. Finally, the university should consult with legal counsel relating to seeking restitution for the unpaid employee's portion of the taxes. In a letter dated December 5, 1994, Mr. Howard J. Craig, Acting Vice President for Finance, concurred with the finding and recommendation and stated corrective action will be taken (B-60).

Reporting to Civil Service

For the second consecutive year, Grambling State University did not report changes to the Louisiana Department of State Civil Service (Civil Service) for all of its unclassified employees in accordance with state law. Louisiana Revised Statute 42:290(A) requires the university to file with Civil Service the name, address, position, date of employment, place of employment, hours of work, and salary or per diem of each unclassified employee under its jurisdiction. The statute also requires that within 30 days of employment or change in any of the elements of employment, the university shall report such changes to Civil Service. We examined status change forms for 30 of approximately 250 unclassified employees with status changes and found that for 29, the changes had not been reported to Civil Service within the 30 days required by law. Failure of the university to report the required changes places the university in noncompliance with state law.

We recommend that the university report the required information timely to Civil Service for all of its unclassified employees as required by state law. In a letter of response dated January 18, 1995, Mr. Howard J. Craig, Acting Vice President for Finance, concurred with the finding and recommendation and stated corrective action has been taken (B-61).

Student Receivables

For the second consecutive year, Grambling State University extended credit to students for extended periods of time without having controls in place to ensure collection of these accounts. We tested 30 student accounts with outstanding balances from the 1994 spring semester, of which 23 were nonresidents. At June 30, 1994, these students owed a total of \$83,607 in tuition and fees, of which 14 students owed a total of \$11,277 for semesters before the 1994 spring semester. These 14 students were allowed to register and continue in school without paying off the previous semester's balances. In addition, of the 30 student accounts mentioned previously, there were 7 instances where the student was permitted to register based

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on the presumption of eligibility for student aid, which was subsequently denied because of errors made in the Financial Aid Office, or because of academic ineligibility, adverse credit, or delinquency. These 7 students were also allowed to continue in school.

Article 7, Section 14 of the Louisiana Constitution of 1974 provides that the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. In addition, an adequate internal control structure should include procedures to ensure compliance with laws and regulations, including the state constitution. The university does not have adequate controls in place to require students to pay all tuition and fees before the end of the semester. In such cases, if the student should leave school, the university is left with a receivable that is difficult to collect.

As a result of these deficiencies, student accounts receivable have increased to \$1,643,548 at June 30, 1994, net of accounts written off. Over the past five years, the university has written off approximately \$2.5 million of student receivables as uncollectible. It is our opinion that the large balance of student receivables coupled with the large write-off of those accounts appears to violate Article 7, Section 14 of the Louisiana Constitution of 1974, in that the credit of the State of Louisiana has been extended inappropriately, resulting in a donation of public funds.

The university should immediately pursue collection of student receivables to comply with the requirements of the Louisiana Constitution of 1974, and strengthen policies and procedures to control the student receivables in the future. In addition, we recommend that these policies and procedures specifically address the deficiencies identified previously. In a letter dated January 18, 1995, Mr. Howard J. Craig, Acting Vice President for Finance, concurred with the finding and recommendation and stated corrective action has been taken (B-62).

HEALTH AND HOSPITALS, DEPARTMENT OF

Annual Appropriation Act

The Department of Health and Hospitals, Office of the Secretary, expended funds that did not conform to the provisions of Act 14 of the 1993 Regular Session of the Louisiana Legislature. Louisiana Revised Statute 39:73(A) requires that obligations incurred or expenditures made will not exceed the amount appropriated. The department did not adequately monitor the

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billings of all its contractors and did not properly record liabilities for invoices received within 45 days of the end of the fiscal year. Consequently, liabilities of \$1,996,952 existed for services rendered before June 30, 1994, but were not recorded by the Office of the Secretary. As a result of recording these liabilities, the office's expenditures exceeded the appropriated amount by \$1,279,365, resulting in noncompliance with state law.

The Department of Health and Hospitals should monitor the billings of all contractors to determine that all services rendered by the end of the fiscal year are billed timely and should assure that all invoices received within the 45 day accrual period are classified and recorded into the proper fiscal year. In a letter dated December 15, 1994, Mr. Stan Mead, Director, Division of Fiscal Management, stated that management concurred with the finding and recommendation and corrective action will be taken by the department (B-65).

Code of Ethics

The manager for Region 6 (contract monitor) within the Office of Alcohol and Drug Abuse did not comply with certain provisions of the Louisiana Code of Governmental Ethics and departmental policy. Louisiana Revised Statute 42:1112(A) and departmental policy prohibit a state employee from participating in a transaction in which he has a substantial economic interest. This manager, assigned to approve payments and monitor the contract between the Department of Health and Hospitals and the Louisiana Black Alcoholism Council, Inc., cosigned a promissory note for \$10,000 between the Louisiana Black Alcoholism Council, Inc., and the Farmers Bank and Trust of Cheneyville. A similar arrangement was entered for fiscal year 1995, although the amount increased to \$15,000. Because of the manager's economic interest in the contractor, the department's risk that all payments made to the contractor are not legitimate obligations of the state is increased. The manager acted independently without the knowledge and approval of management even though the department has written policies and procedures to require and enforce compliance with the Louisiana Code of Governmental Ethics.

The department should reassign the contract monitoring duties of the manager until this particular impairment is removed. Furthermore, the department should reemphasize to all employees the need for compliance with departmental policies and procedures requiring adherence to all provisions of the Louisiana Code of Governmental Ethics. In a letter dated December 8, 1994, Mr. Joseph Williams, Jr., Assistant Secretary, Office of Alcohol and Drug Abuse, concurred with the finding and recommendation and stated that another monitor has been assigned effective November 15, 1994. In addition, in a letter dated December 21, 1994,

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Mr. H. K. "Woody" Sweeney, Undersecretary, issued a memorandum to all employees reminding them of their obligations under the Louisiana Code of Governmental Ethics (B-71).

Medical Assistance Trust Fund

The Department of Health and Hospitals (DHH) has not maintained adequate controls over fees due from providers to the Medical Assistance Trust Fund to ensure that amounts reported by providers are accurate and to enforce collections of outstanding provider balances. Fees due to the Medical Assistance Trust Fund are established by Louisiana Revised Statutes (LSA-R.S.) 46:2601-2605. Providers are responsible for preparing and submitting reports of fees due to the fund and for remitting payments at that time. A good system of internal control would provide assurance that all fees are accurately reported and remitted by providers, recorded by the department, and would ensure that all available means of enforcing collections were used. Trust fund collections totaled \$77,715,392 for the year ended June 30, 1994. Our review of the accounts receivable balance and collections for the Medical Assistance Trust Fund disclosed the following:

1. The department has a contract with an independent accounting firm for audits of fees due from pharmacies. Pharmacy fee collections constitute only 5 per cent of total collections. No other audit procedures/contracts were in place for any other provider types that make up the remaining 95 per cent of collections, nor were any other procedures in place to provide assurance that providers are reporting and remitting the correct fees.
2. The department is not adequately enforcing fee collections. Based on the providers who have filed reports for the quarter ended May 31, 1994, we estimate these providers owe a total of \$3,204,115; \$129,960 more than the original amount reported by the department. These providers have been delinquent ranging anywhere from 10 months to 23 months (inception date of program). Relating to the \$3,204,115, 93 per cent is owed by only 14 providers with one provider owing 60 per cent (\$1,909,332) for 3 facilities.
3. The department has not enforced the requirement that all providers report fees established in LSA-R.S. 46:2601-2605. At June 30, 1994, 61 providers had not filed reports for periods ranging from 2 to 8 quarters. Based on the number of beds available to the providers and the average occupancy rate, we estimate

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these providers owe the department \$1,020,145; \$107,392 more than the original amount reported by the department.

4. The accounts receivable system does not automatically update accounts for interest and penalties charged to providers. Our estimate of interest and penalties resulted in an increase to receivables of \$679,252.
5. The accounts receivable system used by the department does not produce aging reports.

As a result of the deficiencies mentioned previously, we estimate that the accounts receivable balance in the Medical Assistance Trust Fund was understated by \$916,604, or 7 per cent, of the outstanding balance reported at June 30, 1994. After our review, proposed audit adjustments were accepted by the department and incorporated into the Comprehensive Annual Financial Report (CAFR) of the State of Louisiana.

Failure to establish adequate controls over reports filed by providers increases the likelihood that material misstatements in fees due can occur or that errors may occur and go undetected. In addition, the longer provider balances remain past due, it is unlikely that they will be collectible, resulting in lost revenues. Finally, failure to establish controls in the accounts receivable system decreases the ability to adequately monitor amounts due and collect amounts that become past due.

The department should establish procedures to ensure accurate monitoring and reporting of fees due from providers to the Medical Assistance Trust Fund and for enforcement of collections of past due balances. Furthermore, the department should implement measures that will enable it to produce accurate aging reports, automatically calculate penalty and interest, maintain complete account histories, et cetera. In a letter dated December 9, 1994, Mr. Stan Mead, Director of Fiscal Services, concurred with the finding and recommendation and outlined the plan of corrective action to be implemented by the department (B-79).

Time and Attendance Records

The Department of Health and Hospitals does not have adequate internal control procedures to ensure compliance with the Department of State Civil Service rules and regulations relating to the certification of employee time and attendance records. An adequate system of internal control and Civil Service Rule 15.2 require the employee and supervisor (appointing authority)

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to certify the number of hours of attendance or absence from duty on the time and attendance records. This would minimize the risk that time and attendance records are processed for nonexistent or former employees or that these records are processed with incorrect hours worked/and or leave taken.

The department assigns an appointing authority to each cost unit and requires that the appointing authority approves the time and attendance record of employees in his or her cost unit. However, the department allows the appointing authorities to approve their own time and attendance records, thereby creating an internal control weakness and noncompliance with Civil Service Rule 15.2.

In our test of 16 managers' time and attendance records for pay period ending June 3, 1994, 15 of the 16 managers were designated as the appointing authority for their cost unit. Of the 15 managers tested, 7 certify their own time and attendance record, and 5 allow their timekeepers to approve their time and attendance record. In addition, 2 managers' time and attendance records are not certified by anyone.

The Department of Health and Hospitals should revise its personnel policies to ensure compliance with Civil Service Rule 15.2. In addition, the department should instruct all timekeepers to ensure that all time and attendance records contain the appropriate certifications before they are processed into the On-Line Time and Leave Entry System. Furthermore, the timekeepers should return any time and attendance records with missing signatures for correction before paychecks are issued. In a letter dated December 13, 1994, Mr. Stan Mead, Director of Fiscal Services, concurred with the finding and recommendation and further stated that the department has taken appropriate action to implement the recommendation (B-90).

LABOR, DEPARTMENT OF

Annual Appropriation Act

For the second consecutive year, the Louisiana Department of Labor (LDOL) expended funds that did not conform to the provisions of the annual appropriation act (Act 14 of the 1993 Regular Session of the Louisiana Legislature). Louisiana Revised Statute (LSA-R.S.) 39:73(B) provides that expenditures for which appropriations are made in the General Appropriations Act and the incurring of obligations to spend money must conform strictly to the program and amount specified in the budget of each agency. In its Community Service

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Block Grant Program, the department expended funds exceeding the appropriated amount by \$1,598,350 because it failed to monitor and amend its annual budget for actual program expenditures. The program had actual expenditures of \$10,548,122 compared to budgeted expenditures of \$8,949,772.

The department should monitor and amend its budget with respect to expenditures to avoid any overexpenditure of appropriated funds as provided by LSA-R.S. 39.73(B). Management of the department concurred with the finding and recommendation. See management's response at B-94.

Payroll Policies and Procedures

The Louisiana Department of Labor (LDOL) distributes employees' payroll checks before the end of the biweekly payroll period. In addition, employees submit their time sheets and leave slips to their respective supervisors for processing on a monthly basis. These procedures are not in compliance with state laws and regulations. Article 7, Section 14 of the 1974 Louisiana Constitution prohibits the donation of funds, credit, property, or things of value of the state or any political subdivision. Also, Chapter 15, Part 2 of the State Civil Service rules and regulations requires that the appointing authority certify on each payroll or subsidiary documents the fact of the actual rendering of service.

The LDOL normally distributes employees' paychecks on the Friday before the payroll period ending at midnight on Saturday. In addition, in our test of 127 employees, we found that 12 employees cashed or deposited their payroll checks on Wednesday or Thursday before the pay period ending on Saturday. The issuance of payroll checks in advance of the payroll ending period is, in effect, a loan to the employees for salaries not yet earned. This procedure is prohibited by Article 7, Section 14 of the 1974 Louisiana Constitution.

We also examined the payroll records for 19 employees from one payroll period out of 22 available payroll periods and found that the employees prepare and submit time sheets on a monthly basis but are paid on a biweekly basis. This procedure of monthly time sheets does not provide the department's management and/or State Civil Service with the certifications required by the rules and regulations relating to payroll and attendance.

The department should revise its policies and procedures for employee time sheets and distribution of paychecks. The LDOL should establish a time period between the payroll period end and the distribution of payroll checks. In addition, each employee should be required to

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complete and submit a signed time sheet for each biweekly pay period to the appropriate supervisor. The supervisor should certify the time and attendance and submit it to personnel for processing. In a written response, management of the department concurred with the finding and stated that the payroll pay date has been changed, and monthly time sheets will be changed to a biweekly period. However, the change in time sheets requires EDP programming changes and is planned in the near future (B-97).

LEONARD J. CHABERT MEDICAL CENTER

Contract Approval

Leonard J. Chabert Medical Center made payments on professional services contracts before approval of the contracts. Louisiana Administrative Code 34:V121 requires the medical center to procure approval of professional services contracts within 60 days of the effective date of the contract. Leonard J. Chabert Medical Center did not submit various professional services contracts for approval by the director of the Office of Contractual Review in a timely manner. As a result, the medical center made payments of \$1.38 million on contracts before their approval. This places the medical center in noncompliance with contract rules and regulations.

We recommend that Leonard J. Chabert Medical Center adopt procedures to ensure all contracts are submitted timely to the Office of Contractual Review for approval. In a letter dated March 30, 1994, Mr. William Mohon, Hospital Administrator, stated that he did not concur with the finding. He stated that submission of contracts are done on a timely basis at the medical center; however, there are problems with timely approval through a very cumbersome process in Baton Rouge. He also stated that the medical center must maintain staffing for the care and service to its patients, and they cannot withhold payments for a great length of time awaiting contractual review approval. He stated that services are rendered by the vendor, and state law requires payments to be made within 90 days of invoice. Mr. Mohon stated that the conflicting laws result in a quandary as to which state law supersedes.

Management of the Louisiana Health Care Authority also responded to the finding that there is difficulty surrounding the timely submission and approval of professional services contracts. The authority is holding discussions with the Office of Contractual Review to find a more easily maintained system of contract approval and which will allow more flexibility for hospitals to manage their resources. Should a solution not be forthcoming through discussions

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with the Office of Contractual Review, the authority will seek legislative changes which would correct the problem (B-98).

LOUISIANA HEALTH CARE AUTHORITY

Payroll Controls

The Louisiana Health Care Authority does not have an adequate internal control structure over its payroll function to ensure proper segregation of duties and compliance with state rules and regulations. An adequate system of internal control provides for the segregation of duties such that one person would not be placed in a position both to initiate and to conceal errors or irregularities in the normal course of their duties. In addition, adequate controls and Civil Service Rule 15.2 require the employee and supervisor to certify the number of hours of attendance or absence from duty on the time and attendance records. This minimizes the risk that time and attendance records are processed for nonexistent or former employees or that records are processed which contain incorrect hours worked/and or leave taken. We noted the following weaknesses during our review and test of payroll controls:

1. The payroll supervisor performs all payroll changes, such as additions and deletions, to the Uniform Payroll System (UPS) without subsequent review by an employee not involved in payroll preparation. In addition, the payroll supervisor initially receives payroll checks from UPS for distribution to the designated timekeepers.
2. The timekeepers perform an incompatible function in that the same employee who keys in the time and leave also reviews the UPS reports and verifies the data input into the system.
3. In our sample of 15 payroll transactions, we noted that (1) 8 employees did not initial the time and attendance record; (2) 10 employees' supervisors did not approve the time and attendance record; (3) 2 directors approved their own time and attendance records; (4) 5 employees did not have the proper leave slip to support leave recorded on the time and attendance record; (5) in 3 instances, the leave register did not agree to the time and attendance record.

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Because the authority has limited staff resources and has not emphasized the importance of following procedures with their employees, errors and/or irregularities could occur and not be detected in a timely manner and could subject the authority to noncompliance with state rules and regulations.

The Louisiana Health Care Authority should implement procedures to ensure that responsibilities for payroll functions are segregated and that Civil Service Rule 15.2 is followed. Management of the authority generally concurred with the finding and recommendations. See management's response at B-107.

**LOUISIANA STATE UNIVERSITY
AGRICULTURAL CENTER****Unreported Funds**

The Louisiana State University (LSU) Agricultural Center did not report on its June 30, 1994, financial statements funds held in the custody of its employees at the various parish cooperative extension service offices. The National Association of College and University Business Officers (NACUBO) Financial Accounting and Reporting Manual for Higher Education and the American Institute of Certified Public Accountants (AICPA) College Guide state that funds held by an institution as custodian or fiscal agent for others should be reported in the financial statements as agency funds. If immaterial in amount, the funds may be reported in the current funds group. In addition, Louisiana Revised Statute (LSA-R.S.) 39:79 provides that all state agencies and component reporting units will furnish, within 45 days of the fiscal year-end close, a sworn statement of all monies received and from what sources, all monies expended and for what purposes, all revenue due and not collected, and all obligations incurred and not paid to the Commissioner of Administration. Furthermore, regulations of the Division of Administration require universities to annually prepare financial reports on all accounts and the results of financial transactions for such accounts.

Based on our inquiry, the LSU Agricultural Center officials disclosed the existence of 449 bank accounts (demand deposits, saving accounts, and certificates of deposit) with balances totaling \$1,471,261 at September 30, 1994. These accounts are for parish 4-H Clubs and various agricultural associations and community organizations that parish cooperative extension service employees maintain as the custodian or fiscal agent. The LSU Agricultural Center considered these monies private funds and were not aware of the reporting requirements for

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these funds. These accounts have not been subject to audit during the annual audits of the LSU System.

The existence of these bank accounts indicates that the LSU Agricultural Center may have also violated LSA-R.S. 39:371(A)(1), which states that all banking and checking accounts opened or to be opened by state agencies must have the approval of the Cash Management Review Board in writing.

The LSU Agricultural Center should account for and report all accounts that any of its employees maintain in accordance with generally accepted accounting principles as prescribed by NACUBO and the AICPA Audit Guide. In addition, the agricultural center should comply with state laws and regulations. Management of the agricultural center concurred with the finding. However, rather than accounting for and reporting these funds, management has chosen to remove them from the custody and control of university employees (B-119).

LOUISIANA STATE UNIVERSITY
MEDICAL CENTER - NEW ORLEANS

Louisiana Procurement Code

The Louisiana State University Medical Center (LSUMC) failed to follow the state procurement code and the chancellor's policy memorandum for certain food purchases and rental of facilities. Louisiana Revised Statute 39:1596, Section 3b, requires telephone or facsimile quotations from at least three bona fide, qualified bidders before qualified purchases are to be made. Qualified purchases are defined in Executive Order number EWE 92-53 as any procurement not exceeding \$5,000 or procurement of convention and meeting facilities regardless of price. LSUMC Policy Memo #5 titled "Entertainment of Visitors" provides criteria for the occasion and types of expenditures that may be incurred with the approval of the chancellor. LSUMC incurred \$160,405 of food and \$301,361 of official functions/entertainment expenditures for the year ended June 30, 1994.

Our review of 32 items for these type expenditures disclosed 4 items totaling \$95,398 that were not secured by telephone or facsimile quotations. This amount includes a single payment of \$91,258 during fiscal year 1994 on a rental contract with the Hyatt Regency Hotel for conference and convention facilities for specified dates covering a four-year period ending September 13, 1994. In addition, we found 3 expenditures totaling \$4,667 that were not

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approved by the chancellor and one expenditure of \$846 for alcoholic beverages that is specifically not allowed under LSUMC Policy Memo #5. Failure to follow the state procurement code and the LSUMC policies increases the risk that goods or services may be purchased without either obtaining the best possible price or the authority to make the purchase.

We recommend that the medical center follow the Louisiana Procurement Code and its own established policies and procedures relating to food and official function/entertainment expenditures. Management of the medical center concurred with the finding and recommendation. See management's response at B-127.

Theft of Funds

During fiscal year 1994, a theft occurred at Residence Hall of the Louisiana State University Medical Center (LSUMC). Good internal controls include policies and procedures to ensure that assets are safeguarded and errors or irregularities are identified timely. In addition, Louisiana Revised Statute 14:67 prohibits any person from taking anything of value that belongs to another (theft). In a report dated November 8, 1993, the medical center's internal auditor informed management of Residence Hall of weaknesses in internal controls and made six recommendations that management agreed to implement. Management of Residence Hall did not implement five of the six recommendations. Subsequently, a former employee stole approximately \$2,800 and another \$660 could not be accounted for. The possibility of misappropriation was first suspected by the Residence Hall manager in March 1994 when a student requested a refund of his damage deposit; however, the manager did not report the concern until mid-July 1994 when he was interviewed by our auditor. We believe that if the internal auditor's recommendations had been implemented, this theft could have been prevented or detected in a timely manner.

We recommend that management implement the recommendations made by the medical center's internal auditors. In addition, we recommend that the manager of Residence Hall provide the Vice Chancellor for Institutional Affairs with a monthly accounting of occupancy and rental revenue, establish a monthly tenant billing procedure for rent, and discuss with Accounting Services the feasibility of transferring the collection function from Residence Hall to the Cashier's Office in the Resource Center. Whether collection is by the Cashier's Office or Residence Hall the collection procedure should require that sequentially prenumbered receipts are issued for all funds received. We also recommend that LSUMC consult with its legal counsel to determine the appropriate action to be taken against the former employee

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involved. Management of the medical center concurred with the findings and recommendations. See management's response at B-132.

LOUISIANA TECH UNIVERSITY

Reporting to Civil Service

Louisiana Tech University did not report all status changes for its unclassified employees as required by state law. Louisiana Revised Statute (LSA-R.S.) 42:290 and Department of State Civil Service General Circular No. 1100 require the university to file any changes in the elements of employment of unclassified employees with the Department of State Civil Service within 30 days of the change.

For the fiscal year ended June 30, 1994, we selected a sample of 30 employees that included all employees (students, classified, unclassified, et cetera). Our review of the personnel files for three of the unclassified employees (assistant professors) showed that the university had reported properly the original employment status on the required Civil Service form, SF-1. The original SF-1 form for employment of these three employees was for nine-month employment. However, all three employees worked the summer school session that was a change in status. The personnel files did not have the appropriate SF-1 for the change in status. The university personnel director said that he was not aware that he had to file a revised SF-1. Also, the records for the fiscal year showed that approximately 119 of 371 nine-month unclassified employees worked outside their original employment status. We did not extend our audit tests to determine the exact number of these employees whose change in employment was not reported to State Civil Service.

Failure to report the employee status change of its unclassified employees could lead to misinformation based on lack of current data. The university should review all unclassified employee personnel files and submit the required change in status (SF-1) for those unclassified employees with a change in status as required by LSA-R.S. 42:290 and Civil Service General Circular No. 1100. In a written response, Mr. George W. Byrnside, Vice President for Administrative Affairs, stated that the university has never considered that retention of a nine-month faculty employee to teach during all or part of a summer quarter constitutes a change in employment status. He further stated that beginning with the 1995 summer quarter, the university will comply fully with the requirements of LSA-R.S. 42:290 and Department of State Civil Service General Circular No. 1100 (B-145).

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NORTHWESTERN STATE UNIVERSITY

Advance Salary Payments

Northwestern State University issued its unclassified (non-faculty) payroll of \$351,192 on December 17, 1993, which was 14 days before the pay period ended on December 31, 1993. Article 7, Section 14(A) of the Louisiana Constitution of 1974 states, in part, that funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. Management states that instructions were given to employees that the checks were not to be negotiated until December 31, 1993; however, 57 employees cashed checks totaling \$101,916, before December 31, 1993. The distribution and negotiation of payroll checks before the end of the pay period results in a loan or donation of funds in violation of the Louisiana Constitution of 1974.

We recommend that Northwestern State University only pay salaries to its employees at the end of the pay period. In a letter dated September 16, 1994, Dr. Robert Alost, President of Northwestern State University, stated that "To avoid future conflicts between holiday periods and pay dates, unclassified employee pay dates which have conflicted with holiday periods, have been designated as the first working day following the close of the month for which they are being paid. This change in procedure will prevent conflicts with holiday periods." (B-150)

ORLEANS LEVEE DISTRICT

Advance of Public Funds

On July 1, 1994, the Orleans Levee District paid \$260,000 to a computer consulting firm before services were rendered, thereby constituting a loan of public funds. Article 7, Section 14(A) of the Louisiana Constitution of 1974 states in part that the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, donated to or for any person, association, or corporation, public or private. In addition, during the fiscal year ended June 30, 1994, the levee district expended \$159,286 in excess of two signed and approved contracts with this same computer consulting firm. It is the policy of the levee district to have signed contracts to support professional services, and good business practices require that costs be monitored and contract provisions be enforced.

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By advancing funds to the consulting firm, the levee district loses interest that could be earned on the funds and increases the risk that the levee district could lose public funds if the consultants were unable to provide the required services. Furthermore, as a result of expending monies in excess of the signed and approved contracts, the levee district is without documentation to substantiate that payments made were agreed upon by both parties and were for specific services requested by the levee district.

The Orleans Levee District should recover that portion of the \$260,000 advance payment that represents unearned amounts. In addition, the levee district should only pay for professional services actually received and supported by board approved contracts and change orders. The director of the levee district stated that the \$260,000 advance payment represented a good faith agreement and deposit of start-up funding (seed money) for a major project and that this concept of start-up funding has been employed in prior years for major projects of the levee district. In addition, the director considers the approval by the levee district's board of a budget amendment that covers the excess expenditures over the contracts as also approving the changes to the contract (B-155).

Additional Comments: Although the levee district considered this advance payment a good faith agreement (seed money), it represents a payment for services that have not been rendered and would be considered a loan in violation of Article 7, Section 14 of the Louisiana Constitution of 1974. Also, the levee district's board approval of a budget amendment does not substantiate that payments made were agreed upon by both parties and were for specific services requested by the levee district.

Ethics Violation

A commissioner of the Orleans Levee District failed to make disclosures that appear to be required by Louisiana ethics law. Louisiana Revised Statute (LSA-R.S.) 42:1114 requires certain disclosures if any commissioner and/or any member of his immediate family derive any thing of economic value through a person who has bid on or entered into or is in any way financially interested in any contract, subcontract, or other transaction involving the Orleans Levee District. In this instance, a commissioner of the levee district received improvements to his warehouse in lieu of rent from a partnership that received a contract for consulting, engineering, and construction management from the Orleans Levee District, but the commissioner did not disclose this to the Commission on Ethics for Public Employees.

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The commissioner alleges that he received verbal assurance from the levee district's legal counsel that since he did not receive rent in cash, he did not have a problem with the ethics law. However, we believe that disclosure of this transaction should have been made and failure to do so may violate the disclosure requirement of LSA-R.S. 42:1114.

The commissioner and/or the Orleans Levee District should ensure that proper disclosure is made in accordance with Louisiana law. In a written response from the director of the levee district, we were informed that the board member discussed this matter with its acting general counsel and decided that his actions were not improper because there was no cash benefit or material influence relative to the engagement of the consultant services to the district. In addition, we received a copy of a letter from the levee district's acting legal counsel to the director stating that in his opinion there was no ethics violation because the improvements to the board member's warehouse occurred before his appointment to the levee district's board (B-157).

Additional Comments: Although the improvements may have occurred before the commissioner's appointment to the levee board, the improvements are long term in nature, and the consulting firm remains a tenant at the warehouse owned by the commissioner even as they act in a consulting capacity to the levee board. To clarify this matter, the levee district should obtain an opinion from the Commission on Ethics for Public Employees as to the necessity of disclosing this relationship.

Legal Services Contracts

During the year ended June 30, 1994, Orleans Levee District did not comply with either Louisiana law or established policies of the levee district with regard to certain legal services contracts. The instances of noncompliance include the following:

1. Orleans Levee District could not provide evidence of written contracts for \$428,744 of \$1,087,061 for legal services provided by three of four law firms included in our sample. Good business practices and levee district policies require the levee district to obtain written agreements for its legal services. Without written contracts, the levee district lacks documentation to substantiate that payments made were agreed upon by both parties and were for specific services requested by the levee district. In addition, budget control for professional legal services cannot be monitored as a planning device.

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2. Orleans Levee District entered into an agreement with the general counsel of the levee district that provided for quarterly advance payments to the general counsel for services. Article 7, Section 14 of the Louisiana Constitution of 1974 provides that the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. Advance payment to the general counsel is, in effect, a loan of public funds. We also noted that the invoices for the general counsel did not itemize all work performed each calendar month. Good business practices and the contract with the general counsel require that supporting documentation be provided before authorization to pay the voucher. Without an itemized invoice, the levee district could not detect excess charges for services rendered by the general counsel.
3. Orleans Levee District paid hourly rates in excess of those approved by the attorney general for professional legal services to one of its outside attorneys. A memorandum from the attorney general dated January 30, 1992, stated that the approved maximum hourly fee schedule for professional legal services is \$150 per hour for attorneys having experience of ten years or more in the practice of law. The levee district has to receive authorization from the attorney general to pay in excess of the maximum hourly fee. While the levee board had permission from the attorney general to pay one of its outside attorneys in excess of the hourly rate of \$150 per hour for one legal matter, it did not have permission to pay a total of \$4,525 in excess of the hourly rate of \$150 for other legal matters handled by this attorney.

With regard to legal services obtained and paid for by the levee district, we recommend that the levee district (1) ensure that its policy for written contracts for professional legal services be followed in the future, (2) discontinue making payments in advance and require an itemization of all work performed when counsel submits an invoice for services rendered, and (3) review the invoices for professional legal services to ensure that the fees charged do not exceed the authorized rate, unless there is an approval from the attorney general for each legal matter handled by outside attorneys. Management of the levee district concurred with the finding and recommendation. See management's response at B-159.

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Private Police Details

The Orleans Levee District did not comply with federal withholding laws and also bypassed its regular payroll system by paying \$146,272 through its accounts payable system to certain employees for private police details at the Star Casino. Star Casino reimbursed the levee district for these private police details. Since the police details are scheduled and supervised by levee district employees and are paid through the levee district, an employer-employee relationship continues to exist. Internal Revenue Code Sections 3101-3509, paragraph 6501, indicates that the employer must withhold, deposit, report, and pay federal and state income tax, social security (if applicable), Medicare taxes, and federal and state unemployment taxes (if applicable). Instead of including the wages on the employee's W-2 for 1993, the levee district gave these employees a Form 1099. Under both federal and state regulations, the levee district could be liable for penalties and additional tax liabilities. In addition, having employees paid through both the payroll system and the accounts payable system increases the risk that errors and/or irregularities could occur and not be detected. We found two instances where police officers were paid amounts totaling \$87.14 for the same hours claimed through the payroll system and the accounts payable system. Furthermore, the levee district could be liable for the actions of its police officers while on the private police details.

The Orleans Levee District should discontinue supervision and payment of its police for off-duty private police details. The private business receiving the services should contract with the off-duty levee district police for these services. Management of the levee district concurred with our finding and recommendation. See management's response at B-161.

Soliciting and Accepting Gifts

The Orleans Levee District may have violated Louisiana ethics laws when its employees solicited and received payments totaling \$5,030 from several of the levee district's consultants and vendors for the purpose of honoring the levee district's retiring managing director. The former managing director accepted \$2,798 in cash and another \$1,954 in gifts. The Code of Governmental Ethics, Louisiana Revised Statute 42:1115(B) states that "No public employee shall solicit or accept, directly or indirectly, anything of economic value as a gift or gratuity from any person or from any officer, director, agent, or employee of such person, if such public employee knows or reasonably should know that such person: (1) Conducts operations or activities which are regulated by the public employee's agency. (2) Has substantial economic interests which may be substantially affected by the performance or nonperformance of the public employee's official duty." To honor the levee district's managing director upon

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his retirement, a committee of levee district employees solicited funds from vendors and consultants of the levee district that may violate Louisiana ethics laws.

We recommend that management of the levee district become familiar with and comply with the requirements of the Code of Governmental Ethics. In a written response, the director of the levee district stated that management will review this matter further and will request that the levee district's legal department determine if further action should be taken with the State Ethics Board (B-163).

Vending Machine Commissions

Since October 16, 1989, the Orleans Levee District allowed public funds totaling \$8,219, which were obtained from commissions from the operation of vending machines on levee district property, to be expended by an employee's association for gift certificates for certain employees. Since gift certificates would not be considered compensation for services rendered, the levee district appears to have violated Article 7, Section 14 of the Louisiana Constitution of 1974. The article provides that the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

In an apparent effort to provide additional benefits to its employees, management ignored the advice offered by its legal counsel in a memo dated October 7, 1977, which stated that profits derived from vending machines would be subject to all the rules and regulations concerning public funds. As a result, each year at Christmas, public funds were used to purchase gift certificates for certain employees of the Orleans Levee District. The transactions of the bank account covering these activities have not been recorded on the books or the financial statements of the Orleans Levee District. However, the levee district informed us that the practice of providing gift certificates from vending commissions has been discontinued.

We recommend that the levee district recover any remaining unspent public funds resulting from vending machine commissions and record this activity on the books and financial statements of the Orleans Levee District. Management of the levee district stated in a written response that the matter is under review and follow-up action will be taken upon recommendation of the levee district's legal department (B-164).

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(Continued)

PUBLIC SAFETY AND CORRECTIONS,
DEPARTMENT OF, CORRECTIONS SERVICES

Payroll Exceptions

The Department of Public Safety and Corrections, Corrections Services, has not performed the procedures necessary to ensure it has adequate internal controls over payroll and time and attendance records. A good internal control structure requires that adequate control procedures be in place to reduce the risk that payroll related errors and irregularities by employees and their supervisors could occur and not be detected in a timely manner. In addition, Civil Service Rule 15.2 and department regulations require certification of hours worked and leave taken.

We found that certain institutions within Corrections Services are not applying department policies and procedures consistently or complying with Civil Service rules relating to the certification and accuracy of time and attendance records. Payroll data entered into the Uniform Payroll System (UPS) is not always supported by the time and attendance records.

Time and Attendance Records

We selected a sample of 135 payroll transactions and tested them for consistent treatment. We found 17 (13 per cent) employees with similar classifications and circumstances that did not have their hours worked and/or leave recorded consistently. The errors occurred, in part, because the timekeepers were not knowledgeable of how to record leave and hours worked and there was a lack of supervision and review.

We also performed tests on 35 time and attendance records at three institutions. A summary of exceptions follows:

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<u>Exceptions by Institution</u>				
<u>Attribute Tested</u>	<u>Prison Enterprises</u>	<u>Louisiana Training Institute - Baton Rouge</u>	<u>Wade Correctional Center</u>	<u>Total</u>
Noncompliance with Civil Service Rule 15.2 - Employee should sign a time and attendance record (sign-in sheet) and attendance record (leave slip).	1	6	1	8
Sign-in sheets are not approved by the supervisor.	5			5
Leave slips do not match sign-in (time and attendance) records.	2			2
Leave slips not signed by the supervisor.	1	1	1	3
Overtime entered in UPS with no supervisory approval on Overtime Report Form.	2			2
Overtime entered in UPS with no indication of approval rate on Overtime Report Form.	1	1		2
Employee approved his own attendance record, overtime report, and prior period payroll adjustment.	1			1
Total	13	8	2	23
Sample size by institution	21	12	2	35

Furthermore, we scanned the time and attendance records at Wade Correctional Center for the entire institution for 5 pay periods and found that at least 12 of the 31 payroll sections did not have supervisor's signatures on the time and attendance forms. We also found 2 leave slips, each for 80 hours of sick leave, and another leave slip for 32 hours of sick leave completed with an explanation and signed by a supervisor but not signed by the employee. There were no Extended Leave Request Forms or doctor's statements in the time and attendance records for these employees.

Inadequate internal controls, violation of Civil Service rules, and the inconsistent interpretation of department policies and procedures can cause errors or irregularities in the wages paid and/or leave accumulation.

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Employees Overpaid

In our test of the 135 payroll transactions noted previously, we found the following instances where employees were overpaid. The errors at Prison Enterprises occurred, in part, because the same person performs the payroll and personnel duties. The error at Louisiana Training Institute - Baton Rouge occurred, in part, because the person is not supervised and the work performed is not reviewed in a timely manner.

A Prison Enterprises employee was overpaid a total of \$230; this includes a \$157 error in overtime and a \$73 error in calculating a pay adjustment. The Director of Prison Enterprises waived the reimbursement of this overpayment.

The Prison Enterprises payroll office did not terminate an employee on his last date of service. Consequently, the former employee was overpaid \$1,656, for eight weeks from June 11, 1993, to July 23, 1993, and has repaid only \$310 as of June 30, 1994.

A supplemental check was issued in November 1993 to pay a Louisiana Training Institute - Baton Rouge employee for 288 hours. The explanation on the check request states "Leave Without Pay (LWOP) decision rescinded." Records indicate that sick leave was approved for the period originally charged to LWOP. However, the supplemental check was for 48 hours more than the original number of hours charged to LWOP. Furthermore, the employee received a merit increase while on leave, but the supplemental check was calculated on the latest pay rate instead of time at the old and new pay rate. The total amount of the overpayment was \$496. This amount has been repaid.

Payroll Deduction Error

During our review of other controls over payroll, we noted in June 1993 where a Prison Enterprises employee was notified that social security taxes were withheld on taxable wages during a period in 1992 when state retirement should have been withheld. The department issued an amended W-2 for 1992, reimbursed the social security taxes withheld, and collected the state retirement contribution during 1993. However, the entries were not posted correctly. The errors resulted in an incorrect amended W-2 for 1992 and an incorrect W-2 for 1993.

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We recommend that the department adhere to its own payroll policies and procedures by having all employees correctly complete sign-in sheets, leave slips, and Report of Overtime Forms, with proper approval by a supervisor, and adhere to Civil Service Rule 15.2. The department should continue to seek restitution for the overpayment and ensure that all payroll records are corrected. In addition, the payroll and personnel duties at Prison Enterprises should be segregated. Other employees who perform payroll functions should be appropriately supervised and their work should be reviewed. In letters dated November 16 and 21, 1994, Mr. James M. LeBlanc, Undersecretary/Chief of Staff, stated that the department agrees with the findings and has taken steps to strengthen its internal control over its payroll time and attendance records. He also stated that the department will make every effort possible to collect these monies (B-185 and B-186).

REGIONAL MANAGEMENT CENTER 3, HOUMA

Cash Management Review Board Authorization

Regional Management Center 3, Houma did not secure approval from the Cash Management Review Board, as prescribed by Louisiana Revised Statute 39:372(A)(1), to open and operate three bank accounts at two of its institutes. Our review of the institutes' bank accounts disclosed the following:

Young Memorial Technical Institute

Young Memorial Technical Institute operates two checking accounts that are used to collect and disburse private funds. One account, opened on June 4, 1991, is for money collected in association with the Vocational Industrial Clubs of America, Incorporated (VICA). The other account, opened on October 8, 1991, is used to collect and distribute funds to be used for scholarships for eligible students. The institute did not submit its authorization request for both accounts to the board until April 11, 1994.

Thibodaux Area Technical Institute

Thibodaux Area Technical Institute also operates a checking account for the collection and disbursement of private funds for the VICA organization. This account was opened on January 21, 1993, and the authorization request was not submitted to the board until April 17, 1994.

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Failure to secure approval for all bank accounts places Regional Management Center 3, Houma in noncompliance with state laws and regulations. This may also result in the opening of an account that the Cash Management Review Board would deem improper.

Regional Management Center 3, Houma should ensure that approval from the Cash Management Review Board is obtained for all bank accounts before they are opened. Management concurred with the finding and recommendation. See management's response at B-194.

SOCIAL SERVICES, DEPARTMENT OF

Time and Attendance Records

For the second consecutive year, the Department of Social Services did not ensure that all payroll sign-in/out sheets (official time and attendance records) were certified by employees and/or the employee's supervisor. We examined sign-in/out sheets for five pay periods at 32 offices and found that 128 sign-in/out sheets had not been certified by a supervisor and 219 employees had not certified the sign-in/out sheets. An adequate system of internal control and Civil Service Rule 15.2 require the employee and supervisor to certify the number of hours of attendance or absence from duty on the time and attendance records. This would minimize the risk that time and attendance records are processed for nonexistent or former employees or that these records are processed which contain incorrect hours worked and/or leave taken.

The department should instruct all timekeepers to ensure that all payroll sign-in/out sheets contain the appropriate certifications as required by Civil Service Rule 15.2 before they are processed into the On-Line Time and Leave Entry System. The timekeepers should return any sign-in/out sheets with missing signatures for correction before paychecks are issued. In a letter of response dated August 30, 1994, Mr. Al Sanford, Director, Division of Fiscal Services, stated that management concurred with the finding and recommendation and outlined the plan of corrective action to be implemented by the department (B-207).

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SOUTHERN UNIVERSITY SYSTEM

Payroll and Personnel

The three campuses of the Southern University System have not complied with certain university policies and procedures and Civil Service rules and regulations relating to proper authorization of positions and salaries for employees. Also, they do not always pay student employees for all hours worked and ensure that student work hours and class hours do not overlap. We tested payroll transactions for 25 regular employees and 25 student employees on each of the three campuses of the Southern University System and determined the following:

- Louisiana Revised Statute (LSA-R.S.) 42:290 (A) requires the university to file with the Department of Civil Service the name, address, position, date of employment, hours of work, and salary of each unclassified employee. In addition, the university must file the notification within 30 days of employment or change in employment. In the 75 payroll transactions for regular employees, we noted 7 instances in which the notification was not made to Civil Service and 46 instances where the notification was not dated, so we could not determine if the 30-day requirement was met.
- Internal Revenue Code Section 3402(f)(2)(A) requires that an employee furnish his/her employer with a signed withholding exemption certificate (Form W-4). LSA-R.S. 47:112(G)(1) requires similar filing at the state level (Form L-4). In addition, Title 8, United States Code, Sections 1324A(a)(1)(B) and (b)(1)(A) require employers to verify employment eligibility on a form approved by the Attorney General (INS Form I-9). We determined the proper forms were not filed for 15 of the regular employees and all 75 of the student employees.
- University policy requires that student work hours do not overlap scheduled class hours. We found that 10 of the 25 students tested on the Baton Rouge Campus had work hours that overlapped class hours. Also, 9 of the 75 student payroll transactions tested reflect that the students did not receive payment for all hours worked.
- We noted that the payroll supervisor was entering employees on the payroll system, making changes to the payroll system, and receiving and distributing payroll checks. This lack of segregation of duties within the payroll section

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increases the risk that errors and/or irregularities could occur and not be detected timely.

These exceptions were caused by the lack of enforcement of certain state and federal laws, Civil Service and university rules and regulations, and adherence to good internal controls regarding personnel records. Failure to consistently enforce the rules and regulations could result in overpayment or underpayment of salaries. Also, under both federal and state regulations, the university could be liable for penalties and additional taxes for employees withholding.

We recommend that the three campuses of the Southern University System adhere to Civil Service rules and regulations, state and federal laws, and university policies and procedures regarding personnel records. The university should also ensure that each employee has a file with proper forms documenting position and salary, payroll withholdings and deductions, and employment eligibility, to include class and work schedules for students. The university should segregate duties within the payroll section so that no one employee can initiate transactions, process transactions, and receive checks. In letters received from Dr. Marvin L. Yates, Chancellor of the Baton Rouge Campus of Southern University; Dr. Jerome G. Green, Jr., Chancellor of the Shreveport-Bossier City Campus of Southern University; and Dr. Robert B. Gex, Chancellor of Southern University at New Orleans, they each concurred with the findings and recommendations (B-214, B-216, and B-218).

STATE EMPLOYEES GROUP BENEFITS PROGRAM

Claim Payments

The State Employees Group Benefits Program has not complied with the provisions of state law relating to the timely payment of claims nor has the program maintained adequate controls over the use of the "stop draft/letter" form as indicated by the following:

- Of the 65 claims that we tested for timely payment, we found 42 claims totaling \$7,337 that were paid anywhere from 31 to 229 days after receipt. State law [LSA-R.S. 22:657(A)] requires the program to pay all claims within 30 days from the date of receipt unless just and reasonable cause exists for the delay in processing. Although the number of days it takes the program to pay claims continues to show a significant decrease, management needs to continue to

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process claims timely as required by state law. Management attributes this condition to a growth in plan members without a corresponding increase in personnel. This is the second consecutive year that we have reported this finding.

- In addition, we noted during the current year that the stop draft/letter form was used by the program for purposes other than the voiding of drafts. We noted that of the 27 stop drafts examined, 7 were used as vault releases to have drafts hand delivered to various units of the program such as executive, legal, and claims processing. Furthermore, we noted that one draft that should have been voided was not. This resulted in an underpayment of \$56 to a plan member. This underpayment was never recorded in the system and we found no evidence that the plan member was adequately reimbursed on the claim. Management attributes these conditions to the lack of written procedures.

We recommend that management of the program ensure that all claims are processed within 30 days from the date of receipt as required by state law, unless the program can demonstrate just and reasonable cause for the delay. In addition, we recommend that written policies and procedures be developed and implemented as they relate to the use of both the stop draft/letter forms and the vault release forms. In a letter dated December 9, 1994, Mr. James R. Plaisance, Executive Director, concurred with the finding and recommendation and stated that the program continues to make a significant decrease in the lag time for processing claims that will be maintained with conversion to a new claims processing system. Furthermore, he stated that written procedures will be developed and implemented for the use of the stop draft/letter forms and vault release forms (B-244).

Professional Service Contracts

The State Employees Group Benefits Program has not established adequate internal controls and complied with state laws relating to two professional service contracts, Resource Information Management Systems (RIMS) and The Segal Company. An adequate internal control structure requires that contracts be monitored to ensure that (1) payments are made in accordance with the terms and conditions of the contract and in compliance with state law, (2) overbillings are discovered before payment, and (3) payments are made only from original copies of receipts with proper supporting documentation. During our audit, we noted the following:

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1. Finance agreement for RIMS - The program paid travel expenses, totaling \$15,746, that were not provided for in the finance agreement.
2. Payments to RIMS - Overcharges, totaling \$44,706, were made by RIMS, of which \$37,132 was later refunded. However, the remaining \$7,564 was not detected by the program or RIMS and was not refunded. In addition, billings, totaling \$14,031, were paid based on copies of receipts and billings of \$17,932 were paid without receipts.
3. Travel reimbursements to RIMS - The program reimbursed RIMS for travel expenses, totaling \$543, that did not comply with the contract. The contract required that travel expenses be reimbursed in accordance with the state travel regulations. However, these reimbursements for lodging, mileage, other transportation, et cetera, exceeded the allowed reimbursable amount.
4. The Segal Company - The program did not comply with its written plan required by state law [LSA-R.S. 39:1498(8)] requiring program personnel to monitor and provide a liaison function and perform a periodic review of interim reports.

Management attributes the conditions relating to RIMS to the lack of written procedures and turnover in the accounts payable section, and the condition relating to The Segal Company to a lack of someone being assigned by the board. The lack of adequate internal controls relating to the monitoring and payment of professional services increases the risk that other errors and irregularities could occur and not be detected in a timely manner and subjects the program to noncompliance with state law.

We recommend that management of the program develop and implement written policies and procedures over the monitoring and processing of professional service contract payments to ensure an adequate internal control structure and compliance with state law. In addition, management should obtain a refund for the overcharge of the \$7,564 noted in item 2 and determine if refunds are due in the other areas mentioned. In a letter dated December 9, 1994, Mr. James R. Plaisance, Executive Director, concurred with the finding and recommendation and stated corrective action will be taken (B-246).

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Time and Attendance Records

The State Employees Group Benefits Program does not have adequate internal control procedures to ensure compliance with state policies and Civil Service rules and regulations relating to time and attendance records. An adequate system of internal control, Office of State Uniform Payroll (OSUP) procedures, and Civil Service rules and regulations require that a document be prepared every payroll period for each employee summarizing the actual number of hours of attendance or absence, to include certification by both the employee and supervisor (appointing authority). This would minimize the risk that time and attendance records are processed for nonexistent or former employees or that these records are processed that contain incorrect hours worked and/or leave taken.

Our test of 25 randomly selected time and attendance and leave records and an additional review of 38 records selected from the Personnel and Executive Departments disclosed the following:

- Of the 63 records examined, we noted that 5 (8 per cent) did not contain a document summarizing the actual number of hours of attendance and leave taken. In lieu of a detailed time and attendance record that could be signed by the employee and supervisor, the program required only approved leave and overtime slips.
- Of the 58 records that contained detailed time and attendance, one (2 per cent) was not signed by the employee, and 17 (29 per cent) were not approved by the supervisor.

As a result of these conditions, the program has created an internal control weakness and has not complied with OSUP procedures and Civil Service rules and regulations.

We recommend that the program revise its personnel policies to ensure that all employees complete a detailed time and attendance record as required by OSUP and Civil Service rules and regulations. In addition, management of the program should instruct all timekeepers to ensure that all time and attendance records contain the appropriate certifications before they are processed into the On-Line Time and Leave Entry System. Finally, the timekeepers should return any time and attendance records with missing signatures for correction before paychecks are issued.

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In a response dated December 15, 1994, Mr. James R. Plaisance, Executive Director, stated that the program does not concur with the finding relating to the preparation and certification of documents every payroll period summarizing the actual number of hours of attendance. The program is required to use the OSUP system, and this is an on-line exception based system that assumes employees work 80 hours per period unless overtime is worked or leave is taken. The source documents are the leave forms and the compensatory time earned forms that are prepared and/or certified by the employee and the supervisor. Leave slips not only certify the number of hours taken; they also certify the number of hours worked. The on-line system should have been designed to provide documentation that would satisfy the requirements of Civil Service. Mr. Plaisance further stated that the program concurred with the finding as it related to the discrepancies that were found in the testing of prepared time and attendance records, and corrective action will be taken (B-248).

Additional Comment: We have found other state agencies maintain the proper time and attendance records required by Civil Service and have not questioned OSUP procedures as they relate to the UPS on-line system. Furthermore, even within the program, most supervisors ensure that their divisions comply with Civil Service rules and regulations; therefore, all divisions should be mandated by the executive director to comply. Although the program may feel that the UPS on-line system was designed to fulfill all timekeeping requirements, it is the responsibility of the program to maintain adequate controls and comply with all existing Civil Service rules and regulations until such time as they are changed or eliminated.

TRANSPORTATION AND DEVELOPMENT,
DEPARTMENT OF

Highway Priority Program

For the second consecutive year, the Department of Transportation and Development expended Transportation Trust Fund (TTF) monies on highway projects not included on the Highway Priority Program. The department expended a total of approximately \$7 million during the year on these projects, which included the following items:

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Off-system bridges	\$1,397,076
Bridge inspection and rating	511,130
Railroad crossings	652,231
Urban systems	476,860
Damage repairs	2,046,207
Maintenance	495,459
Overlay and construction	489,445
Drydocking repairs - ferries	506,889
Miscellaneous	<u>428,468</u>
Total	<u>\$7,003,765</u>

Article 7, Section 27 of the Louisiana Constitution of 1974 provides that the monies in the trust fund shall be appropriated and dedicated solely and exclusively for the costs associated with construction and maintenance of the roads and bridges of the state and federal highway system. In addition, this section provides that the monies in the trust fund allocated to ports, airports, flood control, parish transportation, and state highway construction be appropriated annually by the legislature only for programs established by law that establish a system of priorities for the expenditure of such monies.

The department expended approximately \$7 million of TTF monies on projects that do not conform to Article 7, Section 27 of the Louisiana Constitution of 1974. The use of these funds for projects in violation of state laws and regulations reduced funds that could have been used for the purposes established by the Constitution. In addition, the department's decision to expend TTF monies on projects not included in the Highway Priority System circumvents legislative oversight on the establishment of highway projects to be funded with state funds.

The Department of Transportation and Development should review the procedures for determining projects funded with TTF monies and implement any necessary changes to ensure compliance with laws established in the Louisiana Constitution of 1974. In a letter dated November 21, 1994, management responded that the \$7 million is not required to be included in the Highway Priority Program insofar as Title 48 of the Louisiana Revised Statutes is concerned and that they believe there is no violation of the Louisiana Constitution of 1974; however, the department has ceased using TTF monies for all off-system bridges, railroad crossings, and urban system projects in accordance with a recent opinion of the Attorney General. The department also responded that the bridge inspection and rating, damage repairs,

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maintenance, overlay and construction, drydocking repairs, and miscellaneous projects are all on-system projects and should not have been cited. In addition, the department responded that a complete review, project-by-project, will be made on the information contained in the finding, and until this review is finished, the department cannot confirm or accept the amounts included (B-251).

Additional Comments: While we concur that some projects included in the amounts mentioned previously may be on-system and would possibly meet the constitutional criteria for funding with TTF monies, the department did not furnish us with a detailed listing that distinguishes between on-system and off-system projects. Those projects that are off-system projects cannot be funded with TTF monies as mentioned previously.

Inadequate Controls Over Receipts

A theft of approximately \$1,000 resulted from the lack of controls over processing and transmitting receipts for the sale of maps and plans within the Department of Transportation and Development, Contracts and Business Services Section, General Files Unit. An employee discovered that cash and checks, totaling approximately \$6,000, were missing; however, the missing checks, which totaled approximately \$5,000, were not cashed and the payors were notified to take appropriate action for stop payment. The lack of controls results from inadequate segregation of duties and untimely depositing cash receipts. Good internal controls would require that there be a proper segregation of duties relating to collecting and depositing funds and that all funds be deposited on a timely basis. The theft results in a violation of Louisiana Revised Statute 14:67, relating to theft.

The Department of Transportation and Development should ensure that procedures requiring the timely processing, transmission, and depositing of receipts for the sale of maps and plans are developed and implemented. Management of the department concurred with the finding and recommendation. See management's response at B-254.

Timely Deposit of Funds

The Department of Transportation and Development, Weights and Standards Enforcement Unit, is not depositing collections in a timely manner. Louisiana Revised Statute 49:308 requires that funds received by state agencies be deposited immediately in the state treasury. Proper cash management practices would also require that receipts be deposited in a timely manner to maximize interest earnings on deposited funds and to reduce the risk that funds

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Noncompliance With Laws and Regulations
(Concluded)

could be lost or stolen or that irregularities could occur. A cash count on March 15, 1994, revealed that a total of \$131,896 in cash, checks, and credit card vouchers was on hand. Of the total undeposited funds at March 15, 1994, \$130,618 (98.76 per cent) represented payments that were held for an excessive number of days. Our procedures revealed that the delays ranged from 3 to 19 days.

Weights and Standards Enforcement Unit personnel did not process receipts as they were received. Failure to ensure that deposits are made into the state treasury in a timely manner could result in the loss of interest earnings and increases the risk that funds could be lost or stolen or that irregularities could occur.

The Department of Transportation and Development should ensure that procedures requiring the timely transmission and deposit of receipts are implemented. Management of the department concurred with the finding and recommendation. See management's response at B-255.

Schedule D

**Noncompliance With General
Requirements Applicable to
Federal Financial Assistance Programs
For the Year Ended June 30, 1994**



**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

**Noncompliance With General Requirements
Applicable to Federal Financial Assistance Programs
For the Year Ended June 30, 1994**

EXECUTIVE DEPARTMENT

Time Distribution Records

The Louisiana Commission on Law Enforcement, an agency within the Executive Department, did not maintain appropriate time distribution records to support amounts charged to grant programs for personal services. While time sheets for employees were maintained, personal services were charged to grants based on budgets or estimates. The commission expended approximately \$1,832,789 in state programs and \$9,040,982 in federal programs and incurred personal service expenditures of approximately \$880,818 in the fiscal year ended June 30, 1994, with approximately \$582,072 charged to federal grant programs.

Office of Management and Budget Circular A-87 requires personal services charged to grant programs to be supported by time and attendance or equivalent records for individual employees. Office of Justice Program guidelines, OJP M 7100.1D, require proration of costs to two or more grant programs to be made based on time and/or effort reports. Because the commission did not implement adequate procedures to determine the actual time and effort expended on individual grant programs, the amount of administrative costs charged to a federal program may not be equivalent to the time and actual salaries expended.

The commission should develop appropriate time distribution records to support amounts charged to grant programs for personal services. Management concurred with the finding and recommendation. See management's response at B-39.

HEALTH AND HOSPITALS, DEPARTMENT OF

Cash Management of Block Grants

The Department of Health and Hospitals requested federal funds under the Block Grants for Community Mental Health Services (CFDA 93.958) and the Block Grants for Substance Abuse Prevention and Treatment (CFDA 93.959) in excess of its immediate needs during the fiscal year ended June 30, 1994. Our examination disclosed the following:

STATE OF LOUISIANA

FINDINGS AND RECOMMENDATIONS

Noncompliance With General Requirements

Applicable to Federal Financial Assistance Programs

(Continued)

1. On May 3, 1994, the department overestimated its cash needs for the Block Grants for Community Mental Health Services by \$606,360. The Common Rule for Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments (C.20.b.7) states that procedures must be followed to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees when advance payment procedures are used. Within the federal cash management field, there is an implied "three-day rule" on cash advances that has become accepted as the standard.

Although the procedures established by the department would minimize the time between the transfer of funds and disbursement by the department if followed, on May 3, 1994, the previous drawdown of \$606,360 was inadvertently omitted from the cumulative revenue total used in estimating the department's cash needs causing the department to overdraw. The excess funds were not fully expended until approximately July 19, 1994. As a result, these funds were not available to the federal government for investment or other uses during the period held by the department and create a potential interest liability due to the federal government.

2. At year end, the department had excess cash of \$991,740 on hand for the Block Grants for Substance Abuse Prevention and Treatment (SAPT) because the department continued to draw funds after the maximum amount appropriated by the legislature to be spent from federal sources was reached. The State of Louisiana entered into the Cash Management Improvement Act (CMIA) Agreement with the U.S. Department of the Treasury to achieve greater efficiency, effectiveness, and equity in the transfer of federal funds as required by the Cash Management Improvement Act of 1990. The agreement specifies the procedures to be used to draw funds for the SAPT grant. Although the department consistently applied the procedures to calculate the amounts drawn, \$991,740 of expenditures used in the calculation that would normally have been eligible to be paid with federal funds were no longer eligible because the department did not submit a budget amendment to increase the legislative appropriation. These excess funds were not fully expended until October 11, 1994, and create a potential interest liability of \$5,579 due to the federal government.

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Noncompliance With General Requirements****Applicable to Federal Financial Assistance Programs****(Continued)**

The department should follow established procedures to properly estimate its needs for federal funds to ensure that excess balances are not maintained and should adjust those procedures to prevent the drawing of excess funds when the maximum amount of federal funds appropriated by the legislature has been reached. In a letter dated December 19, 1994, Mr. Stan Mead, Director of Fiscal Services, concurred with the finding and recommendation and further stated that the department strives to follow established procedures (B-67).

Medicaid Cash Management

The Department of Health and Hospitals has not complied with the Cash Management Improvement Act (CMIA) Agreement. The agreement was entered into between the State of Louisiana and the U.S. Department of the Treasury to achieve greater efficiency, effectiveness, and equity in the transfer of federal funds as required by the CMIA of 1990. The agreement specifies the procedures to be used for the five types of draws made by the department for the Medical Assistance Program (CFDA 93.778, Medicaid). Our examination disclosed the following:

1. The department overdrew funds on four Medicaid assistance draw dates. These draws, totaling \$10,279,576, were made from November 9, 1993, to May 27, 1994, and resulted in potential interest liability of \$105,736.
2. Of the 18 disproportionate share (DISPRO) draws made from July 1, 1993, to October 12, 1993, the department overdrew in 7 instances. These draws, totaling \$14,910,115, resulted in potential interest liability of \$30,574.
3. The department did not ensure that funds due to the Health Care Financing Administration (HCFA) for Medicare buy-in premiums (Medicaid pays the Medicare insurance premium for qualified recipients) were wire-transferred out on the same day they were received as required by the CMIA Agreement. Of the 12 transactions for the year, the state treasury held funds from one to 3 days for 4 draws, resulting in potential interest liability of \$2,645.
4. The department has used an estimated average payroll expenditure amount in determining the amount of payroll dollars to be drawn. The CMIA Agreement specifies a method of drawing these funds that we interpret to mean that actual

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Noncompliance With General Requirements****Applicable to Federal Financial Assistance Programs****(Continued)**

dollars expended be used. Of five payroll draw transactions tested for the year, the department was consistently underdrawn on each of them in amounts ranging from \$5,706 to \$23,851. No interest penalties would be incurred as a result of these underdrawn amounts. However, failure to follow the method prescribed in the agreement increases the risk that penalties and interest may be imposed on the department for errors in draws.

5. The department inadvertently included expenditures for another program in the administrative expenditure draws. Of five transactions tested, the department included expenditures for the Developmental Disabilities Basic Support and Advocacy Grants (CFDA 93.630) in the Medicaid administrative draws. These errors are cumulative, since the administrative draws consider expenditures year-to-date. We estimate the department was overdrawn an average of \$2,637 per week, a cumulative total of \$137,124. The potential interest liability of the department for these errors is \$2,397.
6. The department did not draw funds for payroll and administrative costs on a consistent basis, drawing funds as many as seven weeks apart from August through September 1993, or drawing funds as often as once per week in October 1993. Failure to draw payroll and administrative funds timely results in the department being consistently underdrawn for the federal share of these expenditures, resulting in the state providing 100 per cent of the funds necessary to cover these expenditures longer than would be required.

The department did not comply with the CMIA Agreement because it did not establish adequate procedures or did not consistently follow procedures that would have ensured compliance with the agreement. Failure to comply with the requirements of the CMIA Agreement has subjected the department to potential interest liabilities of \$141,352.

We recommend that the department establish procedures to ensure that funds are drawn in compliance with the CMIA Agreement and that they are drawn on a timely basis. In a letter dated December 14, 1994, Mr. Stan Mead, Director of Fiscal Services, concurred with the finding and recommendation and outlined a plan for corrective action (B-76).

STATE OF LOUISIANA

FINDINGS AND RECOMMENDATIONS

Noncompliance With General Requirements

Applicable to Federal Financial Assistance Programs

(Continued)

Professional Service Contract Monitoring

The Department of Health and Hospitals did not adequately monitor contracts with an international public accounting firm. Approximately one-half of contract expenditures are charged to the Medical Assistance Program (CFDA 93.778, Medicaid) as administrative costs. Prudent business practices and adequate internal controls require that the department pay only for services that meet the needs of the department, are acceptable, and fulfill the terms of the contract. In addition, Office of Management and Budget (OMB) Circular A-87, Section C, provides that costs are allowable when necessary and reasonable, and allocable to a particular federal program to the extent of the benefits received.

In our review of a three-year contract beginning April 20, 1992, and totaling \$1,244,500 for providing desk reviews, cost report audits, and reimbursement rates for long-term care and adult day health care services and conducting long-term care cost surveys, we noted the following:

- The department paid the accounting firm for desk reviews of Intermediate Care Facilities for the Mentally Retarded (ICF/MR) that did not meet the needs of the department. The department intended to use the desk reviews as a foundation to re-base the per diem rates used to reimburse ICF/MRs with Medicaid funds. Therefore, it was imperative that all disallowed costs be identified in the desk reviews to ensure that the costs used to re-base the rates were accurate. However, the department did not ensure that the accounting firm was aware that all disallowed costs should be identified for purposes of re-basing. During its internal analysis of the desk reviews, the department found that certain non-allowable costs were not reflected, causing operating costs of ICF/MRs to be overstated. As a result, the department was forced to perform its own desk reviews of approximately 346 ICF/MR cost reports to ensure that costs were allowable. Although desk reviews are not a separately itemized cost in the contract, they are a required contract deliverable and are included in the overall cost of the contract.
- The department paid \$141,000 for audit services rendered by the accounting firm without ensuring that all audit reports were received by the department and were acceptable.

STATE OF LOUISIANA

FINDINGS AND RECOMMENDATIONS

Noncompliance With General Requirements

Applicable to Federal Financial Assistance Programs

(Continued)

- The department paid \$100,000 for two Long-Term Care Cost Surveys for nursing facilities and ICF/MR facilities for which they were unable to determine if the surveys were received and fulfilled the terms of the contract.

In addition, the department paid the accounting firm, under a separate contract, \$212,000 for the development and implementation of a new reimbursement methodology for inpatient hospital services under Medicaid of Louisiana without receiving all of the required contract deliverables. The 18-month contract expired March 15, 1994, and the department failed to extend the contract deadline. As a result, the department entered into a second contract for \$49,999 to compensate the accounting firm for work that exceeded the scope of the original contract and for completion of contract deliverables from the original contract. As of November 30, 1994, the second contract has expired and the department could not provide us with all of the contract deliverables required in either contract. The department has paid \$17,575 on the second contract. The department should consider forfeiting the contract's performance bond in the event that the accounting firm does not submit all contract deliverables within a timely manner.

Because the department did not adequately monitor the contracts, the risk increases that the department will pay for services that do not meet its needs, were never rendered, or do not fulfill the terms of the contract. Furthermore, because these contracts were funded in part with federal Medicaid funds, payments are subject to noncompliance with OMB Circular A-87 and could result in questioned costs.

The Department of Health and Hospitals should ensure that desk reviews meet the needs of the department. In addition, the department should adequately monitor contracts to ensure that contract deliverables are received and fulfill the terms of the contract before payment.

In a letter dated December 22, 1994, Mr. Thomas D. Collins, Acting Director of the Bureau of Health Services Financing, provided the following:

- The department concurs that it did not ensure that the desk reviews met the department's needs when re-basing. Corrective action was outlined to eliminate this condition.

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Noncompliance With General Requirements****Applicable to Federal Financial Assistance Programs****(Continued)**

- The department concurs that it paid for some audits without assuring that all the reports were received. Corrective action was outlined to eliminate this condition.
- Subsequent to our investigation, the department identified that the two Long-Term Care Cost Surveys it had previously been unable to provide had actually been received.
- The department does not concur that the contract for the development and implementation of a new reimbursement methodology for Medicaid inpatient hospital services was not adequately monitored. Various extenuating circumstances were cited (B-83).

Additional Comments: Although the department was able to locate the long-term cost surveys and therefore prove that it did not pay for a product not received, the department's inability to provide the reports on a timely basis and uncertainty that the reports existed further indicate that the delivery of services is not being properly monitored. We concur that there were various extenuating circumstances that would justify both extending the due date and increasing the compensation of the contractor for the development and implementation of a new reimbursement methodology. However, this is not what occurred. The department allowed a contract to expire without receiving the deliverables it contracted for and paid the entire amount of the contract. Although the second contract has again expired without receipt of all the deliverables, the department is attempting to finalize the receipt of the deliverables and is withholding final payment to the contractor.

JUSTICE, DEPARTMENT OF**Personal Service Costs**

The Department of Justice failed to properly charge personal service costs to the Fair Housing Assistance Program - State and Local (CFDA 14.401). The Office of Management and Budget Circular A-87, Cost Principles for State and Local Governments, requires that allowable costs for personal services include only those amounts paid currently or accrued for services rendered during the period of performance under the grant agreement.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Noncompliance With General Requirements**

Applicable to Federal Financial Assistance Programs
(Continued)

In our examination of the four Department of Justice employees' personal service costs charged to the program, we found that, for three of these employees, the department calculated the costs based on the employees' most recent salary rates instead of the actual salaries and related benefits paid during fiscal year 1994. This caused the department to overcharge the program \$214 for these three employees' salaries and related benefits.

We recommend that the department use the employees' actual salaries and related benefits paid when charging federal programs for these costs. Management of the department concurred with the finding and recommendation. See management's response at B-93.

LOUISIANA TECH UNIVERSITY**Federal Perkins Loan Program**

Louisiana Tech University did not return excess cash to the U.S. Department of Education. Section 466(c) of the Higher Education Act of 1965 provides for the return of excess cash to the U.S. Department of Education when an institution's Federal Perkins Loan Program - Federal Capital Contributions (CFDA 84.038) Fund is determined to contain an amount that exceeds the amount required for expenditure in the foreseeable future. Our audit procedures disclosed that the university did not analyze the status of the Federal Perkins Loan Program - Federal Capital Contributions Fund for the year ended June 30, 1994, to avoid unnecessary accumulations of cash in the fund. During the year, the university requested and received \$76,438 and \$25,479 of federal and institutional capital contributions, respectively. In addition, the cash balances of the program increased from \$297,200 at June 30, 1993, to \$488,200 at June 30, 1994. During this period, the excess cash was not available to the federal government for investment or other uses.

Louisiana Tech University should improve its cash management procedures to properly estimate its need for federal funds to ensure that excess balances of federal funds are maintained. Management of the university concurred with the finding and recommendation. See management's response at B-144.

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Noncompliance With General Requirements****Applicable to Federal Financial Assistance Programs****(Continued)****PUBLIC HEALTH, OFFICE OF****Equipment Purchased With Federal Funds**

The Office of Public Health (OPH) has not properly identified equipment purchased with federal funds on its movable property records. The Code of Federal Regulations [34 CFR 80.32(d)(1)] requires that equipment purchased with federal funds be properly identified within recipient's records to include a description of the property, the source of property, and the percentage of federal participation in the cost of the property. OPH does not indicate within its movable property records the source of property and the percentage of federal participation. The amount of movable property purchased with federal funds has not been determined.

We recommend that management of OPH use a coding system that will identify and track the source of the property and the percentage of federal participation in the cost of the property within its movable property records. Management concurred with the finding and recommendation. See management's response at B-175.

Federal Cash Balances

For the second consecutive year, the Office of Public Health (OPH) had excessive federal cash on hand in the Maternal and Child Health Services Block Grant to the States (CFDA 93.994) and the Preventive Health and Health Services Block Grant (CFDA 93.991). The Common Rule for Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments, Subpart C, states that procedures must be followed to minimize time elapsing between the transfer of funds from the U.S. Treasury and disbursements by grantees and subgrantees when advance payment procedures are used. Within the federal cash management field, there is an implied "three-day rule" on cash advances. This has become a standard.

OPH has adequate cash draw-down procedures; however, OPH circumvented these cash management procedures. Cash on hand at June 30, 1993, totaling \$8,800,000, was not completely expended until October 31, 1993. This cash advance represents approximately 120 days of federal cash needs for the office, 117 days in excess of the implied three-day standard. The excess cash advance at June 30, 1993, resulted from a decision by management to fund 1993 fiscal year federal program expenditures with non-federal funds. This decision was made possible because after June 30, 1993, but before August 15, 1993, the office received

STATE OF LOUISIANA

FINDINGS AND RECOMMENDATIONS

Noncompliance With General Requirements

Applicable to Federal Financial Assistance Programs

(Continued)

interagency transfers (pooled funds) totaling \$10,800,000 from the Department of Health and Hospitals. This windfall of state funds provided the financing that enabled the office to reclassify federal expenditures so that federal cash could be retained as a reserve for continuing operations.

OPH should comply with the "three-day rule" on cash advances of federal funds as previously mentioned. In a letter dated November 22, 1994, Mr. Pershing Delaup, Administrator with the Department of Health and Hospitals, stated that although the office agrees OPH reported excessive federal cash on hand for the fiscal year ended June 30, 1993, the finding should not be presented as two separate incidences, but rather a continuation of the finding presented in state fiscal year 1993, which by its nature carried forward into state fiscal year 1994. The office continues to defend the decision to refinance the federal expenditures as described in the finding as legal (B-176).

Additional Comments: We agree that the above finding is a continuation of the finding presented in the Single Audit for the fiscal year ended June 30, 1993. However, because the cash retained was not completely expended until October 31, 1993, OPH was not in compliance with the "three-day rule" for cash advances of federal funds.

REGIONAL MANAGEMENT CENTER 3, HOUMA

Federal Cash Balances

The South Louisiana Regional Technical Institute had an excessive federal cash balance of \$1,132 on hand at February 28, 1994, for the Job Training Partnership Act (JTPA) Program (CFDA 17.250). The Common Rule for Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments and the JTPA contract document require that cash not be held on hand for more than three days before being disbursed. The institute did not have written procedures to coordinate the functions of the accountant and program coordinator to assure that all requests for reimbursements were based on immediate cash needs. As a result, the excess cash was not available to the federal government for investments and other uses.

STATE OF LOUISIANA

FINDINGS AND RECOMMENDATIONS

Noncompliance With General Requirements

Applicable to Federal Financial Assistance Programs

(Continued)

Regional Management Center 3, Houma should institute procedures to ensure that the institute complies with federal and state rules and regulations. Management concurred with the finding and recommendation. See management's response at B-195.

SOCIAL SERVICES, DEPARTMENT OF

Davis-Bacon Act

The Department of Social Services did not monitor recipients of subcontracts involving federal funds for construction projects to ensure the payment of prevailing wages established by the Secretary of Labor. The Davis-Bacon Act, United States Code, Title 40, Chapter 3, Section 276(a) requires that all laborers and mechanics employed by contractors or subcontractors that work on construction projects financed by federal assistance must be paid wages not less than those established for the locality of the project by the Secretary of Labor.

The department does not have any procedures to monitor construction projects to ensure that the requirements of the Davis-Bacon Act are being met. Therefore, payroll records of contractors and subcontractors for two construction projects in the Rehabilitation Services - Vocational Rehabilitation Grants to States Program (CFDA 84.126) were not reviewed to determine compliance with the requirements of the Davis-Bacon Act. The maximum contract amount for these two contracts was \$432,021. Since there is no monitoring of wage rates, there is a risk that those persons employed by contractors or subcontractors are being paid less than the established minimum rates and subjects the department to noncompliance with laws and regulations.

We recommend that the department design and implement procedures to ensure that the wage rates paid by contractors and subcontractors are in compliance with the Davis-Bacon Act. In a letter dated November 29, 1994, Mr. Al Sanford, Director, Division of Fiscal Services, stated that management concurred with the finding and recommendation and outlined the plan for corrective action that the department will implement (B-203).

STATE OF LOUISIANA

FINDINGS AND RECOMMENDATIONS

Noncompliance With General Requirements

Applicable to Federal Financial Assistance Programs

(Continued)

UNIVERSITY OF NEW ORLEANS

Civil Rights

The University of New Orleans (UNO) has not complied with its conciliation agreement with the Office of Federal Contract Compliance Programs (OFCCP) of the U.S. Department of Labor. The conciliation agreement, dated April 26, 1993, was the result of an OFCCP compliance review and Notice of Violations, dated November 20, 1992. The Notice of Violations cited failure to identify problems with proportions of females, minority nonblacks, and blacks [41 CFR 60-2.13(d)]. The conciliation agreement provided that UNO pay one employee backpay plus interest for \$637. In addition, the agreement directed UNO to increase the employee's annual salary to \$15,000, effective April 16, 1993. Because of an oversight, UNO did not reimburse the employee the backpay and interest, and the salary adjustment was delayed from the effective date of April 16, 1993, until July 1, 1993.

We recommend that UNO determine what corrective action should be taken to comply with the conciliation agreement. In a written response, management of the university concurred with the finding and informed us that corrective action has been taken (B-133).

UNIVERSITY OF SOUTHWESTERN LOUISIANA

Indirect Cost Overcharges

The University of Southwestern Louisiana has charged certain federal programs at an indirect cost rate in excess of the rate approved by the U.S. Department of Health and Human Services, the federal cognizant agency. Federal regulations require that indirect costs must be allocated in conformity with an approved indirect cost allocation plan. Effective April 26, 1993, the university's approved indirect cost rate decreased from 52 per cent to 47 per cent. However, during the year ended June 30, 1994, the university charged federal programs at the old indirect cost rate. As a result, the university overcharged the affected federal programs by \$12,319.

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STATE OF LOUISIANA

FINDINGS AND RECOMMENDATIONS

Noncompliance With General Requirements

Applicable to Federal Financial Assistance Programs

(Concluded)

We recommend that the university review the appropriate federal regulations for guidance regarding adjustments or refunds relating to these unallowable costs. Management of the university concurred with the finding and recommendation. See management's response at B-259.

Schedule E

**Noncompliance With Specific
Requirements Applicable to Major
Federal Financial Assistance Programs
For the Year Ended June 30, 1994**



**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

**Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
For the Year Ended June 30, 1994**

HEALTH AND HOSPITALS, DEPARTMENT OF

**Confidentiality of Medicaid
Recipient Information**

The Department of Health and Hospitals (DHH) has not provided sufficient controls to ensure that the confidentiality of eligibility information of recipients of the Medical Assistance Program (CFDA 93.778, Medicaid) is maintained. Federal law (42 CFR 431.300-306) requires the department to have criteria that safeguards the use or disclosure of information concerning Medicaid applicants and recipients. Before releasing information to other agencies to verify eligibility, the department must execute data exchange agreements with those agencies. As required by federal law, state law [Louisiana Revised Statute (LSA-R.S.) 46:56(I)] also mandates confidentiality over recipient information and imposes penalties for violations of confidentiality. However, our review disclosed the following:

1. Although there was no data exchange agreement with Louisiana State University Medical Center at New Orleans (LSUMC), a tape containing eligibility information for recipients in a three parish area was provided to LSUMC on a monthly basis. DHH was unaware that this tape was being provided to LSUMC because it was first requested in 1979 and the program producing the tape was not named according to the standard conventions that would identify a program containing confidential information.
2. DHH provided a monthly tape containing eligibility information to a private contractor engaged by the Louisiana Health Care Authority (LHCA) to provide revenue enhancement and operational improvement initiatives. Section 2080.18.A of the State Medicaid Manual requires this particular contractor to be an agent of DHH. Because the contract is with LHCA and not DHH, the contractor is not acting as an agent of the department. Furthermore, DHH could provide no documentation giving assurance that the information provided was used only in accordance with federal and state law.

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)**

3. LHCA also engaged a private contractor to provide retroactive revenue recovery services. This contractor provides a member of the LHCA staff with a tape of potential Medicaid recipients for whom services were rendered by LHCA facilities and which should be billed to Medicaid if the patient is eligible. The LHCA employee then runs the tape against DHH's eligibility information using the Department of Social Services Information Services computer. However, the program used for the match was not in a protected library that would ensure unauthorized changes were not made and that the outside contractor was not receiving unauthorized data.

These conditions occurred because the department is not properly monitoring the release of eligibility information to ensure compliance with federal and state law. Failure to comply with these regulations subjects the department to federal sanctions and to penalties imposed by LSA-R.S. 46:56(I).

The department should discontinue providing eligibility information to other agencies or contractors of other agencies until their need to have the information is assessed, required agreements are obtained, and adequate safeguards are in place to ensure compliance with federal and state law. Furthermore, the program used to match contractor's bills to recipients should be reviewed for unauthorized changes and moved to a protected library. Finally, DHH should consider performing the match as noted in item 3 with its own personnel. In a letter dated December 22, 1994, Mr. Thomas D. Collins, Acting Director of the Bureau of Health Services Financing, concurred with the finding and recommendations and outlined a plan of corrective action (B-74).

Provider Audits

The Department of Health and Hospitals (DHH) has not established adequate internal controls to assure that receivables and payables resulting from audits of providers participating in the Medical Assistance Program (CFDA 93.778, Medicaid) are recorded in the department's financial records and subsequently reported in the Comprehensive Annual Financial Report (CAFR) of the State of Louisiana. In addition, DHH has not assured that the federal share of provider overpayments has been reported and reimbursed to the Health Care Financing Administration (HCFA) within 60 days of the date of discovery as required by the Code of Federal Regulations [42 CFR 433.320(a)(2)].

STATE OF LOUISIANA

FINDINGS AND RECOMMENDATIONS

Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)

The department contracts with Blue Cross of Mississippi to audit the cost reports of Medicaid providers. Letters notifying the department of amounts due to/from Medicaid providers are received by the Institutional Reimbursements Section where the transactions should be recorded in the subsidiary records and notices sent to the fiscal management section. However, for fiscal year 1994, fiscal management was not made aware of all letters received by institutional reimbursements. As a result, our review of Blue Cross audit letters issued on or before June 30, 1994, revealed the following:

1. Institutional reimbursements had not updated the subsidiary records for amounts due from 10 providers totaling \$26,892,934. The omission also results in an increase in amounts due to the federal government of \$19,763,617. The 11 audit letters comprising these amounts were dated from August 22, 1991, through June 29, 1994.

Institutional reimbursements had not updated the subsidiary records for amounts due to 22 providers totaling \$32,757,757. The omission also results in an increase in the amount due from the federal government of \$24,073,676. The 32 audit letters comprising these amounts were dated from February 1, 1991, through June 29, 1994.

Had these omissions remained undetected, they would have caused receivables on the CAFR to be understated by \$50,966,610 and payables to be understated by \$52,521,274.

2. Of the 11 audit letters issued for amounts due from providers, 9 were over 60 days old. Because these letters had not been recorded in the subsidiary records by institutional reimbursements, the department did not include the federal share of these amounts, \$692,299, on the HCFA 64 expenditure report for June 30, 1994, as required by 42 CFR 433.320(a)(2).

After our review, proposed audit adjustments were accepted by the department and incorporated into the CAFR.

The department should establish adequate controls to ensure that audit letters issued by Blue Cross are recorded in the subsidiary records and forwarded to fiscal management and that federal regulations are adhered to relating to overpayments. In a letter dated November 28,

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)**

1994, Mr. Thomas D. Collins, Acting Director, Bureau of Health Services Financing, concurred with the finding and recommendation and stated corrective action will be taken (B-86).

Provider Credit Balances

The Department of Health and Hospitals (DHH) has not complied with federal law relating to provider credit balances for the Medical Assistance Program (CFDA 93.778, Medicaid). Federal law [(42 CFR 433.312(a)(1))] requires the department to return the federal share of identified provider overpayments within 60 days of their discovery, and 42 CFR 433.320(a)(2) requires that the reimbursement for provider overpayments be made on the HCFA-64 quarterly report for the quarter [submitted to the Health Care Financing Administration (HCFA)] in which this 60-day period ends. Our examination of provider credit balances disclosed the following:

1. Providers who determine that they have been overpaid for Medicaid services may voluntarily remit these overpayments to DHH. The department cannot produce, nor did it retain, a report listing the provider refunds reported to HCFA at June 30, 1994, totaling \$7,819,021. Because the detail of this balance is not available, we could not verify the accuracy of that amount.
2. The department has not maintained documentation supporting amounts owed by providers determined by the Survey and Utilization Review System (SURS). SURS reviews payments to providers to determine if there have been Medicaid overpayments resulting from fraud or abuse. At June 30, 1994, the department reported an outstanding balance totaling \$302,481 for 12 SURS accounts. However, the department could not provide assessment letters that established the original balances for four providers' accounts totaling \$56,635.
3. DHH's Fiscal Management Section submits a listing of outstanding SURS balances each month to the Program Integrity Section. There is no indication that the two sections are reconciling their balances to ensure their accuracy.
4. The department has no formal policy to determine disposition of old accounts. Of the 12 SURS accounts outstanding at June 30, 1994, two had activity during

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Noncompliance With Specific Requirements Applicable
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the fiscal year. There has been no activity in the remaining 10 accounts for periods ranging from 2 to 13 years.

Management has not placed sufficient emphasis for compliance with federal law relating to provider credit balances. As a result of the conditions mentioned previously, there is no assurance that the provider credit balances reported and reimbursed to HCFA are accurate, subjecting the department to noncompliance with federal law.

We recommend that management of DHH retain adequate supporting documentation and develop formal policies and procedures for the reconciliation and disposition of SURS account balances. In a letter dated December 19, 1994, Mr. Stan Mead, Director of the Division of Fiscal Management, agreed that the department did not have a listing of the providers for whom refunds were on hand at June 30, 1994; however, he believes this would not result in an error on the HCFA-64 because the amount reported is the actual amount on hand regardless of whether or not the providers are identified. He agreed that some of the records relating to the SURS providers have been destroyed but believes that the amounts reported are still accurate and is currently reviewing each of the cases to determine appropriate action to be taken. He further stated that the fiscal section is now requesting confirmation from the Program Integrity Section to ensure that the monthly balance reports are accurate and expects the resolution of inactive accounts to be completed in the 1995 fiscal year (B-87).

Timely Processing of Medicaid Applications

The Department of Health and Hospitals did not make eligibility determinations on applications for the Medical Assistance Program (CFDA 93.778, Medicaid) within required time frames. Federal law (42 CFR 435.911) allows the department 90 days to make a final determination for applicants who apply for Medicaid on the basis of disability and 45 days for all other applicants.

The department did not meet the time frames for any month in the 1993-1994 fiscal year. As of June 30, 1994, 312 applications required to be completed within 90 days and 6,188 applications required to be completed within 45 days were still pending although the times allowed for processing had expired. Management attributes these conditions to a lack of personnel in the processing of applications. Failure to comply with federal regulations places the department at risk of losing federal funds and receiving federal sanctions or disallowances.

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Noncompliance With Specific Requirements Applicable
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The department should immediately take corrective action to ensure that all eligibility determinations on Medicaid applications are made within required time frames. In a letter dated December 21, 1994, Mr. Thomas D. Collins, Acting Director of the Bureau of Health Services Financing, concurred with the finding and further stated that the department has taken corrective action to implement the recommendation (B-91).

LOUISIANA TECH UNIVERSITY**Student Financial Aid and Exit Counseling**

Louisiana Tech University awarded financial aid in excess of documented need and did not provide exit counseling before graduation under the Federal Family Education Loan Program (CFDA 84.032). The Code of Federal Regulations [34 CFR 682.603 (d)(2)] states that a school may not certify a Stafford, PLUS, or SLS loan application or combination of loan applications, for a loan amount that exceeds the student's estimated cost of attendance, less the student's estimated financial assistance for that period, and in the case of a Stafford loan that is eligible for interest benefits, the borrower's expected family contribution for that period. In addition, the Code of Federal Regulations [34 CFR 682.604 (g)] requires the university to conduct and document exit counseling with each Federal Family Education Loans Program borrower. This must be done either (1) in-person shortly before the borrower ceases at least half-time study at the university or (2) if the borrower drops out without the university's knowledge or fails to attend an exit counseling session as scheduled, the university must mail written counseling material to the borrower within 30 days after learning that the borrower has withdrawn from the university or failed to attend an exit counseling session.

In a sample of 30 students, one student received a Stafford loan of \$684 in excess of his cost of education less financial aid and family contribution. It appears that the Stafford loan calculation did not include all of the resources from the student's scholarship. Overawards of subsidized loans could cause the federal government to incur added expense for the subsidy of interest on loans. In addition, the sample disclosed five students that required exit counseling. One of the five students did not have an exit interview form in his file. The Financial Aid Office sent the student a letter on July 26, 1993 (before graduation in August 1993), notifying the student to come by the financial aid office for an exit interview; however, there was no documented evidence in the student's folder that the exit interview was held. Failure to hold

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exit interviews could cause the student to be misinformed about the responsibilities and consequences regarding the loan.

The university should adhere to established procedures and ensure that all available resources are considered before the awarding of financial aid to students. In addition, the university should ensure that exit counseling with all Stafford borrowers is conducted and documented in a timely fashion as required by federal regulations. Management of the university concurred with the finding and recommendation. See management's response at B-146.

NORTHWESTERN STATE UNIVERSITY

Title IV Funds Refunds and Repayments

For the third consecutive year, Northwestern State University has not complied with the Code of Federal Regulations [34 CFR 668.22(a) and (e)] regarding refunds and repayments of the Federal Pell Grant Program (CFDA 84.063) and Federal Family Education Loans (CFDA 84.032) funds. Our test of 15 students who officially withdrew from school disclosed that for three students the portion of the refund allocated to Title IV Higher Education Act (HEA) programs was not returned to the appropriate program account by the institution within 30 days or to the lender within 60 days. In addition, one student who was awarded a Pell Grant and Stafford loan was given a 50 per cent refund and there was no documentation that the student officially withdrew from school. No refund was computed or repayment was made to HEA programs for this student. These instances of noncompliance occurred because of a lack of communication between the Financial Aid Office and the Registrar's Office and not having adequate controls in place to detect such errors.

We recommend that Northwestern State University comply with the Code of Federal Regulations regarding refunds and repayments of Title IV funds. Better lines of communication should be established between the various departments involved in the resignation process. Management should also review and evaluate its internal controls relating to compliance with these programs. In a letter dated September 22, 1994, Dr. Robert Alost, President of Northwestern State University, stated that the university has implemented new reporting procedures to ensure that the Financial Aid Office is notified at once when a student has resigned from the university. This notification will ensure that timely refunds are made to students and the Title IV programs (B-154).

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)****PUBLIC HEALTH, OFFICE OF****Dual Participation in Federal Programs**

For the sixth consecutive year, the Office of Public Health (OPH) has not ensured that recipients of the Commodity Supplemental Food Program (CFDA 10.565, CSFP) and recipients of the Special Supplemental Food Program for Women, Infants, and Children (CFDA 10.557, WIC) do not participate in both programs. The Code of Federal Regulations (7 CFR 247.7) states that OPH is responsible for the detection of dual participation in these programs. OPH has a computer program to detect dual participation and produced a report on March 14, 1994, that identified individuals who participate in both programs. However, no action has been taken against these individuals because the report lacked the desired information needed by both the CSFP and the WIC Program. In addition, as of June 30, 1994, a finalized report form has not been established, nor has OPH established written policies and procedures for appropriate action against dual participants. Without a finalized report format that contains the desired information needed by both programs and policies and procedures for appropriate action against dual participants, OPH cannot be assured that recipients do not participate in both programs. The value of the food distribution in the parishes subject to dual participation in the CSFP and WIC Program for fiscal year 1994 was \$13,780,457 and \$19,840,828, respectively.

To be assured that recipients do not participate in both programs, OPH should design a report format that gives the desired information needed by both the CSFP and the WIC Program. In addition, formal written policies and procedures should be established and implemented for appropriate actions against dual participants. Management concurred with the finding and recommendation. See management's response at B-172.

Early Redemption of Food Instruments

The Office of Public Health (OPH) does not have a system to detect early redemption of Special Supplemental Food Program for Women, Infants, and Children (CFDA 10.557, WIC) food instruments by vendors. The Code of Federal Regulations [7 CFR 246.12 (r)(5)(ii)] requires the state agency to design and implement a system for review of food instruments to detect early redemption by vendors and reduce the number of errors where possible.

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Noncompliance With Specific Requirements Applicable
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(Continued)**

OPH has been using a service organization to perform this control procedure. Our audit tests disclosed that 168,330 food instruments, totaling \$5,363,421, were redeemed during the month of January 1994. Of this amount, 34 food instruments, totaling \$1,280 or .02 per cent, pre-dated to be redeemed in subsequent months, were redeemed by vendors during the month of January 1994. The valid redemption months and the value of these 34 food instruments are as follows:

- Twenty-six instruments, totaling \$1,038, valid for February 1994.
- Seven instruments, totaling \$229, valid for March 1994.
- One instrument, totaling \$13, valid for April 1994.

Because food instruments are being redeemed early, the Food and Nutrition Services of the U.S. Department of Agriculture could issue a formal claim against OPH for the misuse of food instruments.

OPH should determine the amount of food instruments redeemed early, and, if possible, seek reimbursement from the outside service organization. OPH should also design and implement a system for review of food instruments to detect errors including early redemption of food instruments by vendors. Management of OPH concurred with the finding and recommendation. See management's response at B-173.

Federal Financial Reporting

The Office of Public Health (OPH) did not submit its Monthly Financial Management and Participation Reports (Form FNS-498) or its SF-227 Annual Closeout Report to the appropriate federal agencies by the required due dates for the Special Supplemental Food Program for Women, Infants, and Children (CFDA 10.557, WIC). Federal regulations require state agencies to submit these reports by the following due dates:

1. The Code of Federal Regulations [7 CFR 246.25(b)] requires that state agencies submit financial and program performance data on a monthly basis as specified by the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture.

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FINDINGS AND RECOMMENDATIONS

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2. FNS Handbook 154, *Financial and Program Reporting Handbook for the Special Supplemental Food Program for Women, Infants, and Children*, requires that state agencies submit their monthly report Forms FNS-498 to the regional offices on the thirtieth of the month following the report month.
3. The Code of Federal Regulations [7 CFR 246.17(b)(2)] requires that state agencies submit final fiscal year closeout reports to FNS within 150 days after the end of the fiscal year.

Because the OPH Information Systems was not able to provide timely information concerning the WIC Program, FNS-498 reports for the months of July 1993 to January 1994 were one to 21 days beyond the submission date specified by FNS and the SF-227 Annual Closeout Report for Federal Fiscal Year ended September 30, 1993, was 14 days beyond the submission date specified by FNS. Failure of OPH to submit its reports by the due dates may result in withholding an amount up to 100 per cent of administrative and program services funds.

OPH should establish procedures to process information in a timely manner and submit its Federal Financial Reports before the due dates established by federal regulations. Management of OPH responded in writing that procedures are being implemented to facilitate the complete and timely collection of reports (B-178).

Reconciliation of Food Instruments

The Office of Public Health (OPH) has not performed a timely reconciliation of food instruments issued to food instruments redeemed for the Special Supplemental Food Program for Women, Infants, and Children (CFDA 10.557, WIC) from July 1 to October 31, 1993. The Code of Federal Regulations [7 CFR 246.12(n)] requires the state agency to identify disposition of all food instruments by performing a reconciliation of each food instrument issued with food instruments redeemed within 150 days of the first valid date for participant use.

The food instruments for the months of July through October 1993 should have been reconciled before March 31, 1994; however, the reconciliation did not occur until April 1994. Because of a problem in the loading of data from the food instruments issue sites to the mainframe, the volume of unmatched food instruments was so high that the resulting report of unmatched food instruments was unworkable.

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Continued)**

By not identifying the disposition of food instruments within 150 days of the instrument's validation date, lost, stolen, or expired instruments could be cashed and not detected in a timely manner. Also, the Code of Federal Regulations [7 CFR 246.23(a)(4)] states that the Food and Nutrition Service of the U.S. Department of Agriculture could issue a claim against OPH for its unreconciled instruments.

We recommend that OPH ensure food instruments are reconciled timely. Management responded in writing that corrective action is being taken to ensure that reconciliations are performed timely (B-179).

Reimbursement of Program Costs

For the fiscal year ended June 30, 1994, the Office of Public Health (OPH) reimbursed ten contract agencies a total of \$1,089,813 for administering the Special Supplemental Food Program for Women, Infants, and Children (CFDA 10.557, WIC) at a flat rate of \$4.50 per participant. The Code of Federal Regulations (7 CFR 246.2) requires reimbursement of direct and indirect costs only. The rate of \$4.50 per participant was approved by the Food and Nutrition Service in a prior year; however, this flat rate is not in compliance with federal regulations. In failing to reimburse the contract agencies for the allowable direct and indirect administrative costs, OPH may be overfunding some contract agencies and not covering actual administrative costs at others.

To comply with federal regulations, we recommend that OPH reimburse the contract agencies for their direct and indirect administrative costs only. In a written response, management stated that the amount of funds given to the state agencies for nutrition services and administration is inadequate; therefore, the state will probably reimburse local agencies less than their true cost. However, the amount of reimbursement will be changed to reflect the inflation rate used in the state's funding formula (B-180).

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FINDINGS AND RECOMMENDATIONS

Noncompliance With Specific Requirements Applicable
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REGIONAL MANAGEMENT CENTER 2,
BATON ROUGE

Federal Pell Grant Program - Student Certifications

Regional Management Center 2, Baton Rouge did not comply with the Code of Federal Regulations and the *Financial Aid Student Handbook* regarding student certifications required by the Federal Pell Grant Program (CFDA 84.063). The Code of Federal Regulations [34 CFR 668.32(a)(2)] states that a student shall "certify that he or she will use any funds received solely for educational expense connected with attendance at the institution." The *Financial Aid Student Handbook*, Chapter 2, page 15, states that students are required to certify that the information specified in the "Statement of Updated Information" on the Student Aid Report (SAR) has not changed. The Code of Federal Regulations [34 CFR 668.33(a)(2)] also requires that a student participating in the Title IV, Higher Education Act of 1965 (HEA) federal financial aid program must certify either that he or she is registered with Selective Service or that, for a specified reason, he or she is not required to be registered. In addition, the Code of Federal Regulations [34 CFR 668.19(a)(2)] states that before a student, who previously attended another eligible institution, may receive any Title IV HEA Program funds, the institution or the student shall request each institution the student previously attended, to provide a financial aid transcript to the institution the student is or will be attending.

Our test of the center's Pell Grant Program disclosed the following instances of non-compliance:

1. Two schools overlooked having the students complete all required certifications before the disbursement of financial aid for two of the six student files examined.
2. One school overlooked requesting and obtaining the financial aid transcript before the disbursement of financial aid for one of the three student files examined.

The schools' disbursement of aid to students who had not completed all required certifications and the failure to obtain financial aid transcripts could result in ineligible students receiving financial aid.

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We recommend that the schools in the region adhere to established policies and procedures to ensure that all certifications are obtained before any financial aid is disbursed. Also, the schools should obtain financial aid transcripts for transfer students before disbursement of financial aid. In a letter dated May 6, 1994, Mr. George Foster, Regional Director, stated that the center concurred with the finding and is presently working with each school and the Louisiana Department of Education for the purpose of reviewing each school's Pell Grant files and making the necessary corrections. In addition, a consultant is being used to conduct a presentation and discuss the proper procedures for the disbursement of financial aid, and a mandated review of all Pell Grant applications and folders will be required by each school within the region (B-191).

SOCIAL SERVICES, DEPARTMENT OF**Audit Report Monitoring**

The Department of Social Services does not have a monitoring system to ensure that all of its subrecipients receiving \$25,000 or more of federal funds and cost-reimbursement contractors funded with \$100,000 or more of state funds are audited in accordance with *Government Auditing Standards*. Federal laws (Office of Management and Budget Circulars A-128 and A-133) require the department to ensure that each subrecipient of federal pass-through funds totaling \$25,000 or more has an audit performed that will comply with the applicable circular. Also, state law (Louisiana Administrative Code 34:V.134) gives the department the options of requiring audits, examining source documents for each payment request, or using internal auditors to do frequent surprise contract compliance audits of contractors that receive \$100,000 or more in state funds.

The department has not developed a comprehensive monitoring system to ensure that all audit reports are received and reviewed. Failure to ensure that federal subrecipients or cost-reimbursement contractors are audited in accordance with *Government Auditing Standards* increases the risk that federal subrecipients or contractual providers will not expend federal financial assistance or state funds, respectively, in accordance with applicable laws and regulations.

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Noncompliance With Specific Requirements Applicable
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(Continued)**

The Department of Social Services should establish a monitoring system to ensure that federal subrecipients and cost-reimbursement contractors are audited as required by federal and state laws and regulations. In a letter dated December 13, 1994, Ms. Gloria Bryant-Banks, Secretary, concurred with the finding and recommendation and outlined a plan for corrective action (B-201).

Documentation of Foster Care - Title IV-E Payments

The Department of Social Services, Office of Community Services (OCS), did not consistently adhere to its procedures for making payments under the Foster Care - Title IV-E Program (CFDA 93.658). Sections 5-100 and 11-100 of the department's Tracking and Payment System (TIPS) Procedural Manual require that service authorizations be prepared and approved before room and board payments are made and that receipts be submitted for expenditures made by department employees on behalf of foster care children.

We reviewed 30 payments and found 7 instances (23 per cent), totaling \$4,454, in which the required documentation was not in the clients' payment records. Three of these payments involved room and board payments and the other four involved reimbursements to department employees for purchases they made on behalf of foster care children. These conditions may be attributed to poor recordkeeping practices. Failure to follow prescribed procedures could result in unallowable, unauthorized, or duplicate payments.

OCS should immediately require all foster care workers to adhere to the TIPS Procedural Manual by maintaining documentation of payments in the clients' payment records. In a letter dated November 21, 1994, Mr. Thomas Joseph, Acting Director of the Office of Management and Finance, stated that OCS concurred with the finding and recommendation. He further stated that OCS will issue an official reminder to staff that it needs to strictly adhere to documentation requirements before authorizing expenditures (B-204).

Family Support Case Reviews

For the seventh consecutive year, the Department of Social Services, Office of Family Support, Quality Control Section, did not submit the case review findings to the federal government within required time frames for the Family Support Payments to States - Assistance Payments Program (CFDA 93.560). The Code of Federal Regulations (45 CFR

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205.42) requires the department to submit the results of reviews of case files for each month to the federal government within the following time frames:

- Seventy-five per cent of the reviews must be submitted within 75 days of the end of the sample month;
- Ninety-five per cent of the reviews must be submitted within 95 days of the end of the sample month; and
- One hundred per cent of the reviews must be submitted within 120 days of the end of the sample month.

The department did not meet the 75-day submission time frame for two months in the fiscal year. The 95-day submission time frame was only met for six months of the fiscal year. The 120-day submission time frame was also only met for six months of the fiscal year. These conditions may be attributed to the complexity of some of the cases reviewed. Failure to submit the results of the reviews in a timely manner deprives the state of the right to request a waiver of cost disallowances, if any, resulting from these reviews.

The Department of Social Services, Office of Family Support, should ensure that the cases are reviewed timely and the results are transmitted to the federal government within the time frames established by the Code of Federal Regulations. In a letter dated November 22, 1994, Mr. Al Sanford, Director, Division of Fiscal Services, concurred with the finding and recommendation and outlined a plan for corrective action (B-205).

Project Independence Case Management

The Department of Social Services, Office of Family Support, did not perform proper case management activities for the Job Opportunities and Basic Skills Training Program (CFDA 93.561) as required by the Code of Federal Regulations (45 CFR 250.10 and 250.74) and Chapter 1, Sections G and I, of the Project Independence Policy Manual. We reviewed 40 cases at three parish offices and found the following:

1. In two cases, target group information was incorrectly reported to the U.S. Department of Health and Human Services (DHHS).

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Noncompliance With Specific Requirements Applicable
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2. In three cases, participation hours were inadequately supported or incorrectly reported to DHHS.
3. In six cases, supportive services were either coded incorrectly or provided to participants incorrectly and/or without adequate supporting documentation. For example, a supportive service payment for eyeglasses was paid twice to a participant. The \$100 per participant per fiscal year limit for payments of this type was circumvented by coding one of the payments as "eyeglasses" and one as "transportation."

The deviations noted previously appear to be human error in interpreting and applying policy, except for item 3 in which the \$100 limit was circumvented by using an alternate transaction code. Since Project Independence funding requirements are based on the percentage of target group individuals served and their satisfactory participation in the program, incorrect reporting to DHHS could result in loss of funding, disallowances, or sanctions. In addition, incorrect payments for supportive services could also result in a lack of funds available for correct, adequately supported payments.

The Department of Social Services, Office of Family Support, should adhere to established Project Independence policies and procedures to ensure that target group and participation hours are properly supported and reported to DHHS and that supportive services are coded properly, appropriately provided, and/or paid correctly. In a letter dated November 28, 1994, Mr. Al Sanford, Director, Division of Fiscal Services, stated management agreed that supportive services were not coded properly, appropriately provided, and/or paid correctly, and he also outlined the plan for corrective action (B-209).

Title IV-D

The Department of Social Services, Office of Family Support, did not perform proper intake, enforcement, and collection distribution activities in the Child Support Enforcement Program (CFDA 93.563, Title IV-D). The Code of Federal Regulations (45 CFR 302 and 303) specifies procedures and time frames for opening cases, establishing paternity, locating absent parents, enforcing obligations, and distributing collections. However, we noted the following:

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(Continued)**

- Our review of 30 intake cases disclosed that proper intake procedures had not been performed for 9 (30 per cent) of the cases. For these 9 cases, we found that 3 cases had not been opened timely and 6 cases did not have adequate paternity establishment and/or parent locate procedures.
- Our review of 49 collection cases disclosed that proper collection procedures had not been performed for 10 (20 per cent) of the cases. For these 10 cases, we found that adequate enforcement had not been performed for 8 of the cases and proper collection distributions had not occurred for 2 of the cases.

Management attributes these conditions to a combination of overworked employees, with tremendous caseloads and an overabundance of federal regulations and time frames, and simple human error. Failure to adhere to federal regulations concerning intake and collection activities could result in federal sanctions or disallowances and lower support collections.

The Department of Social Services, Office of Family Support, should ensure that all Title IV-D regional offices adhere to applicable federal regulations relating to intake and collection activities. In a letter dated November 28, 1994, Mr. Al Sanford, Director, Division of Fiscal Services, stated that management concurred with the finding and recommendation and outlined the plan of corrective action to be implemented by the department (B-212).

**TRANSPORTATION AND DEVELOPMENT,
DEPARTMENT OF****Bridge Inspections**

For the second consecutive year, the Department of Transportation and Development through the Highway Planning and Construction Program (CFDA 20.205) did not perform timely bridge inspections in District 2. The Code of Federal Regulations (23 CFR 650.305) requires each bridge to be inspected at regular intervals, not to exceed two years.

Because of this deficiency, all federal participation in bridge inspection costs incurred on or before August 4, 1992, associated with District 2, were suspended. Our tests of bridge inspections identified \$246,100 in costs that were not participated in by the Federal Highway Administration (FHWA), resulting in the state fully funding these projects. The FHWA has

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Noncompliance With Specific Requirements Applicable
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(Continued)**

requested that the department implement immediate action to resolve this deficiency, which has existed since February 1989. If satisfactory progress is not made, additional sanctions may be considered by the FHWA.

To assure the safety of the public and compliance with the National Bridge Inspection Standards, we recommend that the department improve and conduct its reviews and monitor activities of bridge inspections in a timely manner. Management of the department concurred with the finding and recommendation. See management's response at B-250.

UNIVERSITY OF NEW ORLEANS**Excess Reimbursement**

The University of New Orleans claimed a reimbursement in excess of actual expenditures, totaling \$172, for the Job Training Partnership Act (CFDA 17.250, JTPA). Office of Management and Budget Circular A-21, Section J(8)(a) states that compensation for personal services covers all amounts paid currently or accrued by the institution for services of employees rendered during the period of performance under sponsored agreements. In addition, a good internal control structure should include a system of checks and balances so that errors and/or irregularities would be detected in a timely manner. Because of a clerical error, the JTPA coordinator for the Engineering Cooperative Education Program was overpaid by one day's salary upon resignation. As a result, the JTPA program claimed a reimbursement in excess of actual expenditures for the grant period ended December 31 1993, and this was not detected until September 1994.

The university should strengthen its internal control structure with a system of checks and balances so that errors and/or irregularities would be detected in a timely manner. In the future, the university should ensure that requests for reimbursements for JTPA contracts include only actual expenditures. Management of the university concurred with the finding and recommendation. See management's response at B-134.

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Noncompliance With Specific Requirements Applicable
to Major Federal Financial Assistance Programs
(Concluded)****Refunds to the Title IV Programs**

The University of New Orleans did not calculate refunds and repayments of the Title IV programs properly. The Code of Federal Regulations [34 CFR 668.22(a) and (b)] states that if a student officially withdraws, drops out, or is expelled from the university on or after the first day of class of a payment period and the student received assistance under any Title IV, Higher Education Act of 1965 (HEA) Program other than the College Work Study (CWS) Program, an institution shall return a portion of a refund owed to a student to the Title IV, HEA Program. The federal regulations provide specific guidance as to what may or may not be included in the refund or repayment calculations. In our test of 20 students who officially withdrew from school, refunds totaling \$457 for 16 students (80 per cent) were paid or repayments were made to the HEA programs that were not accurately computed by the university.

These instances of noncompliance occurred because of the university personnel's misinterpretation and misapplication of the refund methodology. The initial refunds were not calculated using the pro rata refund method; however, the university subsequently prepared the pro rata refund calculations, and, as a result, an additional \$457 was returned to the Title IV programs. In addition to the misapplication of the pro rata refund method, refunds for five Federal Pell Grants (CFDA 84.063) and seven Federal Family Education Loans (CFDA 84.032) were not submitted on a timely basis. The Code of Federal Regulations [34 CFR 682.22(e)] requires that refunds to Title IV programs be made by the university within 30 or 60 days; however, the refunds for the five Pell Grants and seven Federal Family Education Loans were returned within 68 to 165 days after the student's withdrawal date. This is the fourth consecutive year we have reported that the university did not calculate the refunds properly.

We recommend that the University of New Orleans comply with the Code of Federal Regulations regarding refunds and repayments of Title IV funds. To achieve this, we suggest that the university personnel responsible for Title IV refunds and repayments become more familiar with the federal regulations and the university's policies and procedures for making refunds and repayments. Management of the university concurred with the finding and recommendation. See management's response at B-137.

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(Concluded)**

Refunds to the Title IV Programs

The University of New Orleans did not calculate refunds and repayments of the Title IV programs properly. The Code of Federal Regulations [34 CFR 668.22(a) and (b)] states that if a student officially withdraws, drops out, or is expelled from the university on or after the first day of class of a payment period and the student received assistance under any Title IV, Higher Education Act of 1965 (HEA) Program other than the College Work Study (CWS) Program, an institution shall return a portion of a refund owed to a student to the Title IV, HEA Program. The federal regulations provide specific guidance as to what may or may not be included in the refund or repayment calculations. In our test of 20 students who officially withdrew from school, refunds totaling \$457 for 16 students (80 per cent) were paid or repayments were made to the HEA programs that were not accurately computed by the university.

These instances of noncompliance occurred because of the university personnel's misinterpretation and misapplication of the refund methodology. The initial refunds were not calculated using the pro rata refund method; however, the university subsequently prepared the pro rata refund calculations, and, as a result, an additional \$457 was returned to the Title IV programs. In addition to the misapplication of the pro rata refund method, refunds for five Federal Pell Grants (CFDA 84.063) and seven Federal Family Education Loans (CFDA 84.032) were not submitted on a timely basis. The Code of Federal Regulations [34 CFR 682.22(e)] requires that refunds to Title IV programs be made by the university within 30 or 60 days; however, the refunds for the five Pell Grants and seven Federal Family Education Loans were returned within 68 to 165 days after the student's withdrawal date. This is the fourth consecutive year we have reported that the university did not calculate the refunds properly.

We recommend that the University of New Orleans comply with the Code of Federal Regulations regarding refunds and repayments of Title IV funds. To achieve this, we suggest that the university personnel responsible for Title IV refunds and repayments become more familiar with the federal regulations and the university's policies and procedures for making refunds and repayments. Management of the university concurred with the finding and recommendation. See management's response at B-137.

Schedule F

**Noncompliance With Specific
Requirements Applicable to Nonmajor Federal
Financial Assistance Program Transactions
For the Year Ended June 30, 1994**



**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Noncompliance With Specific Requirements Applicable to
Nonmajor Federal Financial Assistance Program Transactions
For the Year Ended June 30, 1994****EDUCATION, DEPARTMENT OF****Drug-Free Schools and Communities**

The Louisiana Department of Education, Bureau of Student Services (BSS), has not complied with the laws and regulations that govern the federal Drug-Free Schools and Communities Act (DFSCA) Program (CFDA 84.186). Also, we determined that the director of the BSS circumvented the department's internal control structure policies and procedures.

The department contracts with organizations to act as fiscal agents. A fiscal agent as referred to in this finding is an entity used by the department to process expenditures relating to a particular grant and/or activity. The fiscal agent follows the instructions of the director of the BSS; however, we found these instructions are not always consistent with the contract or the laws and regulations governing the DFSCA Program.

At the department's request, we tested transactions of the DFSCA Program for fiscal years ended June 30, 1990, through 1994. Based on the criteria and conditions noted in the following paragraphs, we question \$984,498 of expenditures charged to the DFSCA Program.

Student Drug and Alcohol Use Survey

Nonregulatory Guidance for State and Local Programs - Part B of the DFSCA, as published by the U.S. Department of Education, states that the department must monitor its own activities to avoid illegal, imprudent, wasteful, or extravagant use of funds by the state or subrecipient agencies. The guide provides that drug related surveys are an allowable administrative cost that should be paid by the department. For fiscal years 1990 through 1992, the director of the BSS mandated that the school boards receiving DFSCA funds survey every student in grades 7-12 for drug and alcohol use, rather than allowing student sampling, which would have been less costly. Several school boards requested that they be allowed to conduct their surveys based on a sample. In addition, the director of the BSS required the school boards to budget 65 cents per student to conduct the survey and mandated the survey fees be charged to

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Noncompliance With Specific Requirements Applicable to
Nonmajor Federal Financial Assistance Program Transactions
(Continued)**

program costs in the budget of each school board. This amounted to \$640,000 statewide that should have been paid by the department as an administrative cost rather than a program cost.

Procurement

The Education Department General Administrative Regulations (EDGAR), Section 80.36 directs that "When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-federal funds." Louisiana Revised Statute (LSA-R.S.) 39:1498.1 requires written contracts for professional, social, or consulting services. EDGAR Section 80.20(a)(2) states that fiscal control and accounting procedures must be sufficient to establish that funds have not been used in violation of the law. In addition, Division of Administration travel regulations (PPM 49) require that prior approval be obtained from the Commissioner of Administration for special meals.

- The drug survey mentioned previously was conducted by the National Parents Research Institute for Drug Education (PRIDE) of Atlanta, Georgia. These services were obtained by the director of the BSS without following state procurement practices for professional services (LSA-R.S. 39:1498.1).
- The director of the BSS, by letter, authorized two fiscal agents to make payments to PRIDE for (1) \$12,000 without a contract for services and (2) \$21,500 without supporting documentation or a contract for services [LSA-R.S. 39:1498.1 and EDGAR Section 80.20(a)(2)].
- Fiscal agents made 36 professional services payments totaling \$67,707 without contracts and/or invoices for those services; a duplicate payment for \$1,000 without a contract or invoice; a payment for \$1,500 without a contract or invoice based on an undated proposal; and three payments totaling \$23,695 to one vendor without a contract or evidence of a deliverable product [LSA-R.S. 39:1498.1 and EDGAR Section 80.20(a)(2)].

STATE OF LOUISIANA

FINDINGS AND RECOMMENDATIONS

Noncompliance With Specific Requirements Applicable to
Nonmajor Federal Financial Assistance Program Transactions
(Continued)

- Fiscal agents made 18 payments totaling \$118,877 for meals and lodging and/or materials and supplies without proper authorization, written quotations, purchase orders, and/or documentation [PPM 49 and EDGAR Section 80.20(a)(2)].

Conferences and State Travel Regulations

Office of Management and Budget (OMB) Circular A-87(B)(19)(c) states that grant funds can be used for meetings and conferences ". . . when the primary purpose of the meeting is the dissemination of technical information relating to the grant program." EDGAR Section 80.20(a)(2) states that fiscal control and accounting procedures must be sufficient to establish that funds have not been used in violation of the law. Section 5124(b) of the DFSCA of 1986, as amended, states that grant funds are to be used to supplement other activities to prevent or eliminate alcohol and drug abuse. LSA-R.S. 39:1596 (Sec. 3)(b)(3) requires telephone or facsimile quotations from at least three bona fide, qualified bidders, where feasible, for convention and meeting facilities. PPM 49 requires written approval of the department head before departure is required for the rental of vehicles. Furthermore, anyone who receives an allowance or reimbursement by submitting a false claim shall be subject to severe disciplinary action as well as being criminally and civilly liable within the provisions of state law.

- The department used \$41,799 of DFSCA funds to pay for a three-day general education conference, which included only one hour of drug abuse/prevention training per the conference agenda. The department ordered the conference materials and signed hotel contracts for food and lodging before obtaining purchase orders or permission for special meals [OMB Circular A-87, DFSCA, and LSA-R.S. 39:1596 (Sec. 3)(b)(3)].
- The department spent \$24,270 of DFSCA funds on its Spring 1994, Comprehensive Health Conference. Based on our observations of the conference, the conference focused on general health issues, although the seminar titles indicated drug free issues. We question \$9,940 of the costs relating to the conference (OMB Circular A-87 and DFSCA).

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Noncompliance With Specific Requirements Applicable to
Nonmajor Federal Financial Assistance Program Transactions
(Continued)**

- One employee was overpaid approximately \$62 for automobile mileage claims [EDGAR Section 80.20(a)(2) and PPM 49].
- The department paid \$1,100 for motorcoach rental that had not been approved in advance by the superintendent (PPM 49).
- An employee of the Department of Justice, Office of the Attorney General, was reimbursed \$160 through a DFSCA subgrant for conference lodging that was also paid by a department fiscal agent [EDGAR Section 80.20(a)(2), PPM 49].
- Four employees of the department obtained \$800 in reimbursements for lodging expenses based on copies of unpaid hotel bills. Three of the rooms were complimentary and one was paid for by the department's fiscal agent engaged to handle the conference's fiscal affairs (PPM 49).

Other Noncompliance Matters

Subgrant to the Department of Justice, Office of the Attorney General - The Office of the Attorney General was reimbursed \$5,000 to develop a video and guide for drug abuse education and prevention for use in schools and communities. We viewed the video and found it discussed only gang violence with no mention of drug abuse education or prevention. Section 5103 of the DFSCA states that the purpose of the DFSCA is to establish programs of drug abuse education and prevention.

Salary Advance - The director of the BSS instructed one fiscal agent (Louisiana College) to pay a bureau employee two salary advances totaling \$1,400. The employee was a secretary for two DFSCA grant programs. Article 7, Section 14(A) of the Louisiana Constitution of 1974 prohibits the donation or loan of public funds.

Christmas Party - The BSS held a Christmas party for its employees and paid \$780 of DFSCA funds to a hotel for food provided on December 18, 1991. OMB Circular A-87(B)(D)(4) states that costs of social activities, including meals, beverages, and gratuities, are unallowable grant costs.

STATE OF LOUISIANA

FINDINGS AND RECOMMENDATIONS

Noncompliance With Specific Requirements Applicable to
Nonmajor Federal Financial Assistance Program Transactions
(Continued)

Religious Activity - A vendor was paid \$2,250 for conducting motivational sessions for a workshop at a Baptist college. The vendor's invoice indicated ". . . sharing the Baptist Christian College message. . ." and ". . . delivered a preThanksgiving speech in an interdenominational service." EDGAR Section 76.532 prohibits expenditure of grant funds for religious activities.

Payroll Allocation - Salary and related benefits totaling \$34,928 for a BSS employee was charged to the DFSCA grant. This employee was responsible for organizing conferences for at least three different federal programs. OMB Circular A-87 states that a cost is allocable to a particular cost objective to the extent of benefits received by such objective.

Monitoring Function - The department makes monitoring visits to its DFSCA subrecipients every third year. The files maintained on the monitoring process do not provide a complete monitoring trail from the actual monitoring visit to the resolution of any compliance matters. The monitoring form does not address specific compliance requirements. Notes made on the form indicate that procedures used and questions asked are not consistent for all subrecipients. Bulletin 1804, Louisiana Department of Education Guidelines for Drug-Free Schools and Communities Act of 1986, as amended, Part VII (B) states that monitoring visits will be made annually.

The director of the BSS circumvented the department's internal control structure policies and procedures and the department failed to detect and correct these weaknesses in a timely manner. As a result, the department is not in compliance with certain federal laws and guidelines, state laws and regulations, and its own rules and regulations relating to the DFSCA Program and is subject to the possible loss of \$984,498 in program costs.

We recommend that the department institute policies and procedures necessary for its internal controls to function as intended and to ensure compliance with the laws and regulations governing the DFSCA Program. The department should also consult with the U.S. Department of Education concerning the questioned costs of the program mentioned previously. In a letter dated December 13, 1994, Ms. Marlyn J. Langley, Deputy Superintendent Management and Finance, stated that the department does not have a response to the questioned costs at this time. The department is conducting an internal investigation

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS**

Noncompliance With Specific Requirements Applicable to
Nonmajor Federal Financial Assistance Program Transactions
(Continued)

and will provide the auditor with a response and course of action at the conclusion of the investigation (B-19).

Disallowed Costs

During the year, the U.S. Department of Education (USDOE) performed a program monitoring session on Drug-Free Schools and Communities - School Personnel Training (CFDA 84.207) and the Louisiana Office of the State Inspector General (OIG) examined certain programs [Drug-Free Schools and Communities - National Programs (CFDA 84.184), Drug-Free Schools and Communities - School Personnel Training (CFDA 84.207), Counselor Training (CFDA 84.241)] administered by the Louisiana Department of Education (LDOE). The findings of the two reports are summarized below.

In a letter dated October 21, 1993, the USDOE disallowed some costs of the LDOE 1993 Conference for School Administrators on Comprehensive School Health/Drug-Free Schools and Communities/HIV-AIDS, held September 14-16, 1993, in New Orleans, Louisiana. The LDOE funded the conference in part (90 per cent) by discretionary grant funds under a two-year School Personnel Training Grant (207A10043-92). The USDOE stated that because the conference focused primarily on the topic of comprehensive school health, 29 conference attendees were not school administrators, and the amount of training deemed appropriate under the Drug-Free Schools Program was insufficient to warrant meals and overnight lodging, \$12,824 of costs were disallowed. The LDOE has appealed the ruling and is awaiting a decision by the USDOE. In a letter dated December 7, 1994, Ms. Marlyn J. Langley, Deputy Superintendent Management and Finance, stated that journal vouchers were prepared after receipt of the October 21, 1993, letter, which reduced the charges to the grant by \$10,000.

The Louisiana OIG issued a report dated March 1, 1994, on three grants administered by the LDOE - Bureau of Student Services (BSS). The report stated the BSS violated federal, state, and department purchasing, travel, and contract procurement regulations in administering three federal grants for drug and alcohol education and prevention during 1992 and 1993, which resulted in questioned costs of approximately \$100,000. As a result of not monitoring grant expenditures, BSS paid expenditures of \$7,308 after the close of the grant period without obtaining approval of the USDOE. BSS also paid for fiscal agent services that the LDOE could have performed at minimal cost by using the funds to offset the cost of administration and support. This resulted in questioned costs of \$24,824. The total questioned costs of these

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Noncompliance With Specific Requirements Applicable to
Nonmajor Federal Financial Assistance Program Transactions
(Continued)**

three grants amount to \$132,132. The OIG recommended that the LDOE develop written rules in the use of fiscal agents. It also recommended that the Superintendent of LDOE ensure that all bureaus are knowledgeable of applicable department, state, and federal regulations and that these regulations are adhered to. In a letter dated December 7, 1994, Ms. Marilyn J. Langley, Deputy Superintendent Management and Finance, stated that steps have been taken to address concerns presented in the OIG report (B-18).

EXECUTIVE DEPARTMENT**Eligibility Determination**

For the second consecutive year, the Executive Department, Louisiana Federal Property Assistance Agency (LFPAA), the agency responsible for administering the Donation of Federal Surplus Personal Property Program (CFDA 39.003), does not have a system for identifying changes in donee eligibility because of changes in donee licensing, accreditation, or donee program activities and for updating agency records to reflect these changes. The Code of Federal Regulations [41 CFR 101-44.207(h)] requires the agency to update donee eligibility records on a periodic basis to ensure continuing eligibility. When an eligible donee ceases to operate, or when it loses its license, accreditation, or otherwise fails to maintain its eligibility status, the LFPAA is required to terminate its distribution of property to the donee.

Because the LFPAA has not developed and implemented policies and procedures to identify expiration or loss of certifications, accreditations, or changes in program activities that qualify organizations for eligibility, there is an increased risk that ineligible donees may receive donated property or eligible donees may receive property that is not essential for their program.

The LFPAA should establish a system for identifying changes in donee eligibility and updating donee records to reflect these changes. Management of the agency concurred with the finding and recommendation. See management's response at B-34.

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Noncompliance With Specific Requirements Applicable to
Nonmajor Federal Financial Assistance Program Transactions
(Continued)****Federal Debarment and Suspension Requirements**

For the second consecutive year, the Louisiana Federal Property Assistance Agency (LFPAA), within the Executive Department, did not require subrecipients to certify that they are not debarred, suspended, or ineligible for participation in the Donation of Federal Surplus Personal Property Program (CFDA 39.003) in accordance with the Code of Federal Regulations (41 CFR 105-68.510). These regulations also state that each participant may, but is not required to, check the Nonprocurement List for its donees to determine whether any are barred from procurement by the federal government.

The LFPAA should obtain the required debarment, suspension, and eligibility certifications from subrecipients. In addition, the agency should review the Nonprocurement List as it is updated to determine if any of their donees are listed. Management of the agency concurred with the finding and recommendation. See management's response at B-35.

Subrecipient Monitoring and Audit Resolution

For the second consecutive year, the Louisiana Federal Property Assistance Agency (LFPAA), within the Executive Department, did not have a system in place to ensure that subrecipients who receive \$25,000 or more of federal surplus property annually from the Donation of Federal Surplus Personal Property Program (CFDA 39.003) are audited, and audit reports are received for resolution as required by Office of Management and Budget (OMB) Circular A-128. For the fiscal year ended June 30, 1994, we noted that 24 state agencies received property valued at over \$25,000 (original acquisition cost), 9 of which received over \$100,000. We also noted that 58 local government or nonprofit subrecipients received over \$25,000 (original acquisition cost), 17 of which received over \$100,000. The LFPAA has not obtained audit reports on the local government or nonprofit subrecipients.

A monitoring system should ensure that independent audits are performed; audit reports are reviewed; desk reviews of the independent audit reports are performed to determine compliance with OMB Circular A-128 for state and local governments and A-133 for nonprofit organizations and colleges and universities; and corrective action is taken in instances of noncompliance within six months after receipt of audit reports.

STATE OF LOUISIANA**FINDINGS AND RECOMMENDATIONS****Noncompliance With Specific Requirements Applicable to
Nonmajor Federal Financial Assistance Program Transactions
(Continued)**

The LFPAA should develop a system to ensure that subrecipients who receive \$25,000 or more of federal surplus property annually from the program are audited and reports are received for resolution in a timely manner. Management of the agency concurred with the finding and recommendation. See management's response at B-38.

Utilization Reviews

For the second consecutive year, the Louisiana Federal Property Assistance Agency (LFPAA), within the Executive Department, did not conduct utilization reviews (monitoring visits) for all applicable property items donated in the Donation of Federal Surplus Personal Property Program (CFDA 39.003) as required by federal regulations. The Code of Federal Regulations (41 CFR 101-44.208) requires the agency to make utilization surveys and reviews, as provided in the State Plan of Operation, to ensure that donated property during the period of restriction is being used by the donee for the purposes for which it was acquired. The State Plan of Operation states that all items with an original acquisition cost of at least \$5,000 and all passenger vehicles are subject to usage restrictions of at least 18 months after the items are placed into use. The State Plan of Operation requires the state agency to visit each donee receiving such property at least once during the period of restriction. LFPAA did not perform any utilization reviews for property donated in fiscal year ended June 30, 1994.

Because utilization reviews were not done on these items of property, the risk is increased that donees may not be in compliance with the federal program guidelines and the State Plan of Operation.

The LFPAA should adhere to requirements in the State Plan of Operation which require that utilization review visits be performed at least once during the period of restriction. Management concurred with the finding and recommendation. See management's response at B-40.

HEALTH AND HOSPITALS, DEPARTMENT OF**Allocation of Block Grant Funding**

The Department of Health and Hospitals did not comply with the statutory formula for disbursing Substance Abuse Prevention and Treatment (SAPT) Block Grant (CFDA 93.959)

STATE OF LOUISIANA

FINDINGS AND RECOMMENDATIONS

Noncompliance With Specific Requirements Applicable to
 Nonmajor Federal Financial Assistance Program Transactions
 (Continued)

funds. The Code of Federal Regulations (45 CFR 96.120-137) requires that at least 20 per cent of the total grant award be used for prevention, at least 5 per cent be used to expand services for pregnant women and women with dependent children, and at least 2 per cent for treatment and intervention for the Human Immunodeficiency Virus (HIV). However, data within the cost allocation system indicates that the required allocations for prevention, expanded women's services, and HIV were not met by a total of \$760,020 as follows:

	<u>Required Allocation</u>	<u>Actual Allocation</u>	<u>Variance</u>
Prevention	\$3,516,269	\$3,129,107	\$387,162
Expanded Women's Services	879,067	667,035	212,032
HIV Treatment/Intervention	<u>351,627</u>	<u>190,801</u>	<u>160,826</u>
Total	<u>\$4,746,963</u>	<u>\$3,986,943</u>	<u>\$760,020</u>

These conditions occurred because the department does not have sufficient monitoring procedures in place to ensure that the disbursement of block grant funds is in accordance with federal funding requirements. Failure to comply with federal funding requirements can result in questioned costs to the state.

The department should enhance current programs and/or implement new programs to meet the allocation requirements of the grant. In addition, the department should develop and implement monitoring procedures to ensure that the disbursement of block grant funds is in accordance with federal funding requirements.

In a memorandum dated December 21, 1994, Mr. Joseph Williams, Jr., Assistant Secretary of the Office of Alcohol and Drug Abuse, concurred that the department does not have adequate monitoring and reporting procedures. Corrective actions to eliminate these deficiencies were outlined. Mr. Williams does not agree that the set asides for expanded women's services and HIV treatment/intervention were not met and although he concurs that the set aside for prevention services was not met, he does not agree with the amount reported above. Mr. Williams believes some expenditures relating to the programs in question have not been adequately captured and reported (B-63).

STATE OF LOUISIANA

FINDINGS AND RECOMMENDATIONS

Noncompliance With Specific Requirements Applicable to
Nonmajor Federal Financial Assistance Program Transactions
(Continued)

Audit Report Monitoring

The Department of Health and Hospitals does not have a monitoring system to ensure that all of its subrecipients receiving \$25,000 or more of federal funds and cost-reimbursement contractors funded with \$50,000 or more of state funds are audited in accordance with *Government Auditing Standards*. Federal laws (OMB Circulars A-128 and A-133) require the department to ensure that each subrecipient of federal pass-through funds totaling \$25,000 or more has an audit performed that will comply with the applicable circular. In addition, departmental policy requires that all nongovernmental providers receiving \$50,000 or more in state funds from one or more cost-reimbursement contracts secure a financial and compliance audit.

Although procedures have been developed for review of audit reports and resolution of audit findings, the department has not consistently followed those procedures to ensure that all audit reports are received and reviewed. Furthermore, we could not determine that the department had adequately addressed findings, including disallowed costs, internal control comments, and noncompliance with laws and regulations with the subrecipient agency. In addition, the department has not ensured that qualified employees are responsible for reviewing audit reports for compliance with *Government Auditing Standards* and OMB Circular A-128 or OMB Circular A-133 audit requirements, as applicable.

Failure to ensure that federal subrecipients or cost-reimbursement contracts are audited in accordance with *Government Auditing Standards* increases the risk that federal subrecipients or nongovernmental providers will not expend federal financial assistance or state funds, respectively, in accordance with applicable laws and regulations.

The Department of Health and Hospitals should enhance its established procedures to ensure that federal subrecipients and cost-reimbursement contractors are audited in accordance with *Government Auditing Standards* as required by applicable laws and regulations and that all findings are reviewed for subsequent resolution in a timely manner. In a letter dated November 22, 1994, Mr. Stan Mead, Director of Fiscal Services, concurred with the finding and recommendation. He further stated that the department intends to have an audit tracking, monitoring, and resolution system in place by March 1, 1995 (B-66).

STATE OF LOUISIANA

FINDINGS AND RECOMMENDATIONS

**Noncompliance With Specific Requirements Applicable to
Nonmajor Federal Financial Assistance Program Transactions
(Concluded)**

**PUBLIC SAFETY AND CORRECTIONS,
DEPARTMENT OF, CORRECTIONS SERVICES**

Excess Reimbursements

The Department of Public Safety and Corrections, Corrections Services, claimed \$1,317 of reimbursements in excess of actual expenditures for the Department of Health and Human Services - Model Criminal Justice Drug Abuse Treatment for Incarcerated Populations, Non-Incarcerated Populations and Juvenile Justice Populations Program (CFDA 93.903) grant. The grant only permits the department to be reimbursed for expenditures once. These expenditures were reported and reimbursed twice. This error was not detected in a timely manner because the department did not consider the effect of journal entries that reclassified certain payroll expenditures in March and April 1994.

We recommend that the department contact the grantor and determine the appropriate way to return the funds received in error. Furthermore, the department should implement closer supervision of federal grant billing and reconciliation to the accounting records to prevent excess reimbursement for grant expenditures. In a letter dated November 22, 1994, Mr. James M. LeBlanc, Undersecretary/Chief of Staff, stated that the department agreed with the finding and recommendation and has returned the monies (B-183).

Schedule G

Summary of Findings and Recommendations From Other External Audits For the Year Ended June 30, 1994



**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS**

Summary of Findings and Recommendations
From Other External Audits
For the Year Ended June 30, 1994

**REPORTABLE CONDITIONS IN THE
INTERNAL CONTROL STRUCTURE**

CRESCENT CITY CONNECTION DIVISION

Independent auditors performed an audit of the Crescent City Connection Division's (CCCD) financial statements for the year ended October 31, 1993, and have issued their report thereon dated January 28, 1994. The report on the internal control structure stated that the CCCD's tag store generates a monthly tag deposit report which consists of the beginning balance, the monthly activity, and the ending balance on all accounts. The report does not include total figures on the above noted areas. As a result of not including total figures, the beginning account balances, the monthly activity, and the ending account balances cannot be tied to the general ledger. Consequently, CCCD does not know if the tag deposit detail report agrees to the general ledger. The auditor recommends that the monthly tag deposit report be changed to include totals for the beginning account balances, the monthly activity, and the ending account balances. See management's response at B-9.

GREATER BATON ROUGE PORT COMMISSION

Independent auditors performed an audit of the Greater Baton Rouge Port Commission's financial statements for the year ended October 31, 1993, and have issued their report thereon dated December 15, 1993. Their report on the internal control structure noted that the Port could benefit from preparing budgets on the accrual basis and including all anticipated expenses. Based on current preparation, some items are not being budgeted.

Management's response, contained in the independent auditor's report, stated that, for the year ended October 31, 1994, management included these items in its budget and intends to follow this procedure for future years.

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Summary of Findings and Recommendations
From Other External Audits (Continued)

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA

Independent auditors performed an audit of the House of Representatives, State of Louisiana, financial statements for the year ended September 30, 1993, and have issued their report thereon dated January 5, 1994. The following is a summary of the significant findings contained in the internal control report:

1. There are not sufficient procedures to reconcile the operations of property control with that of financial reporting. The auditors recommend that sufficient procedures be designed and implemented that would provide for adequate reconciliation of assets held, acquired, and disposed, with the financial statements prepared by Accounting Services. Since management is in the process of upgrading the computer system, this condition should be considered in the system design process. Management's response stated that starting in the 1993-94 fiscal year a system to monitor the purchases, placement, and disposal of property will be designed. This system should be in operation sometime before the end of the 1993-94 fiscal year.
2. During the year, there were certain instances when Representatives failed to provide documentation that their legislative assistants were entitled to compensation. The auditors recommend that management modify the system to require the documentation to include the Representatives' original signature before the release of the check issued as compensation for services rendered. Management's response stated that effective July 1, 1994, the House Accounting Office will be directed to adhere to the strictest intent of the policy currently in existence. This policy indicates that legislative assistants will be issued pay checks only if their Representative has signed and returned the assistant paycards or the Representative has submitted some type of documentation indicating the legislative assistant was due to the pay check. If no certification is received in the Accounting Office, checks will not be issued.

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Summary of Findings and Recommendations
From Other External Audits (Continued)

**LOUISIANA BOARD OF VETERINARY
MEDICINE EXAMINERS**

An independent auditor performed an audit of the Louisiana Board of Veterinary Medicine Examiners' financial statements for the year ended June 30, 1994, and issued his report thereon dated September 8, 1994. The following is a summary of the significant findings contained in the internal control report:

1. There is an absence of appropriate segregation of duties consistent with appropriate control objectives. This occurs because the board is not large enough to allow the employment of additional people for the purpose of segregation of duties. This would not be practicable from a financial standpoint.
2. There was a purchase from Semolina's for food and beverages with only a photocopy of the charge. There was no signature or explanation for the expenditure. The internal control structure should provide reasonable assurance that expenditures are not made without proper documentation. The auditor recommends that employees who sign checks should review all documents for proper authorization, compliance, account coding, and proper period.
3. Expenditures of \$477 were made for amounts on statements from vendors but no invoices were attached. The internal control structure should provide reasonable assurance that expenditures are made only when approved documentation is available. The auditor recommends that no expenditures should be made unless an approved vendor's invoice or other supporting document is available that shows authorization, compliance, proper coding, and period charged.
4. For the fiscal year ending June 30, 1993, year end audit journal entries were not recorded in the books in fiscal year 1993, but were made in August 1993 and posted to the books on that date. The result was that journal entries that should have been made in fiscal year 1993 were made in fiscal year 1994. The auditor recommends that the outside CPA who keeps the books record all year end journal entries in the proper year, and then close the books. The opening balance for the new books should be the same as the closing balances from the prior year.

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Summary of Findings and Recommendations
From Other External Audits (Continued)

5. The books and records of the board are not kept in accordance with standards established by the Governmental Accounting Standards Board. No General Fixed Asset Account Group or General Long Term Debt Account Group has been set up in the books. Neither has a General Fund been set up in the books. The auditor recommends that the outside CPA change the accounting system so that the books will be kept according to standards established by the Governmental Accounting Standards Board.

See management's response at B-100.

**LOUISIANA EDUCATIONAL
TELEVISION AUTHORITY**

Independent auditors performed an audit of the Louisiana Educational Television Authority's financial statements for the year ended June 30, 1994, and have issued their report thereon dated September 9, 1994. Their report on the internal control structure stated that the authority's internal control policies and procedures relating to property, equipment, and capital expenditures were not always being adhered to. Equipment is frequently installed or placed into service before a property control tag has been issued. In addition, a periodic reconciliation of actual capital expenditures recorded in the General Ledger is not compared to additions in the fixed asset listing.

The auditors recommend that the authority adhere to its internal control policies and procedures relating to property, equipment, and capital expenditures. Also, all new equipment should be tagged before being placed in service. The auditors also recommend that a separate object code be established in which only expenditures representing new property and equipment be recorded. The property control officer could then review these object codes, on a monthly basis, to determine that new equipment purchased for that month has been properly tagged and added to the fixed asset listing. See management's response at B-105.

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Independent auditors performed an audit of the Louisiana Naval War Memorial Commission's financial statements for the year ended December 31, 1993, and have issued their report thereon dated June 1, 1994. The report on the internal control structure stated that the Louisiana Naval War Memorial Commission failed to tag and notify the Louisiana Property Assistance Agency of qualified property acquisitions. Qualified property acquisitions are

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 Summary of Findings and Recommendations
 From Other External Audits (Continued)

required to be tagged within ten days of the acquisition date and transmittal forms must be submitted to the Louisiana Property Assistance Agency within one month of the acquisition date. The auditors recommend that all qualified property acquisitions be reported to the Executive Secretary for tagging and report submittal to the agency. See management's response at B-111.

LOUISIANA SCHOOL EMPLOYEES'
RETIREMENT SYSTEM

Independent auditors performed an audit of the Louisiana School Employees' Retirement System's financial statements for the year ended June 30, 1994, and have issued their report thereon dated September 14, 1994. The following is a summary of the significant findings contained in the management letter:

1. The system maintains a manual general ledger, cash receipts journal, and cash disbursements journal. The software program used for administrative expenses has the capability to prepare cash receipts and disbursement journals and a general ledger. The auditors recommend the system's manual records be converted to the computerized system.
2. Passwords for computer processing are not changed on a routine basis. The auditors recommend that passwords be changed periodically to control the users at specified levels of access.

LOUISIANA STADIUM AND EXPOSITION DISTRICT

Independent auditors have performed an audit of the Louisiana Stadium and Exposition District's financial statements for the year ended June 30, 1994, and have issued their report thereon dated September 16, 1994. The following findings were contained in the management letter:

1. Sometimes cash deposited in non-interest bearing demand deposit accounts is significant. The auditors recommend that Facility Management of Louisiana review with the depository bank for the possibility of demand deposit accounts bearing interest. Perhaps, this could be accomplished through a "sweep" arrangement.

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2. When Superdome fixed type assets are replaced, there is no attempt to remove old assets acquired during the original construction. The auditors recommend that the engineer and architect supply accounting with an estimate of original cost to write off when replacement occurs. If this is not done, then the total cost of the Superdome will be overstated.
3. Section 15(a)(i) of the Amended and Restated Lease Agreement between the district and the State of Louisiana requires full replacement insurance coverage for perils such as fire, flood, earthquake, and other items. The present basic coverage captures these items up to only \$101,000,000. The extended coverage will insure all items except for flood and earthquake up to full replacement cost. This amount is shown by the Office of Risk Management to be \$242,310,176. This matter was discussed with the Office of Risk Management and they are aware of the requirement but stated that to fully cover to replacement cost is prohibitively excessive. Assuming that the coverage is adequate, the auditors recommend that the lease agreement should be amended.

**LOUISIANA STATE BOARD OF
BARBER EXAMINERS**

Independent auditors have performed an audit of the Louisiana State Board of Barber Examiners' financial statements for the two years ended December 31, 1993, and have issued their report thereon dated June 20, 1994. The report on the internal control structure stated that the Louisiana State Board of Barber Examiners' system of internal control procedures to record cash receipts and revenue was inadequate to support the information reported in the financial statements. Cash receipts were not timely deposited, posted to the cash receipts journal, or reconciled to the general ledger. Certain records were not available to reconcile supporting accounting information to the information reported in the financial statements.

In addition, the following findings were reported in a management letter, dated June 24, 1994:

1. The board periodically reports its acquisition and disposition of fixed assets to the State of Louisiana. Test work in this area revealed that total assets reported on the 1993 annual inventory report generated by the State did not agree to total assets recorded in the financial statements. The auditors recommend that the board periodically reconcile its record of fixed assets to the report generated by the State and send in amended reports to the State for any discrepancies found. Management's response, contained in the management letter, stated that fixed

STATE OF LOUISIANA
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From Other External Audits (Continued)

assets records of the board are correct and this information has been reported to the State.

2. There were several instances in which travel vouchers were not properly approved in accordance with established procedures. The auditors recommend that the established procedures over travel voucher disbursements be closely adhered to in order to ensure that the amounts disbursed are proper and accurate. Management's response stated that they concur with the above comment and will implement the above recommendation as soon as possible.

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS

Independent auditors performed an audit of the Louisiana State Board of Medical Examiners' financial statements for the year ended December 31, 1993, and have issued their report thereon dated July 8, 1994. The following is a summary of the significant findings contained in the internal control report:

1. The board did not prepare timely bank reconciliations. The auditors noted that some checks had been outstanding for more than a year. The auditors recommend that bank reconciliations be prepared monthly by an employee who has no other cash handling or cash recording duties. They also recommend that a review be made periodically of outstanding checks and payment be stopped on checks that are outstanding for more than 120 days.
2. For financial reporting, the board uses an outside accountant to prepare its financial statements. The auditors noted that timely, accurate, and complete information is not provided by the outside accountant. The auditors recommend that the board obtain accounting software that would enable it to maintain its own accounting records and prepare the financial statements in-house. They also recommend that the board's staff include additional qualified accounting personnel.
3. The board's control structure fails to prevent or detect misstatements of accounting information. The auditors noted that a significant number of expenditures and revenues were coded incorrectly or misclassified. The auditors believe that these errors could be eliminated if the board maintained its own accounting records. The auditors recommend that all invoices and

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revenues be reviewed for proper coding. Also, the auditors recommend that the board maintain its own accounting records in-house.

4. The accounting system fails to provide complete and accurate output that is consistent with objectives and current needs because of design flaws. The auditors noted that a significant number of transactions/events were not recognized on a timely basis. Too many account titles are used. Subsidiary records are not reconciled to the general ledger accounts. The numerous adjusting entries needed at year end increased the time required to adjust and close the books and delayed the preparation of the financial statements. The auditors recommend that the board establish policies and procedures that require periodic reconciliations of subsidiary records to the general ledger.
5. The internal control environment is inadequate. It was noted by the auditors that many documents were not filed and some were in boxes, on the floor, and on top of file cabinets. Also, accounting is located in a high traffic area. The auditors recommend that the board allocate more space to accounting and move accounting to an area that has less traffic.

See management's response at B-113.

LOUISIANA STATE BOARD OF OPTOMETRY EXAMINERS

Independent auditors performed an audit of the Louisiana State Board of Optometry Examiners' financial statements for the 31 months ended July 25, 1993, and have issued their report thereon dated December 30, 1993. The following is a summary of the significant findings contained in the internal control report:

1. Payments totaling \$23,357.55 were made directly to the office administrator without any documentation.
2. Payments totaling \$4,368.75 were made for non-board related expenses.
3. Payments totaling \$1,286.67 were paid to the office administrator for mileage allowance without an adequately documented itemization of expenses actually incurred being provided.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Summary of Findings and Recommendations****From Other External Audits (Continued)**

4. Payments for salary to the office administrator exceeded the authorized salary or were made for work not performed. The excess paid totaled \$3,681.56.
5. Fixed assets totaling \$644.81 were purchased on August 14, 1992, but kept at the office administrator's residence. Upon inquiry, the office administrator indicated the purchase consisted of a TV/VCR to be used at the board's annual examination. However, this TV/VCR was never used at an examination nor brought to the office until July 1993.
6. Incorrect amounts were withheld for retirement and group insurance from the office administrator's payroll checks.
7. The accounting journals were altered to disguise payments made to or on behalf of the office administrator.
8. Several checks appear to be altered after being signed by any authorized official.
9. Reimbursements made to the office administrator for office supplies do not contain adequate documentation to determine if these supplies are board-related expenses.
10. A pay raise given to the office administrator in February 1992 was not documented as being authorized in the minutes of the board meetings.
11. The total fixed assets reported on the Annual Property Inventory report submitted to the State of Louisiana omitted \$2,179.00 of fixed assets purchased in 1990.

As a result of these conditions, unauthorized payments totaling \$32,695 were made directly to or on behalf of the office administrator over the entire audit period. The office administrator repaid the Board \$1,000 on December 31, 1992; \$4,700 on April 26, 1993; and \$4,950 on May 3, 1993. The unpaid amount at July 25, 1993, is \$22,045.

The auditors recommend that the President and/or Secretary/Treasurer become directly involved with the monthly operations of the board's office. See management's response at B-115.

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Summary of Findings and Recommendations
From Other External Audits (Continued)

**LOUISIANA STATE BOARD OF
PHYSICAL THERAPY EXAMINERS**

Independent auditors performed an audit of the Louisiana State Board of Physical Therapy Examiners' financial statements for the year ended June 30, 1994, and have issued their report thereon dated September 30, 1994. During the testwork of examination fees, the auditors experienced difficulty in reconciling the actual amount of revenues from exam fees. The following is a summary of additional findings encountered during their testwork:

1. The general ledger shows no detail for revenues other than the word "Deposit";
2. Re-examination fees have reached a level where they should be reported under a separate general ledger account rather than with "Other Revenues"; and
3. Several instances were noted where deposits were coded to the wrong general ledger account.

The Board needs to develop a system to more accurately record and reconcile its revenues to the number of exams given. Also, revenues posted to the general ledger should be compared to the deposit recap reports generated separately from the accounting function. A reconciliation of any variances would improve the accuracy of interim reporting and should reduce the occurrence of such instances.

**LOUISIANA STATE BOARD OF
PRIVATE SECURITY EXAMINERS**

Independent auditors have performed an audit of the Louisiana State Board of Private Security Examiners' financial statements for the year ended June 30, 1994, and have issued their report thereon dated September 6, 1994. The following is a summary of the significant findings contained in the internal control report:

1. There were instances found where invoices were paid both from the invoice and the statement. Also, invoices were paid from copies instead of original invoices. These conditions led to duplicate payments. The auditors recommend that management develop procedures to ensure that all disbursements are made from original invoices and that they are marked paid.

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Summary of Findings and Recommendations
From Other External Audits (Continued)**

2. All 941 payroll returns for the audit period were amended. Accounting records should provide sufficient information to prepare accurate returns. The auditors recommend that management develop procedures to ensure that all Form 941s are correctly prepared and filed with the Internal Revenue Service.
3. Penalties and interest for late and/or insufficient payment of federal tax deposits were assessed by the Internal Revenue Service. The auditors recommend that management develop procedures to ensure that all tax deposits are made timely.
4. Individual component units of a computer system were expensed instead of capitalizing the entire operating hardware. The board's capitalization policy includes assets which are greater than \$250. The auditors recommend that management develop procedures to ensure that all costs incurred which enable the operation of a particular piece of equipment be capitalized.

Management's response to the above findings, contained in the independent auditor's report, stated that they have hired a new person to fill the account clerk position and they will develop an accounting policy and procedure manual to ensure that the above problems will be addressed in their accounting policies and procedures.

5. The cash receipting software classifies collections into 18 categories, the general ledger reports only 14 categories, and fees are classified into 25 categories. The accounting system should be such that all transactions are recorded accurately and in such detail to make accurate budgetary decisions. The auditors recommend that since the cash receipting system cannot be modified further, management should enhance the general ledger accounts to be comparable to the original posting of transactions. The auditors also recommend that management establish procedures documenting where certain fees are to be categorized. Management concurred with the finding.
6. As of April 1, 1994, the agency instituted a policy that required all personnel inputting data from applications, date stamp the documents and initial all documents keyed. The auditors' tests of these controls indicated that although in most instances the documents were date stamped, very few initials appeared on the documents. The auditors recommend that management stress the importance of validating to its employees and perform systematic reviews of documents processed before they are filed. Management's response stated that they will discuss the new procedures with its staff and monitor the processing on a regular basis.

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7. The board processes over 3,000 applications that are processed into a computer system the agency leases from MAPPER. This information is processed by several employees, some of which are student workers and the agency receives no edit lists on a regular basis. The auditors recommend that management discuss the development of a special report that can verify the processing of pertinent data. Management's response stated that if they would incur the additional cost of having MAPPER make the necessary program changes to prepare an edit list, it does not have sufficient manpower to perform a quality review of processed transactions. Therefore, they will have to rely on the accuracy of data processed by its employees.
8. There has been a significant turnover in the account clerk position with the agency. This has led to many inconsistencies in the record keeping and retention within the accounting department. The auditors recommend that management develop an accounting policy and procedures manual that will safeguard all records and ensure the consistency of applying accounting principles when there is a turnover in personnel. Management concurred with the finding.
9. The board has assigned the opening of mail and the verification of amounts received to applications to one person and the recording and depositing of collections to the account clerk. However, the agency does not use a daily log prepared by the mail clerk to list collections for the day that can be verified by management with the deposit. The auditors recommend that the mail clerk prepare a daily log of collections documenting date and total of collections. The account clerk should process these collections in batches by date of collection. With these policies, subsequent verification by the Executive Director can be made. Management concurred with the finding.

LOUISIANA STATE EMPLOYEES'
RETIREMENT SYSTEM

Independent auditors performed an audit of the Louisiana State Employees' Retirement System's financial statements for the year ended June 30, 1994, and have issued their report thereon dated October 14, 1994. The following is a summary of the significant findings contained in the management letter:

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Summary of Findings and Recommendations
From Other External Audits (Continued)**

1. The Daily Securities Information System confirmations received from brokers for each investment transaction are not being compared to the monthly activity recorded on the custodian statements. Although the custodians are reviewed by an outside third party consultant, by testing, on a limited basis, the investment transactions from the source documents to the custodian monthly statements would improve controls over investments and ensure that the proper amounts are being recorded by the custodians. In addition, there is no policy where the custodian and money managers reconcile their activity between each other. The auditors recommend that the daily advices be traced, on a limited basis, to the monthly custodian statements to ensure that the custodian has accurately recorded the correct investment information. The auditors also recommend that the custodian and money managers perform monthly reconciliations of account balances and these reconciliations be forwarded to the system for verification.
2. The amortization of Collateral Mortgage Obligations (CMOs) calculated by the system's custodian bank was materially incorrect for certain unique securities. The auditors recommend that the system coordinate with the custodian bank a proper methodology for calculating amortization of CMOs and that the system monitor the amortization on a quarterly basis.
3. The procedures to calculate a new retiree's service credit and salary history is being calculated by the computer and verified by one employee. However, if minor adjustments are necessary for average salary, length of service, et cetera, only one individual is computing the adjustment. During the test of benefits, several instances were noted where the retiree's service credit and salary history was calculated incorrectly. The auditors recommend that adjustments to new retiree's service credit and salary history continue to be calculated by an employee with a second calculation being performed independently of the first calculation and any differences between the two calculations be resolved by the department supervisor. In addition, the auditors recommend that controls could be strengthened if a monthly reconciliation of the total number of retirees, including retirees added and deleted during the month were performed by the benefits department.
4. The system of determining if a recipient of a benefit check has died could be improved. The system's only verification is the periodic matching of death tapes to the system's database which is not being done on a regular basis. In addition, the results of this procedure produced some unreliable results. The auditors recommend that the system implement procedures whereby death tapes

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Summary of Findings and Recommendations
From Other External Audits (Continued)

are matched at least semi-annually and that recipients of benefit checks over a certain age are periodically verified by using an outside information services agency.

See management's response at B-116.

LOUISIANA WORKERS' COMPENSATION CORPORATION

Independent auditors performed an audit of the Louisiana Workers' Compensation Corporation's financial statements for the year ended December 31, 1993, and have issued their report thereon dated February 11, 1994. The following findings pertaining to the Corporation's internal control structure were contained in their management letter:

1. During the testing of Case Basis Reserves, the auditors noted that 9 out of 33 claim files selected for testing either did not contain a worker's compensation reserve evaluation form or the form contained in the file was not the latest revision. The auditors recommend that the reserve evaluation forms should be completed, signed by the claims representative, and inserted in the claim file each time a change to the claimant's file is made in the WCIS system. Management concurred with the finding.
2. Physical access restriction to the computer room and tape vault is not restricted only to those who need access for day to day job responsibilities. All Information Systems personnel have access to the computer room and vault. Many of these individuals do not need such access and rarely use this access. The auditors recommend that physical access privileges to the computer room and tape vault should be restricted to only those individuals who require access to fulfill their daily job requirements. Management's response contained in the management letter stated that all of systems and operations employees require machine room access. Some programmers and the department secretary need access to the machine room so that they can design, install, and test Xerox printer forms which can only be accomplished in the machine room. Management will identify staff members that need that access and restrict others.
3. The corporation has outlined basic disaster recovery procedures that are focused on recovery within the Information Systems Department. The impact of a loss of system services has not been assessed by user departments. Components of a

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Summary of Findings and Recommendations
From Other External Audits (Continued)

business continuity plan should not be limited to services within the Information Systems Department. The auditors recommend that, in the event of a disaster, computer processing can be moved to an alternate site by contracting with a "hot-site" vendor that provides computer and communications equipment needed to restore backup tapes and resume processing. Recovery resources should be allocated based on the business impact of potential losses. Recovery resources should be assigned in both the Information Systems Department and user departments. Management's response stated that they have budgeted for both Hot Site Services and Business Resumption Planning Services for the user departments. The Information Systems Department is currently developing an RFP for the above services under the direction of the Information Systems Steering Committee.

PORT OF NEW ORLEANS

Independent auditors performed an audit of the Port of New Orleans' financial statements for the two years ended June 30, 1994, and have issued their report thereon dated September 9, 1994. The following findings pertaining to the port's internal control structure were contained in their management letter.

Data Management Controls

The auditors noted that the access controls to the Lawson Financial Accounting application contained the following weaknesses:

1. Accounting users log on with the same ID and password. This ID and password has unlimited access to all accounting applications and functions. The auditors recommend that management assign unique user-IDs to all users and define their access to specific functional menus to help enforce any segregation of duties and help minimize potential unauthorized access to financial applications.
2. Procedures do not exist to change the password periodically so the number of users who have access to this ID and password may not be limited to only Accounting Department personnel. The auditors recommend that management consider implementing periodic changes of passwords.

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From Other External Audits (Continued)

See management's response at B-170.

Access to System Resources

The current file protection parameters and system control capabilities are not used effectively to ensure that only authorized users can gain access to system resources. The following weaknesses were identified:

1. The default authority for users with the ability to gain system level access (command line) would allow those users to accidentally or intentionally update or delete all production data. The auditors recommend that management use security features that prevent all users from accessing production data files except through application transactions.
2. Most users are not restricted from accessing the command line. The auditors recommend that management use the **LIMIT CAPABILITIES** parameter to prevent users from accessing the command line unless required for job responsibilities.
3. The ability to upload data files to the AS/400 is not adequately controlled. The auditors recommend that management restrict upload capabilities only to those users needing it to perform their job responsibilities.

See management's response at B-170.

Security Violation Reporting

Security monitoring capabilities of the system are not being fully used which increases the risk of unauthorized access attempts being undetected. The AS/400 native security provides a number of reports that can be used to monitor the activity of users. The system also provides the capability of logging the actions of users with special privileges. Review of access violation logs provides a detective control to ensure preventive security measures are effective.

The auditors recommend that management consider implementing a security reporting system that includes periodic review of access violations and other reports available through AS/400 security. See management's response at B-170.

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From Other External Audits (Continued)

SENATE, STATE OF LOUISIANA

Independent auditors have performed an audit of the Senate, State of Louisiana, financial statements for the eight months ended August 31, 1993, and have issued their report thereon dated September 12, 1994. The following is a summary of the significant findings in the internal control report:

1. There are not sufficient procedures to reconcile financial reporting with that of the operations of property control. The auditors recommend that sufficient procedures be designed and implemented that would provide for adequate reconciliation of assets held, acquired and disposed, with the financial statements prepared by Accounting Service. Management's response, contained in the independent auditor's report, stated that since this matter has been brought to the attention of management in April 1994, management has installed a computerized bar code system to track equipment transactions.
2. There are some instances where certain employees are paid without adequate documentation that they are entitled to receive the compensation. The auditors recommend that management modify the system to require the documentation before the release of the check issued as compensation for services rendered for all employees. Management's response stated that the legislature, when in session, requires all employees to be available seven days a week for twenty-four hours a day unless the employee is out of town or has an excused absence. Historically, because the legislators do not know how late in the day employees may be needed, the employees are paid on the same basis as the legislators on a per diem basis. This procedure has been in place since the Senate was formed. Members will be asked to attest to the fact that the employees who work for the senator or other appropriate supervisory level staff were available for work and are entitled to the compensation.

TENSAS BASIN LEVEE DISTRICT

Independent auditors performed an audit of the Tensas Basin Levee District for the years ended June 30, 1994 and 1993, and have issued their report thereon dated October 24, 1994. Their report on the internal control structure stated that there is no separation of the cash receiving, depositing and recording functions. Compensating controls exist as basically all receipts are in the form of checks made payable to the Tensas Basin Levee District and monthly deposits are reviewed by the board.

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WEST JEFFERSON LEVEE DISTRICT

Independent auditors performed an audit of the West Jefferson Levee District's financial statements for the year ended June 30, 1994, and have issued their report thereon dated July 19, 1994. For the second consecutive year, there appears to be a lack of segregation of duties within the Accounting Department. Because of the limited number of personnel, the Proprietary Accountant is charged with most of the responsibilities relating to the accounting, reporting, and reconciliation functions. The auditors recommend that all reconciliation and journal entries be reviewed and approved by an official who is not responsible for receipts, disbursements, or ledger entries. Management's response, contained in the independent auditor's report, stated that they did not feel that it is cost beneficial at the present time to address the lack of segregation of duties.

**REPORTABLE CONDITIONS IN THE
INTERNAL CONTROL STRUCTURE RELATING
TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

**LOUISIANA EDUCATIONAL
TELEVISION AUTHORITY**

Independent auditors performed an audit of the Louisiana Educational Television Authority's financial statements for the year ended June 30, 1994, and have issued their report thereon dated September 9, 1994. The following findings relating to the authority's internal control structure relating to federal financial assistance programs were contained in their report.

Special Revenue Fund

For the second consecutive year, Corporation for Public Broadcasting grants and certain other grants and non-state funds in the past were handled as "passed-through" monies to Friends of Louisiana Public Broadcasting. Effective July 1, 1992, such grants and other funds as described above were no longer accounted for as "pass-through" revenues and expenses by Friends but were recorded in the authority's Special Revenue Fund. Effective July 1, 1993, such grants and other non-state funds as described above were no longer being accounted for in the authority's Special

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Summary of Findings and Recommendations
From Other External Audits (Continued)**

Revenue Fund but rather in the Foundation for Excellence in Louisiana Public Broadcasting (the "Foundation"), a non-profit Louisiana Corporation. Several grants and other non-state funds that are in the name of the authority continue to be "passed-through" to the Foundation, even though the grant award is specifically in the name of Louisiana Public Broadcasting and federal identification number of the authority.

The auditors recommend that the authority's personnel contact all applicable agencies administering existing grants and request that the applicable grants be changed to be specifically in the name and federal identification number of the Foundation. Furthermore, it is essential that all future grants be applied for and received under the name and federal identification number of the Foundation. See management's response at B-105.

Indirect Costs

For the second consecutive year, the auditors noted that amounts charged to various grant programs for administrative type indirect costs were based entirely on budgeted figures. Actual indirect costs percentages have not been documented.

The auditors recommend that employees involved in the administration of the grants periodically maintain time sheets in an effort to develop an actual indirect cost percentage. This actual percentage should then be compared to the budgeted percentage so that the authority can monitor its indirect cost and negotiate as necessary, a higher indirect cost rate on future contracts. In addition, the auditors also recommend that all indirect cost dollars be recorded as expenses of the Special Revenue Fund or the Foundation and as income and transfers to Self-Generated Revenue if the General Fund is where the actual costs of the employees performing the administrative work is recorded.

SOUTHERN UNIVERSITY

Independent auditors performed an audit of Southern University's federal financial assistance programs for the year ended June 30, 1994, and have issued their report thereon dated November 18, 1994. The following finding pertaining to the university's internal control structure relating to federal financial assistance programs was contained in their report.

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From Other External Audits (Continued)

Federal Perkins Loan Program - Eduserve

Perkins Loan (CFDA 84.038) records for the Baton Rouge and New Orleans campuses were transmitted to Eduserve during the year ended June 30, 1993. However, the Shreveport-Bossier City campus is currently in the process of preparing its files for conversion. Eduserve is responsible for performing billing and collection functions for the Baton Rouge and New Orleans campuses. The loan records for the Shreveport-Bossier City campus were transmitted after June 30, 1994. It was noted that the loan receivable balances per certain accounting records did not agree. The auditors recommend that the university continue in its efforts to reconcile the accounting records and ensure the Shreveport-Bossier City loan records are properly recorded by Eduserve. See management's responses at B-223, B-236, and B-242.

NONCOMPLIANCE WITH LAWS AND REGULATIONS

ATCHAFALAYA BASIN LEVEE DISTRICT

Independent auditors have performed an audit of the Atchafalaya Basin Levee District's financial statements for the two years ended June 30, 1994, and have issued their report thereon dated October 12, 1994. The report on noncompliance with laws and regulations noted the following:

1. There were instances where travel claims were incomplete or not properly completed. For example, there were no odometer readings, no travel times, and improper payment for meals when the commissioner is not entitled to a meal. This is in violation of state travel regulations Policy and Procedures Memorandum 49, which requires that all reimbursements be supported by proper documentation and odometer readings. The auditors recommend that management should ensure that all reimbursements to board members be made only with proper documentation. Management concurred with the finding.
2. On January 31, 1993 and February 28, 1993, the funds in demand accounts may have been uncollateralized and on January 31, 1994, these funds were uncollateralized. State regulations require that all funds be secured and

STATE OF LOUISIANA
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From Other External Audits (Continued)

collateralized. The auditors recommend that management review the collateralization on a monthly basis and direct the Fiscal Agent to pledge securities as needed. Management concurred with the finding.

3. The district has no records to support historical costs for land and buildings. Louisiana Revised Statute 24:515(1) requires that all boards maintain records for all land, buildings, improvements, and equipment which shall include information as to the date of purchase of such property or equipment, the initial cost, et cetera. The auditors recommend that management attempt to obtain or estimate historical costs on all land and buildings. Management concurred with the finding and will obtain historical costs on all land and buildings.

CRESCENT CITY CONNECTION DIVISION

Independent auditors performed an audit of the Crescent City Connection Division's financial statements for the year ended October 31, 1993, and have issued their report thereon dated January 28, 1994. Their report on compliance with laws and regulations stated that the Crescent City Connection Division automatically renewed a contract without soliciting bids. The Public Bid Law requires one to solicit bids on any item with a value greater than \$10,000. The auditors recommend that all responsible parties be made aware of all aspects within the law. See management's response at B-9.

GREATER BATON ROUGE PORT COMMISSION

Independent auditors performed an audit of the Greater Baton Rouge Port Commission's financial statements for the year ended October 31, 1993, and have issued their report thereon dated December 15, 1993. Their report on compliance with laws and regulations noted that in one instance, documentation could not be found to support compliance with the Public Bid Law.

Management's response, contained in the independent auditor's report, stated that the documentation and filing system has been enhanced and is currently sufficient to support compliance with the Public Bid Law.

STATE OF LOUISIANA
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Summary of Findings and Recommendations
From Other External Audits (Continued)

HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA

Independent auditors performed an audit of the House of Representatives, State of Louisiana, financial statements for the year ended September 30, 1993, and have issued their report thereon dated January 5, 1994. Their report on compliance with laws and regulations disclosed that a vehicle was purchased by the House of Representatives that was not tagged or included on property control or accounting records in accordance with Louisiana Revised Statutes.

LOUISIANA AUCTIONEERS LICENSING BOARD

An independent auditor performed an audit of the Louisiana Auctioneers Licensing Board's financial statements for the year ended June 30, 1994, and issued his report thereon dated September 8, 1994. The report on compliance with laws and regulations noted the following:

1. The board chairman signed a lease for office space when there was no indication of formal approval to do so. The board should formally approve the signing of leases at a regular or special meeting of the board and should include this approval in the minutes. The auditor recommends that the board formally approve in a regular or special meeting any leases or contracts to be signed.
2. The board transferred \$125,000 of funds to the investment firm of Legg Mason without board approval. It is required that the board formally approve transfers of funds and openings of accounts with banks. The auditor recommends that the board formally adopt and specifically authorize the opening of new accounts at either a regular or special meeting of the board.
3. The board's attorney advised the board that it could invest in out-of-state banks' certificates of deposit, and that the board could invest in mutual funds and in privately owned corporations. This is in violation of Louisiana Revised Statute 49:327. The auditor recommends that the board cancel these investments and invest the funds in types of investments authorized by law.

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4. The unreserved - undesignated fund balance at June 30, 1992, was \$131,087 and the expenditures were \$60,723. House Concurrent Resolution (HCR) 174 of 1989 required the Legislative Auditor to determine the relationship between fees charged and service rendered and to report entities levying excessive fees to the Legislative Audit Advisory Council (LAAC). On July 29, 1992, the Legislative Auditor's office placed the responsibility on each auditor of a state board or commission to determine if the fees charged are excessive. A benchmark has been established by the Legislative Auditor's office to help each auditor determine if the fees charged are excessive. If the unreserved - undesignated fund balance of the entity at year end exceeds the current year expenditures, and there are no extenuating circumstances supporting the balance, then such should be the basis for stating that excess fees are being charged and that notification to the LAAC should occur in this report. However, according to the board's executive assistant, there are extenuating circumstances which may support such a balance. It is asserted that the board has under consideration the inclusion of an auctioneer's "Recovery Fund" in the statutes. This long-term project will be undertaken in the 1995 legislative session. The auditor recommends that the board have legislation prepared and submitted in the 1995 legislative session so this situation can be resolved.

See management's response at B-99.

LOUISIANA BOARD OF CHIROPRACTIC EXAMINERS

Independent auditors have performed an audit of the Louisiana Board of Chiropractic Examiners' financial statements for the year ended June 30, 1994, and have issued their report thereon dated August 8, 1994. The report on noncompliance with laws and regulations stated that in accordance with House Concurrent Resolution (HCR) 174, it is the auditor's responsibility to determine if the fees charged by the Louisiana Board of Chiropractic Examiners exceed the costs of services. Based upon a benchmark established by the Legislative Auditor, the unreserved and undesignated fund balance of the Louisiana Board of Chiropractic Examiners of \$151,478 at June 30, 1994, exceeded the expenditures for the fiscal year ended June 30, 1994 of \$136,010 by \$15,468. However, in the auditor's judgment and, based upon discussion with management of the Louisiana Board of Chiropractic Examiners, because of historical experience of legal fees incurred and the need for the future capital outlays, at this time, they do not feel that the fees levied are excessive.

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LOUISIANA BOARD OF VETERINARY
MEDICINE EXAMINERS

An independent auditor performed an audit of the Louisiana Board of Veterinary Medicine Examiners' financial statements for the year ended June 30, 1994, and issued his report thereon dated September 8, 1994. The report on noncompliance with laws and regulations contained the following findings:

1. The board has not deposited funds with the state treasurer but rather has opened a checking account with City National Bank of Baton Rouge. This is in violation of Louisiana Revised Statute 37:1517. The auditor recommends that the board introduce legislation to allow it to maintain its own bank account. If legislation is not passed, the auditors recommend that the board comply with the law.
2. The board had on deposit with City National Bank of Baton Rouge at September 30, 1993, \$121,181 and on October 31, 1993, \$127,941. These amounts were covered only by Federal Deposit Insurance and only up to \$100,000. This is in violation of Louisiana Revised Statute 42:321(c). The auditor recommends that the board notify City National Bank of Baton Rouge whenever it is necessary for City National Bank to deposit security.
3. The board paid for the airfare to San Francisco for a board member's wife and did not timely request reimbursement. This is in violation of the Louisiana Constitution of 1974, Article 7, Section 14(A) - Prohibited Uses. The auditor recommends that the board request reimbursement from the board member. The auditor further recommends that in the future the board not prepay these kind of expenses for board members.
4. The board routinely buys coffee, cream, sugar, coffee makers, and other items for the use of employees. This is in violation of the Louisiana Constitution of 1974, Article 7, Section 14(A) - Prohibited Uses. The auditor recommends that the board discontinue buying coffee and coffee supplies for employees.
5. On the days that the board meets in Baton Rouge, the board typically sends out for lunch for all board members and all staff at work on that day. This is in violation of both the Louisiana Constitution of 1974, Article 7, Section 14(A) - Prohibited Uses and State Travel Regulations, PPM 49. The auditor recommends that the board discontinue this practice of buying lunch.

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6. Copies of board members' Corporate American Express card statements are submitted for reimbursement instead of state Form BA-12; meals are being reimbursed when travelers are not out of town overnight; reimbursements are being made when no documents are attached to state Form BA-12; and advances on expenses are being made. This violates Louisiana Revised Statute 39:231 and PPM 49. The auditor recommends that each board member be provided a copy of the state travel regulations. He further recommends that if there is a question as to what can be spent and how, the board should get an opinion in writing from the Division of Administration. Also, if necessary, the board should get a written opinion from the board's attorney.

See management's response at B-102.

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Independent auditors performed an audit of the Louisiana Naval War Memorial Commission's financial statements for the year ended December 31, 1993, and have issued their report thereon dated June 1, 1994. The report on compliance with laws and regulations stated that the Louisiana Naval War Memorial Commission did not comply with Article 7, Section 9 of the 1974 Louisiana Constitution, requiring all monies received by state agencies be deposited immediately upon receipt in the State Treasury. The commission currently deposits its receipts into bank accounts established by the commission. The auditors recommend that the commission obtain a written letter of approval from the district attorney or the attorney general authorizing separate deposits. See management's response at B-111.

**LOUISIANA STATE BOARD OF EXAMINERS
OF INTERIOR DESIGNERS**

An independent auditor performed an audit of the Louisiana State Board of Examiners of Interior Designers' financial statements for the year ended June 30, 1994, and issued his report thereon dated September 3, 1994. The report on noncompliance with laws and regulations noted the following:

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1. The board spent \$524.76 for meals at board meetings, out of a total of \$1,747.00 spent for in-state travel, that was not reimbursable according to Policy and Procedures Memorandum No. 49, the state travel regulations, Section VI.A(2). The auditor recommends that the board discontinue buying board members' meals at board meetings.
2. The board has been purchasing coffee and coffee supplies for the employees and board members personal use. This is in violation of the Louisiana Constitution of 1974, Article 7, Section 14, (A), Prohibited Uses. The auditor recommends that the board discontinue the purchase of coffee and coffee supplies.
3. The unreserved - undesignated fund balance at June 30, 1994, was \$87,031, and the expenditures were \$68,835. Under House Concurrent Resolution (HCR) 174 of 1989, the Legislative Auditor was required to determine the relationship between fees charged and service rendered and to report entities levying excessive fees to the Legislative Audit Advisory Council (LAAC). On July 29, 1992, the Legislative Auditor's office placed the responsibility on each auditor of a state board or commission to determine if the fees charged are excessive. A benchmark has been established by the Legislative Auditor's office to help each auditor determine if the fees charged are excessive. If the unreserved - undesignated fund balance of the entity at year end exceeds the current year expenditures, and there are no extenuating circumstances supporting the balance, then such should be the basis for stating that excess fees are being charged and that notification to the LAAC should occur in this report. Possible extenuating circumstances are that the number of interior designers in Louisiana has been declining each year. The result is that the board's revenues in any one year are not large enough to cover the expenditures for that year. The auditor recommends that the board use part of the undesignated fund balance to defray current operating expenditures.

See management's response at B-112.

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**LOUISIANA STATE BOARD OF PHYSICAL
THERAPY EXAMINERS**

Independent auditors have performed an audit of the Louisiana State Board of Physical Therapy Examiners' financial statements for the year ended June 30, 1994, and have issued their report thereon dated September 30, 1994. Their management letter contained the following findings on noncompliance with laws and regulations:

1. A two-year certificate of deposit was purchased in January 1993. The certificate of deposit appears to be in violation of Louisiana Revised Statute 49:327C(4). This statute limits all certificates of deposit purchased by state agencies to a maturity date of not more than twelve months after the date of purchase. The auditors suggest adherence to the statute for future purchases of certificates of deposit.
2. As of June 30, 1994, the board held several certificates of deposit and a money market account with one financial institution, the cumulative total of which exceeded FDIC insurance limits. This is in violation of Louisiana Revised Statute 49:327C(2), which states that the funds on deposit shall not exceed at any time the amount insured by the Federal Deposit Insurance Corporation in any one financial institution. The auditors recommend that the board institute a policy to review its balance held on deposit in each financial institution on a regular basis to ensure that such instances are not encountered and to safeguard its liquid assets from loss. Management's response, contained in the management letter, stated that this situation has been resolved by moving some of its certificates of deposit into another financial institution.
3. There were no withholdings on bonuses paid. According to Internal Revenue Service regulations, bonuses are to be treated as ordinary compensation with all applicable taxes being withheld. The auditors recommend that all future payments of bonuses be handled in this manner.

**LOUISIANA STATE BOARD OF PRIVATE
SECURITY EXAMINERS**

Independent auditors have performed an audit of the Louisiana State Board of Private Security Examiners' financial statements for the year ended June 30, 1994, and have issued their report

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FINDINGS AND RECOMMENDATIONS
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thereon dated September 6, 1994. Their report on noncompliance with laws and regulations contained the following findings:

1. The auditors tested all travel expense account reimbursement forms. Of the 40 documents tested, three did not have authorized approval signatures of the executive director. Under state travel regulations, an authorized signature is required for approval before expenses are reimbursed. The auditors recommend that all travel expense accounts be reviewed for approval and signed by an authorized person before reimbursement of expenses. Management concurred with the finding.
2. The auditors noted instances where travel reimbursements to board members were made without receipts for meals, lodging, and parking, and mileage was estimated without actual odometer readings. State travel regulations Policy and Procedures Memorandum No. 49 requires that all reimbursements be supported by proper receipts and odometer readings. The auditors recommend that management ensure that all reimbursements to board members be made only with proper documentation. Management concurred with the finding.
3. As of June 30, 1994, the cash balance in the checking account was \$145,925, of which only \$100,000 was covered by federal deposit insurance. This resulted in an uncollateralized balance of \$45,925. Louisiana Revised Statute 42:321(c) requires that all funds be secured and collateralized. The auditors recommend that management direct the bank to pledge securities to collateralize funds in excess of \$100,000. Management's response stated that on August 24, 1994, the bank pledged \$50,000 par value Federal Home Loan Bonds in a category 3 to secure excess funds over \$100,000. Management stated that it will monitor the cash balance in the future.

SOUTH TANGIPAHOA PARISH
PORT COMMISSION

Independent auditors have performed an audit of the South Tangipahoa Parish Port Commission's financial statements for the year ended December 31, 1993, and have issued their report thereon dated May 13, 1994. Their report on noncompliance with laws and regulations stated that the commission did not comply with certain budget requirements imposed by the statutes. Budget procedures applicable to the commission are specified in state

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law, Louisiana Revised Statutes (LSA-R.S.) 39:1301-1314. The pertinent parts of the law and the manner in which the commission failed to comply with the law are as follows:

State law, LSA-R.S. 1304-1308 requires at least ten days prior to the holding of a public hearing on the proposed budget, a summary of the proposed budget and notice of public hearing must be published in the commission's official journal. The commission did not publish the proposed budget and notice of public hearing at least ten days prior to the public hearing. The auditors recommend that the commission publish a summary of the proposed budget and call for public hearing at least ten days before the public hearing is held in compliance with state law.

Management's response, contained in the independent auditor's report, stated that the commission will comply with state law by publishing a summary of the proposed budget and call for a public hearing at least ten days before the public hearing is held.

NONCOMPLIANCE WITH
GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

SOUTHERN UNIVERSITY

Independent auditors performed an audit of Southern University's federal financial assistance programs for the year ended June 30, 1994, and have issued their report thereon dated November 18, 1994. The following finding pertaining to the university's compliance with general requirements applicable to federal financial assistance programs was presented in their report.

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SOUTHERN UNIVERSITY -
SHREVEPORT-BOSSIER CITY CAMPUS

Federal Financial Reports - Fiscal Operations
Report and Application (FISAP)

During their audit of the federal financial assistance programs at Southern University - Shreveport-Bossier City Campus, the auditors noted that the FISAP reports contained errors with regard to the reporting of Pell Grant (84.063) expenditures as follows:

<u>Part II, Section D, Line 23</u>	<u>Per FISAP</u>	<u>Per Accounting Records</u>	<u>Difference</u>
Pell Expenditures - Shreveport- Bossier City Campus	<u>\$0</u>	<u>\$1,375,275</u>	<u>\$1,375,275</u>

The Code of Federal Regulations [34 CFR Subpart A Section 674.19(d)(3)] requires that the institution shall submit a FISAP each year and shall ensure that the information reported is accurate.

The auditors recommend that the university adhere to established procedures with regard to the reporting of financial aid amounts per the FISAP. In addition, the auditors recommend that the noted error be corrected during the edit process. See management's response at B-242.

**NONCOMPLIANCE WITH SPECIFIC
 REQUIREMENTS APPLICABLE TO MAJOR
 FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

GRAMBLING STATE UNIVERSITY

Independent auditors performed an audit of Grambling State University's federal financial assistance programs for the year ended June 30, 1994, and have issued their report thereon dated October 21, 1994. The following findings pertaining to the university's compliance with

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specific requirements applicable to major federal financial assistance programs were presented in their report.

Federal Family Education Loan (FFEL)
Program Disbursement

During their audit of Grambling State University's Federal Family Education Loan Program (CFDA 84.032), the auditors noted that one student out of 68 sampled received a second FFEL disbursement before one-half of the loan period had elapsed. The Code of Federal Regulations [34 CFR Subpart B Section 682.207(c)(3)] states that at least one-half of the period of enrollment for which the loan is made must elapse before the second loan installment is disbursed.

The auditors recommend that the university adhere to established procedures to ensure that second loan disbursements issued prematurely by lenders are not disbursed to the student before one-half of the loan period elapses. See management's response at B-51.

Federal Family Education Loan (FFEL)
Program Over-Award

During their audit of Grambling State University's Federal Family Education Loan Program (CFDA 84.032), the auditors noted that the FFEL loan application was certified incorrectly for 2 students out of 68 sampled causing an over-award resulting in questioned costs of \$1,371. The Code of Federal Regulations [34 CFR Subpart F Section 682.603] requires an institution to provide complete and accurate information in connection with a loan application.

The auditors recommend that the university adhere to established procedures in the processing of FFEL loan applications. See management's response at B-51.

Record Retention - Federal Family
Education Loan (FFEL) Certification
Documents

During their audit of Grambling State University's Federal Family Education Loan Program (CFDA 84.032), the auditors noted that the university had not properly retained the FFEL application/certificate form for one out of 68 FFEL recipients tested. As such, the auditors have questioned costs in the amount of \$1,342. The

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Code of Federal Regulations [34 CFR Subpart B Section 668.23(a) and Subpart F Section 682.610] requires that the institution shall establish and maintain on a current basis, and retain for five years, all financial and programmatic records that reflect program transactions.

The auditors recommend that the university adhere to the record retention policy and ensure that all financial and programmatic records are properly retained. See management's response at B-51.

Refunds to the Title IV Programs

During their audit of Grambling State University's student financial aid programs, the auditors noted that there were 3 instances out of a sample of 50 items in which refunds were not remitted to the Title IV programs on a timely basis. Also, there was one instance in which the refund was improperly computed resulting in questioned costs of \$346. However, it was noted that the appropriate journal entry was made and the check was disbursed to the appropriate program in the amount of \$346 after year end. The Code of Federal Regulations [34 CFR 668.22(3)(ii)] states that an institution shall return the portion of the refund using the formula provided in the regulations. In addition, the Code of Federal Regulations [34 CFR Subpart B Section 668.22(e)(5) and Subpart F Section 682.607(c)(1)] states that refunds to Title IV programs should be made by the university within 30 or 60 days, depending upon the program.

The auditors recommend that the university adhere to established policies and procedures to ensure that all refunds as established by the university refund policy are appropriately remitted to the Title IV programs on a timely basis and for the correct amounts. See management's response at B-52.

Federal Pell Grant Program Calculations

During their audit of Grambling State University's Federal Pell Grant Program (CFDA 84.063), the auditors noted that one student out of 75 sampled received a Federal Pell grant but was not eligible. Failure of the university to correctly calculate the Pell grant award resulted in the university over-awarding \$1,150. As such, the auditors have questioned costs of \$1,150. However, on October 5, 1994, the university reduced the amount due from the Federal Pell Grant Program by the overaward. The Code of Federal Regulations [34 CFR Subpart F Section 690.63(a)(1) and (2)] requires that a student's Pell grant for each payment period be calculated by determining his or her

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enrollment status and determining his or her annual award from the payment schedule established by the Department of Education.

The auditors recommend that the university adhere to established procedures with respect to determining Pell Grant eligibility. See management's response at B-52.

SOUTHERN UNIVERSITY

Independent auditors performed an audit of Southern University's federal financial assistance programs for the year ended June 30, 1994, and have issued their report thereon dated November 18, 1994. The following findings pertaining to the university's compliance with specific requirements applicable to major federal financial assistance programs were presented in their report.

SOUTHERN UNIVERSITY - BATON ROUGE CAMPUS

Federal Pell Grant Calculations

During their audit of the Federal Pell Grant Program (CFDA 84.063) of the Southern University - Baton Rouge Campus, the auditors noted that the Pell Grant amount, when recalculated for 4 students out of 79 sampled, did not agree to the actual Pell disbursement. The Code of Federal Regulations [34 CFR Subpart F Sections 690.62 and 690.63] requires that a student's Pell Grant for each payment period be calculated by determining his or her enrollment status and determining his or her annual award from the payment schedule established by the Department of Education. Failure of the university to correctly calculate the Pell Grant award resulted in over-awarding \$200 and under-awarding \$2,619. This is the second consecutive year a finding of this nature has been reported.

The auditors recommend that the university make a concerted effort to ensure that the proper amounts from the Pell Grant payment schedules are used when computing Pell Grant awards. See management's response at B-227.

Refunds and Repayments to the Title IV Programs

During their audit of Southern University - Baton Rouge Campus' student financial aid refunds, the auditors noted the following instances of noncompliance:

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1. Four refunds out of 50 tested, in which refunds were not computed in accordance with Title IV regulations, resulted in the university remitting an excess amount of \$1,266 to the Title IV programs;
2. Twenty-one refunds and/or repayments out of 50 tested were not refunded to the appropriate Title IV program or FFEL lender on a timely basis;
3. Fourteen refunds out of 50 tested were calculated; however, additional erroneous refunds were posted to the accounting records of the university resulting in the university remitting an excess amount of \$5,954 to the Title IV programs for thirteen students and failing to remit \$153 for one student;
4. Eight refunds and repayments out of 50 tested were not calculated for students who had withdrawn from the university, resulting in questioned costs of \$3,938; and
5. The university documented a regular university policy refund for one student out of 50 tested. However, a pro-rata calculation was required, resulting in questioned costs of \$121.

The Code of Federal Regulations [34 CFR Subpart B Section 668.22] states that the institution shall return a portion of a refund owed to a student and the overpayment received by the student to the Title IV program within a specified period if the student officially withdraws, drops out, or is expelled from the institution on or after the first day of class of a payment period. The regulations also provide specific guidance on the calculation of such refunds and repayments. This is the fifth consecutive year a finding of this nature has been reported.

The auditors recommend that the university review its current policies and procedures for calculating refunds and repayments, and make the necessary adjustments to ensure that the refunds are calculated in accordance with Title IV regulations. See management's response at B-227.

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**Notification to Lenders Between Submission
of Student Confirmation Reports**

During their audit of Southern University - Baton Rouge Campus' Federal Family Education Loans Program (CFDA 84.032) Student Confirmation Reports (SCRs), the auditors noted 9 instances out of 10 tested in which the university did not properly document that the lender was notified of a change in a student's enrollment status which occurred between submission of the SCR. As a result of not submitting the required information, the guarantee agency is unable to accurately track, on a timely basis, the enrollment status of borrowers.

The Code of Federal Regulations [34 CFR Subpart F Section 682.610(c)(2)] states that the institution should promptly notify the lender when the institution discovers that a student who has received a FFEL loan has ceased to be enrolled on at least a half-time basis, and it does not expect to submit, within the next 60 days, its SCR to the guarantee agency. This is the sixth consecutive year a finding of this nature has been reported.

The auditors recommend that the university establish policies and procedures to ensure that lenders are notified in a timely manner of all changes in a student's enrollment status. See management's response at B-227.

Student Confirmation Reports

During their audit of Southern University - Baton Rouge Campus' Federal Family Education Loans Student Confirmation Reports (SCRs), the auditors noted 2 instances out of 4 tested where the SCRs were not returned to the guarantors on a timely basis. They also noted in one out of 10 instances tested that inaccurate information was reported on the SCR. The Code of Federal Regulations [34 CFR Subpart F Section 682.610(c)(1)] states that upon receipt of a Student Confirmation Report from any guarantee agency, an institution shall accurately complete and return, within 30 days of receipt, that report to the guarantee agency.

The auditors recommend that the university adhere to established policies and procedures for ensuring that SCRs are returned in a timely manner. See management's response at B-228.

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Summary of Findings and Recommendations
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Institutional Payment Summary Reports

During their audit of the Federal Pell Grant Program (CFDA 84.063) of the Southern University - Baton Rouge Campus, the auditors noted that the university did not submit a Pell Institutional Payment Summary (IPS) Report during one of the required reporting periods. The Code of Federal Regulations [34 CFR Subpart G Section 690.83(a)(2)] states that the institution must submit reports in accordance with deadline dates specified in the Federal Register.

The auditors recommend that the university follow established policies and procedures to ensure that all IPS reports are submitted to the Department of Education as required. See management's response at B-228.

SOUTHERN UNIVERSITY -
NEW ORLEANS CAMPUS

Federal Pell Grant Calculations

During their audit of the Federal Pell Grant Program (CFDA 84.063) of the Southern University - New Orleans Campus, the auditors noted that the Pell Grant amount, when recalculated for 3 students out of 71 sampled, did not agree to the actual Pell Grant disbursement. The Code of Federal Regulations [34 CFR Subpart F Section 690.63(a)(1) and (2)] requires that a student's Pell Grant for each payment period be calculated by determining his or her enrollment status and determining his or her annual award from the payment schedule established by the Department of Education. Failure of the university to correctly calculate the Pell Grant award resulted in the university over-awarding \$300 to the students. This is the third consecutive year a finding of this nature has been reported.

The auditors recommend that the university make a concerted effort to ensure that the proper amounts from the Pell Grant payment schedules are used when computing Pell Grant awards. See management's response at B-231.

Federal Family Education Loan (FFEL)
Program - Exit Interviews

During their audit of Southern University - New Orleans Campus' Federal Family Education Loan Program (CFDA 84.032), the auditors noted that there was no

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documentation on file indicating that FFEL exit interviews were held for 10 students out of 19 students tested before the time the students withdrew, graduated, or ceased to re-enroll. As a result of not conducting exit interviews, students may not understand the terms of the loan, their obligation to repay, rights and responsibilities and the amount of the outstanding loan balance.

The Code of Federal Regulations [34 CFR Subpart F Section 682.604(g)] states that an institution must conduct an exit interview with each borrower shortly before the borrower ceases at least half-time study at the institution. If the borrower withdraws from school without the school's prior knowledge or fails to attend an exit counseling session as scheduled, the school shall mail written counseling material to the borrower at the borrower's last known address within 30 days after learning that the borrower has withdrawn from school or failed to attend the scheduled session.

The auditors recommend that the university establish policies and procedures for providing exit conference material to borrowers who graduate or cease to re-enroll. See management's response at B-231.

Student Financial Aid Over-Awards

During their audit of the student financial aid programs of Southern University - New Orleans Campus, the auditors noted that 2 students out of 80 students tested were awarded financial aid in excess of documented need. The university failed to consider the students' other resources when awarding Title IV funds. Failure of the university to consider all available resources resulted in the over-awarding of financial aid and questioned costs for \$1,979. The Code of Federal Regulations [34 CFR Subpart A Section 674.14(a)(1), Subpart A Section 675.14(a)(1), and 676.14(a)(1)] states that an institution may not award financial aid to a student if the aid, when combined with other resources, exceeds the student's financial need.

The auditors recommend that the university adhere to established procedures to ensure that all available resources are used and are included as part of the students' total award package. See management's response at B-232.

**Notification to Lenders Between Submission
of Student Confirmation Reports**

During their audit of Southern University - New Orleans Campus' Federal Family Education Loans Program (CFDA 84.032) Student Confirmation Reports (SCRs), the

**STATE OF LOUISIANA
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auditors noted that the university failed to notify lenders of changes in students' enrollment status which occurred between the dates of submission of the Student Confirmation Report (SCR) for 8 students out of 10 students tested. As a result of not submitting the required information, the guarantee agency is not being informed on a timely basis of the enrollment status of certain students. The Code of Federal Regulations [34 CFR Subpart F Section 682.610(c)(2)] states the institution should promptly notify the lender when the institution discovers that a student who has received a FFEL loan has ceased to be enrolled on at least a half-time basis and it does not expect to submit, within the next 60 days, its student confirmation report to the guarantee agency.

The auditors recommend that the university establish procedures for ensuring that proper notification is provided to lenders between submission of SCRs. See management's response at B-232.

Financial Aid Transcripts

During their audit of the student financial aid programs of Southern University - New Orleans Campus, the auditors noted that 21 transfer students out of a sample size of 42 did not have financial aid transcripts (FATs) on file. The university subsequently obtained all of the missing FATs. The inadvertent failure to obtain the financial aid transcript could result in an ineligible student receiving financial aid. The Code of Federal Regulations [34 CFR Subpart B Section 668.19(a)(2)] states that before a student, who previously attended another eligible institution, may receive any Title IV, HEA Program funds, the institution or the student shall request each institution the student previously attended to provide a financial aid transcript to the institution the student is or will be attending.

The auditors recommend that the university revise its current procedures to include certain checks and balances to ensure that the Financial Aid Office is notified of all transfer students. In addition, they recommend that the Financial Aid Office revise its procedures to include routinely questioning students to determine if they have previously attended another institution from which a FAT would be required. See management's response at B-233.

STATE OF LOUISIANA
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**Federal Family Education Loan (FFEL)
Program Records**

During their audit of the Federal Family Education Loans Program (CFDA 84.032) at Southern University - New Orleans Campus, the auditors noted that in 4 out of 60 instances, the university did not maintain the student check clearance records. The check clearance records disclose the date of the FFEL disbursement, the student's acknowledgement of receipt, and a copy of the check. The Code of Federal Regulations [34 CFR Subpart B Section 668.23(a) and Subpart F Section 682.610(d)] requires that the institution shall establish and maintain on a current basis, and retain for five years, all financial and programmatic records that reflect program transactions.

The auditors recommend that the university adhere to established procedures and properly retain student check clearance records. See management's response at B-233.

**Refunds and Repayments
to the Title IV Programs**

During their audit of Southern University - New Orleans Campus' student financial aid refunds, the auditors noted the following instances of noncompliance:

1. Nine refunds out of 50 tested were not computed in accordance with Title IV regulations. As a result, the university failed to remit a total of \$222 to the Title IV programs as required.
2. Seventeen refunds and/or repayments out of 50 tested were not refunded to the appropriate Title IV program or FFEL lender on a timely basis.
3. Twelve refunds out of 50 tested were calculated; however, they were not properly posted to the accounting records of the university. As a result, the university failed to remit a total of \$6,167 to the Title IV programs as required.
4. Five refunds and repayments out of 50 tested were not calculated for students who had withdrawn from the university, resulting in questioned costs of \$2,004.

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Summary of Findings and Recommendations
From Other External Audits (Continued)

The Code of Federal Regulations [34 CFR Subpart B Section 668.22] states that the institution shall return a portion of a refund owed to a student and the repayment received by the student to the Title IV program within a specified period if the student officially withdraws, drops out, or is expelled from the institution on or after the first day of class of a payment period. The regulations also provide specific guidance on the calculation of such refunds and repayments. This is the fifth consecutive year a finding of this nature has been reported.

The auditors recommend that the university review its current policies and procedures for calculating refunds and repayments and make the necessary adjustments to ensure that the refunds are calculated in accordance with Title IV regulations. See management's response at B-234.

Federal Family Education Loan (FFEL)
Program - Loan Disbursement

During their audit of the Southern University - New Orleans Campus Federal Family Education Loan Program (CFDA 84.032), the auditors noted that the university remitted the first loan disbursement prior to thirty days after the beginning of the loan period for one student (first time borrower) out of a sample of 10 students. The Code of Federal Regulations [34 CFR Subpart B Section 682.207] states that a FFEL disbursement may be made only if a student completed the first thirty (30) days of the loan period for which the loan was intended, in the case of the first disbursement of a loan obtained by a student to attend the first year of a program of undergraduate education.

The auditors recommend that the university adhere to prescribed procedures with respect to the disbursement of student loan proceeds. See management's response at B-235.

SOUTHERN UNIVERSITY -
SHREVEPORT-BOSSIER CITY CAMPUS

Student Confirmation Reports

During their audit of the Southern University - Shreveport-Bossier City Campus' Federal Family Education Loans Program (CFDA 84.032) Student Confirmation Reports (SCRs), the auditors noted 2 instances out of 4 tested in which the SCRs were

**STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS****Summary of Findings and Recommendations
From Other External Audits (Continued)**

not returned to the guarantors on a timely basis. The Code of Federal Regulations [34 CFR Subpart F Section 682.610(c)(1)] states that upon receipt of a Student Confirmation Report from any guarantee agency, an institution shall accurately complete and return, within 30 days of receipt, that report to the guarantee agency.

The auditors recommend that the university adhere to established policies and procedures for ensuring that SCRs are returned in a timely manner. See management's response at B-240.

Federal Pell Grant Calculations

During their audit of the Southern University - Shreveport-Bossier City Campus' Federal Pell Grant Program (CFDA 84.063), the auditors noted that the Pell Grant amount, when recalculated for 5 students out of 80 students sampled, did not agree to the actual Pell disbursement because the university failed to use the correct enrollment status or cost of attendance for the calculations. Failure of the university to correctly calculate the Pell Grant award resulted in the university over-awarding \$1,056 and under-awarding \$1,363. This is the fifth consecutive year a finding of this nature has been reported. The Code of Federal Regulations [34 CFR Subpart F Section 690.63(a)(1) and (2)] requires that a student's Pell Grant for each payment period be calculated by determining his or her enrollment status and determining his or her annual award from the payment schedule established by the Department of Education.

The auditors recommend that the university ensure that Pell Grant amounts are computed in accordance with the Title IV regulations. See management's response at B-240.

Satisfactory Academic Progress (SAP)

During the audit of the student financial aid programs of Southern University - Shreveport-Bossier City Campus, the auditors noted that 3 students out of 80 tested were awarded and received financial aid, although the students did not meet the university's standards for achieving satisfactory academic progress. The Code of Federal Regulations [34 CFR Subpart A Section 668.7(c)] requires that a student participating in the Title IV Federal Financial Aid programs must be maintaining satisfactory progress in the course of study he or she is pursuing, according to the standards and practices of that institution to receive student financial aid.

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Summary of Findings and Recommendations
From Other External Audits (Continued)

The university disbursed financial aid to students that were not eligible to receive aid, resulting in questioned costs for \$5,463. This is the sixth consecutive year a finding of this nature has been reported. The auditors recommend that the university adhere to established policies and procedures and monitor the academic standing of all students before awarding financial aid. See management's response at B-240.

Federal Family Education Loan (FFEL)
Program - Enrollment Status

During their audit of the Southern University - Shreveport-Bossier City Campus' Federal Family Education Loan Program, the auditors noted that one student out of 4 tested received Title IV aid (a Stafford Loan) during a semester in which he was enrolled less than half-time, resulting in questioned costs for \$1,162. The Code of Federal Regulations [34 CFR Subpart A Section 668.7(a)(1)(i)] states that a student is eligible to receive assistance under Title IV programs if the student is a regular student enrolled or accepted for enrollment in an eligible program.

The auditors recommend that the university establish procedures to ensure that students are currently enrolled at least half-time before disbursing loans. See management's response at B-240.

Federal Perkins Loan Program

During their audit of the Southern University - Shreveport-Bossier City Campus' Federal Perkins Loan Program (CFDA 84.038), the auditors noted the following:

1. In one instance out of 5 tested, the loan amount per the promissory note did not agree to the Perkins Loan subcode (disbursement) report;
2. In 3 instances out of 20 tested, a late charge was not imposed on the late payments made by borrowers;
3. In 11 instances out of 20 tested, repayment agreements were not signed by borrowers who are currently in repayment status;
4. In 5 instances out of 20 tested, the loan amount per the promissory note did not agree to the subsidiary ledger;

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS

Summary of Findings and Recommendations
From Other External Audits (Continued)

5. In 20 out of 20 instances noted, borrowers were not contacted within the time frame established by the Title IV regulations (i.e., initial contact during grace period, final demand letters, overdue notices, normal billing statement);
6. In one instance out of 20 tested, the account was transmitted to a collection agency, but there was no documentation to show that the account was reported to a credit bureau; and
7. In 18 instances out of 20 tested, an exit interview form was not on file.

The Code of Federal Regulations [34 CFR Subpart C Section 674.41] states that an institution shall exercise due diligence in collecting loans by complying with the specific provisions of the regulations. Also, the Code of Federal Regulations [34 CFR Subpart C Section 674.42] provides specific guidance for time frames during which borrowers must be contacted. In addition, the Code of Federal Regulations [34 CFR Subpart A Section 674.19] states that an institution shall establish and maintain fiscal records that are reconciled at least monthly and which identify each student's account and status. Finally, the Code of Federal Regulations [34 CFR Subpart B Section 674.31(b)(5)] states that an institution shall state in the promissory note that a late charge will be assessed if the borrower does not repay all or part of a scheduled repayment when due.

The university is currently in the process of updating its Perkins Loan records and transmitting them to an outside service center. The auditors recommend that the university continue in its efforts to complete this process to help eliminate similar conditions during future periods. See management's response at B-241.

High School Transcripts

During their audit of the student financial aid programs of Southern University - Shreveport-Bossier City Campus, the auditors noted that the university did not obtain a high school transcript or its equivalent for one student out of a total sample of 80 students tested who received Title IV assistance. The university has not properly verified the eligibility of students to receive federal financial assistance as specified in the Title IV regulations resulting in questioned costs of \$2,300. The Code of Federal Regulations [34 CFR Subpart A Section 668.7(a)(3)] states that a student is eligible to receive assistance under the Title IV programs if he or she is a regular student accepted for enrollment and has received a high school diploma or its recognized equivalent.

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Summary of Findings and Recommendations
From Other External Audits (Continued)

The auditors recommend that the university adhere to its policy of obtaining high school transcripts for all students accepted for admission. See management's response at B-241.

**Refunds and Repayments
to the Title IV Programs**

During their audit of Southern University - Shreveport-Bossier City Campus' student financial aid refunds, the auditors noted the following instances of noncompliance:

1. Two repayments out of 6 tested were not computed in accordance with Title IV regulations. As a result, the university remitted an excess of \$211 to the Title IV programs.
2. Four pro-rata refunds and repayments out of 6 tested were not calculated for students who had withdrawn from the university, resulting in questioned costs of \$1,110.

The Code of Federal Regulations [34 CFR Subpart C Section 668.22] states that the institution shall return a portion of a refund owed to a student and the repayment received by the student to the Title IV program within a specified period if the student officially withdraws, drops out, or is expelled from the institution on or after the first day of class of a payment period. The regulations also provide specific guidance on the calculation of such refunds and repayments.

The auditors recommend that the university review its current policies and procedures for calculating refunds and repayments and make the necessary adjustments to ensure that the refunds are calculated in accordance with Title IV regulations. See management's response at B-241.

STATE OF LOUISIANA
FINDINGS AND RECOMMENDATIONS
Summary of Findings and Recommendations
From Other External Audits (Concluded)

NONCOMPLIANCE WITH SPECIFIC REQUIREMENTS
APPLICABLE TO NONMAJOR FEDERAL
FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

LOUISIANA HOUSING FINANCE AGENCY

Independent auditors have performed an audit of the Louisiana Housing Finance Agency's federal financial assistance programs for the year ended June 30, 1994, and have issued their report thereon dated September 8, 1994. Their report included the following significant findings:

1. The Louisiana Housing Finance Agency held in its account requisitioned funds beyond the allowed time period of 15 days for both the HOME Investment Partnerships Program (CFDA 14.239) and the Housing Opportunities for Persons with AIDS Program (CFDA 14.241), resulting in questioned costs of \$200,000 and \$23,148, respectively. Management responded that internal procedures were not in place in the accounting department to immediately return funds to the Cash Management Improvement System for deposit by the Department of Housing and Urban Development into the United States Treasury account of the HOME Investment Trust Fund upon expiration of the 15-day period. The agency has implemented procedures directing the accounting department to immediately return undisbursed monies upon the expiration date of the 15-day period.
2. Two of three quarterly performance reports for the HOME Investment Partnerships Program (CFDA 14.239) were submitted to the Department of Housing and Urban Development after the allowed time period as stipulated in the grant agreement for the HOME Technical Assistance Grant. Management responded that the delay in the submission of these reports was due solely to the lack of sufficient staff to handle the workload in that particular program area. Since the delays occurred, the agency has retained additional personnel in the program area and can assure that future reports and submissions will be handled in a more timely manner.

Schedule H

Schedule of Unresolved Prior Audit Findings For the Year Ended June 30, 1994



STATE OF LOUISIANA

Schedule of Unresolved Prior Audit Findings
For the Year Ended June 30, 1994

	Current Report Page	Prior Report Page
CHARITY HOSPITAL AND MEDICAL CENTER OF LOUISIANA AT NEW ORLEANS		
Procedures are not adequate to ensure that charges for all services and supplies provided to patients are documented in the patients' medical records and processed in the billing system.	32	39
The hospital made payments on professional service contracts before approval of the contracts.	103	100
CRESCENT CITY CONNECTION DIVISION		
The division is unable to reconcile the detailed listing of tag deposit liabilities to the general ledger.	189	207
EDUCATION, DEPARTMENT OF		
The department did not verify certain data associated with the funding of the Minimum Foundation Program.	38	22
ENVIRONMENTAL QUALITY, DEPARTMENT OF		
The department does not have adequate internal controls over the collection of revenue.	41	42
EXECUTIVE DEPARTMENT		
The state has not established an effective internal audit function for state agencies, hospitals, and universities.	23	26

STATE OF LOUISIANA**Schedule of Unresolved Prior Audit Findings**

(Continued)

	Current Report Page	Prior Report Page
EXECUTIVE DEPARTMENT (CONT'D)		
The state has not taken the necessary measures to ensure that all state agencies, hospitals, and universities maintain adequate internal accounting controls over movable property as prescribed by the Commissioner of Administration and Louisiana Revised Statutes.	25	29
The department's Patients' Compensation Fund Oversight Board did not maintain an adequate surplus in the Patients' Compensation Fund as required by Louisiana Law.	106	106
The state's centralized computer accounting system, the Financial Accountability and Control System, is not adequate for financial reporting in accordance with generally accepted accounting principles.	21	25
The Division of Administration, Office of Statewide Reporting and Accounting Policy, instructed agencies that use the statewide accounting system to only record "material" adjustments to system generated reports, based on a sliding materiality scale, for their annual fiscal reports.	43	44
The Patients' Compensation Fund Oversight Board did not have adequate internal control procedures for billing, depositing, and accounting for medical malpractice premiums.	44	46
The state did not have adequate internal control procedures in the On-Line Data Entry System for the input of transactions into the Financial Accountability Control System.	45	48

STATE OF LOUISIANA

Schedule of Unresolved Prior Audit Findings
(Continued)

	Current Report Page	Prior Report Page
EXECUTIVE DEPARTMENT (CONT'D)		
The Louisiana Federal Property Assistance Agency, the agency responsible for administering the Donation of Federal Surplus Property Program, does not have a system for identifying changes in donee eligibility because of changes in donee licensing, accreditation, or donee program activities and for updating agency records to reflect these changes.	183	187
The Louisiana Federal Property Assistance Agency does not have a system in place to ensure that subrecipients who receive \$25,000 or more of federal surplus property annually from the Donation of Federal Surplus Personal Property Program are audited, and audit reports are received for resolution as required by Office of Management and Budget (OMB) Circular A-128.	184	188
The Louisiana Federal Property Assistance Agency did not conduct utilization reviews (monitoring visits) for all applicable property items donated in the Donation of Federal Surplus Property Program as required by federal regulations.	185	189
The Louisiana Federal Property Assistance Agency does not require subrecipients to certify that they are not debarred, suspended, or ineligible for participation in the Donation of Federal Surplus Personal Property Program.	184	188
GRAMBLING STATE UNIVERSITY		
The university failed to adhere to prescribed policies and procedures with regard to remitting refunds on a timely basis and ensuring that Title IV refunds are calculated properly.	220	233
The university certified incorrectly certain Federal Family Education Loan Program loan applications causing an overaward.	219	233

STATE OF LOUISIANA

Schedule of Unresolved Prior Audit Findings

(Continued)

	Current Report Page	Prior Report Page
GRAMBLING STATE UNIVERSITY (CONT'D)		
The university has not provided an adequate internal control structure over investment transactions.	55	55
The university does not have adequate electronic data processing general controls over its computer system.	49	53
The university has not established adequate internal control over access to its computerized accounting system.	48	49
The university has not maintained adequate control over its materials and supplies inventories.	56	57
The university wrote off large amounts of uncollectible accounts receivable from its Auxiliary Enterprise Fund.	49	51
The university made lease payments in violation of the state procurement code.	110	109
The university extended credit to students for extended periods of time without requiring the students to sign promissory notes and without having controls in place to ensure collections of these accounts.	112	114
The university failed to comply with the Board of Regents' policies and procedures and certain internal accounting controls regarding its off-campus Doctor of Education in Developmental Education Program.	108	110
The university did not file information or report changes to the Louisiana Department of State Civil Service for all of its unclassified employees.	112	113

STATE OF LOUISIANA**Schedule of Unresolved Prior Audit Findings
(Continued)**

	Current Report Page	Prior Report Page
GRAMBLING STATE UNIVERSITY (CONT'D)		
The university did not have adequate controls in place to prevent or detect duplicate payments.	53	52
GREATER BATON ROUGE PORT COMMISSION		
The Port does not include all anticipated expenses in the budget.	189	209
HEALTH AND HOSPITALS, DEPARTMENT OF		
The department is not adequately identifying the existence of private health insurance coverage for all recipients of the Medical Assistance Program.	93	92
The department set prospective reimbursement rates for clients in residential facilities using cost reports that have not been independently audited to ensure that costs are accurate and allowable.	89	87
LOUISIANA BOARD OF CHIROPRACTIC EXAMINERS		
Fees charged by the board exceeded the cost of services, based upon a benchmark established by the Office of Legislative Auditor.	211	225
LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS		
The board does not have an appropriate segregation of duties consistent with appropriate control objectives.	191	211

STATE OF LOUISIANA**Schedule of Unresolved Prior Audit Findings**

(Continued)

	Current Report Page	Prior Report Page
LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS (CONT'D)		
The board has not deposited funds with the state treasurer but rather has opened a checking account with City National Bank of Baton Rouge, which is in violation of Louisiana Revised Statute 37:1517.	212	225
LOUISIANA EDUCATIONAL TELEVISION AUTHORITY		
Amounts charged to various grant programs for administrative type indirect costs were based entirely on budgeted figures. Actual indirect cost percentages have not been documented.	207	220
LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM		
The system maintains certain manual ledgers and journals. The auditors recommend that the system's manual records be converted to a computerized system.	193	211
LOUISIANA STATE BOARD OF EXAMINERS OF INTERIOR DESIGNERS		
Fees charged by the board exceeded the cost of services, based upon a benchmark established by the Office of Legislative Auditor.	213	228
LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM		
The system is not tracing daily advices received from brokers for each investment transaction to monthly custodian statements to ensure that the custodian has accurately recorded the correct investment information.	200	214

STATE OF LOUISIANA**Schedule of Unresolved Prior Audit Findings
(Continued)**

	Current Report Page	Prior Report Page
NATURAL RESOURCES, DEPARTMENT OF		
The department's data center has not established an adequate internal control structure relating to general electronic data processing controls.	66	65
NORTHWESTERN STATE UNIVERSITY		
The university did not comply with the Code of Federal Regulations regarding refunds and repayments of the Federal Pell Grant Program funds.	164	194
PUBLIC HEALTH, OFFICE OF		
The office has not ensured that recipients of the Commodity Supplemental Food Program and the Special Supplemental Food Program for Women, Infants, and Children do not participate in both programs.	165	195
The office had excessive federal cash on hand at the fiscal year end.	153	174
REVENUE AND TAXATION, DEPARTMENT OF		
The internal control structure relating to general electronic data processing controls at the department has control deficiencies.	76	75
SOCIAL SERVICES, DEPARTMENT OF		
Reviews of family support cases for families receiving assistance under the Family Support Payments to States - Assistance Payments Program were not submitted to the federal government within allowed time frames.	171	196

STATE OF LOUISIANA

Schedule of Unresolved Prior Audit Findings

(Continued)

	Current Report Page	Prior Report Page
SOCIAL SERVICES, DEPARTMENT OF (CONT'D)		
The department set prospective reimbursement rates for clients in residential facilities using cost reports that are strictly the representation of facility management and that have not been independently audited and/or reviewed by the department to ensure that costs are accurate and allowable.	90	88
The department has not established adequate internal control procedures for the On-Line Time and Leave Entry System for the input of payroll transactions into the Uniform Payroll System.	79	77
The department did not ensure that all payroll sign-in/out sheets (official time and attendance records) were certified by employees and/or the employee's supervisor.	135	145
SOUTHERN UNIVERSITY - BATON ROUGE		
The university has control deficiencies in the internal control structure relating to general electronic data processing controls.	80	79
The university has not established procedures to ensure that information is provided to a lender when the university does not expect to submit, within 60 days, its next Student Confirmation Report.	223	235
The university has not adhered to Title IV regulations regarding refunds and overpayments for students who withdraw.	221	236
The three campuses of the Southern University System do not always adhere to the system of internal controls over the payroll/personnel functions.	136	149

STATE OF LOUISIANA**Schedule of Unresolved Prior Audit Findings**

(Continued)

	Current Report Page	Prior Report Page
SOUTHERN UNIVERSITY - BATON ROUGE (CONT'D)		
The university had internal control weaknesses in its athletic ticket office resulting in missing cash receipts which were not noted and resolved in a timely manner.	82	147
In some instances, the Pell Grant amount, when recalculated, did not agree with the actual Pell Grant disbursement.	221	238
SOUTHERN UNIVERSITY - NEW ORLEANS		
In some instances, the Pell Grant amount, when recalculated, did not agree with the actual Pell Grant disbursement.	224	240
The university failed to adhere to prescribed policies and procedures with regard to remitting refunds on a timely basis and ensuring that refunds and repayments are calculated properly.	227	241
The university failed to notify the lender of changes in students' enrollment status occurring between the dates of submission of the Student Confirmation Reports.	225	241
SOUTHERN UNIVERSITY - SHREVEPORT-BOSSIER CITY		
Students were awarded and received financial aid even though the students did not meet the university's standards for achieving satisfactory academic progress as required by the Code of Federal Regulations.	229	243
The university did not properly calculate all awards made under the Federal Pell Grant Program, resulting in the university over-awarding and under-awarding students.	229	243

STATE OF LOUISIANA**Schedule of Unresolved Prior Audit Findings**

(Continued)

	Current Report Page	Prior Report Page
SOUTHERN UNIVERSITY - SHREVEPORT-BOSSIER CITY (CONT'D)		
The university does not maintain adequate internal controls over recording Federal Perkins Loan notes receivable transactions.	100	97
The university failed to return Student Confirmation Reports to guarantors on a timely basis.	228	244
The university does not have adequate internal controls over its Federal Perkins Loan records.	230	244
STATE EMPLOYEES GROUP BENEFITS PROGRAM		
The program has not complied with the provisions of Louisiana Revised Statute 22:657(A) relating to the timely payment of claims.	137	81
TRANSPORTATION AND DEVELOPMENT, DEPARTMENT OF		
The department, through the Highway Planning and Construction Program, does not perform bridge inspections timely in District 02.	174	197
The department expended Transportation Trust Fund monies on highway projects not included on the Highway Priority Program.	141	158

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STATE OF LOUISIANA**Schedule of Unresolved Prior Audit Findings
(Concluded)**

	Current Report Page	Prior Report Page
TREASURY, DEPARTMENT OF THE		
The department did not monitor the collateral pledged for investments loaned to brokers from the Louisiana Education Quality Trust Fund securities lending program to ensure that the investments were adequately collateralized.	84	84
UNIVERSITY OF NEW ORLEANS		
The university did not ensure that all employees and their supervisors or timekeepers certified the accuracy of attendance leave records and/or time and attendance records.	87	162
The university did not follow its refund policy in calculating and allocating two student refunds involving the Federal Perkins Loan Program and Federal Stafford Loan Program.	176	200
The university has not complied with its conciliation agreement with the Office of Federal Contract Compliance Programs of the U.S. Department of Labor.	156	179
The university did not exercise adequate controls over receivables.	86	85
WEST JEFFERSON LEVEE DISTRICT		
The district does not have an adequate segregation of duties within the Accounting Department.	206	217

Appendix A

Schedule of Assistance and Notes to the Schedule of Assistance For the Year Ended June 30, 1994



STATE OF LOUISIANA

Schedule of Assistance
For the Year Ended June 30, 1994

	CFDA NUMBER	ACTIVITY
AGRICULTURE AND FORESTRY, DEPARTMENT OF		
U.S. DEPARTMENT OF AGRICULTURE		
Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$592,073
Agricultural Conservation Program	10.063	23,036
Forestry Incentives Program	10.064	70,700
Federal-State Cooperation in Warehouse Examination Agreement	10.071	24,465
Market News	10.153	2,000
Inspection Grading and Standardization	10.162	64,623
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	1,760,963
Food Distribution	10.550	19,956,234
State Administrative Expenses for Child Nutrition	10.560	99,847
Emergency Food Assistance Program (Administrative Costs)	10.568	995,083
Emergency Food Assistance Program (Food Commodities)	10.569	4,882,847
Cooperative Forestry Assistance	10.664	2,467,887
Agricultural Statistics Reports	10.950	42,434
Forest Management and Protection	NONE	45,000
U.S. DEPARTMENT OF COMMERCE		
Fishery Products Inspection and Certification	11.413	117,560
U.S. SMALL BUSINESS ADMINISTRATION		
Procurement Assistance to Small Businesses	59.009	131,923
Natural Resource Development	59.045	351,698
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Wetlands Protection - State Development Grants	66.461	16,275
Consolidated Pesticide Compliance Monitoring and Program Cooperative Agreements	66.700	533,271
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Food and Drug Administration - Research	93.103	1,494
Subtotal Department of Agriculture and Forestry		<u>32,179,413</u>
BOARD OF REGENTS FOR HIGHER EDUCATION		
U.S. DEPARTMENT OF DEFENSE		
Basic Scientific Research	12.431	33,109

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
BOARD OF REGENTS FOR HIGHER EDUCATION (CONT'D)		
NATIONAL SCIENCE FOUNDATION		
Computer and Information Science and Engineering	47.070	\$210,052
Education and Human Resources	47.076	960,954
U.S. DEPARTMENT OF ENERGY		
Basic Energy Sciences - University and Science Education	81.049	41,113
U.S. DEPARTMENT OF EDUCATION		
Eisenhower Mathematics and Science Education - State Grants	84.164	1,066,060
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Reengineering of Systems for a Distributed Processing Environment	NONE	7,110
Subtotal Board of Regents for Higher Education		<u>2,318,398</u>
CHARITY HOSPITAL AND MEDICAL CENTER OF LOUISIANA AT NEW ORLEANS		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Nurse Anesthetist Traineeships	93.124	32,931
Subtotal Charity Hospital and Medical Center of Louisiana at New Orleans		<u>32,931</u>
CULTURE, RECREATION AND TOURISM, DEPARTMENT OF		
U.S. DEPARTMENT OF THE INTERIOR		
Historic Preservation Fund Grants-in-Aid	15.904	727,271
Outdoor Recreation - Acquisition, Development, and Planning	15.916	495,808
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
Promotion of the Arts - Arts in Education	45.003	105,482
Promotion of the Arts - State and Regional Program	45.007	549,322
Promotion of the Arts - Expansion Arts	45.010	30,000
Promotion of the Arts - Presenting and Commissioning	45.011	14,000
Promotion of the Arts - Folk Arts	45.015	27,374
Promotion of the Arts - Local Arts Agencies Program	45.023	1,297
U.S. DEPARTMENT OF EDUCATION		
Public Library Services	84.034	1,406,686
Interlibrary Cooperation and Resource Sharing	84.035	270,138
Public Library Construction and Technology Enhancement	84.154	463,400

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
CULTURE, RECREATION AND TOURISM, DEPARTMENT OF (CONT'D)		
U.S. DEPARTMENT OF AGRICULTURE		
Forest Service	NONE	\$9,000
U.S. ARMY CORPS OF ENGINEERS		
Various Agreements	NONE	8,613
U.S. DEPARTMENT OF DEFENSE		
Various Agreements	NONE	57,411
Subtotal Department of Culture, Recreation and Tourism		<u>4,165,802</u>
EDUCATION, DEPARTMENT OF		
U.S. DEPARTMENT OF AGRICULTURE		
School Breakfast Program	10.553	34,522,069
National School Lunch Program	10.555	124,222,653
Special Milk Program for Children	10.556	70,346
Child and Adult Care Food Program	10.558	38,762,857
Summer Food Service Program for Children	10.559	5,169,099
State Administrative Expenses for Child Nutrition	10.560	1,989,551
Nutrition Education and Training Program	10.564	159,082
U.S. DEPARTMENT OF LABOR		
Employment Services and Job Training - Pilot and Demonstration Programs	17.249	17,555
U.S. DEPARTMENT OF EDUCATION		
Adult Education - State Administered Basic Grant Program	84.002	4,783,942
Bilingual Education	84.003	71,649
Desegregation Assistance, Civil Rights Training, and Advisory Services	84.004	232,882
Education of Children with Disabilities in State Operated or Supported Schools	84.009	1,885,827
Chapter 1 Programs - Local Educational Agencies	84.010	158,793,329
Migrant Education - Basic State Formula Grant Program	84.011	895,624
Educationally Deprived Children - State Administration	84.012	1,184,476
Chapter 1 Program for Neglected and Delinquent Children	84.013	458,612
Services for Children with Deaf-Blindness	84.025	110,521
Special Education - State Grants	84.027	33,150,581

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
EDUCATION, DEPARTMENT OF (CONT'D)		
U.S. DEPARTMENT OF EDUCATION (CONT'D)		
Special Education - Personnel Development and Parent Training	84.029	\$142,942
Vocational Education - Basic Grants to States	84.048	19,686,393
Vocational Education - Consumer and Homemaking Education	84.049	724,700
Federal Pell Grant Program	84.063	5,431,768
National Diffusion Network	84.073	96,129
Federal, State, and Local Partnerships for Educational Improvement	84.151	7,450,917
Emergency Immigrant Education	84.162	102,941
Eisenhower Mathematics and Science Education - State Grants	84.164	3,179,156
Dwight D. Eisenhower National Program for Mathematics and Science Education	84.168	80,500
Special Education - Preschool Grants	84.173	6,241,105
Vocational Education - Community Based Organizations	84.174	286,674
Grants for Infants and Families with Disabilities	84.181	1,719,156
Drug-Free Schools and Communities - National Programs	84.184	56,169
Byrd Honors Scholarships	84.185	371
Drug-Free Schools and Communities - State Grants	84.186	8,510,482
Christa McAuliffe Fellowships	84.190	26,240
Education for Homeless Children and Youth - Grants for State and Local Activities	84.196	747,613
Drug-Free Schools and Communities - School Personnel Training	84.207	71,996
Even Start - State Educational Agencies	84.213	2,135,829
Even Start - Migrant Education	84.214	1,955,101
Capital Expenses	84.216	1,439,389
State Program Improvement Grants	84.218	699,935
Tech-Prep Education	84.243	1,783,094
Supplementary State Grants for Facilities, Equipment, and Other Program Improvement Activities	84.253	200,299
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	221,359
Grants to States for Planning and Development of Dependent Care Programs	93.673	251,515
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veterans Education Contract	NONE	144,168
VERY SPECIAL ARTS EDUCATION OFFICE		
Very Special Arts Grant	NONE	10,254

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
EDUCATION, DEPARTMENT OF (CONT'D)		
NATIONAL CENTER FOR EDUCATION STATISTICS		
Common Core of Data Survey	NONE	\$8,753
Subtotal Department of Education		<u>469,885,603</u>
ELDERLY AFFAIRS, OFFICE OF		
U.S. DEPARTMENT OF AGRICULTURE		
Nutrition Program for the Elderly (Commodities)	10.570	3,231,272
U.S. DEPARTMENT OF LABOR		
Senior Community Service Employment Program	17.235	1,307,042
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	42,462
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	74,692
Special Programs for the Aging - Title III, Part F - Disease Prevention and Health Promotion Services	93.043	415,942
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	5,119,358
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	6,094,055
Special Programs for the Aging - Title III, Part D - In-Home Services for Frail Older Individuals	93.046	107,154
Special Programs for the Aging - Title IV - Training, Research and Discretionary Projects and Programs	93.048	502,967
Special Programs for the Aging - Title VII, Chapter 6 - Allotments for Vulnerable Elder Rights Protection Programs	93.049	8,000
Subtotal Office of Elderly Affairs		<u>16,902,944</u>
ENVIRONMENTAL QUALITY, DEPARTMENT OF		
U.S. DEPARTMENT OF DEFENSE		
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	70,937

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
ENVIRONMENTAL QUALITY, DEPARTMENT OF (CONT'D)		
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Air Pollution Control Program Support	66.001	\$1,717,456
State Indoor Radon Grants	66.032	10,401
Water Pollution Control - State and Interstate Program Support	66.419	1,347,853
Construction Management Assistance	66.438	440,329
Water Quality Management Planning	66.454	323,529
National Estuary Program	66.456	755,986
Capitalization Grants for State Revolving Funds	66.458	11,298,905
Nonpoint Source Reservation	66.459	11,552
Nonpoint Source Implementation Grants	66.460	620,569
Wetlands Protection - State Development Grants	66.461	22,500
Near Coastal Waters	66.464	48,415
Air Pollution Control Research	66.501	108,806
Water Pollution Control - Research, Development, and Demonstration	66.505	29,260
Toxic Substances Compliance Monitoring Program	66.701	124,116
Pollution Prevention Grants Program	66.708	7,473
Hazardous Waste Management State Program Support	66.801	2,086,433
Hazardous Substance Response Trust Fund	66.802	514,146
State Underground Storage Tanks Program	66.804	254,904
Underground Storage Tank Trust Fund Program	66.805	1,326,295
Solid Waste Management Assistance	66.808	71,787
Various Agreements	NONE	179,161
U.S. NUCLEAR REGULATORY COMMISSION		
Nuclear Energy Cooperative Agreement	NONE	36,600
Subtotal Department of Environmental Quality		<u>21,407,413</u>
EXECUTIVE DEPARTMENT		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Community Development Block Grants/Entitlement Grants	14.218	20,068
Community Development Block Grants/State's Program	14.228	27,506,323
Rental Housing Rehabilitation	14.230	30,104
U.S. DEPARTMENT OF JUSTICE		
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	823,943
Criminal Justice Statistics Development	16.550	48,722
Crime Victim Assistance	16.575	986,649
Crime Victim Compensation	16.576	404,554
Drug Control and System Improvement-Formula Grant	16.579	6,549,450

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
EXECUTIVE DEPARTMENT (CONT'D)		
U.S. GENERAL SERVICES ADMINISTRATION		
Donation of Federal Surplus Personal Property	39.003	\$13,164,190
U.S. DEPARTMENT OF EDUCATION		
State Literacy Resource Centers	84.254	82,168
State Postsecondary Review	84.267	32,421
U.S. DEPARTMENT OF DEFENSE		
Corps of Engineers	NONE	95,109
U.S. DEPARTMENT OF AGRICULTURE		
Louisiana Rural Development Council	NONE	95,926
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Clean Water Act	NONE	5,500
U.S. DEPARTMENT OF TRANSPORTATION		
United States Coast Guard	NONE	5,727
Subtotal Executive Department		<u>49,850,854</u>
HEALTH AND HOSPITALS - BATON ROUGE MAIN OFFICE OPERATIONS, DEPARTMENT OF		
U.S. DEPARTMENT OF EDUCATION		
State Grants for Technology-Related Assistance to Individuals with Disabilities	84.224	605,281
Program of Protection and Advocacy of Individual Rights	84.240	60,171
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Public Health and Social Services Emergency Fund	93.003	88,932
Mental Health Planning and Demonstration Projects	93.125	95,738
Grants for Technical Assistance Activities Related to the Block Grant for Community Mental Health Services - Mental Health Statistics Improvement Program	93.128	111,883
Primary Care Services - Resource Coordination and Development Cooperative Agreements	93.130	183,790
Projects for Assistance in Transition from Homelessness	93.150	305,764
Grants for State Loan Repayment	93.165	127,674
Cooperative Agreements for Drug Abuse Treatment Improvement Projects in Target Cities	93.196	216,876

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
HEALTH AND HOSPITALS - BATON ROUGE MAIN OFFICE OPERATIONS, DEPARTMENT OF (CONT'D)		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT'D)		
Mental Health Clinical or Service Related Training Grants	93.244	\$83,864
State Legalization Impact Assistance Grants	93.565	422,845
Developmental Disabilities Basic Support and Advocacy Grants	93.630	1,372,630
State Survey and Certification of Health Care Providers and Suppliers	93.777	3,649,318
Medical Assistance Program	93.778	3,383,926,613
Model Comprehensive Drug Abuse Treatment Programs for Critical Populations	93.902	1,109,683
Grants to States for Operation of Offices of Rural Health	93.913	43,788
HIV Care Formula Grants	93.917	915,822
Block Grants for Community Mental Health Services	93.958	2,667,492
Block Grants for Prevention and Treatment of Substance Abuse	93.959	17,103,480
Mental Health Disaster Assistance and Emergency Mental Health	93.982	614,023
Alcohol and Drug Abuse Data Collection Systems	NONE	114,836
Subtotal Department of Health and Hospitals		<u>3,413,820,503</u>
INSURANCE, DEPARTMENT OF		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Health Care Financing Research, Demonstrations and Evaluations	93.779	109,864
Subtotal Department of Insurance		<u>109,864</u>
JUSTICE, DEPARTMENT OF		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Fair Housing Assistance Program - State and Local	14.401	48,355
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
State Medicaid Fraud Control Units	93.775	566,872
Subtotal Department of Justice		<u>615,227</u>
LABOR, DEPARTMENT OF		
U.S. DEPARTMENT OF LABOR		
Labor Force Statistics	17.002	920,540
Labor Certification for Alien Workers	17.203	187,240
Employment Service	17.207	11,889,883
Unemployment Insurance	17.225	236,807,694
Trade Adjustment Assistance - Workers	17.245	1,711,201

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See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LABOR, DEPARTMENT OF (CONT'D)		
U.S. DEPARTMENT OF LABOR (CONT'D)		
Employment and Training Assistance - Dislocated Workers	17.246	\$7,793,885
Employment Services and Job Training - Pilot and Demonstration Programs	17.249	22,195
Job Training Partnership Act	17.250	76,645,157
Occupational Safety and Health	17.500	314,791
Disabled Veterans Outreach Program	17.801	1,068,873
Veterans Employment Program	17.802	174,085
Local Veterans Employment Representative Program	17.804	846,717
Various Agreements	NONE	1,061,385
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Public Health and Social Services Emergency Fund	93.003	934,382
Community Services Block Grant	93.569	9,155,611
Emergency Community Services for the Homeless	93.572	490,748
Subtotal Department of Labor		<u>350,024,387</u>
LIEUTENANT GOVERNOR, OFFICE OF THE		
PRIVATE GRANTS AND CONTRACTS		
Commission on National and Community Service	NONE	545,790
Subtotal Office of Lieutenant Governor		<u>545,790</u>
LOUISIANA EDUCATIONAL TELEVISION AUTHORITY		
U.S. DEPARTMENT OF COMMERCE		
Public Telecommunications Facilities - Planning and Construction	11.550	110,000
NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES		
Promotion of the Humanities - Humanities Projects in Media	45.104	86,631
Promotion of the Humanities - State Programs	45.129	33,856
U.S. DEPARTMENT OF EDUCATION		
Adult Education - State-Administered Basic Grant Program	84.002	129,309
Bilingual Education	84.003	150,372
First Schools and Teachers	84.211	519,200
NATIONAL URBAN LEAGUE		
Rates for Calculating Change	NONE	2,000
Subtotal Louisiana Educational Television Authority		<u>1,031,368</u>

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA HOUSING FINANCE AGENCY		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Shelter Plus Care	14.238	\$82,413
Home Investment Partnerships Program	14.239	4,747,013
Housing Opportunities for Persons with AIDS	14.241	227,055
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	2,446,570
Subtotal Louisiana Housing Finance Agency		<u>7,503,051</u>
LOUISIANA SPECIAL EDUCATION CENTER		
RAPIDES PARISH POLICE JURY		
Job Training Partnership Act	17.250	18,750
Subtotal Louisiana Special Education Center		<u>18,750</u>
LOUISIANA SYSTEMIC INITIATIVES PROGRAM		
U.S. NATIONAL SCIENCE FOUNDATION		
Education and Human Resources	47.076	1,871,261
Subtotal Louisiana Systemic Initiatives Program		<u>1,871,261</u>
LOUISIANA UNIVERSITIES MARINE CONSORTIUM		
U.S. DEPARTMENT OF COMMERCE		
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427	237,834
Undersea Research	11.430	12,831
U.S. DEPARTMENT OF THE INTERIOR		
Coastal Wetlands Planning, Protection and Restoration Act	15.614	55,079
National Water Resources Research Program	15.806	591,382
NATIONAL SCIENCE FOUNDATION		
Geosciences	47.050	479,754
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Year of the Gulf . . . Surveys, Studies, Investigations	NONE	30,313
U.S. DEPARTMENT OF ENERGY		
Assimilation/Transfer of Carbon in Coastal Water Columns	NONE	375,935

(Continued)

See accompanying Notes to the Schedule of Assistance.

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For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA UNIVERSITIES MARINE CONSORTIUM (CONT'D)		
U.S. DEPARTMENT OF DEFENSE		
U.S. Army Corps of Engineers	NONE	\$2,564
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Stennis Space Center/Graduate Student Researchers Program	NONE	13,020
Subtotal Louisiana Universities Marine Consortium		<u>1,798,712</u>
MILITARY AFFAIRS, DEPARTMENT OF		
FEDERAL EMERGENCY MANAGEMENT AGENCY		
Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act of 1986	83.011	78,129
Civil Defense - State and Local Emergency Management Assistance	83.503	1,176,661
State Disaster Preparedness Grants	83.505	36,153
Facility Survey, Engineering and Development	83.509	23,290
Disaster Assistance	83.516	7,378,577
Hazard Mitigation Assistance	83.519	15,286
Hurricane Program	83.520	32,248
Emergency Management Institute - Field Training Program	83.528	122,060
State and Local Emergency Management Assistance - Other Assistance	83.531	361,407
Facilities and Equipment	83.532	133,676
U.S. DEPARTMENT OF DEFENSE		
Army National Guard - Operations and Maintenance Cooperative Funding Agreement	NONE	2,411,798
Army National Guard - Environmental Compliance Achievement Program	NONE	251,153
Army National Guard - Security	NONE	187,324
Army National Guard - Food Service	NONE	204,863
Army National Guard - Joint-Services Interior Intrusion Detection System Funding Agreement	NONE	43,430
Air National Guard - Operations and Maintenance Cooperative Funding Agreement	NONE	311,705
Air National Guard - Security Cooperative Funding Agreement	NONE	230,121
Youth Challenge	NONE	3,524,504
Miscellaneous Funding Agreements	NONE	3,265,653
Subtotal Department of Military Affairs		<u>19,788,038</u>

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
NATURAL RESOURCES, DEPARTMENT OF		
U.S. DEPARTMENT OF COMMERCE		
Coastal Zone Management Administration Awards	11.419	\$1,642,682
Habitat Conservation	11.463	9,094
Various Agreements	NONE	430,035
U.S. DEPARTMENT OF THE INTERIOR		
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	162,424
Abandoned Mine Land Reclamation Program	15.252	31,388
U.S. Geological Survey	NONE	39,259
Various Agreements	NONE	179,823
U.S. DEPARTMENT OF TRANSPORTATION		
Pipeline Safety	20.700	256,141
U.S. ENVIRONMENTAL PROTECTION AGENCY		
State Underground Water Source Protection	66.433	351,346
Wetlands Protection - State Development Grants	66.461	12,707
U.S. DEPARTMENT OF ENERGY		
State Energy Conservation	81.041	194,909
Energy Extension Service	81.050	66,394
Energy Conservation for Institutional Buildings	81.052	80,381
Various Agreements	NONE	5,004,794
UNIVERSITY OF TEXAS AT AUSTIN		
Mineral Management Service	NONE	3,070
U.S. ARMY CORPS OF ENGINEERS		
Various Agreements	NONE	646,658
Subtotal Department of Natural Resources		<u>9,111,105</u>
ORLEANS LEVEE DISTRICT		
U.S. DEPARTMENT OF TRANSPORTATION		
Airport Improvement Program	20.106	851,635
Subtotal Orleans Levee District		<u>851,635</u>

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See accompanying Notes to the Schedule of Assistance.

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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
PINECREST DEVELOPMENTAL CENTER		
CORPORATION FOR NATIONAL SERVICE		
Foster Grandparent Program	72.001	\$281,883
Subtotal Pinecrest Developmental Center		<u>281,883</u>
PUBLIC HEALTH, OFFICE OF		
U.S. DEPARTMENT OF AGRICULTURE		
Special Supplemental Food Program for Women, Infants, and Children	10.557	61,070,481
Commodity Supplemental Food Program	10.565	16,558,857
U.S. DEPARTMENT OF TRANSPORTATION		
State and Community Highway Safety	20.600	2,276
U.S. ENVIRONMENTAL PROTECTION AGENCY		
State Public Water System Supervision	66.432	1,048,645
Near Coastal Waters	NONE	25,607
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Public Health and Social Services Emergency Fund	93.003	384,110
Maternal and Child Health Federal Consolidated Programs	93.110	33,005
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	276,164
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	4,464,238
Temporary AIDS Drug Reimbursements	93.146	320,736
Health Program for Toxic Substances and Disease Registry	93.161	303,656
Family Planning - Services	93.217	3,290,845
Childhood Immunization Grants	93.268	1,360,156
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	481,731
Cancer Control	93.399	38,152
Assistance Program for Chronic Disease Prevention and Control	93.945	57,838
Preventive Health Services - Sexually Transmitted Diseases Control Grant	93.977	971,703
Health Programs for Refugees	93.987	41,692
Preventive Health and Health Services Block Grant	93.991	(1,081,043)
Maternal and Child Health Services Block Grant to the States	93.994	13,045,657
Various Agreements	NONE	355,876
Subtotal Office of Public Health		<u>103,050,382</u>

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See accompanying Notes to the Schedule of Assistance.

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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
PUBLIC SAFETY AND CORRECTIONS, DEPARTMENT OF, CORRECTIONS SERVICES		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Model Criminal Justice Drug Abuse Treatment for Incarcerated Populations, Non-Incarcerated Populations and Juvenile Justice Populations	93.903	<u>\$298,439</u>
Subtotal Department of Public Safety and Corrections, Corrections Services		<u>298,439</u>
PUBLIC SAFETY AND CORRECTIONS, DEPARTMENT OF, PUBLIC SAFETY SERVICES		
U.S. DEPARTMENT OF JUSTICE		
Drug Control and System Improvement - Discretionary Grant	16.580	22,673
Various Agreements	NONE	350,398
U.S. DEPARTMENT OF TRANSPORTATION		
Motor Carrier Safety Assistance Program	20.218	1,152,234
State and Community Highway Safety	20.600	2,491,282
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	63,573
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Emergency Planning and Community Right-to-Know Technical Assistance Grants	66.810	<u>84,723</u>
Subtotal Department of Public Safety and Corrections, Public Safety Services		<u>4,164,883</u>
REVENUE AND TAXATION, DEPARTMENT OF		
U.S. DEPARTMENT OF TRANSPORTATION		
Highway Planning and Construction	20.205	<u>200,426</u>
Subtotal Department of Revenue and Taxation		<u>200,426</u>
SECRETARY OF STATE, DEPARTMENT OF STATE		
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION		
National Historical Publications and Records Grants	89.003	<u>8,234</u>
Subtotal Department of State, Secretary of State		<u>8,234</u>

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See accompanying Notes to the Schedule of Assistance.

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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
SOCIAL SERVICES, DEPARTMENT OF		
U.S. DEPARTMENT OF AGRICULTURE		
Food Stamps	10.551	\$647,234,660
State Administrative Matching Grants for Food Stamp Program	10.561	37,496,852
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Emergency Shelter Grants Program	14.231	831,757
U.S. DEPARTMENT OF ENERGY		
Weatherization Assistance for Low-Income Persons	81.042	1,116,283
U.S. DEPARTMENT OF EDUCATION		
Rehabilitation Services - Vocational Rehabilitation of State Grants	84.126	40,400,756
Rehabilitation Long-Term Training	84.129	50,486
Centers for Independent Living	84.132	31,786
Independent Living - State Grants	84.169	309,157
Supported Employment Services for Individuals with Severe Disabilities	84.187	1,057,484
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Public Health and Social Services Emergency Fund	93.003	2,954,282
Family Support Payments to States - Assistance Payments	93.560	136,558,880
Job Opportunities and Basic Skills Training	93.561	18,025,980
Child Support Enforcement	93.563	21,642,924
Refugee and Entrant Assistance - State Administered Programs	93.566	1,521,946
Low-Income Home Energy Assistance	93.568	15,020,411
Payments to States for Child Care Assistance	93.575	19,571,166
Children's Justice Grants to States	93.643	332,018
Child Welfare Services - State Grants	93.645	6,581,678
Adoption Opportunities	93.652	39,075
Foster Care - Title IV-E	93.658	31,200,201
Adoption Assistance	93.659	3,203,792
Social Services Block Grant	93.667	44,091,876
Child Abuse and Neglect Discretionary Activities	93.670	422,685
Community-Based Prevention Program	93.672	120,370
Independent Living	93.674	1,110,892
Social Security - Disability Insurance	93.802	30,889,529
Subtotal Department of Social Services		<u>1,061,816,926</u>

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See accompanying Notes to the Schedule of Assistance.

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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
STATE COUNCIL ON VOCATIONAL EDUCATION		
U.S. DEPARTMENT OF EDUCATION		
Vocational Education - State Councils	84.053	\$127,694
Subtotal State Council on Vocational Education		<u>127,694</u>
STUDENT FINANCIAL ASSISTANCE, OFFICE OF		
U.S. DEPARTMENT OF EDUCATION		
Federal Family Education Loans	84.032	24,067,312
Grants to States for State Student Incentives	84.069	1,024,437
Douglas Teacher Scholarships	84.176	280,000
Subtotal Office of Student Financial Assistance		<u>25,371,749</u>
TRANSPORTATION AND DEVELOPMENT, DEPARTMENT OF		
U.S. DEPARTMENT OF TRANSPORTATION		
Airport Improvement Program	20.106	3,836,605
Highway Planning and Construction	20.205	270,698,526
Highway Beautification - Control of Outdoor Advertising and Control of Junkyards	20.214	46,226
Highway Training and Education	20.215	305,049
Local Rail Freight Assistance	20.308	186,052
Federal Transit Capital Improvement Grants	20.500	4,004,575
Federal Transit Technical Studies Grants	20.505	470,523
Federal Transit Capital and Operating Assistance Formula Grants	20.507	1,574,806
Public Transportation for Nonurbanized Areas	20.509	2,017,811
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	495,581
FEDERAL EMERGENCY MANAGEMENT AGENCY		
Community Assistance Program - State Support Services - Element of the National Flood Insurance Program	NONE	133,116
Subtotal Department of Transportation and Development		<u>283,768,870</u>
TREASURY, DEPARTMENT OF THE		
U.S. DEPARTMENT OF AGRICULTURE		
Schools and Roads - Grants to States	10.665	2,739,136

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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
TREASURY, DEPARTMENT OF THE (CONT'D)		
U.S. DEPARTMENT OF DEFENSE		
Payments to States in Lieu of Real Estate Taxes	12.112	\$50,670
Military Installation Timber Sale Receipts	NONE	207,089
U.S. DEPARTMENT OF THE INTERIOR		
Mineral Lease Income	NONE	357,073
U.S. DEPARTMENT OF EDUCATION		
Federal Annual Bond Interest Grant	NONE	117,281
Subtotal Department of the Treasury		<u>3,471,249</u>
VETERANS AFFAIRS, DEPARTMENT OF		
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veterans State Domiciliary Care	64.014	329,532
Veterans State Nursing Home Care	64.015	<u>1,123,721</u>
Subtotal Department of Veterans Affairs		<u>1,453,253</u>
WILDLIFE AND FISHERIES, DEPARTMENT OF		
U.S. DEPARTMENT OF COMMERCE		
Interjurisdictional Fisheries Act of 1986	11.407	188,754
Cooperative Fishery Statistics	11.434	131,916
Southeast Area Monitoring and Assessment Program	11.435	129,394
U.S. DEPARTMENT OF THE INTERIOR		
Anadromous Fish Conservation	15.600	1,754
Sport Fish Restoration	15.605	2,887,649
Wildlife Restoration	15.611	2,118,087
Endangered Species Conservation	15.612	668,630
Clean Vessel Act	15.616	23,334
Breeding Bird Atlas	NONE	19,560
Dire Emergency Appropriation Fund	NONE	1,493,203
Dire Emergency Supplemental Appropriation for Hurricane Andrew	NONE	2,447,929
Various Agreements	NONE	50,012
U.S. DEPARTMENT OF TRANSPORTATION		
Boating Safety Financial Assistance	20.005	681,594

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
WILDLIFE AND FISHERIES, DEPARTMENT OF (CONT'D)		
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Wetlands Protection - State Development Grants	66.461	\$18,197
U.S. DEPARTMENT OF ENERGY		
Fossil Energy Research and Development	81.089	520
FEDERAL EMERGENCY MANAGEMENT AGENCY		
Disaster Assistance	83.516	16,527
U.S. DEPARTMENT OF AGRICULTURE		
Oyster Bed Cleanup/Soil Conservation	NONE	132,668
Subtotal Department of Wildlife and Fisheries		<u>11,009,728</u>
WOMEN'S SERVICES, OFFICE OF		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Family Violence Prevention and Services	93.671	234,948
PARISH OF EAST BATON ROUGE		
Employment and Training Assistance - Dislocated Workers	17.246	48,409
Job Training Partnership Act	17.250	123,247
CITY OF SHREVEPORT		
Job Training Partnership Act	17.250	34,308
ORLEANS PRIVATE INDUSTRY COUNCIL, INC.		
Job Training Partnership Act	17.250	52,426
Subtotal Office of Women's Services		<u>493,338</u>
DELGADO COMMUNITY COLLEGE		
ORLEANS PRIVATE INDUSTRY COUNCIL		
Employment and Training Assistance - Dislocated Workers	17.246	62,172
Job Training Partnership Act	17.250	509,033
JEFFERSON PARISH		
Job Training Partnership Act	17.250	115,420

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
DELGADO COMMUNITY COLLEGE (CONT'D)		
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	\$250,000
Federal Work-Study Program	84.033	149,609
Upward Bound	84.047	141,505
Federal Pell Grant Program	84.063	7,790,079
Subtotal Delgado Community College		<u>9,017,818</u>
ELAINE P. NUNEZ COMMUNITY COLLEGE		
U.S. DEPARTMENT OF EDUCATION		
Federal Pell Grant Program	84.063	680,202
Subtotal Elaine P. Nunez Community College		<u>680,202</u>
GRAMBLING STATE UNIVERSITY		
U.S. DEPARTMENT OF THE INTERIOR		
Wildlife Research Information	15.610	27,895
U.S. INFORMATION AGENCY		
Educational Exchange - University Lecturers (Professors) and Research Scholars	82.002	4,085
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	492,984
Undergraduate International Studies and Foreign Language Programs	84.016	25,673
Special Education - Personnel Development and Parent Training	84.029	48,797
Higher Education - Institutional Aid	84.031	1,823,515
Federal Work-Study Program	84.033	945,844
Student Support Services	84.042	168,462
Upward Bound	84.047	406,243
Federal Pell Grant Program	84.063	10,066,567
Harris Fellowships	84.094	13,563
Training Program for Federal TRIO Programs	84.103	59,301
Minority Science Improvement	84.120	96,138
Dwight D. Eisenhower National Program for Mathematics and Science Education	84.168	23,558

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
GRAMBLING STATE UNIVERSITY (CONT'D)		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Special Programs for the Aging - Title IV - Training, Research and Discretionary Projects and Programs	93.048	\$30,966
Nurse Training Improvement - Special Projects	93.359	13,961
Child Welfare Research and Demonstration	93.608	97,914
Social Security - Research and Demonstration	93.812	14,022
Grants for Residency Training in General Internal Medicine and/or General Pediatrics	93.884	139,964
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	58,881
Various Agreements	NONE	281,166
U.S. DEPARTMENT OF DEFENSE		
Naval Scholars of Science	NONE	167,771
U.S. DEPARTMENT OF ENERGY		
Various Agreements	NONE	88,733
NATIONAL SCIENCE FOUNDATION		
Various Agreements	NONE	144,811
U.S. DEPARTMENT OF TRANSPORTATION		
Various Agreements	NONE	52,932
NATIONAL COLLEGIATE ATHLETIC ASSOCIATION		
Various Agreements	NONE	77,726
PRIVATE GRANTS AND CONTRACTS		
HN & Frances Berger Foundation	NONE	27,171
Other Private Grants and Scholarships	NONE	361,570
Subtotal Grambling State University		<u>15,760,213</u>
LOUISIANA STATE UNIVERSITY AGRICULTURAL CENTER		
U.S. DEPARTMENT OF AGRICULTURE		
Plant and Animal Disease, Pest Control, and Animal Care	10.025	38,059
Rural Clean Water Program	10.068	103,194
Grants for Agricultural Research, Special Research Grants	10.200	1,051,916
Cooperative Forestry Research	10.202	225,962
Payments to Agricultural Experiment Stations Under Hatch Act	10.203	3,119,624
Grants for Agricultural Research - Competitive Research Grants	10.206	284,268

(Continued)

See accompanying Notes to the Schedule of Assistance.

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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY AGRICULTURAL CENTER (CONT'D)		
U.S. DEPARTMENT OF AGRICULTURE (CONT'D)		
Animal Health and Disease Research	10.207	\$54,713
Cooperative Extension Service	10.500	5,770,127
Forestry Research	10.652	116,472
Technical Agricultural Assistance	10.960	14,400
International Agricultural Research Program	10.961	26,499
International Training - Foreign Participant	10.962	152,012
Various Agreements	NONE	904,475
Fixed Price Contracts	NONE	46,623
UNIVERSITY OF GEORGIA		
Grants for Agricultural Research, Special Research Grants	10.200	14,910
U.S. DEPARTMENT OF COMMERCE		
Coastal Zone Management Estuarine Research Reserves	11.420	22,870
Various Agreements	NONE	5,542
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Wetlands Protection - State Development Grants	66.461	17,766
Consolidated Pesticide Compliance Monitoring and Program Cooperative Agreements	66.700	37,482
Environmental Education Grants	66.951	32,045
EPA Agreement	NONE	54,313
U.S. DEPARTMENT OF EDUCATION		
Federal Work-Study Program	84.033	33,322
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Academic Research Enhancement Award	93.390	2,125
U.S. DEPARTMENT OF THE INTERIOR		
Various Agreements	NONE	390,710
Geological Survey Fixed Price Contracts	NONE	2,000
U.S. DEPARTMENT OF STATE		
Various Agreements	NONE	6,573
NATIONAL AERONAUTIC AND SPACE ADMINISTRATION		
Various Agreements	NONE	196,561

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY AGRICULTURAL CENTER (CONT'D)		
NATIONAL SCIENCE FOUNDATION Various Agreements	NONE	\$46,916
U.S. TENNESSEE VALLEY AUTHORITY Various Agreements	NONE	24,530
AMITE RIVER BASIN DRAINAGE AND WATER DISTRICT Hazard Mitigation Project	NONE	825
UNIVERSITY OF ARKANSAS Influence of Seedling Damage due to Pathogens, Threps, and Nematodes on Crop Earliness, Yield, and Fiber Quality	NONE	20,496
Utilization of Winter Lagume Cover Crops for Pest and Fertility Management in Cotton	NONE	8,359
UNIVERSITY OF FLORIDA Biological Control of Pickleworm and Melonworm	NONE	6,692
MISSISSIPPI STATE UNIVERSITY - MISSISSIPPI AGRICULTURAL AND FORESTRY EXPERIMENT STATION Early Selection Criteria and Clonal Propagation Methods for Increased Productivity of Sycamore in Short-Rotation Systems	NONE	7,396
A Producer-Based Aquaculture Assurance Program	NONE	1,084
PLAQUEMINES PARISH COUNCIL ON AGING Elderly Care Project	NONE	3,052
UNIVERSITY OF TENNESSEE The Effect of Tillage on Fate and Transport of Pesticides through Unsaturated Soil Profiles	NONE	17,961
TEXAS A & M RESEARCH FOUNDATION The Riceland Mosquito Management Program	NONE	57,237
PRIVATE GRANTS AND CONTRACTS Consortium for International Development	NONE	4,397
Consumer Product Safety Commission - Fixed Price Contract	NONE	800
Gulf and South Atlantic Fisheries Development Foundation	NONE	4
Louis Berger International, Incorporated	NONE	208,903

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See accompanying Notes to the Schedule of Assistance.

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Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY AGRICULTURAL CENTER (CONT'D)		
PRIVATE GRANTS AND CONTRACTS (CONT'D)		
The Louisiana Forestry Association	NONE	\$5,690
National Dairy Board	NONE	30,121
Partners for International Education and Training	NONE	11,659
Southern Regional Aquaculture Center	NONE	73,199
Subtotal Louisiana State University Agricultural Center		<u>13,253,884</u>
PENNINGTON BIOMEDICAL RESEARCH CENTER		
U.S. DEPARTMENT OF AGRICULTURE		
Grants for Agricultural Research, Special Research Grants	10.200	958,604
Grants for Agricultural Research - Competitive Research Grants	10.206	8,750
Various Agreements	NONE	2,172
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Biomedical Research Support	93.337	12,142
Heart and Vascular Diseases Research	93.837	538,070
Diabetes, Endocrinology and Metabolism Research	93.847	118,456
Digestive Diseases and Nutrition Research	93.848	119,236
Research for Mothers and Children	93.865	326,280
Various Agreements	NONE	169,707
Public Health Fixed Price Contract	NONE	5,000
U.S. DEPARTMENT OF DEFENSE		
Various Agreements	NONE	1,692,740
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Various Agreements	NONE	74,036
Subtotal Pennington Biomedical Research Center		<u>4,025,193</u>
LOUISIANA STATE UNIVERSITY AND A & M COLLEGE (BATON ROUGE)		
U.S. DEPARTMENT OF AGRICULTURE		
Grants for Agricultural Research, Special Research Grants	10.200	2,053
Grants for Agricultural Research - Competitive Research Grants	10.206	135,695
Forestry Research	10.652	325
Various Agreements	NONE	217,798
Various Fixed Price Contracts	NONE	13,700

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STATE OF LOUISIANA
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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY AND A & M COLLEGE (BATON ROUGE) (CONT'D)		
U.S. DEPARTMENT OF COMMERCE		
Sea Grant Support	11.417	\$693,332
Coastal Zone Management Estuarine Research Reserves	11.420	415,062
Intergovernmental Climate - Programs	11.428	13,442
Marine Fisheries Initiative	11.433	108,933
Various Agreements	NONE	1,799,419
Various Fixed Price Contracts	NONE	13,950
FLORIDA STATE UNIVERSITY		
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427	42,088
U.S. DEPARTMENT OF DEFENSE		
Basic and Applied Scientific Research	12.300	123,299
Air Force Defense Research Sciences Program	12.800	81,309
Various Agreements	NONE	1,315,574
Various Fixed Price Contracts	NONE	59,342
U.S. DEPARTMENT OF THE INTERIOR		
Grants for Mining and Mineral Resources and Research Institutes	15.308	30,251
Assistance to State Water Resources Research Institutes	15.805	103,447
Earthquake Hazards Reduction Program	15.807	604
Geological Survey - Research and Data Acquisition	15.808	3,813
Various Agreements	NONE	2,713,632
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
Promotion of the Humanities - Summer Seminars for College Teachers	45.116	44,602
Promotion of the Humanities - Scholarly Publications	45.132	7,000
Arts and Humanities Agreement	NONE	63,814
NATIONAL SCIENCE FOUNDATION		
Engineering Grants	47.041	23,882
Biological Sciences	47.074	3,366
Various Agreements	NONE	4,543,899
U.S. SMALL BUSINESS ADMINISTRATION		
Business Development Assistance to Small Business - Fixed Price Contract	59.005	14,000

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See accompanying Notes to the Schedule of Assistance.

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LOUISIANA STATE UNIVERSITY AND A & M COLLEGE (BATON ROUGE) (CONT'D)		
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Solid Waste Disposal Research	66.504	\$60,430
Water Pollution Control - Research, Development, and Demonstration	66.505	243,828
Various Agreements	NONE	1,613,381
U.S. DEPARTMENT OF ENERGY		
Basic Energy Sciences - University and Science Education	81.049	1,348,431
Fossil Energy Research and Development	81.089	(118)
Various Agreements	NONE	1,215,435
Fixed Price Contract	NONE	23,998
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	403,901
Fulbright-Hays Training Grants - Faculty Research Abroad	84.019	281
Federal Work-Study Program	84.033	711,649
Library Education and Training	84.036	239,649
Federal Perkins Loan Cancellations	84.037	22,263
Federal Perkins Loan Program - Federal Capital Contributions	84.038	102,822
Library Research and Demonstrations	84.039	193,422
Student Support Services	84.042	218,269
Federal Pell Grant Program	84.063	6,072,422
Leadership in Educational Administration Development	84.178	1,619
College Library Technology and Cooperation Grants	84.197	142,696
McNair Post-Baccalaureate Achievement	84.217	158,810
National Academy of Science, Space, and Technology	84.260	8,634
Various Agreements	NONE	57,057
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Food and Drug Administration - Research	93.103	70,270
Biological Response to Environmental Health Hazards	93.113	450,467
Oral Diseases and Disorders Research	93.121	119,041
Research Related to Deafness and Communication Disorders	93.173	19,370
Drug Abuse Research Programs	93.279	176,355
Cooperative Medicine Program	93.306	71,939
Biomedical Research Support	93.337	16,969
Biophysics and Physiological Sciences	93.821	350,315
Lung Diseases Research	93.838	248,187
Diabetes, Endocrinology and Metabolism Research	93.847	167,818
Digestive Diseases and Nutrition Research	93.848	48,600

(Continued)

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LOUISIANA STATE UNIVERSITY AND A & M COLLEGE (BATON ROUGE) (CONT'D)		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT'D)		
Microbiology and Infectious Diseases Research	93.856	\$409,571
Pharmacology and Biorelated Chemistry	93.859	171,651
Cellular and Molecular Basis of Disease Research	93.863	25,131
Aging Research	93.866	8,350
Various Agreements	NONE	47,295
Public Health Fixed Price Contract	NONE	5,014
U.S. INFORMATION AGENCY		
Various Agreements	NONE	395,579
U.S. NUCLEAR REGULATORY COMMISSION		
Nuclear Regulatory Agreement	NONE	2,908
U.S. DEPARTMENT OF STATE		
Various Agreements	NONE	1,961,295
U.S. DEPARTMENT OF TRANSPORTATION		
Various Agreements	NONE	92,159
Fixed Price Contracts	NONE	54,982
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Various Agreements	NONE	823,836
Fixed Price Contract	NONE	5,000
FEDERAL EMERGENCY MANAGEMENT AGENCY		
Various Agreements	NONE	8,827
UNITED STATES DISTRICT COURT		
Middle District of Louisiana - Various Agreements	NONE	334,893
REGENTS OF THE UNIVERSITY OF CALIFORNIA		
Radiation Effects in Space	NONE	48,148
LSU Science Education for Public Understanding Program		
Development Center	NONE	9,502
UNIVERSITY OF CALIFORNIA		
Bean Test Experiment at KEK Facility in Japan	NONE	18,380

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LOUISIANA STATE UNIVERSITY AND A & M COLLEGE (BATON ROUGE) (CONT'D)		
CALIFORNIA INSTITUTE OF TECHNOLOGY		
Development of a Concurrent Asynchronous Computerized Framework for Neural Networks	NONE	(\$113)
A Global Positioning System Study of the Mojave Desert Studies of Large-Magnitude Intracontinental Extensional Tectonism in the Basin and Range Province, California and Nevada	NONE	12,000
Advances in Multi-Sensor Integration	NONE	14,594
	NONE	16,131
CENTRAL WASHINGTON UNIVERSITY		
Active Deformation in the Mojave Desert Region and the Walker Lane Belt: A GPS Experiment - Year 3	NONE	19,829
UNIVERSITY OF CHICAGO		
Eigensolver for Mind Architectures and Multi-Resolution Space-Time MD Algorithms	NONE	89,680
Natural and Human Induced Causes of Wetland Loss in Coastal Louisiana	NONE	124,052
Synchrotron Radiation Analysis of Materials Related to the Integral Fast Reactor Program - Fixed Price Contract	NONE	248,440
CITY OF BATON ROUGE		
LSYOU Followup	NONE	56,993
Fourth Year Baton Rouge City Court Volunteers in the Court Program - Fixed Price Contract	NONE	7,543
CLEMSON UNIVERSITY RESEARCH FOUNDATION		
Vortex-Generator Induced Enhanced Heat Transfer in Gas Turbine Blade Coolant Channels with Rotation	NONE	62,717
COLUMBIA UNIVERSITY		
Dynamic Enhanced Recovery Technologies - Geologic Input	NONE	(19,806)
Dynamic Enhanced Recovery Technologies - Model Simulations	NONE	26,418
Dynamic Enhanced Recovery Technologies - Fortran Algorithms	NONE	62,408
Dynamic Enhanced Recovery Technologies - Visualization of Model Output	NONE	179,179
Dynamic Enhanced Recovery Technologies - Akcess.Basic Preparation	NONE	10,391
UNIVERSITY OF CONNECTICUT RESEARCH FOUNDATION		
Culture Opportunity and Attainment: The Impact of Local Area	NONE	22,932

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See accompanying Notes to the Schedule of Assistance.

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LOUISIANA STATE UNIVERSITY AND A & M COLLEGE (BATON ROUGE) (CONT'D)		
UNIVERSITY OF DELAWARE		
Positron Electron Magnet Spectrometer	NONE	\$29,373
EMORY UNIVERSITY		
Sensitized Luminescence in Organized Media	NONE	54,273
UNIVERSITY OF FLORIDA		
Bioactivity and Activation of Dietary Carcinogens	NONE	62,293
Regional Technology Transfer Center Louisiana		
Affiliate Technology Transfer Services	NONE	39,971
GEORGIA INSTITUTE OF TECHNOLOGY		
The Southern Environmental Lead Educational Resource Consortium	NONE	3,553
Operation of Lead Training Center	NONE	5,980
UNIVERSITY OF HAWAII		
Behavior and Genetics of the Native Freshwater Fishes of the Hawaiian Islands	NONE	77,500
ILLINOIS STATE UNIVERSITY		
A Faculty Workshop to Improve Laboratory Instruction in Introductory Biology	NONE	9,420
THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS		
Biogeochemistry of Constructed Wetlands: Reducing Agricultural NPS Pollution	NONE	24,342
PURDUE UNIVERSITY		
Molecular Analysis of Drosophila AP Endonucleases	NONE	23,447
JEFFERSON PARISH		
LSYOU Followup	NONE	49,721
JEFFERSON, TANGIPAHOA, EAST BATON ROUGE, AND TERREBONNE CONSORTIUM		
LSYOU Summer Contract	NONE	262,775

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LOUISIANA STATE UNIVERSITY AND A & M COLLEGE (BATON ROUGE) (CONT'D)		
LAMAR UNIVERSITY		
Source Reduction Through On-Line Optimization	NONE	\$41,620
Sonchemical Treatment of Hazardous Chlorinated Hydrocarbons in Water and Sediments	NONE	42,654
Fundamental Aspects of Electrokinetic Remediation of Soils	NONE	53,888
In Situ Remediation of EDC-Contaminated Vadose Soil: A Toxicological Assessment	NONE	5,525
Solidification of Salts of AS, CR, and PB Using Cement and Various Additives	NONE	17,092
UNIVERSITY OF MARYLAND		
Reducing Aquacultural Waste Generation and Discharge	NONE	5,110
UNIVERSITY OF MINNESOTA		
Rational Number Project: Research on Teaching and Learning in Multiplicative Structures	NONE	935
UNIVERSITY OF MISSISSIPPI		
Exploration Technology and Coastal Depositional Methods for Hard Mineral Resources: Northeast Gulf of Mexico	NONE	60,471
TANGIPAHOA PARISH CONSORTIUM		
LSYOU Followup	NONE	83,215
TANGIPAHOA PARISH SCHOOL BOARD		
LSYOU Followup	NONE	2,734
UNIVERSITY OF TENNESSEE		
Improving Transportation Data for Mobile Source Emissions Estimates	NONE	8,747
TEXAS A & M UNIVERSITY		
Gulf of Mexico Annex V Disposal Facilities Inventory and Recycling Manual for Ports and Marinas	NONE	1,123
TEXAS A & M UNIVERSITY SYSTEM		
An Inter-Institutional Course on Aquatic Pathobiology for Veterinary Students	NONE	3,858

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LOUISIANA STATE UNIVERSITY AND A & M COLLEGE (BATON ROUGE) (CONT'D)		
TEXAS A & M RESEARCH FOUNDATION		
Chemosynthetic Ecosystem Study	NONE	\$60,174
Texas-Louisiana Shelf Circulation and Transport Processes	NONE	90,436
Intelligent Vehicle Highway Systems Research Centers at Excellence	NONE	5,355
Post-Cruise Scientific Research - Leg 150 - New Jersey Sea Level - Fixed Price Contract	NONE	9,300
UNIVERSITY OF TEXAS AT AUSTIN		
Shell Resource Inventory of Offshore Louisiana: Marsh Island	NONE	1,054
Mapping Sand Resources in the Barataria Bight: Offshore Grand Terre, Louisiana	NONE	11,661
Oil and Gas Resources Atlas Series Offshore Northern Gulf of Mexico	NONE	18,575
TULANE UNIVERSITY		
Prediction of Global Methane Generation from Wetlands	NONE	78,149
Formation and Emission of Methane in Rice Soils: Experimental Determination and Modeling Analysis	NONE	28,331
Factors Affecting Formation, Emission and Secondary Reactions of Nitrous Oxide and Methane in Flooded Soil Profiles of Gulf Coast Wetlands and Flooded Rice Fields	NONE	1,684
Field Studies of Beach Cones as Coastal Erosion/Reversal Devices for Areas with Significant Oil and Gas Activities	NONE	4,614
Transport Processes Through Interfaces, Membranes, and Porous Media	NONE	43,906
WASHINGTON UNIVERSITY		
Air Force Defense Research Sciences Program	12.800	36,131
UNIVERSITY OF WASHINGTON		
Antarctic Long Duration Balloon Flight for Japanese American Cooperative Emulsion Experiment	NONE	8,127
BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM		
The Impact of Cold Frontal-Passages on Geomorphic Evolution of the Louisiana Coast	NONE	8,778
Assessing the Geomorphic Evolution and Hydrographic Changes Induced by Winter Storms Along the Louisiana Coast	NONE	20,289

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LOUISIANA STATE UNIVERSITY AND A & M COLLEGE (BATON ROUGE) (CONT'D)		
PRIVATE GRANTS AND CONTRACTS		
Academy of Applied Science	NONE	(\$147)
Academy for Educational Development	NONE	12,746
Amoco Production Company	NONE	22,625
Arkansas Humanities Council	NONE	3,008
Dynalysis of Princeton	NONE	19,399
BG&G Idaho, Incorporated	NONE	59,396
General Research Corporation	NONE	46,652
Gulf Coast Research Laboratory	NONE	7,439
Health Effects Institute	NONE	161,362
Institute for International Education - Fixed Price Contracts	NONE	21,634
Institute of Museum Service	NONE	4,734
International Rice Research Institute	NONE	59,839
Los Alamos National Lab - Fixed Price Contract	NONE	4,000
Louis Berger & Associates	NONE	78,637
Louisiana Endowment for the Humanities	NONE	8,178
Martin Marietta - Fixed Price Contracts	NONE	33,750
Medical Service Corporation International	NONE	50,574
Mission Research Corporation	NONE	30,083
National Coastal Resources Research and Development Institute	NONE	31,441
National Coastal Resources Research and Development Institute - Fixed Price Contract	NONE	4,959
National Writing Project Company	NONE	21,988
Sandia National Laboratories	NONE	3,645
SatCon Technology Corporation, Incorporated - Fixed Price Contract	NONE	800
Space Telescope Science Institute	NONE	47,940
Texaco Exploration and Production, Incorporated	NONE	50,879
Thermalscan, Incorporated	NONE	20,973
NYZS The Wildlife Conservation Society	NONE	7,184
Subtotal Louisiana State University and A & M College		<u>34,731,652</u>
LOUISIANA STATE UNIVERSITY AT ALEXANDRIA		
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	40,661
Higher Education - Institutional Aid	84.031	194,743
Federal Work-Study Program	84.033	56,266
Federal Pell Grant Program	84.063	1,441,504

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LOUISIANA STATE UNIVERSITY AT ALEXANDRIA (CONT'D)		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Nursing Student Loans	93.364	\$315
RAPIDES PARISH POLICE JURY		
Summer Tutorial for At-Risk Students	NONE	65,278
Redirections, Computer Skills Training	NONE	18,978
Subtotal Louisiana State University at Alexandria		<u>1,817,745</u>
LOUISIANA STATE UNIVERSITY AT EUNICE		
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	28,786
Federal Work-Study Program	84.033	40,990
Federal Perkins Loan Cancellations	84.037	11,518
Federal Perkins Loan Program - Federal Capital Contributions	84.038	3,693
Student Support Services	84.042	287,218
Upward Bound	84.047	233,054
Federal Pell Grant Program	84.063	1,792,537
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Nursing Student Loans	93.364	91
ST. LANDRY PARISH POLICE JURY		
Health Care Specialist	NONE	14,137
PRIVATE GRANTS AND CONTRACTS		
Louisiana Endowment for the Humanities	NONE	1,463
Subtotal Louisiana State University at Eunice		<u>2,413,487</u>
LOUISIANA STATE UNIVERSITY IN SHREVEPORT		
INSTITUTE OF MUSEUM SERVICES		
Institute of Museum Services	45.301	2,896
NATIONAL SCIENCE FOUNDATION		
Biological Sciences	47.074	137
Education and Human Resources	47.076	1
Academic Research Facilities and Instrumentation	47.077	17,471

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY IN SHREVEPORT (CONT'D)		
U.S. DEPARTMENT OF ENERGY		
Basic Energy Sciences - University and Science Education	81.049	\$4,143
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	73,928
Undergraduate International Studies and Foreign Language Programs	84.016	54,836
Special Education - Personnel Development and Parent Training	84.029	7,236
Federal Work-Study Program	84.033	71,748
Federal Pell Grant Program	84.063	1,251,238
Student Literacy Corps and Student Mentoring Corps	84.219	23,516
Urban Community Service	84.252	117,362
Eisenhower Leadership	84.261	9,666
UNIVERSITY OF CALIFORNIA - BERKELEY		
National Writing Project	NONE	14,020
PRIVATE GRANTS AND CONTRACTS		
Corporation for Public Broadcasting	NONE	149,194
Louisiana Endowment for the Humanities	NONE	28,824
Louisiana Systemic Initiatives Program	NONE	53,216
Subtotal Louisiana State University in Shreveport		<u>1,879,432</u>
LOUISIANA STATE UNIVERSITY MEDICAL CENTER - NEW ORLEANS		
U.S. DEPARTMENT OF COMMERCE		
Sea Grant Support	11.417	10,047
U.S. DEPARTMENT OF DEFENSE		
Military Medical Research and Development	12.420	914,219
Various Army Agreements	NONE	299,529
Various Navy Agreements	NONE	(209)
U.S. DEPARTMENT OF JUSTICE		
Justice Research, Development, and Evaluation Project Grants	16.560	5,871
NATIONAL SCIENCE FOUNDATION		
Social, Behavioral, and Economic Sciences	47.075	(22)
Various Agreements	NONE	26,761

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY MEDICAL CENTER - NEW ORLEANS (CONT'D)		
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	\$14,174
Special Education - Personnel Development and Parent Training	84.029	128,066
Federal Work-Study Program	84.033	23,491
National Vocational Education Research	84.051	123,473
Federal Pell Grant Program	84.063	481,072
Rehabilitation Long-Term Training	84.129	138,903
Drug Prevention Program for Higher Education Institution-Wide	84.183	43,715
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Applied Toxicological Research and Testing	93.114	12,300
Oral Diseases and Disorders Research	93.121	620,414
AIDS Education and Training Centers	93.145	425,351
Human Genome Research	93.172	185,242
Research Related to Deafness and Communication Disorders	93.173	1,269,236
Mental Health Research Grants	93.242	14,730
Mental Health Clinical or Service Related Training Grants	93.244	26,976
Occupational Safety and Health Research Grants	93.262	77,208
Alcohol Research Career Development Awards for Scientists and Clinicians	93.271	43,263
Alcohol Research Programs	93.273	929,699
Drug Abuse Scientist Development Awards, Research Scientist Development Awards, and Research Scientist Awards	93.277	70,267
Drug Abuse National Research Service Awards for Research Training	93.278	34,275
Drug Abuse Research Programs	93.279	947,851
Scientist Development Award, Research Scientist Development Award, Scientist Development Award for Clinicians, and Research Scientist Award	93.281	83,307
Advanced Nurse Education	93.299	135,748
Biomedical Research Support	93.337	111,336
Professional Nurse Traineeships	93.358	55,711
Biomedical Research Technology	93.371	652,158
Cancer Cause and Prevention Research	93.393	979,280
Cancer Treatment Research	93.395	41,415
Cancer Research Manpower	93.398	27,997
Developmental Disabilities University Affiliated Programs	93.632	219,147
Biophysics and Physiological Sciences	93.821	24,603
Health Careers Opportunity Program	93.822	180,366
Area Health Education Centers	93.824	1,849,659
Heart and Vascular Diseases Research	93.837	2,036,239

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See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY MEDICAL CENTER - NEW ORLEANS (CONT'D)		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT'D)		
Lung Diseases Research	93.838	\$173,797
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	142,642
Diabetes, Endocrinology and Metabolism Research	93.847	938,745
Digestive Diseases and Nutrition Research	93.848	71,179
Kidney Diseases, Urology and Hematology Research	93.849	183,785
Clinical Research Related to Neurological Disorders	93.853	73,885
Biological Basis Research in the Neurosciences	93.854	476,705
Genetics Research	93.862	477,050
Cellular and Molecular Basis of Disease Research	93.863	100,736
Research for Mothers and Children	93.865	192,797
Aging Research	93.866	346,849
Vision Research	93.867	3,066,036
Medical Library Assistance	93.879	1,337
Alcohol Research Center Grants	93.891	403,999
Grants for Predoctoral Training in Family Medicine	93.896	118,246
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	68,850
Various Agreements	NONE	67,851
TULANE UNIVERSITY		
Maternal and Child Health Federal Consolidated Programs	93.110	10,032
Microbiology and Infectious Diseases Research	93.856	154,635
Various Agreements	NONE	152,626
DESIRE NARCOTICS REHABILITATION CENTER		
AIDS Education and Training Centers	93.145	(882)
CITY OF NEW ORLEANS		
Project Grants for Health Services to the Homeless	93.151	32,328
HIV Emergency Relief Project Grants	93.914	90,914
Healthy Start Initiative	93.926	2,687
UNIVERSITY OF PITTSBURGH		
Cancer Treatment Research	93.395	3,638
SOUTHEAST LOUISIANA AREA HEALTH EDUCATION CENTERS		
Area Health Education Centers	93.824	41,138

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY MEDICAL CENTER - NEW ORLEANS (CONT'D)		
SOUTHWEST LOUISIANA AREA HEALTH EDUCATION CENTERS		
Area Health Education Centers	93.824	\$9,933
INDIANA UNIVERSITY		
Heart and Vascular Diseases Research	93.837	134,914
UNIVERSITY OF TENNESSEE		
Heart and Vascular Diseases Research	93.837	26,481
UNIVERSITY OF CALIFORNIA - LOS ANGELES		
Microbiology and Infectious Diseases Research	93.856	26,591
Integrity of Genetics Data	NONE	12,730
JOHN HOPKINS UNIVERSITY		
Vision Research	93.867	45,157
EMORY UNIVERSITY		
Vision Research	93.867	27,613
PURDUE UNIVERSITY		
Vision Research	93.867	21,929
UNIVERSITY OF GEORGIA		
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	81,417
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Physical Therapist Contract	NONE	24,475
U.S. DEPARTMENT OF AGRICULTURE		
Various Agreements	NONE	1,046,555
U.S. DEPARTMENT OF THE INTERIOR		
Various Agreements	NONE	121
REGION 1 VOCATIONAL-TECHNICAL CENTER, NEW ORLEANS		
Various Agreements	NONE	20,575

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY MEDICAL CENTER - NEW ORLEANS (CONT'D)		
CANCER THERAPY AND RESEARCH FOUNDATION		
Various Agreements	NONE	\$37,636
OTHER PRIVATE GRANTS AND CONTRACTS		
Helen Keller National Center	NONE	8,127
Vanderbilt University	NONE	63,721
Subtotal Louisiana State University Medical Center (New Orleans)		<u>22,242,448</u>
LOUISIANA STATE UNIVERSITY MEDICAL CENTER - SHREVEPORT		
U.S. DEPARTMENT OF AGRICULTURE		
Grants for Agricultural Research - Competitive Research Grants	10.206	58,266
Food Distribution	10.550	45,988
U.S. DEPARTMENT OF DEFENSE		
Air Force Defense Research Sciences Program	12.800	124,820
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Technology Transfer	43.002	18,404
NATIONAL SCIENCE FOUNDATION		
Biological Sciences	47.074	95,890
Social, Behavioral, and Economic Sciences	47.075	112
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Sharing Specialized Medical Resources	64.018	231,551
U.S. DEPARTMENT OF EDUCATION		
Federal Perkins Loan Program - Federal Capital Contributions	84.038	6,429
Federal Pell Grant Program	84.063	550
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Food and Drug Administration - Research	93.103	25,727
Mental Health Research Grants	93.242	31,073
Alcohol Research Career Development Awards for Scientists and Clinicians	93.271	76,127
Alcohol National Research Service Awards for Research Training	93.272	84,297
Alcohol Research Programs	93.273	484,421

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA STATE UNIVERSITY MEDICAL CENTER - SHREVEPORT (CONT'D)		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT'D)		
Drug Abuse Research Programs	93.279	\$413,516
Biomedical Research Support	93.337	54,434
Cancer Cause and Prevention Research	93.393	6,886
Cancer Biology Research	93.396	151,332
Cancer Control	93.399	4,960
Biophysics and Physiological Sciences	93.821	392,104
Heart and Vascular Diseases Research	93.837	1,036,728
Blood Diseases and Resources Research	93.839	175,412
Diabetes, Endocrinology and Metabolism Research	93.847	347,286
Digestive Diseases and Nutrition Research	93.848	1,193,185
Kidney Diseases, Urology and Hematology Research	93.849	105,638
Biological Basis Research in the Neurosciences	93.854	7,949
Allergy, Immunology and Transplantation Research	93.855	257,869
Microbiology and Infectious Diseases Research	93.856	519,720
Pharmacological and Biorelated Chemistry	93.859	198,546
Genetics Research	93.862	670,006
Cellular and Molecular Basis of Disease Research	93.863	(565)
Research for Mothers and Children	93.865	53,830
Subtotal Louisiana State University Medical Center (Shreveport)		<u>6,872,491</u>
LOUISIANA TECH UNIVERSITY		
U.S. DEPARTMENT OF AGRICULTURE		
Cooperative Forestry Research	10.202	194,329
Higher Education Challenge Grants	10.217	12,364
U.S. DEPARTMENT OF DEFENSE		
Air Force Defense Research Sciences Program	12.800	103,522
Effective Mid-Story Removal on Neotropical Birds	NONE	25,423
USAE/Waterways Experiment Station	NONE	2,185
USAE/Waterways Experiment Station - Fixed Price Contracts	NONE	5,930
Authorization and Security in Dynamic Reconfiguration MLS System	NONE	7,976
COORDINATING AND DEVELOPMENT CORPORATION		
Job Training Partnership Act	17.250	83,751
RAPIDES PARISH JOB TRAINING OFFICE		
Job Training Partnership Act	17.250	105,865

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA TECH UNIVERSITY (CONT'D)		
UNION COMMUNITY ACTION ASSOCIATION		
Job Training Partnership Act	17.250	\$86,696
U.S. DEPARTMENT OF TRANSPORTATION		
Airway Science	20.107	29,771
NATIONAL SCIENCE FOUNDATION		
Engineering Grants	47.041	4,884
Mathematical and Physical Sciences	47.049	22,578
Geosciences	47.050	61,819
Computer and Information Science and Engineering	47.070	15,103
Education and Human Resources	47.076	129,011
U.S. SMALL BUSINESS ADMINISTRATION		
Business Development Assistance to Small Business	59.005	93
Small Business Development Center - Fixed Price Contract	59.037	6,000
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	451,460
Federal Work-Study Program	84.033	470,100
Federal Perkins Loan Cancellations	84.037	1,723
Federal Perkins Loan Program - Federal Capital Contributions	84.038	15,083
Federal Pell Grant Program	84.063	4,065,976
Rehabilitation Long-Term Training	84.129	125,128
Dwight D. Eisenhower National Program for Mathematics and Science Education	84.168	24,941
Student Literacy Corps and Student Mentoring Corps	84.219	26,206
National Science Scholars	84.242	3,720
National Academy of Science, Space and Technology	84.260	4,317
Annual Interest Grant	NONE	113,349
Let's Get Visual	NONE	52,073
U.S. DEPARTMENT OF COMMERCE		
Allozyme Variation in Black/Red Drum, Seatrout	NONE	(20)
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
NASA Undergraduate Research Project	NONE	16,669
U.S. DEPARTMENT OF ENERGY		
Planning for Micro-Manufacturing Facilities	NONE	120,846

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LOUISIANA TECH UNIVERSITY (CONT'D)		
CITY OF BOSSIER		
Various Agreements	NONE	\$15,003
PEACE CORP OF THE UNITED STATES		
Youth Development Program	NONE	68,468
BATTELLE MEMORIAL INSTITUTE		
Using Composition Materials in Civil Engineering Applications	NONE	5,008
Subtotal Louisiana Tech University		<u>6,477,350</u>
MCNEESE STATE UNIVERSITY		
U.S. DEPARTMENT OF THE INTERIOR		
National Water Resources Research Program	15.806	16,616
CALCASIEU PARISH POLICE JURY		
Job Training Partnership Act	17.250	316,344
NATIONAL SCIENCE FOUNDATION		
Education and Human Resources	47.076	156,264
U.S. SMALL BUSINESS ADMINISTRATION		
Business Development Assistance to Small Business	59.005	3,525
U.S. DEPARTMENT OF ENERGY		
Basic Energy Sciences - University and Science Education	81.049	17,664
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	190,537
Federal Work-Study Program	84.033	327,212
Federal Perkins Loan Program - Federal Capital Contributions	84.038	78,594
Student Support Services	84.042	138,895
Upward Bound	84.047	200,187
Federal Pell Grant Program	84.063	4,379,220
Drug-Free Schools and Communities - National Programs	84.184	61,530
Student Literacy Corps and Student Mentoring Corps	84.219	30,795
National Science Scholars	84.242	1,860

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
MCNEESE STATE UNIVERSITY (CONT'D)		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Higher Education Innovative Projects	NONE	\$21,817
Subtotal McNeese State University		<u>5,941,060</u>
NICHOLLS STATE UNIVERSITY		
TERREBONNE PARISH CONSORTIUM		
Job Training Partnership Act	17.250	75,885
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	38,720
Federal Work-Study Program	84.033	166,632
Federal Perkins Loan Program - Federal Capital Contributions	84.038	789
Student Support Services	84.042	284,468
Upward Bound	84.047	211,904
Federal Pell Grant Program	84.063	3,440,571
Drug Prevention Program/Higher Education/ Institution-wide	NONE	43,009
NATIONAL SCIENCE FOUNDATION		
Instrumentation and Laboratory Improvement Program	NONE	31,660
Subtotal Nicholls State University		<u>4,293,638</u>
NORTHEAST LOUISIANA UNIVERSITY		
U.S. DEPARTMENT OF AGRICULTURE		
Forestry Research	10.652	6,608
Cooperative Forestry Assistance	10.664	751
Keiffer Prairie Research	NONE	1,921
Ouachita Mountain Stream	NONE	3,779
U.S. DEPARTMENT OF COMMERCE		
Trade Adjustment Assistance	11.313	2,657
U.S. DEPARTMENT OF DEFENSE		
USAE Waterways Experiment Station	NONE	22,826
USAE Aquatic Organism	NONE	7,628

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
NORTHEAST LOUISIANA UNIVERSITY (CONT'D)		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Community Development Block Grants/Entitlement Grants	14.218	\$9,077
Public and Indian Housing - Comprehensive Improvement Assistance Program	14.852	15,502
Public and Indian Housing Drug Elimination Program	14.854	24,577
U.S. DEPARTMENT OF THE INTERIOR		
Wildlife Restoration	15.611	978
U.S. DEPARTMENT OF LABOR		
Senior Community Service Employment Program	17.235	304,570
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
Promotion of the Humanities - State Programs	45.129	10,847
NATIONAL SCIENCE FOUNDATION		
Mathematical and Physical Sciences	47.049	14,990
Computer and Information Science and Engineering	47.070	201,586
Various Agreements	NONE	246
U.S. SMALL BUSINESS ADMINISTRATION		
Business Development Assistance to Small Business	59.005	8,063
Small Business Development Center	59.037	1,058,895
CORPORATION FOR NATIONAL SERVICE		
Retired Senior Volunteer Program	72.002	39,426
Student Community Service Program	72.005	14,513
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	278,119
Fulbright-Hays Training Grants - Group Projects Abroad	84.021	52,691
Federal Work-Study Program	84.033	729,257
Talent Search	84.044	199,599
Federal Pell Grant Program	84.063	7,430,684
Student Literacy Corps and Student Mentoring Corps	84.219	(1,057)
National Science Scholars	84.242	1,860
OUACHITA PARISH POLICE JURY		
Employment Service	17.207	18,236

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
NORTHEAST LOUISIANA UNIVERSITY (CONT'D)		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Drug Abuse Research Programs	93.279	\$47,037
Community Services Block Grant - Discretionary Awards	93.570	36,064
Child Welfare Research and Demonstration	93.608	86,503
Pest-Mex and Tox Lung	NONE	14,801
Pulmonary Accumulation of Drugs	NONE	1,226
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Neurotoxicity of Organophosphate in Rats	NONE	84,515
Pollutant Venting	NONE	6,433
CITY OF MONROE		
Housing Rent Survey	NONE	387
Subtotal Northeast Louisiana University		<u>10,735,795</u>
NORTHWESTERN STATE UNIVERSITY		
U.S. DEPARTMENT OF AGRICULTURE		
Grants for Agricultural Research - Competitive Research Grants	10.206	28,472
U.S. DEPARTMENT OF DEFENSE		
Basic Scientific Research	12.431	1,841
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
Promotion of the Humanities - Higher Education in the Humanities	45.150	270
NATIONAL SCIENCE FOUNDATION		
Education and Human Resources	47.076	34,100
U.S. SMALL BUSINESS ADMINISTRATION		
Business Development Assistance to Small Business - Fixed Price Contracts	59.005	1,806
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	66,637
Federal Work-Study Program	84.033	220,646
Federal Perkins Loan Program - Federal Capital Contributions	84.038	173,020
Student Support Services	84.042	229,219
Higher Education - Cooperative Education	84.055	26,675
Federal Pell Grant Program	84.063	6,799,630

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
NORTHWESTERN STATE UNIVERSITY (CONT'D)		
U.S. DEPARTMENT OF EDUCATION (CONT'D)		
National Science Scholars	84.242	\$1,860
Regional Network Program	NONE	2,089
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Professional Nurse Traineeships	93.358	55,120
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	27,997
U.S. DEPARTMENT OF THE INTERIOR		
Training Conference on Historic Transportation Corridors	NONE	1,233
Challenge Cost Share Agreement	NONE	9,458
National Park Service Cooperative Agreement	NONE	27,029
Forest Service Cooperative Agreement	NONE	15,000
U.S. ARMY CORPS OF ENGINEERS		
Cooperative Agreement	NONE	478
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Joint Venture	NONE	1,167
Subtotal Northwestern State University		<u>7,723,747</u>
SOUTHEASTERN LOUISIANA UNIVERSITY		
U.S. DEPARTMENT OF AGRICULTURE		
Cooperative Forestry Research	10.202	532
Higher Education Challenge Grants	10.217	3,916
Forestry Research	10.652	4,849
U.S. DEPARTMENT OF DEFENSE		
Basic and Applied Scientific Research	12.300	34,740
U.S. DEPARTMENT OF THE INTERIOR		
Endangered Species Conservation	15.612	8,060
Outdoor Recreation - Acquisition, Development and Planning	15.916	23,430
NATIONAL SCIENCE FOUNDATION		
Mathematical and Physical Sciences	47.049	6,781
Biological Sciences	47.074	37,270

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See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
SOUTHEASTERN LOUISIANA UNIVERSITY (CONT'D)		
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	\$227,958
Special Education - Personnel Development and Parent Training	84.029	133,784
Federal Work-Study Program	84.033	363,444
Student Support Services	84.042	184,460
Talent Search	84.044	192,044
Upward Bound	84.047	659,363
Federal Pell Grant Program	84.063	5,677,246
Higher Education - Veterans Education Outreach Program	84.064	5,203
Educational Opportunity Centers	84.066	198,791
Student Literacy Corps and Student Mentoring Corps	84.219	24,392
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Advanced Nurse Education	93.299	466,923
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	37,553
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Biological and Life Sciences	NONE	6,040
MISSISSIPPI DEPARTMENT OF WILDLIFE, FISHERIES AND PARKS		
Endangered Species Conservation	15.612	24,653
TANGIPAHOA PARISH SCHOOL BOARD		
Job Training Partnership Act	17.250	367,686
EAST BATON ROUGE PARISH SCHOOL BOARD		
Tech-Prep Education	84.243	20,000
PRIVATE GRANTS AND CONTRACTS		
Corporation for Public Broadcasting	NONE	96,109
National Writing Project Company	NONE	21,637
Subtotal Southeastern Louisiana University		<u>8,826,864</u>
SOUTHERN UNIVERSITY - BOARD AND SYSTEM ADMINISTRATION		
U.S. DEPARTMENT OF AGRICULTURE		
Various Agreements	NONE	1,101,036

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
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	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
SOUTHERN UNIVERSITY - BOARD AND SYSTEM ADMINISTRATION (CONT'D)		
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT		
Various Agreements	NONE	\$294,168
PRIVATE GRANTS AND CONTRACTS		
Various Private Gifts and Grants	NONE	30,715
Subtotal Southern University - Board and System Administration		<u>1,425,919</u>
SOUTHERN UNIVERSITY - BATON ROUGE		
U.S. DEPARTMENT OF AGRICULTURE		
Special Emphasis Outreach Programs Grants	10.140	6,615
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	1,213,102
Grants for Agricultural Research - Competitive Research Grants	10.206	143,660
Higher Education Strengthening Grants	10.211	18,728
1890 Institution Capacity Building Grants	10.216	40,525
Farm Operating Loans	10.406	29,590
Forestry Research	10.652	1,813
Cooperative Forestry Assistance	10.664	137,557
Soil and Water Conservation	10.902	7,604
Agricultural Statistics Reports	10.950	6,000
International Training - Foreign Participant	10.962	9,038
Various Agreements	NONE	322,753
U.S. DEPARTMENT OF THE INTERIOR		
Small Reclamation Projects	15.503	43,051
PARISH OF EAST BATON ROUGE		
Job Training Partnership Act	17.250	87,593
U.S. DEPARTMENT OF TRANSPORTATION		
Federal Transit Grants for University Research and Training	20.502	63,669
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Aerospace Education Services Program	43.001	198,409
Technology Transfer	43.002	132,604
Various Agreements	NONE	21,274

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
SOUTHERN UNIVERSITY - BATON ROUGE (CONT'D)		
NATIONAL SCIENCE FOUNDATION		
Engineering Grants	47.041	\$183,381
Mathematical and Physical Sciences	47.049	23,300
Education and Human Resources	47.076	486,163
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Solid Waste Disposal Research	66.504	428,047
U.S. DEPARTMENT OF ENERGY		
Basic Energy Sciences - University and Science Education	81.049	28,611
University Research Instrumentation - Fixed Price Contract	81.077	704
Minority Honors Training and Industrial Assistance Program	81.084	255,711
Minority Educational Institution Assistance - Fixed Price Contract	81.094	1,076
Nuclear Energy, Reactor Systems, Development, and Technology	81.095	24,595
Various Agreements	NONE	140,879
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	674,894
Higher Education - Institutional Aid	84.031	2,565,379
Federal Work-Study Program	84.033	994,212
Student Support Services	84.042	223,239
Talent Search	84.044	288,759
Upward Bound	84.047	371,235
Higher Education - Cooperative Education	84.055	6,897
Federal Pell Grant Program	84.063	9,359,288
Law School Clinical Experience Program	84.097	45,395
Fund for the Improvement of Postsecondary Education	84.116	30,286
Minority Science Improvement	84.120	99,277
Drug-Free Schools and Communities - School Personnel Training	84.207	73,703
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Nursing Education Opportunities for Individuals from		
Disadvantaged Backgrounds	93.178	206,551
Scholarships for the Undergraduate Education of Professional Nurses	93.182	203,364
Minority Biomedical Research Support	93.375	650,337
Research Centers in Minority Institutions	93.389	20,411
Minority Access to Research Careers	93.880	76,347

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
SOUTHERN UNIVERSITY - BATON ROUGE (CONT'D)		
U.S. DEPARTMENT OF DEFENSE		
Various Agreements	NONE	\$660,467
Various Fixed-Price Contracts	NONE	674,317
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Various Agreements	NONE	140,117
NATIONAL COLLEGIATE ATHLETIC ASSOCIATION		
National Youth Sports Program	NONE	79,354
PRIVATE GRANTS AND CONTRACTS		
Various Private Gifts and Grants	NONE	907,042
Subtotal Southern University - Baton Rouge		<u>22,406,923</u>
SOUTHERN UNIVERSITY - NEW ORLEANS		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Historically Black Colleges and Universities Program	14.237	87,705
U.S. DEPARTMENT OF TRANSPORTATION		
Federal Transit Grants for University Research and Training	20.502	25,531
NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES		
Promotion of the Humanities - Fellowships for College Teachers and Independent Scholars	45.143	3,000
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	187,292
Higher Education - Institutional Aid	84.031	1,298,446
Federal Work-Study Program	84.033	259,381
Student Support Services	84.042	59,808
Talent Search	84.044	201,368
Upward Bound	84.047	455,706
Federal Pell Grant Program	84.063	4,786,971
Higher Education - Veterans Education Outreach Program	84.064	628
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Child Welfare Services Training Grants	93.648	87,191

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
SOUTHERN UNIVERSITY - NEW ORLEANS (CONT'D)		
NATIONAL COLLEGIATE ATHLETIC ASSOCIATION		
National Youth Sports Program	NONE	\$83,890
PRIVATE GRANTS AND CONTRACTS		
Various Private Gifts and Grants	NONE	122,318
Various Agreements	NONE	19,911
Subtotal Southern University - New Orleans		<u>7,679,146</u>
SOUTHERN UNIVERSITY - SHREVEPORT-BOSSIER CITY		
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	120,928
Higher Education - Institutional Aid	84.031	764,538
Federal Work-Study Program	84.033	181,561
Student Support Services	84.042	205,021
Talent Search	84.044	194,399
Upward Bound	84.047	239,316
Federal Pell Grant Program	84.063	1,400,235
Various Agreements	NONE	5,102
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Minority Biomedical Research Support	93.375	142,970
PRIVATE GRANTS AND CONTRACTS		
Various Private Gifts and Grants	NONE	67,189
Subtotal Southern University - Shreveport-Bossier City		<u>3,321,259</u>
UNIVERSITY OF NEW ORLEANS		
U.S. DEPARTMENT OF COMMERCE		
Economic Development - State and Local Economic Development Planning	11.305	92,271
U.S. DEPARTMENT OF DEFENSE		
Air Force Defense Research Sciences Program	12.800	7,319
Various Agreements	NONE	975,556
Instruction for the Air War College - Fixed Price Contract	NONE	105,128

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
UNIVERSITY OF NEW ORLEANS (CONT'D)		
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
Promotion of the Humanities - Fellowships for College Teachers and Independent Scholars	45.143	\$21,467
Various Agreements	NONE	19,568
U.S. SMALL BUSINESS ADMINISTRATION		
Business Development Assistance to Small Business	59.005	13,312
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Solid Waste Disposal Research	66.504	311,271
U.S. DEPARTMENT OF ENERGY		
Basic Energy Sciences - University and Science Education	81.049	192,920
Various Agreements	NONE	21,884
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	567,142
Special Education - Personnel Development and Parent Training	84.029	349,027
Federal Work-Study Program	84.033	457,672
Federal Perkins Loan Program - Federal Capital Contributions	84.038	90,812
Student Support Services	84.042	117,769
Talent Search	84.044	233,549
Upward Bound	84.047	253,105
Federal Pell Grant Program	84.063	5,825,678
Special Education - Severely Disabled Program	84.086	95,137
Secondary Education and Transitional Services for Youth with Disabilities	84.158	118,840
Urban Community Service	84.252	130,920
Middle School Teacher Enhancement Program	NONE	23,466
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Scholarships for the Undergraduate Education of Professional Nurses	93.182	3,720
Research for Mothers and Children	93.865	83,181
Various Agreements	NONE	189,135
U.S. DEPARTMENT OF AGRICULTURE		
Various Agreements	NONE	38,562
Fiber Molecular Composition - Fixed Price Contract	NONE	13,898
Variations in Structure from Bacterial Endotoxins - Fixed Price Contract	NONE	4,500

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
UNIVERSITY OF NEW ORLEANS (CONT'D)		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
National Center for the Revitalization of Central Cities	NONE	\$96,661
U.S. DEPARTMENT OF THE INTERIOR		
Various Agreements	NONE	165,674
U.S. Geological Survey	NONE	21,724
NATIONAL SCIENCE FOUNDATION		
Various Agreements	NONE	428,766
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Various Agreements	NONE	31,769
U.S. NUCLEAR REGULATORY COMMISSION		
Various Agreements - Fixed Price Contract	NONE	920
Subtotal University of New Orleans		<u>11,102,323</u>
UNIVERSITY OF SOUTHWESTERN LOUISIANA		
U.S. DEPARTMENT OF DEFENSE		
Procurement Technical Assistance for Business Firms	12.002	136,976
Basic and Applied Scientific Research	12.300	273,691
Various Agreements	NONE	10
U.S. DEPARTMENT OF THE INTERIOR		
Coastal Wetlands Planning, Protection and Restoration Act	15.614	23,976
Geological Survey - Research and Data Acquisition	15.808	10,787
Various Agreements	NONE	400,507
NATIONAL SCIENCE FOUNDATION		
Computer and Information Science and Engineering	47.070	57,742
Social, Behavioral, and Economic Sciences	47.075	206,157
Various Agreements	NONE	188,736
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Water Pollution Control - State and Interstate Program Support	66.419	6,263
Water Quality Control Information System - Orientation/ Training Seminars, Data and Monitoring Publications	66.423	39,013
Construction Management Assistance	66.438	44,848

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
UNIVERSITY OF SOUTHWESTERN LOUISIANA (CONT'D)		
U.S. ENVIRONMENTAL PROTECTION AGENCY (CONT'D)		
Environmental Education and Training Program	66.950	\$12,485
Environmental Education Grants	66.951	4,393
U.S. DEPARTMENT OF EDUCATION		
Federal Supplemental Educational Opportunity Grants	84.007	390,586
Special Education - Personnel Development and Parent Training	84.029	66,528
Higher Education - Institutional Aid	84.031	460,858
Federal Work-Study Program	84.033	821,996
Federal Perkins Loan Program - Federal Capital Contributions	84.038	72,109
Student Support Services	84.042	372,970
Talent Search	84.044	302,630
Upward Bound	84.047	580,933
Federal Pell Grant Program	84.063	9,221,099
Higher Education - Veterans Education Outreach Program	84.064	5,621
McNair Post-Baccalaureate Achievement	84.217	162,222
National Science Scholars	84.242	3,720
National Academy of Science, Space, and Technology	84.260	4,317
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Comparative Medicine Program	93.306	509,882
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	142,807
Various Agreements	NONE	520,037
U.S. DEPARTMENT OF AGRICULTURE		
Various Agreements	NONE	69,465
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Various Agreements	NONE	132,437
U.S. DEPARTMENT OF ENERGY		
Various Agreements	NONE	3,981
PRIVATE GRANTS AND CONTRACTS		
Corporation of Public Broadcasting	NONE	83,264
Subtotal University of Southwestern Louisiana		<u>15,333,046</u>

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
REGIONAL MANAGEMENT CENTER NO. 1, NEW ORLEANS		
CITY OF NEW ORLEANS		
Employment and Training Assistance - Dislocated Workers	17.246	\$178,906
JEFFERSON PARISH OFFICE OF MANPOWER		
Job Training Partnership Act	17.250	25,162
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veterans Reporting Fees	NONE	214
Subtotal Regional Management Center No. 1, New Orleans		<u>204,282</u>
REGIONAL MANAGEMENT CENTER NO. 2, BATON ROUGE		
TANGIPAHOA PARISH SCHOOL BOARD		
Job Training Partnership Act	17.250	148,831
FEDERAL BUREAU OF PRISONS		
Horticulture Training Program	NONE	14,856
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veterans Reporting Fees	NONE	371
Subtotal Regional Management Center No. 2, Baton Rouge		<u>164,058</u>
REGIONAL MANAGEMENT CENTER NO. 3, HOUMA		
ST. LANDRY PARISH POLICE JURY		
Job Training Partnership Act	17.250	9,566
TERREBONNE PARISH CONSORTIUM		
Job Training Partnership Act	17.250	12,835
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veterans Reporting Fees	NONE	63
Subtotal Regional Management Center No. 3, Houma		<u>22,464</u>

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
REGIONAL MANAGEMENT CENTER NO. 4, LAFAYETTE		
LAFAYETTE PARISH COUNCIL		
Lafayette Regional Technical Institute/JTPA	17.250	\$37,121
ST. LANDRY PARISH POLICE JURY		
Gulf Area Technical Institute/JTPA	17.250	70,935
T. H. Harris Technical Institute/JTPA	17.250	136,932
Evangeline Technical Institute/JTPA	17.250	45,945
Teche Area Technical Institute/JTPA	17.250	38,700
C. B. Coreil Technical Institute/JTPA	17.250	150,223
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veterans Reporting Fees	NONE	343
Subtotal Regional Management Center No. 4, Lafayette		<u>480,199</u>
REGIONAL MANAGEMENT CENTER NO. 5, LAKE CHARLES		
ST. LANDRY PARISH POLICE JURY		
Job Training Partnership Act	17.250	5,082
FIFTH PLANNING DISTRICT CONSORTIUM		
Oakdale Branch Vo-Tech/JTPA	17.250	8,595
UNICOR/FEDERAL PRISON INDUSTRIES		
Commercial Sewing Course	NONE	12,897
FEDERAL CORRECTIONAL INSTITUTE		
Vocational Trades Instruction	NONE	17,806
Subtotal Regional Management Center No. 5, Lake Charles		<u>44,380</u>
REGIONAL MANAGEMENT CENTER NO. 6, ALEXANDRIA		
U.S. DEPARTMENT OF EDUCATION		
Federal Pell Grant Program	84.063	695,345

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
REGIONAL MANAGEMENT CENTER NO. 6, ALEXANDRIA (CONT'D)		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Rural Health Services Outreach	93.912	\$28,758
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veterans Reporting Fees	NONE	966
Subtotal Regional Management Center No. 6, Alexandria		<u>725,069</u>
REGIONAL MANAGEMENT CENTER NO. 7, SHREVEPORT		
COORDINATING AND DEVELOPMENT CORPORATION - SHREVEPORT		
Region Center 7/JTPA	17.250	163,631
Northwest Louisiana Technical Institute	17.250	107,947
Ruston Technical Institute	17.250	83,848
Claiborne Technical Institute	17.250	73,516
Natchitoches Technical Institute	17.250	104,191
Mansfield Technical Institute	17.250	115,439
Sabine Valley Technical Institute	17.250	22,851
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veterans Reporting Fees	NONE	651
Subtotal Regional Management Center No. 7, Shreveport		<u>672,074</u>
REGIONAL MANAGEMENT CENTER NO. 8, MONROE		
OUACHITA PARISH POLICE JURY		
Delta-Ouachita Vo-Tech/JTPA	17.250	93,011
NORTH DELTA REGIONAL PLANNING AND DEVELOPMENT		
Tallulah Vo-Tech/JTPA	17.250	79,010
UNION PARISH COMMUNITY ACTION		
Bastrop Vo-Tech/Employment and Training Assistance - Dislocated Workers	17.246	26,012
North Central Area Vo-Tech/JTPA	17.250	40,717
Subtotal Regional Management Center No. 8, Monroe		<u>238,750</u>

(Continued)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA
Schedule of Assistance
For the Year Ended June 30, 1994

	<u>CFDA NUMBER</u>	<u>ACTIVITY</u>
LAKE CHARLES HARBOR AND TERMINAL DISTRICT		
U.S. DEPARTMENT OF DEFENSE		
U.S. Department of Navy	NONE	<u>\$867,572</u>
Subtotal U.S. Department of Defense		<u>867,572</u>
WEST JEFFERSON LEVEE DISTRICT		
U.S. ARMY CORPS OF ENGINEERS		
Mississippi River Levees, Gretna Levee Enlargement, I-Wall and Concrete Slope Pavement, Phase IIA	NONE	<u>210,200</u>
Subtotal West Jefferson Levee District		<u>210,200</u>
TOTAL STATE OF LOUISIANA		<u><u>\$6,120,940,786</u></u>

(Concluded)

See accompanying Notes to the Schedule of Assistance.

STATE OF LOUISIANA

**Notes to the Schedule of Assistance
For the Year Ended June 30, 1994**

A. PURPOSE OF THE SCHEDULE

Office of Management and Budget Circular A-128, *Audits of State and Local Governments*, requires a schedule of federal financial assistance showing total expenditures for each federal financial assistance program as identified in the Catalog of Federal Domestic Assistance and for other federal financial assistance that has not been assigned a catalog number. To comply with this requirement, the Executive Department, Division of Administration required each state agency, hospital, and university to prepare a schedule of assistance. These schedules were combined to form the Schedule of Assistance for the State of Louisiana.

B. REPORTING ENTITY

The accompanying Schedule of Assistance includes all federal financial assistance received directly from federal agencies, local governments, and other states that was disbursed, expended, or issued by the State of Louisiana during the year ended June 30, 1994. In addition, the schedule includes federal financial and other assistance provided by private organizations and establishments that certain agencies and universities disbursed or expended during the year then ended.

C. BASIS OF ACCOUNTING

The Financial Accountability and Control System of the State of Louisiana is not designed to accept detailed information on all individual federally assisted programs of the state and does not have the capacity to provide federal assistance expenditures for each program in accordance with generally accepted accounting principles. Therefore, except as explained in the following paragraphs, assistance activity presented in the Schedule of Assistance represents cash disbursements of the individual programs. Consequently, certain expenditures (activity) are recognized when paid rather than when obligations are incurred. Accordingly, the information presented in the schedule is not intended to present assistance program expenditures in conformity with generally accepted accounting principles.

Indirect Costs - Certain costs, such as those associated with budgeting, accounting, personnel administration, et cetera, benefit more than one program but are not readily assignable to the programs receiving the benefits. Some agencies, hospitals, and universities apply a federally approved indirect cost rate to direct program costs to recover a portion of these indirect costs from federal grants or contracts. Indirect costs charged to federal grants and contracts by

STATE OF LOUISIANA

Notes to the Schedule of Assistance (Continued)

means of approved indirect cost rates are recognized as disbursements or expenditures (activity) in the accompanying Schedule of Assistance.

Department of Labor - Significant transactions of the Department of Labor are processed through the department's electronic data processing cost accounting system, which produces information on the modified accrual basis of accounting, rather than through the state's Financial Accountability and Control System. Therefore, the information presented in the Schedule of Assistance for the Department of Labor was derived from the department's cost accounting system and represents federal assistance activity on the modified accrual basis of accounting. Consequently, expenditures (activity) are recognized when the related liability is incurred.

Public Institutions of Higher Education - Except as explained in the following paragraph, federal assistance activity for the public institutions of higher education is presented on the modified accrual basis of accounting. Consequently, expenditures (activity) are recognized when the related liability is incurred.

Fixed Price Contracts - These contracts provide that a specified amount of funds will be paid upon delivery of a product, generally, a report on the results of a research study. As a result, the amount of federal assistance that may be expended under fixed price contracts is limited to the amount of funds received from the contracts, regardless of the amount of costs incurred to perform the contracts or the period in which those costs were incurred. Therefore, the information presented in the Schedule of Assistance for fixed price contracts represents federal funds received on the cash basis of accounting. Consequently, expenditures (activity) are recognized when the related asset is received and in the amount of the asset received, rather than when the obligation is incurred and in the amount of the obligation.

Deletions - Deletions (activity) of the Donation of Federal Surplus Personal Property Program are reported in the Schedule of Assistance at historical cost to the federal government when the property is issued to public agencies, nonprofit institutions, or agencies of other states; sold or destroyed; or put into use by the State of Louisiana.

Issues - Issues (activity) of the Food Stamp Program are reported in the Schedule of Assistance at the dollar value of the food stamp coupons when the coupons are issued to local governing authorities for distribution to food stamp recipients. Issues (activity) of the commodities program are reported in the Schedule of Assistance at the federally assigned value of the commodities when they are issued to public and private school systems and nonprofit organizations.

STATE OF LOUISIANA**Notes to the Schedule of Assistance (Continued)****D. TRANSFERS OF FEDERAL FUNDS AMONG STATE AGENCIES, HOSPITALS, AND UNIVERSITIES**

The accompanying Schedule of Assistance presents activity for the state agencies, including hospitals and universities, that initially received the assistance. In some instances, assistance received by one agency is transferred to a subrecipient state agency to be expended for the original program or, when allowed by the original program, to be expended for other federal programs. In those instances, assistance activity is reflected for the agency that initially received the assistance from a federal, local, or other state government.

E. FEDERAL FAMILY EDUCATION LOANS

The Office of Student Financial Assistance (OSFA) guarantees 100 per cent of the loans made to students under the Federal Family Education Loans Program (CFDA 84.032). The federal government reimburses the OSFA a percentage of the principal on certain defaulted loans, and when defaulted loans are collected, the OSFA returns a percentage of the amount collected to the federal government. During the year ended June 30, 1994, the OSFA paid lending institutions \$26,023,940 for defaulted student loans, and the average federal participation in these default payments was 98 per cent. New loans made to students during the year ended June 30, 1994, which are guaranteed by the OSFA, amounted to \$131,713,261. As of June 30, 1994, the outstanding balance of all loans made under the Federal Family Education Loans Program guaranteed by the OSFA amounted to \$626,909,227.

F. HEALTH EDUCATION ASSISTANCE LOANS

Certain lending institutions make loans under the Health Education Assistance Loans Program (CFDA 93.108) to graduate students who are enrolled in eligible health profession educational programs. The loans are insured by the federal government, which pays lenders the amount of losses incurred when borrowers default on the loan payments. During the year ended June 30, 1994, loans totaling \$72,089 were made to students at Louisiana State University Medical Center (New Orleans).

G. PETROLEUM VIOLATION ESCROW FUNDS

Petroleum Violation Escrow Funds are monies that were provided to the state by the U.S. Department of Energy (DOE). These distributions were the result of legislative, administrative, and judicial actions involving violations of DOE's price and allocation controls in effect from August 1973 through January 1981. These controls applied to the allocation and pricing of crude oil and refined petroleum products. The funds include Warner Amendment funds, Exxon funds, and Multi-District Litigation (M.D.L.) Number 378 "Stripper Well"

STATE OF LOUISIANA**Notes to the Schedule of Assistance (Continued)**

funds and are sometimes referred to as Federal Energy Settlement Funds. Court orders and consent decrees relative to the lawsuits that resulted in these distributions imposed restrictions on the way the state can administer and use these monies.

H. NURSING STUDENT LOANS AND HEALTH PROFESSIONS STUDENT LOANS, INCLUDING PRIMARY CARE LOANS/LOANS FOR DISADVANTAGED STUDENTS

Public institutions of higher education receive federal capital contributions under the Nursing Student Loans Program (CFDA 93.364) and the Health Professions Student Loans, including Primary Care Loans/Loans for Disadvantaged Students Program (CFDA 93.342) to make low-interest loans to eligible students to assist them in meeting their educational needs. The amount of new loans made during the year and the outstanding balances of loans made under these programs as of June 30, 1994, are presented in the following schedule.

<u>Hospital/University</u>	<u>Nursing Student Loans</u>		<u>Health Professions Student Loans</u>	
	<u>Loans Made During the Year Ended June 30, 1994</u>	<u>Outstanding Balance June 30, 1994</u>	<u>Loans Made During the Year Ended June 30, 1994</u>	<u>Outstanding Balance June 30, 1994</u>
Charity Hospital of Louisiana in New Orleans		\$112,692		
Grambling State University	\$94,041	302,308		
LSU and A & M College - Baton Rouge				\$24,665
LSU in Alexandria		4,908		
LSU in Eunice		10,754		
LSU Medical Center - New Orleans	133,395	508,264	\$869,499	5,064,794
LSU Medical Center - Shreveport			180,545	769,224
Nicholls State University		11,723		
Northeast Louisiana University		105,564	130,450	1,042,519
Northwestern State University		300,422		
Southeastern Louisiana University		61,506		
University of Southwestern Louisiana	14,825	272,270		
Total	<u>\$242,261</u>	<u>\$1,690,411</u>	<u>\$1,180,494</u>	<u>\$6,901,202</u>

I. FEDERAL PERKINS LOAN PROGRAM - FEDERAL CAPITAL CONTRIBUTIONS

Public institutions of higher education receive federal capital contributions under the Federal Perkins Loan Program - Federal Capital Contributions (CFDA 84.038) to make low-interest loans to eligible students to assist them in meeting their educational needs. The amount of new loans made during the year and the outstanding balances of loans made under this program as of June 30, 1994, are presented in the following schedule. The amount of Perkins Loans

STATE OF LOUISIANA**Notes to the Schedule of Assistance (Continued)**

outstanding as of June 30, 1994, for Louisiana State University (LSU) at Alexandria is included in the amount presented for LSU and A & M College - Baton Rouge.

<u>University</u>	<u>Perkins Loans</u>	
	<u>Loans Made During the Year Ended June 30, 1994</u>	<u>Outstanding Balance June 30, 1994</u>
Delgado Community College		\$29,779
Grambling State University	\$164,130	1,896,332
LSU and A & M College - Baton Rouge	2,186,125	10,595,998
LSU in Eunice	44,843	354,716
LSU Medical Center - New Orleans	199,998	1,725,606
LSU Medical Center - Shreveport	132,966	737,712
Louisiana Tech University	768,172	6,005,371
McNeese State University	335,362	1,651,013
Nicholls State University	16,229	64,722
Northeast Louisiana University	523,403	3,742,109
Northwestern State University	337,006	2,039,819
Southeastern Louisiana University	189,617	1,985,919
Southern University - Baton Rouge		2,657,267
Southern University - New Orleans		86,060
Southern University - Shreveport-Bossier City	113,022	719,170
University of New Orleans	618,860	3,929,993
University of Southwestern Louisiana	1,558,800	7,338,171
Total	<u>\$7,188,533</u>	<u>\$45,559,757</u>

J. FEDERAL PERKINS LOAN CANCELLATIONS

Students who received National Defense or Perkins Loans may have a portion or all of their loan balance cancelled if they meet certain military or teacher service requirements. Under the Federal Perkins Loan Cancellations Program (CFDA 84.037), the federal government restores the total amount of cancelled principal and interest to the universities' loan funds. The amounts cancelled under this program during the year ended June 30, 1994, are presented in the following schedule.

STATE OF LOUISIANA**Notes to the Schedule of Assistance (Continued)**

<u>University</u>	<u>Principal and Interest Cancelled</u>
Grambling State University	\$1,564
LSU and A & M College - Baton Rouge	22,263
LSU in Eunice	11,518
Louisiana Tech University	63,193
McNeese State University	61,492
Nicholls State University	4,062
Northeast Louisiana University	185,448
Northwestern Louisiana University	29,904
Southeastern Louisiana University	25,299
Southern University - Baton Rouge	2,085
University of New Orleans	15,838
University of Southwestern Louisiana	57,810
Total	<u>\$480,476</u>

**K. COLLEGE HOUSING AND ACADEMIC
FACILITIES LOANS**

Public institutions of higher education receive loans from the federal government under the College Housing and Academic Facilities Loans Program (CFDA 84.142). These funds may be used to finance the construction, acquisition, and rehabilitation of student and faculty housing and related dining facilities or to finance the renovation or reconstruction of older undergraduate academic facilities. The outstanding balances of loans made under this program as of June 30, 1994, are presented in the following schedule.

<u>University</u>	<u>Outstanding Balance June 30, 1994</u>
Delgado Community College	\$494,000
Grambling State University	4,020,000
Louisiana Tech University	393,000
LSU and A & M College - Baton Rouge	6,403,000
LSU Medical Center - New Orleans	980,000
McNeese State University	743,000
Nicholls State University	207,000
Northeast Louisiana University	966,000
Southeastern Louisiana University	631,000

STATE OF LOUISIANA**Notes to the Schedule of Assistance (Continued)**

<u>University (Cont'd)</u>	<u>Outstanding Balance June 30, 1994</u>
Southern University - Baton Rouge	\$520,000
University of New Orleans	<u>450,000</u>
Total	<u>\$15,807,000</u>

**L. DEPARTMENT OF EDUCATION - HOUSING
ACT OF 1950 "TITLE IV" LOAN**

The Board of Trustees for State Colleges and Universities has signed a loan agreement, on behalf of Grambling State University, with the U.S. Secretary of Education for \$3,500,000. These funds are to be used for financing the construction of four new dormitories pursuant to Title IV of the Housing Act of 1950. The loan shall bear interest at the rate of 3 per cent per annum on the unpaid balance. The principal and interest shall be payable in semi-annual installments of \$88,877 over a term of 30 years. The payments are to commence at the point any of the new dormitories become revenue-producing. As of June 30, 1994, the outstanding loan balance is \$3,463,623. Payments totaling \$36,377 were made during the year.

**M. SPECIAL SUPPLEMENTAL FOOD
PROGRAM FOR WOMEN, INFANTS,
AND CHILDREN (WIC PROGRAM)**

During the fiscal year ended June 30, 1994, the Office of Public Health received cash rebates from infant formula manufacturers, for \$20,007,995, on sales of formula to participants in the WIC Program (CFDA 10.557). Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(m) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. Applying the rebates received to such costs enabled the Office of Public Health to extend program benefits to 454,727 more persons than could have been served this fiscal year in the absence of the rebate contract.

**N. MAJOR FEDERAL FINANCIAL
ASSISTANCE PROGRAMS**

The State of Louisiana's major federal financial assistance programs for the year ended June 30, 1994, were determined based on program activity, as described in note C (page A-57) and the outstanding loan balances as of and for the year ended June 30, 1993. The state's major federal financial assistance programs for the year ended June 30, 1994, were all

STATE OF LOUISIANA

Notes to the Schedule of Assistance (Concluded)

federally assisted programs for which program activity was equal to or greater than \$19 million during the year ended June 30, 1993, and all federally assisted loan programs for which the federal government's risk in the outstanding loan balances as of June 30, 1993, was equal to or greater than \$19 million. Those programs are as follows:

<u>CFDA No.</u>	<u>Program Name</u>
10.550	Food Distribution
10.551	Food Stamps
10.553	School Breakfast Program
10.555	National School Lunch Program
10.557	Special Supplemental Food Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
10.561	State Administrative Matching Grants for Food Stamp Program
14.228	Community Development Block Grants/State's Program
17.207	Employment Service
17.225	Unemployment Insurance
17.246	Employment and Training Assistance - Dislocated Workers
17.250	Job Training Partnership Act
20.205	Highway Planning and Construction
84.010	Chapter I Programs - Local Educational Agencies
84.027	Special Education - State Grants
84.032	Federal Family Education Loans
84.038	Federal Perkins Loan Program - Federal Capital Contributions
84.048	Vocational Education - Basic Grants to States
84.063	Federal Pell Grant Program
84.126	Rehabilitation Services - Vocational Rehabilitation of State Grants
93.560	Family Support Payments to States - Assistance Payments
93.561	Job Opportunities and Basic Skills Training
93.563	Child Support Enforcement
93.575	Payments to States for Child Care Assistance
93.658	Foster Care - Title IV-E
93.667	Social Services Block Grant
93.778	Medical Assistance Program
93.802	Social Security - Disability Insurance

Appendix B

Management's Responses to the Findings and Recommendations



STATE OF LOUISIANA

Management's Responses to the
Findings and Recommendations

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STATE OF LOUISIANA**Management's Responses to the
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STATE OF LOUISIANA

Management's Responses to the
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November 29, 1994

Mr. Jullin Renthrope, CPA, Audit Manager
Office of Legislative Auditor
1600 Riverside North
P. O. Box 94397
Baton Rouge, LA 70804-9397

SUBJECT: Management's Response to Audit Finding - Patient Charges, Charity Hospital

Dear Mr. Renthrope:

Management concurs that the procedures surrounding patient billing at Charity Hospital do not contain sufficient controls to ensure consistently accurate and timely billing.

During fiscal 1994, hospital management has taken several steps to improve overall business operations procedures for Charity Hospital. A new acting director of business operations has been appointed. Procedures are being consolidated between the University and Charity campuses and are being revised for consistency and improved control. A complete review is being performed of the billing information system to improve accuracy and timeliness of bill production. As part of this process a new department, Coding and Revenue Enhancement, has been established for both University and Charity Hospitals. It will be the responsibility of this department to code patient bills for maximum reimbursement from third-party payers. It will also be the responsibility of this department to review the pricing of procedures at both University and Charity Hospitals and to review the charge capture procedures to ensure timeliness and accuracy.

Significant progress has been made in reducing the total number of unprocessed laboratory charges from over 10% during fiscal 1994 to 8% as of October, 1994. Additional charge improvements are expected with the implementation of the order entry system in more areas of Charity Hospital.

Sincerely,



Joel C. Sellers, CPA
Chief Financial Officer (Acting)

cc: Jonathan Roberts, Dr. P.H.
Art Landry (LHCA)

October 21, 1994

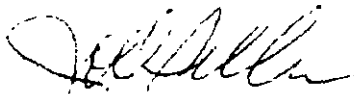
Mr. Jullin Renthrope, CPA, Audit Manager
Office of Legislative Auditor
1600 Riverside North
P. O. Box 94397
Baton Rouge, LA 70804-9397

SUBJECT: Management's Response to Audit Finding: Periodic Inventory System

Dear Mr. Renthrope:

The management of Charity Hospital/Medical Center of Louisiana recognizes the need to report a complete and accurate consumable supply inventory for those departments using the Periodic Inventory system. The accounting/finance department, in conjunction with the materials management department, will establish written guidelines for the taking of periodic inventory. These written guidelines will be reviewed with the persons responsible for taking the next periodic inventory. Forms that are issued to the departments will include space for the non-stock items that are not part of the computer program printout. The accounting/finance department will audit the periodic inventory count.

Sincerely,



Joel C. Sellers, CPA
Chief Financial Officer (Acting)

JCS/esc

cc: Jonathan Roberts, Dr.P.H.

September 14, 1994

Mr. Jullin Renthrope, CPA, Audit Manager
Office of Legislative Auditor
1600 Riverside North
P. O. Box 94397
Baton Rouge, LA 70804-9397

SUBJECT: Audit Finding: Professional Contracts

Dear Mr. Renthrope:

For the third consecutive year Charity Hospital has not complied with Louisiana Administrative Code in the processing and payment of professional contracts. Many of the contracts received Division of Administration approval beyond the 60 days from the contract start date. Payments were made on contracts before Division of Administration approval was received. Finally, a few of the contracts were paid in excess of the contract amount.

Management's Response

There were again incidents of not receiving timely approval on contracts for fiscal year 1993-94. Many of the contracts listed in your current year audit finding were sent to LHCA timely and, because of handling problems at the LHCA, the contracts were not processed and sent on to the Division of Administration timely. For fiscal 1994-95 the contract process began much earlier in the year. Processing contracts and following up on them is still a difficulty and is being addressed by revisions to procedures at the LHCA. The Hospital is also implementing the contract management system provided by the LHCA which will track contract status and will monitor contract payments to help prevent any payment on contracts not yet approved and to prevent over payment of professional contracts.

Sincerely,



Joel C. Sellers, CPA
Chief Financial Officer (Acting)

cc: Jonathan Roberts, Dr. P.H.

November 16, 1994

Mr. Jullin Renthrope, CPA, Audit Manager
Office of Legislative Auditor
1600 Riverside North
P. O. Box 94397
Baton Rouge, LA 70804-9397

SUBJECT: Management's Response to Audit Finding: Reporting of Worker's
Compensation

Dear Mr. Renthrope:

Charity Hospital and Medical Center of Louisiana did not ensure that employer's reports of occupational injury were reported as prescribed by the Office of Risk Management and Louisiana Administrative Code on four of the five claims for medical expense reimbursement reviewed for the period 1/93 to 8/94.

Management's Response

Management concurs with your recommendation. The Employee Health department, including worker's compensation management, are being completely reorganized under Human Resources. Within this reorganization, additional staffing will be made available to insure more timely reporting of worker's compensation expenses.

Sincerely,



Joel C. Sellers, CPA
Chief Financial Officer (Acting)

JCS/esc

cc: Jonathan Roberts, Dr.P.H.



HERBERT L. SUMRALL
DIRECTOR

STATE OF LOUISIANA
DEPARTMENT OF CIVIL SERVICE

P.O. BOX 94111, CAPITOL STATION
BATON ROUGE, LOUISIANA 70804-9111

Personnel Mngmt.
(504) 342-8274
LINC 421-8274
TDD# 1-800-846-5277

November 22, 1994

Mr. Devery S. Pierce, CPA
Senior Auditor
Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Re: Reconciliation of Personnel
Data to Payroll Data

Dear Mr. Pierce:

We agree with your comments that our department has not conducted the above cited audits (reconciliations) during fiscal year 1994. We also agree that these reconciliations would minimize the risk of inaccurate payments and reductions; they also facilitate our own field audit program.

However, because of limited staff and the absence of travel funds, the immediate demands of such special and critical projects as SECURE LOUISIANA, the Hotel Dieu acquisition of approximately 800 employees, participation in the CPTP programs at the instructor level on a state-wide basis and the extended absence (sick leave) of approximately half of our staff that perform the Reconciliations, we have been unable to carry out the Reconciliation program, our own field audit program, and other functions.

It is our intent to resume our activities in the Reconciliation program to the extent our resources will permit.

Sincerely,

Herbert L. Sumrall
Director

PM:ES:lr



STATE OF LOUISIANA
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
P. O. Box 94245
Baton Rouge, Louisiana 70804-9245



EDWIN W. EDWARDS
GOVERNOR

JUDE W. P. PATIN
SECRETARY

April 11, 1994

Dr. Daniel G. Kyle
Secretary
Legislative Audit Advisory Council
Post Office Box 44272
Baton Rouge, Louisiana 70804-4274

Subject: Response to Findings of the Audit Report Prepared
by Duplantier, Hrapmann, Hogan, and Maher on the
Financial Statements of the Crescent City Connection
Division for the year ending October 31, 1993

Dear Dr. Kyle:

This is in response to the council's request for written
responses to the findings contained in the report and management
letter issued to the Crescent City Connection Division.

Following are our responses to the findings and
recommendations contained in the report and letter:

Internal Control Report.

- Finding: Lack of Totals on the Monthly Tag Report.
- Response: Steps have been taken to solve this
finding, and action will be taken if the tolls are extended.

Management Letter.

Finding: Louisiana Public Bid Law.

- (a) Response: R.S. 39:1615 states in part:

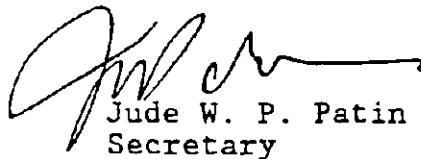
"Unless otherwise provided by law, a contract for
supplies or services may be entered into for
periods of not more than 3 years, if funds for the
first fiscal year of the contemplated contract are
available at the time of contracting. Payment and
performance obligations for succeeding fiscal
years shall be subject to the availability and
appropriation of funds therefor. No contract
shall be entered into for more than 1 year unless
the length of the contract was clearly stated in
the specifications ..."

Dr. Daniel G. Kyle
April 11, 1994
Page 2

(b) The contracts in question contained an Extension of Contract Clause, which clearly stated that the contract could be extended for an additional period.

If I can be of further assistance, please contact me or Mr. Gerald Ray, (504) 379-1234.

Sincerely,



Jude W. P. Patin
Secretary

pc: Mr. Alan Levasseur, Executive Director
Crescent City Connection Division

October 20, 1994

Mr. Charles Collier
Senior Auditor
Legislative Auditors
103 Kelly Street
West Monroe, LA 71291

Re: E A Conway Medical Center
Responses to Legislative Auditor Citation

Dear Mr. Collier:

The following are the responses to the Preliminary Draft of the Fact Finding form for E. A. Conway Medical Center.

Finding Description - Patient billings are untimely.

Response: Presently, this facility has a committee composed of Deloitte & Touche representatives, CFO, Admissions and Screening Department, Data Processing, Patient Accounts, Medical Records, and MAP to review and eliminate issues surrounding patient billing delays. A change made in policy by the Office of Eligibility Determinations, where MAP units could no longer except a Free Care Bill on a patient reviewed for eligibility, caused more accounts held, pending eligibility decisions. This required a change on our Alpha Di reports. A zero (0), or MAP hold, is now placed on bills while an eligibility application is processed. Preliminary review by MAP personnel identifies MAP screen-outs to the Admissions Department that requires a change of the financial class on the SMS System for Alpha Di.

To strengthen the control procedures, specific responsibilities will be assigned to individuals in the the MAP unit, Admissions and Screening, and Patient Accounts. These individuals will be responsible for reviewing accounts on a daily basis for delays and/or problems. They will also update and make changes in the system to meet bill-off deadlines.

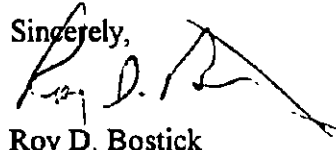
Billing delays associated with Medical Records and physician information will be

Legislative Auditor Responses

addressed in the following. The responsible head of service staff physicians will be given a list, attached to the front of the chart, of doctors (residents) assigned the case. This list will help route the chart through each physician/resident to complete their part of the discharge and/or dictation. As each doctor completes his part, his name is checked off the list and the chart placed in the next physician's group of charts. These actions should further tighten efforts to ensure timely bill-off.

Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Roy D. Bostick", with a long, sweeping horizontal stroke extending to the right.

Roy D. Bostick
Director

December 7, 1994

Mr. James E. Stevens, CPA
Senior Auditor
Office of Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Official Response to Reportable Audit Findings

Dear Mr. Stevens:

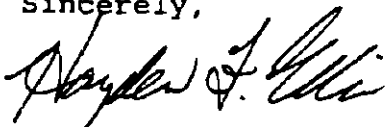
Enclosed please find the official response of Earl K. Long Medical Center to the following reportable findings documented in your letters of November 14 and November 16, 1994.

1. On-Line Time and Leave Entry System
2. Inventory of Materials and Supplies

I appreciate the efforts of you and your staff in working with us toward achieving full financial and operational compliance.

Please feel free to contact me at 358-1002 if you have any questions relative to this response.

Sincerely,



Hayden F. Ellis
Chief Financial Officer

c: Steven L. Smith, Administrator
Art Landry, LHCA Comptroller

EARL K. LONG MEDICAL CENTER

OFFICIAL RESPONSE TO REPORTABLE AUDIT FINDINGS

1. On-Line Time and Leave Entry System

- * Earl K. Long concurs with this audit finding. Corrective action has been taken by the Human Resource Director through the Payroll Manager.
- * The employee keying a section/unit will not review and verify data for accuracy.
- * See copy of EKL internal memo dated November 21, 1994 addressing this action, which is attached to this response.

2. Inventory of Materials and Supplies

- * Earl K. Long concurs with this audit finding.
- * The Materials Manager has been previously instructed to begin evaluation of personal computer-based inventory software. To date she has evaluated the Medline product, but has been asked to consider two (2) more software products.
- * The Chief Financial Officer has committed to the purchase of computerized inventory software for the Warehouse.
- * Proper allocation of human resources to the task of receiving and recording inventory within the Warehouse will be taken under advisement. The Chief Financial Officer believes job duties need to be reassigned to insure sufficient and appropriate Warehouse manpower is dedicated to this function.
- * Earl K. Long will change its inventory valuation system to the average cost methodology. FIFO is too complex to function properly with the resources available to the inventory function. This change will be incorporated at the time of purchase and installation of inventory software, unless inordinate delays occur past April 30, 1995. Then the valuation change will be made to the manual system.
- * Preliminary written procedures on inventory pricing updates and record retention will be prepared by the Materials Manager. This will be accomplished by January 31, 1995. Further procedural development will occur at the time of installation of the computerized inventory system.

EARL K. LONG MEDICAL CENTER
OFFICIAL RESPONSE TO REPORTABLE AUDIT FINDINGS

PAGE 2

2. Inventory of Materials (continued)

- * Note the Pharmacy maintains its own perpetual inventory, which is not under the control of the Materials Manager. A computerized inventory system is already in place. However, recording and issue of inventory needs to be addressed.
- * The Pharmacy will be instructed in writing to establish a bulk stock practice for all inventoried pharmaceuticals. Goods bought as Inventory Increase in FACS will be considered as bulk stock.
- * Issues will be made from Bulk Stock to the Pharmacy cost center as Working Stock. Appropriate FACS 170 documents will identify these issues as Inventory Decrease.
- * Note this system will allow the matching of revenue (patient charges captured by Pharmacy) to be matched to expenses (working stock used in the preparation of pharmaceuticals to be dispensed/charged to patients).

***** END *****

December 16, 1994

Mr. James E. Stevens, CPA
Senior Auditor
Office of Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Official Response (#2) to Reportable Audit Findings

Dear Mr. Stevens:

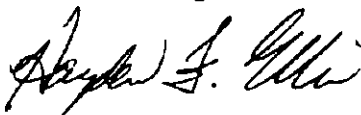
Enclosed please find the official response of Earl K. Long Medical Center to the following reportable finding documented in your letter of November 28, 1994.

. Time and Attendance Records

I appreciate the efforts of you and your staff in working with us toward achieving full financial and operational compliance.

Please feel free to contact me at 358-1002 if you have any questions relative to this response.

Sincerely,



Hayden F. Ellis
Chief Financial Officer

c: Steven L. Smith, Administrator
Art Landry, LHCA Comptroller

EARL K. LONG MEDICAL CENTER

OFFICIAL RESPONSE (#2) TO REPORTABLE AUDIT FINDINGS

1. Time and Attendance Records

- * Earl K. Long concurs with this audit finding. The Chief Financial Officer met with the Human Resource Director and developed a plan of corrective action, which is outlined below.
- * The Division of Human Resources will amend Earl K. Long Policy No. 02-03-007 (Time Clock) to stipulate departmental responsibility for preparation of departmental time and attendance using the time cards as a base. Specifically this will require all hospital departments to insure time sheets and subsidiary time corrections agree with the employees' time cards.
- * The Payroll Department will conduct inservices to train department managers and timekeepers on the appropriate methods of preparing payroll time sheets and subsidiary corrections. Specific attention will be given to use of the employee time cards as the basis for time and attendance preparation. The inservices are scheduled for January 25 and January 26, 1995.
- * The Payroll Department is to establish an internal audit relative to payroll time and attendance records. Audits are to be conducted at least twice a year through a random sampling similar to that conducted by the legislative auditor. The audit will concentrate on proper time clock usage as established by hospital policy and the agreement of time cards to time and attendance records and payroll registers.

***** END *****



STATE OF LOUISIANA
DEPARTMENT OF EDUCATION

P. O. BOX 94064
BATON ROUGE, LOUISIANA 70804-9064

December 7, 1994

Dudley J. Garidel
In-Charge Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Garidel:

This letter is to provide a response to: 1) the audit findings regarding the LDOE 1993 conference for School Administrators on Comprehensive School Health/Drug-Free Schools and Communities/HIV-AIDS and 2) your request for a status of Department responses to the Office of the Inspector General's (OIG) March 1, 1994 audit of three grants administered by the Bureau of Student Services.

After the letter of October 21, 1993 was received by the Department, subsequent journal vouchers were prepared which resulted in the Bureau of Student Services only expending a total of \$2,900 from the Personnel Training Grant funds. It should be noted that, according to provisions in the newly reauthorized ESEA, Title IV (Safe and Drug-Free Schools and Communities), a broader range of prevention activities are being allowed with these funds including comprehensive health education. This wider interpretation applies to expenditures for all fiscal years since the inception of the Drug-Free Schools and Communities Act, Part B.

With regard to a status of Department responses to the OIG report, steps have been taken to address concerns presented in their report. This includes the development of policies and procedures as outlined in the Employee Assistance Guide and Manual for Contractual Services.

Should you have any questions regarding this response, please contact me at your earliest convenience.

Sincerely,


Marlyn J. Langley
Deputy Superintendent
Management and Finance

Approved:


Raymond G. Arveson
State Superintendent of Education

MJL: SP

c: Steve Parker
Charles Trahan
Moselle Dearbone



STATE OF LOUISIANA
DEPARTMENT OF EDUCATION

P. O. BOX 94064
BATON ROUGE, LOUISIANA 70804-9064

December 13, 1994

Dudley J. Garidel
Auditor In-Charge
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Garidel:

This letter is in response to the audit findings regarding the Federal Drug-Free Schools and Communities Act Program.

As you are aware, the director of the Bureau of Student Services associated with the majority of your findings has been and continues to be on executive leave from the Department. We have forwarded a copy of the findings to this director for a response so that the Department can determine appropriate corrective action.

As of this date, the Department has not received a satisfactory response. Therefore, we are in the process of conducting an internal investigation on questioned cost findings. At the conclusion of our investigation, you will be provided with a copy of our findings, response and corrective actions on all Legislative audit findings.

Should you have any questions, please contact me at your earliest convenience.

Sincerely,

A handwritten signature in cursive script, reading "Marlyn J. Langley".

Marlyn J. Langley
Deputy Superintendent
Management and Finance

Approved:

A handwritten signature in cursive script, reading "Raymond G. Arveson".

Raymond G. Arveson
State Superintendent of Education



STATE OF LOUISIANA
DEPARTMENT OF EDUCATION

P. O. BOX 94064
BATON ROUGE, LOUISIANA 70804-9064

September 20, 1994

Dudley J. Garidel
Auditor-In-Charge
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804

Dear Mr. Garidel:

This letter is in response to the audit findings of the 1993-94 Minimum Foundation Program.

The Department concurs with the finding citing failure to verify:

- prior year special education general fund and other special fund actual cost excluding federal cost, and
- prior year transportation general fund and other special funds cost excluding federal cost

The Department is currently developing an audit plan that verifies the accuracy and validity of financial data. The two areas cited are being targeted for review in all school districts. These financial audits will be conducted during the 1994-95 school year.

If you have any questions please contact Ms. Helen Johnson in the Bureau of Educational Finance Services at 342-4989.

Sincerely,

Marlyn Langley
Deputy Superintendent
Management & Finance

ML:HMJ:lcd

Approved:

Raymond G. Arveson
State Superintendent of Education



STATE OF LOUISIANA
DEPARTMENT OF EDUCATION

P. O. BOX 94064
BATON ROUGE, LOUISIANA 70804-9064

September 13, 1994

Dudley J. Garidel
In-Charge Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Garidel:

This letter is in response to the audit findings regarding the Professional Improvement Program (PIP).

With regard to the segregation of duties, in an effort to ensure that assets are safeguarded, accountability is maintained, and errors or irregularities are detected within a timely period, the Bureau Director will review and sign/initial all documents and/or disbursements.

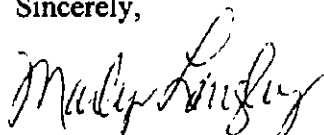
With regard to the allocation of payroll costs, since its inception, the Bureau Director's salary has always been funded 100% through PIP. In 1992-93, the Governor's Executive Budget recommendations for the Bureau included supplanting 50% of the Bureau Director's salary with 8(g) funds. When this adjustment was presented to the BESE Board, the Department was directed by BESE to transfer PIPS funds from other operating categories and restore the Bureau Director's salary to 100% PIPS-funded.

The rejection of the use of 8(g) funds to support the Bureau Director's salary was based on the Constitution of the State of Louisiana of 1974, Article VII, Section 10.1, Part (C), paragraph (4), which states "The monies appropriated by the legislature and disbursed from the Support Fund shall not displace, replace, or supplant appropriations from the general fund for elementary and secondary education, including implementing the Minimum Foundation Program, or displace, replace, or supplant funding for higher education or vocational-technical education." BESE claims that paying 1/2 of the Director's salary with 8(g) funds would constitute supplanting.

page 2
Dudley J. Garidel
September 13, 1994

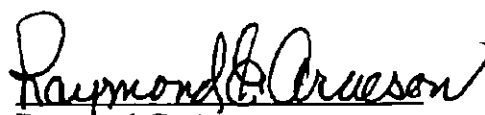
Should you have any additional questions regarding this response, please contact me at your earliest convenience.

Sincerely,


Marlyn J. Langley
Deputy Superintendent
Management and Finance

MJL: SP

Approved:


Raymond G. Arveson
State Superintendent of Education



STATE OF LOUISIANA
DEPARTMENT OF EDUCATION

P. O. BOX 94064
BATON ROUGE, LOUISIANA 70804-9064

October 24, 1994

Dudley J. Garidel
In-Charge Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Garidel:

This letter is in response to the audit findings regarding the overexpenditure of funds in the Offices of Vocational and Special Education.

The Department concurs that adequate controls were not in place which would prevent the overexpenditure of funds. You can be assured that this oversight will be addressed and proper monitoring controls will be in place for this fiscal year's closing.

Should you have any questions regarding this response, please contact me at your earliest convenience.

Sincerely,

A handwritten signature in cursive script, reading "Marlyn J. Langley".

Marlyn J. Langley
Deputy Superintendent
Management and Finance

Approved:

A handwritten signature in cursive script, reading "Raymond G. Arveson".

Raymond G. Arveson
State Superintendent of Education

MJL: SP



State of Louisiana
Department of Environmental Quality



Edwin W. Edwards
Governor

William A. Kucharski
Secretary

November 23, 1994

Mrs. Margaret C. Franklin
Senior Auditor
P.O. Box 94397
Baton Rouge, LA 70804

Dear Mrs. Franklin,

This is in response to the audit finding for the year ended June 30, 1994:

Payroll Controls

The Department of Environmental Quality recognizes the importance of adhering to procedures to ensure adequate internal controls over its payroll function. To that extent, the department will continue to educate both management and employees of the importance of following the established procedures developed and implemented by the Fiscal Services Division payroll section.

Also attached for your review are copies of individual responses requested from each audited section. We appreciate the assistance given to us by the Legislative Auditor's Office.


Mary Mitchell
Undersecretary

B-24

OFFICE OF MANAGEMENT AND FINANCE P.O. BOX 82231 BATON ROUGE, LOUISIANA 70884-2231

AN EQUAL OPPORTUNITY EMPLOYER





State of Louisiana
Department of Environmental Quality



Edwin W. Edwards
Governor

William A. Kucharski
Secretary

September 8, 1994

Mrs. Margaret C. Franklin
Senior Auditor
P.O. Box 94397
Baton Rouge, LA 70804

Dear Mrs. Franklin,

This is in response to the audit finding for the year ended June 30, 1994:

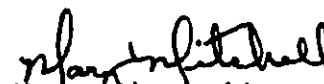
Revenue Controls

The Department of Environmental Quality concurs that improvements are still needed in the area of collection of revenue. The Office of Management & Finance will continue to work with each division in correcting the problems outlined in the audit finding.

Over the last year, efforts were made by the Accounts Receivable staff to ensure that the outstanding receivables were correctly identified before the department would begin charging late fees. Procedures will be prepared and implemented to address the problems of delinquent invoices and charging late fees.

The Office of Management & Finance constantly reminds Division Administrators and personnel who are in receipt of checks that checks must be processed daily, and forwarded to the Fiscal Services Accounts Receivable Section for immediate deposit. We will continue to remind these employees of the proper procedure, and will review the process to ensure that this procedure is being followed.

We appreciate the assistance given to us by the Legislative Auditor's Office.


Mary Mitchell
Undersecretary

B-25

OFFICE OF MANAGEMENT AND FINANCE P.O. BOX 82231 BATON ROUGE, LOUISIANA 70884-2231



AN EQUAL OPPORTUNITY EMPLOYER





EDWIN W. EDWARDS
GOVERNOR

State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF THE COMMISSIONER

RAYMOND J. LABORDE
COMMISSIONER OF ADMINISTRATION

February 13, 1995

Dr. Daniel Kyle
Legislative Auditor
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70803-9397

Dear Dr. Kyle:

Please find herein our responses to your findings related to the Single Audit of the State of Louisiana for the year ended June 30, 1994. We understand the findings and responses will be included in the Single Audit Report for the State of Louisiana for the year ended June 30, 1994.

MOVABLE PROPERTY RECORDS

AUDIT FINDING: The State of Louisiana did not ensure that all state agencies, universities, hospitals, and component units maintain adequate internal accounting controls over movable property as prescribed by the Commissioner of Administration and Louisiana law. The state's policies and procedures should be uniformly applied to ensure that movable property is adequately safeguarded and accurately reported in the financial statements.

MANAGEMENT RESPONSE:

The Division of Administration concurs with the finding.

The Division of Administration will again request written confirmation of the respective departments and agencies as to the validity of the findings, and corrective action taken or to be taken. Enforcement actions taken, within our purview, will be based upon the past compliance of the departments and agencies.

The Division also concurs, to some degree, with the cited agencies responses that the non-compliance is often a result of inadequate resources being provided to meet the legal and desired operational requirements cited by the auditor. It is important to note that agencies have recognized the problem and have attempted to implement operational procedures to mitigate its impact throughout the fiscal period in question. However, unless this program is made a priority and adequate resources provided by the legislature, then the limited resources that do exist will continue to go toward providing agency program services and, therefore, this finding may continue in some form in the future.

It is important to note that the Division of Administration has submitted legislation for consideration in the next regular legislative session which would provide enforcement actions to be taken on behalf of the departmental units without their concurrence.

INTERNAL AUDIT FUNCTION

AUDIT FINDING: For the twelfth consecutive year, the State of Louisiana did not have an effective internal audit function for state agencies, hospitals, and universities to examine, evaluate, and report on their internal control structure, including data processing, and to evaluate their compliance with the policies and procedures of the control system.

MANAGEMENT RESPONSE:

We concur with the finding. While auditors are stationed at numerous state entities their function is often limited to grant and limited compliance (i.e. property control) functions. Most agencies have access to IA functions only through the Office of the Inspector General and utilization of that personnel has been at the Inspector General's discretion. That access was further eroded in fiscal year 1992-93 when a legislative funding reduction forced a reduction of 3 auditors in the Inspector General's Office. Fiscal Years 1993-94 and 1994-95 funding has reduced that level by 2 additional audit personnel.

Recognizing the importance of the internal audit function, the Division has continued to include the positions in its Budget Request for the last several years and has done so again for fiscal year 1995-96. Due to the budget crisis which has plagued the state for the past few years, the request has either been deleted or not funded by the Legislature. It should be noted that for fiscal year 1994-95 agencies are required by Act 15 of the 1994 Regular Legislative Session to utilize existing program resources and table of organization for the purpose of establishing an internal auditor in entities having budgets in excess of \$30 million dollars. Consequently, for the present, while the Division agrees with the finding, the internal audit function for agencies, other than those few having a true internal audit staff, must continue to use available resources within the Office of the Inspector General, or the required internal audit allocation identified in Act 15 of 1994, or identify other internal sources.

CENTRALIZED COMPUTER ACCOUNTING SYSTEM

AUDIT FINDING: The state's centralized computer accounting system, the Financial Accountability and Control System (FACS), is not adequate for financial reporting in accordance with generally accepted accounting principles (GAAP). FACS is outdated in that it is approximately 21 years old, and it has not been adequately updated to reflect the current needs of financial reporting.

MANAGEMENT RESPONSE:

We concur in part with the auditor's finding but take exception to certain comments.

For over a decade, the Division of Administration recognized the need for enhanced information systems, but was unsuccessful in getting legislative funding for system enhancement and/or replacement.

In May of 1991, the Division of Administration utilizing in-house financial staff, together with an agency sponsored Steering Committee, began the first phase of the Financial System Replacement Project. During fiscal year-1991-92, the Division was successful in having approximately \$225,000 budgeted to continue the user needs assessment phase of the project. During the fall of 1992, the user needs assessments were formalized and the Request for Proposal for software acquisition was completed and mailed to possible vendors. Called "Integrated Statewide Information System," a committee was formed to evaluate the proposals and recommend an award.

In May of 1993, an award was made to American Management Systems to provide software (GFS) and implementation analysis and assistance. Due to the lateness of the fiscal period funding provided in fiscal year 1992-93, this phase was rolled forward to fiscal year 1993-94. Stress and acceptance testing as well as design are now finished. Implementation is now the major thrust of the project with a target date of production set for January 1996.

It is also important note to that the Purchasing component (AGPS), including Contract Management (CMFS), is complete and scheduled to be placed into production April 1995.

During this process, the necessity for a new Budget Development & Information System was also identified. As a result, a needs assessment and conceptual systems design which meets the needs of the Executive Administrative, agencies, and Legislative fiscal entities was completed and accepted and let for bid. An award was made to Anderson Consulting to develop and implement a comprehensive client server based budgetary system to include budget control, development, legislative tracking, etc. The result being a true budgetary management information system rather than a limited budgetary maintenance system. This system is currently scheduled for completion and implementation within the control units for October 1995, with agency implementation to occur during the next budgetary cycle.

During fiscal year 1993-94 the Division of Administration continued to explore methods to enhance payroll and personnel systems while ISIS continued. As a consequence the Division through the Uniform Payroll Steering Committee initiated, staffed, and completed another major enhancements to the existing Uniform Payroll System. This enhancement, to re-write those programs related to the IRS Section 125 (Cafeteria Plan), was placed into production in April 1994. This enhancement expanded the product and employee identification abilities and eliminated the former manual monthly reconciliation and adjustment processes. These activities were performed utilizing internal staff resources of the Division of Administration. In addition, the Division of Administration continues to provide support services to the State Employees Group Benefits Program as it attempts to modify the state's Section 125 Plan now under their control.

During fiscal year 1993-94, the Division through the UPS Steering Committee, staffed and initiated another series of major enhancements to the UPS system, namely EFT and Direct Mail. The enhancements are scheduled for production in July and October 1995, respectively.

We believe this demonstrates the executive and legislative branches resolve to move forward, and the Division of Administration's commitment to assure that all facets of information management are addressed.

Much has been accomplished, but it is important to realize that the ISIS project is massive in scope. Further, rather than just duplicating existing systems and processes **the charge of the project team is to actively research alternative methods of doing business and to consider alternative methods of implementation.**

We do not concur that with specific notation that FACS is not a complete general ledger system. FACS does contain a "complete" general ledger system, its failings are that it does not incorporate all the reporting component units and activities of state entities, which is a result of age and legislation, and it does not incorporate several required subsidiary components.

Additionally, the audit finding implication is that ISIS will be a panacea to resolve the issues noted. That simply is not true. For example, as noted, in the audit finding, the Department of Labor, colleges and universities, and many boards and commissions, are not users of FACS. This is solely due to the provisions of Article VII, Section 9 of the 1974 Constitution. Given the current status of Article VII Section 9 of the 1974 Constitution as well as numerous statutory provisions, those entities will continue to be non-primary users of ISIS, and consequently the problems enumerated by the audit finding will continue until such time as statutory or constitutional revisions are made.

Finally, the audit finding indicates that the sole purpose of ISIS's development was the production of a GAAP based financial statements. That implication is in error. While facilitation in the production of such statements was a stated goal of ISIS, the over riding goals were the development of a information management system that provided departmental users management information tools necessary to allow them to meet their program and operational mandates.

ONLINE DATA ENTRY

AUDIT FINDING: The State of Louisiana did not have adequate internal control procedures in the On-Line Date Entry System (ODES) for the input of transactions into the Financial Accountability Control System (FACS).

MANAGEMENT RESPONSE:

The Division of Administration does not concur with the finding.

The technical systems design of the On-Line Data Entry System (ODES) does utilize the use of passwords and user ID codes in order to prevent incompatible functions. The systems design does not automatically preclude, nor was it designed to prevent an employee from having more than one access capability. As noted in the various agency responses to this finding this was done in the recognition that employees often have cross appropriation responsibilities (data entry in one, approval in another). To design an absolute system default preventing this type of cross utilization would in many instances, due to the agencies limited staffing level, not allow for duties to be performed or any segregation of duties to occur.

It is important to note that the established ODES user procedures are written to also assure that agencies are cognizant of the need for the separation of duties and that incompatible functions within an appropriation do not occur. The findings presented by the auditor represent a failure by the agencies to follow established procedures, not a failure of the system design. A reminder notice, once again, will be provided to all user entities of the necessity to follow established procedures in the future.

It should be noted, that to alleviate the auditors concerns, a revised Exception Report and Transaction Listing Report was developed and in place (during the fiscal period in question) for user entities to provide a post audit compliance function on this activity.

FISCAL REPORTING DEADLINE

AUDIT FINDING: The Commissioner of Administration of Louisiana, through the Office of Statewide Reporting and Accounting Policy (OSRAP), does not have adequate compilation procedures in effect that would have ensured that the state's comprehensive annual financial report (CAFR) for the year ended June 30, 1994, was issued by December 31, 1994, as required by Louisiana law. Louisiana Revised Statute (LSA-R.S.) 39:80 requires that the CAFR, containing the financial statements and notes thereto, be prepared within six months after the close of each fiscal year.

MANAGEMENT RESPONSE:

We do not concur with the finding.

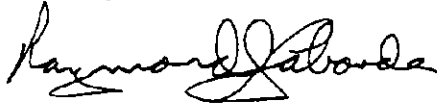
LRS 39:80 requires that within six months after the close of each fiscal year, the commissioner of administration shall cause to be prepared a comprehensive annual financial report containing those financial statements, including notes thereto, which are necessary for a fair presentation of the financial position and result of operations of the state in conformity with generally accepted accounting principles.

Since 1978 the Division of Administration has developed and issued a Comprehensive Annual Financial Report. Since 1980 that report has been submitted for audit by the Legislative Auditor. Each year the agency procedures and compilation procedures developed by the Division of Administration are provided to the Legislative Auditor's Office for their review and comment. That process occurred again in fiscal year 1993-94 as part of the audit process. The auditor's office at no time prior to November 1994 indicated that the procedures were deficient, or that the audit scope on those procedures were changing. In fact, the auditor issued opinions over the last several periods wherein the procedures and reporting results, now determined to be inadequate, were the same. Relying on the Auditor's Office non-response, the Division of Administration, developed a CAFR for the fiscal year 1993-94, within the established procedures and scope, and submitted it to the Auditor's Office for review.

Once notified of the change in scope and requirements, the Division of Administration assumed the lead in addressing the procedural changes necessary to address the audit scope change. When it was ascertained that an audited financial could not be issued by December 31, 1994, an unaudited CAFR was provided to the Legislative leadership, the Governor, the Commissioner of Administration, and rating agencies on December 23, 1994. Therefore, it is our position that the provisions of LRS 39:80 were met. Only after it was determined that the effort necessary to resolve the remaining residual far exceeded the benefit to be derived was the CAFR submitted to the Auditor for his review and audit opinion.

We appreciate the opportunity to have been apprised of your concerns and to respond to them. Should you require additional information on these responses, please contact Mr. Whitman Kling at 342-7000.

Sincerely,

A handwritten signature in black ink, appearing to read "Raymond J. Laborde", written in a cursive style.

Raymond J. Laborde
Commissioner of Administration

RJL/WJK/sm

Attachment



EDWIN W. EDWARDS
GOVERNOR

State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF THE COMMISSIONER

RAYMOND J. LABORDE
COMMISSIONER OF ADMINISTRATION

September 14, 1994

Dr. Daniel Kyle
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70803-9397

Dear Dr. Kyle:

Please find herein our response to your finding related to the Single Audit of the State of Louisiana for the year ended June 30, 1994. We understand the finding and the response will be included in the Single Audit Report for the State of Louisiana for the year ended June 30, 1994.

COMPILATION OF THE STATE'S FINANCIAL STATEMENTS

MANAGEMENT RESPONSE:

We do not concur with the finding. Louisiana, like most of her sister states, has witnessed the tremendous expansion of state government during the past few decades. To provide the internal and external reporting required by the federal government, legislative requirements, bond rating houses, citizens, and many others, states, as well as private industry, have had to turn to computers to achieve the reporting capabilities within the required time frames. The CAFR is a premier example of a project, formerly completely manual, which has benefitted from the computer conversion. We disagree with the statement made in the audit finding that AFRs are the basis of the CAFR. It is our position that the FACS is the basis of the CAFR. OSRAP audits AFRs to ascertain variances from the FACS. Material differences are noted and the system reports adjusted. Should we require that agencies make all adjustments, regardless of materiality, the very concept of computer generated reports is endangered. As the CAFR must be published within six months of the close of the fiscal year, with the limited staff dictated by modern government, we may not have the ability to meet the legislative mandate if all immaterial adjustments are reflected.

OSRAP is using a sliding scale materiality table copied from that used by a "Big Six" accounting firm. It is restrictive. For example, on a \$5,000,000 appropriation, the cut off for the materiality factor is \$75,000. Additionally, the following language was added: "... in deciding if adjustments should be made, you should use the aggregate amount of all adjustments. For example, if you have \$300,000 in expenditures with five adjustments totaling \$15,000 or more, you should take the adjustment. Each adjustment does not stand on its own." Furthermore, the instructions include the following statement: "Materiality factors are designed as an aid in completing this AFR. The Legislative Auditor, in fulfilling their legislative mandate, will still require information on all adjustments whether reflected on the financial statements or not."

As part of the audit procedure, the auditor at the agency issues a Standard Test Result (STR). Used by the auditors on the CAFR audit, adjustments not reported on the agency AFRs are accumulated by the CAFR audit team. As all major agencies are covered, we fail to see how the "state's financial statements (CAFR) will contain material errors and will not be fairly presented in accordance with generally accepted accounting principles." Material adjustments discovered by the auditor which the agencies failed to report within the AFR are then reflected on the CAFR.

The Division of Administration is in complete agreement that the statements should present fairly, in all respects, the financial position of the State of Louisiana. To do less would be unconscionable. However, to justify providing the expanded accounting information, the benefits must be greater than the cost. Considering the following facts:

- A restricted materiality table;
- A written caution to the agencies to report all variances to the auditors;
- The coverage of the major agencies afforded by the auditors through their STR process, and;
- The lack of audit findings resulting from including a materiality factor in the AFR instructions,

the Division fails to see how the financial statements may have been, have been, or will be misstated.

Sincerely,



Raymond J. Laborde
Commissioner of Administration



EDWIN W. EDWARDS
GOVERNOR

State of Louisiana
DIVISION OF ADMINISTRATION

LOUISIANA FEDERAL PROPERTY ASSISTANCE AGENCY

RAYMOND J. LABORDE
COMMISSIONER OF ADMINISTRATION

September 8, 1994

Dr. Daniel G. Kyle
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

In connection with the audit of the Executive Department, Louisiana Federal Property Assistance Agency, for the fiscal year ending June 30, 1994, by the Office of the Legislative Auditor, we submit the following management response to your audit finding and recommendation regarding Eligibility Determination.

RESPONSE: Software that is being prepared by the Office of Information Services will enable the compliance officer to comply with eligibility requirements. The Division of Administration Internal Audit Section has agreed to assume internal audit responsibility.

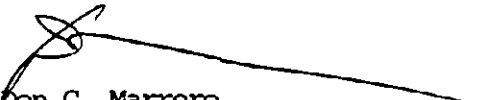
As stated in previous audit responses, with advice from the Office of Information Services, we entered into a contract with Software Blueprints of Portland, Oregon, for a software package that would automate the operations of the agency.

The vendor did not deliver according to contract, and upon advice from the Division of Administration counsel, the agency cancelled the contract in August 1994.

The Office of Information Services is currently developing the needed software.

Please contact me if there are any questions regarding the above.

Sincerely,



Don C. Marrero
Director

DCM:ph

B-34



EDWIN W. EDWARDS
GOVERNOR

State of Louisiana
DIVISION OF ADMINISTRATION

LOUISIANA FEDERAL PROPERTY ASSISTANCE AGENCY

RAYMOND J. LABORDE
COMMISSIONER OF ADMINISTRATION

September 8, 1994

Dr. Daniel G. Kyle
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

In connection with the audit of the Executive Department, Louisiana Federal Property Assistance Agency, for the fiscal year ending June 30, 1994, by the Office of the Legislative Auditor, we submit the following management response to your audit finding and recommendation regarding Federal Debarment and Suspension Requirements.

RESPONSE:

The agency has been assured by General Services Administration Central Office that the agency would be notified of debarments and would be receiving the debarment notices in the future.

Please contact me if there are any questions regarding the above.

Sincerely,

A handwritten signature in black ink, appearing to read "Don C. Marrero", with a long horizontal flourish extending to the right.

Don C. Marrero
Director

DCM:ph

B-35



PATIENTS' COMPENSATION FUND

OVERSIGHT BOARD

OFFICE OF THE EXECUTIVE DIRECTOR

200 LAFAYETTE STREET, # 600
BATON ROUGE, LA 70801
(504) 342-6052

Dr. Daniel Kyle
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

September 13, 1994

RE: Legislative Audit Finding: Non-Compliance with Fund Balance Requirement

Dear Sir:

The Board concurs that the Fund still falls short of the statutory surplus requirements. As was noted previously, this is a long-term problem the Board "inherited", and will require long-term solutions. It was our hope over the past fiscal year that we would have been able to increase our standing balance to \$50 million (from last year's \$28.7 million). But for unexpected loss deterioration (which required us to move an additional \$10 million into the active claim-payment budget) we would indeed have been extremely close to that goal. Even with the adverse experience, we raised annual receipts by \$9 million, and raised the standing balance by \$11 million. I still believe it is possible to approach parity within 3-5 years, barring unforeseen changes in the laws mandating the application of the liability cap. The Board has raised rates once again (the fourth consecutive increase since the Board was created) by another 8.1% on average, which means that receipts for the coming year will approach \$60 million.

I hope this information proves helpful. Please let me know if you have any additional questions.

Yours truly,

A handwritten signature in cursive script that reads "Suanne Grosskopf".

Suanne Grosskopf
Executive Director



Dr. Daniel Kyle
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

**PATIENTS' COMPENSATION FUND
OVERSIGHT BOARD
OFFICE OF THE EXECUTIVE DIRECTOR**
200 LAFAYETTE STREET, # 600
BATON ROUGE, LA 70801
(504) 342-6052

September 13, 1994

RE: Legislative Audit Finding on Internal controls

Dear Sir:

The Board agrees in part to the comments on internal controls, but wishes to note some qualifying points on these items:

Item 1: Inaccurate Premium Payments and Item 3: Computer Database

As is noted in Items 1 and 3, the current computer systems for the Fund (inherited from the previous administration) are completely inadequate to our current needs. One of the foremost problems is that the system has no capability to either issue billings (for those with underlying self-insurance), or verify dollars received versus appropriate rates for each class (for those with underlying primary insurance, who are billed directly by their primary carriers). This means that all bills issued to self-insureds must be calculated manually, and that amounts received by the Fund as a result of carrier billings must also be verified manually. Given this scenario, an error ratio of 10-15% is understandable, if not desirable.

We have long been aware of the inadequacies of the system, but delays have resulted in replacing it from both a lack of funds, and higher priorities for other items. These problems have now been resolved, however. I now have on my desk formal proposals from two of the three computer system vendors from whom we have requested bids and specifications. We have every expectation of having this new system up and running by 7-1-95, at which time these problems of accuracy should be a thing of the past.

Item 2: Premium Deposits

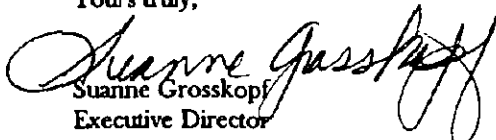
We concur that deposits are not always made within the two-day period mentioned by your office. In the past, we have always considered three days to be within standard, given that three separate operations must be undertaken on each check. We have agreed, however, to institute year-round the procedure we follow during peak periods, in which checks are brought directly to the Executive Office for deposit, with processing proceeding after the fact via copies of the check. This should solve this problem. However, I should make one point which has a direct bearing on this item. During the latter part of the past fiscal year, the 6-person unit which receives and processes funds had two employees out consecutively for eight weeks each. In addition, a desperately-needed new clerical position for the current year was denied by the Budget Office. This critical lack of adequate staff was certainly a factor in this year's finding.

Item 4: Penalties for late payment

The Board's employees make every effort to comply with the requirement to issue penalties where necessary. These two are apparently an oversight.

I hope this information proves helpful. Please let me know if you have any additional questions.

Yours truly,


Suanne Grosskopf
Executive Director



EDWIN W. EDWARDS
GOVERNOR

State of Louisiana
DIVISION OF ADMINISTRATION
LOUISIANA FEDERAL PROPERTY ASSISTANCE AGENCY

RAYMOND J. LABORDE
COMMISSIONER OF ADMINISTRATION

September 8, 1994

Dr. Daniel G. Kyle
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

In connection with the audit of the Executive Department, Louisiana Federal Property Assistance Agency, for the fiscal year ending June 30, 1994, by the Office of the Legislative Auditor, we submit the following management response to your audit finding and recommendation regarding Subrecipient Monitoring and Audit Resolution.

RESPONSE: Software that is being prepared by the Office of Information Services will enable compliance officer to comply with subrecipient requirements.

As stated in previous audit responses, with advice from the Office of Information Services, we entered into a contract with Software Blueprints of Portland, Oregon, for a software package that would automate the operations of the agency.

The vendor did not deliver according to contract, and upon advice from the Division of Administration counsel, the agency cancelled the contract in August 1994.

The Office of Information Services is currently developing the needed software.

Please contact me if there are any questions regarding the above.

Sincerely,


Don C. Marrero
Director

DCM:ph

B-38



Edwin W. Edwards
Governor

State of Louisiana
OFFICE OF THE GOVERNOR
Louisiana Commission on Law Enforcement
and Administration of Criminal Justice

November 17, 1994

Michael A. Ranatza
Executive Director

Dr. Daniel G. Kyle, CPA
Office of Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

In connection with the audit of the Executive Department-Louisiana Commission on Law Enforcement for the fiscal year ended June 30, 1993 by the Office of the Legislative Auditor; we submit the following management response to your audit finding and recommendation.

FINDING:

The Louisiana Commission on Law Enforcement, an agency within the Executive Department did not maintain appropriate time distribution records to support amounts charged to grant programs for personal services.

RECOMMENDATION:

The agency should develop appropriate time distribution records to support amounts charged to grant programs for personal services.

MANAGEMENT RESPONSE:

We concur with the finding. The LCLE will develop procedures to determine personnel time and effort spent on federal grant programs. Contact will be made with the Office of Justice Programs, Comptroller's Office for guidance.

Sincerely,

Michael A. Ranatza
Executive Director

MAR:ds

1885 WOODDALE BLVD., ROOM 708
BATON ROUGE, LA 70806-1511
PHONE - AREA CODE 504-925-4418
"An Equal Opportunity Employer"



EDWIN W. EDWARDS
GOVERNOR

State of Louisiana
DIVISION OF ADMINISTRATION

LOUISIANA FEDERAL PROPERTY ASSISTANCE AGENCY

RAYMOND J. LABORDE
COMMISSIONER OF ADMINISTRATION

September 8, 1994

Dr. Daniel G. Kyle
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

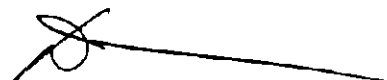
In connection with the audit of the Executive Department, Louisiana Federal Property Assistance Agency, for the fiscal year ending June 30, 1994, by the Office of the Legislative Auditor, we submit the following management response to your audit finding and recommendation regarding Utilization Reviews.

RESPONSE:

The agency has been working with Civil Service and Division of Administration Personnel Service to hire a compliance officer since October 1993. It is anticipated that the position should be filled by the end of October 1994.

Please contact me if there are any questions regarding the above.

Sincerely,


Don C. Marrero
Director

DCM:ph



Grambling State University
Grambling, Louisiana 71245

"Achieving Excellence Through Service"

VICE PRESIDENT FOR FINANCE
P. O. DRAWER 605

(318) 274-2607

January 18, 1995

Mr. Russell Evans
Auditor in Charge
Office of the Legislative Auditors
820 Jordan Street
Shreveport, LA 71101

Dear Mr. Evans:

Grambling State University submits the following response to the finding on access controls:

The University has moved to resolve this issue. The Information Resource Center is working to complete the required programming necessary to grant access to individuals with separately assigned passwords.

The expected completion date for all of the required programming and implementation of the revised procedures is January 31, 1995.

Sincerely,

Howard J. Craig
Acting Vice President for Finance

VC



Grambling State University
Grambling, Louisiana 71245

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P. O. DRAWER 605

(318) 274-2607

January 18, 1995

Mr. Russell Evans
Auditor in Charge
Office of the Legislative Auditor
820 Jordan Street
Shreveport, LA 71101

Dear Mr. Evans:

In response to the finding on Act 971 Funds, Grambling State University submits the following:

The university has taken corrective actions. All funds have been recorded in separate accounts for preventative maintenance and non-recurring projects.

The university has submitted Act 971 Reserve Fund Accounting Reports and the list of preventative maintenance and non-recurring projects as required for the fiscal year ended June 30, 1994. Additionally, the university has submitted, for approval, a revised listing of projects for all unencumbered funds since inception of Act 971, and the respective accounting reports.

Sincerely,

Howard J. Craig
Acting Vice President for Finance

VC



Grambling State University
Grambling, Louisiana 71245

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P. O. DRAWER 605

(318) 274-2607

January 18, 1995

Mr. Russell Evans
Auditor in Charge
Office of the Legislative Auditors
820 Jordan Street
Shreveport, LA 71101

Dear Mr. Evans:

In response to the finding regarding advance salary payments, Grambling State University submits the response that follows:

The University concurs with the finding. We will comply with the recommendation. Grambling State University will only pay salaries to its employees after the work has been performed.

Sincerely,

A handwritten signature in black ink, appearing to read "Howard J. Craig".

Howard J. Craig
Acting Vice President for Finance

vc



Grambling State University
Grambling, Louisiana 71245

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VICE PRESIDENT FOR FINANCE
P. O. DRAWER 605

(318) 274-2607

January 18, 1995

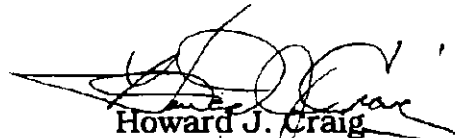
Mr. Russell Evans
Auditor in Charge
Office of the Legislative Auditors
820 Jordan Street
Shreveport, LA 71101

Dear Mr. Evans:

Grambling State University submits the following response to the finding on compliance with Board of Regents Policies and Procedures:

The University has taken the appropriate action to comply with the Board of Regents' policies and procedures related to off-campus instruction.

Sincerely,


Howard J. Craig
Acting Vice President for Finance

vc



Grambling State University
Grambling, Louisiana 71245

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P. O. DRAWER 605

(318) 274-2607

January 18, 1995

Mr. Russell Evans
Auditor in Charge
Office of the Legislative Auditors
820 Jordan Street
Shreveport, LA 71101

Dear Mr. Evans:

Grambling State University submits the following response
to the finding on delinquent account receivables:

The University concurs. Corrective actions
have been taken and greater emphasis has
been placed on collections. The University's
write-off procedures have been revised. The
University has engaged the services of a
Collection Agency.

Sincerely,

Howard J. Craig
Acting Vice President for Finance

vc



Grambling State University
Grambling, Louisiana 71245

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VICE PRESIDENT FOR FINANCE
P. O. DRAWER 605

(318) 274-2607

January 18, 1995

Mr. Russell Evans
Auditor in Charge
Office of the Legislative Auditor
820 Jordan Street
Shreveport, LA 71101

Dear Mr. Evans:

Grambling State University submits the following responses to the finding on Electronic Data Processing:

The University has taken the appropriate corrections as follow:

1. Duties and Responsibilities

As of June 30, 1994, electronic data processing policies and procedures were disseminated to all user departments. The organizational chart and individual job descriptions are currently being revised; in some instances, the overlapping of duties and establishment of clear lines of authority will be implemented.

2. Restricted Access

The Information Resource Center (IRC) has implemented file level protection for critical system software files and directories. Telephone access is granted only by written request. There are no direct dial-up lines to the administrative systems. The concept of a call back system does not exist at the IRC.

3. Application System Images

The IRC has not installed any system images with privileges. However, some application images do have privileges. These programs are housed in the user department directory and are accessible only by that department. Access control and other security strategies are currently being considered.

4. **Security Administration**

The IRC has been approved to implement a separate security administration function which will be an independent review and monitoring operation that will report to the Director.

5. **Unauthorized System Access**

The IRC has implemented procedures to detect attempts of unauthorized access to the computer systems. Reports are automatically produced that reveal apparent unauthorized attempts to gain access to the systems. All such detection will be investigated and resolved by the security administrator and the University's Internal Auditor.

6. **Assignment Powerful Access Control Software**

All powerful access control software override privileges have been removed and reassigned on a job need-only basis. Access to sensitive information and to the user log-ins are monitored. IRC management periodically reviews all privileges provided to the IRC personnel in relation to their duties and responsibilities.

7. **Logical Access Control Parameters**

The existing financial systems were designed with emphasis on departmental rather than individual user accounts. The IRC is currently coordinating with the Office of the Vice President for Finance to convert the shared departmental accounts to individual user accounts. Enhancements to strengthen access controls are in progress.

8. **Internal Audit Function**

The IRC will employ a security administrator that will be required to submit reports periodically to the University's Internal Auditor. The Internal Auditor will also perform random tests of the computing center's internal controls and security systems.

9. Restricted Access to Production Software

All of the production source files are housed in a separate account with an independent user identification code. The executable files and batch-control files must remain in the appropriate group in order to function properly and maintain departmental user group security.

10. Use of Standard Systems Design Methodology, Programming and Documentation Standards

The IRC uses the system design methodology, programming and documentation standards as set by the software (POISE) and hardware (Digital) manufactured for audit trail purposes. The programmers reference the date of change, initial the change and provide a brief explanation of the modification in the application programs.

11. Documentation of Approved Report Layouts, Input Forms and Control Reports

The IRC has implemented a new software control form which requires the user to sign approving the application. The programmer and the user department have joint meetings at various stages of the project to insure agreement on upout layouts, input forms and/or control upouts.

12. Formal Procedures for Managements' Authorization Supervision, Review and Approval of Application Systems Development

The IRC has implemented a new software control form which requires sign-off approval of the applications.

13. Control and Reporting of Emergency Changes

The IRC has enhanced it's existing procedures to document formally all emergency changes, particularly those occurring at non-work hours. A new Software Control Form has been devised and will be retained along with other related documentation for the emergency changes. As a result of thorough testing of application programs before they are placed into production, emergency changes are minimal.

14. Procedures to Ensure Authorized Activities

The IRC has a system generated log of all on-line and batch programs which are run by the computer operators. There are two operators that are in constant communication with the supervisors and users via e-mail and approved forms.

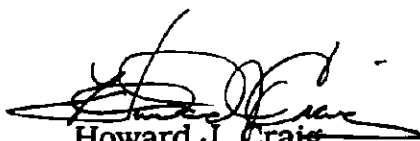
15. Procedures and Responsibilities for Maintenance of User Accounts and Resources Access

A VAX/VMS Accounting report is sent on a quarterly basis to each unit/department/college. This report contains all the authorized users from that particular unit/department/college. The unit/department/college is held responsible for any activity performed by the users. Once the IRC is notified in writing of a user's job responsibilities change or a user resigns or is terminated, the user account will be disabled and/or deleted. Inactive user accounts are reviewed periodically and disabled if needed. The resource access records are defined using the Administrative User Request Form. This form is signed by the requestor, requestor's supervisor, and vice-president (optional) when accessing multi-systems.

16. Access Control Software

Only system accounts fall into the system user identification code (UIC) group. All of the IRC employees are in a non-system UIC group and their privileges are granted based on job functions/duties. The password change interval has been changed from 90 to 60 days. The LGI_BRK_TERM parameter is set to 0 for effective break-in detection. Also, the LGI_HID_TIM parameter is set to a value of 900 (15 minutes) to temporarily disable user accounts when a break-in is detected.

Sincerely,

A handwritten signature in black ink, appearing to read "Howard J. Craig", is written over a horizontal line.

Howard J. Craig
Acting Vice President for Finance



Grambling State University
Grambling, Louisiana 71245

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VICE PRESIDENT FOR FINANCE
P. O. DRAWER 605

(318) 274-2607

December 5, 1994

Mr. Russell Evans
Auditor in Charge
Office of the Legislative Auditors
P. O. Box 94397
Baton Rouge, LA 70804-94397

Dear Mr. Evans:

Grambling State University concurs with your finding regarding the lack of adequate controls over employee leave records. The internal controls systems will be strengthened to insure the accuracy of recording earned and used annual, sick and compensatory leave.

The leave policy referenced in your finding has been revised, to require unclassified employees to record annual leave hours used on hourly (one hour minimum) incremental basis.

Immediate corrective action will be taken to insure that the leave records are correctly stated.

Sincerely,


Howard J. Craig
Acting Vice President for Finance

VC



Grambling State University
Grambling, Louisiana 71245

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P. O. DRAWER 605

(318) 274-2607

November 9, 1994

Ms. Valinda Smith
1600 North 3rd Street
Baton Rouge, LA 70804

Dear Ms. Smith:

In response to the auditors (Bruno & Tervalon, CPAs) findings and recommendations cited in Grambling State University's Federal Grants, Financial and Compliance Audit report for the year ended June 30, 1994; we submit the responses that follows:

1. Guaranteed Student Loan (GSL) Disbursement

A student received a secured GSL disbursement before one-half of the period had elapsed.

Response:

Grambling State University concurs with the finding and will comply with the recommendation. Our procedures and computerized editing programs will be enhanced to prevent a re-occurrence of this error.

2. Guaranteed Student Loan (GSL) Over-Awarded

Loan applications were incorrectly certified for two (2) students.

Response:

The University concurs with the finding and will comply with the recommendation. Procedures will be strengthened to detect inadvertent errors in a more timely fashion and corrective action will be taken.

3. Record Retention -- GSL Certification Documents

Certification documentation for one student was not in the file.

**Letter to Ms. Smith
November 9, 1994
Page Two**

Response:

Grambling State University concurs with the finding. However, the documentation has been located and forwarded to Bruno & Tervalon. Bruno & Tervalon received the documentation after submitting their report. Grambling State University will comply with the recommendation.

4. Refunds to the Title IV Programs

Refunds were not remitted to Title IV programs on a timely basis and in one (1) instance the refund amount was computed incorrectly.

Response:

Grambling State University concurs with the finding and will comply with the recommendation.

5. Federal Pell Grant Programs Calculations

A student received a federal Pell grant but was not eligible.

Response:

Grambling State University concurs with the finding and will comply with the recommendation. Established procedures will be strengthened to ensure that only eligible students receive Pell grants. This error was detected and corrective action has been taken.

Shall you need additional information, please contact me.

Sincerely,



**Howard J. Craig
Acting Vice President for Finance**

vc



Grambling State University
Grambling, Louisiana 71245

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VICE PRESIDENT FOR FINANCE
P. O. DRAWER 605

(318) 274-2607

January 18, 1995

Mr. Russell Evans
Auditor in Charge
Office of the Legislative Auditors
820 Jordan Street
Shreveport, LA 71101

Dear Mr. Evans:

In response to the Legislative Auditors Finding on Internal Controls Over Disbursements, Grambling State University submits the following:

•**Disbursements based upon copies of invoices**

The University concurs. The use of invoice copies has been discontinued.

•**Supporting documentation was not available**

The University concurs. Procedures are in place that require verification of all required documents before funds are delivered.

•**Initials on Checks for \$15,000 or more**

The University concurs. The University has adopted an official policy on checks of \$15,000 or more.

•**Two Disbursements without a Receiving Report**

The University concurs. Procedures are in place that require verification of all required supporting documentation prior to the disbursement of funds.

Letter to Mr. Evans
January 18, 1995
Page Two

•Three Checks did not Agree to the Amount of the Invoice

Review procedures have been enhanced to insure that check amount agrees with the invoice.

•Four Disbursements for Assets not Classified Properly

The University concurs. Corrective action has been taken to minimize classification errors.

•Two Disbursements Made 90 Days After the Invoice Date

The University concurs. Procedures have been enhanced to insure timely payment of all invoices.

Sincerely,

A handwritten signature in black ink, appearing to read "Howard J. Craig", is written over a horizontal line.

Howard J. Craig
Acting Vice President for Finance

vc



Grambling State University
Grambling, Louisiana 71245

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P. O. DRAWER 605

(318) 274-2607

January 18, 1995

Mr. Russell Evans
Auditor in Charge
Office of the Legislative Auditors
830 Jordan Street
Shreveport, LA 71101

Dear Mr. Evans:

In response to the finding on duplicate payments, Grambling State University submits the following:

Grambling State University concurs with the finding. Corrective action has been taken to prevent duplicate payment of vendor invoices. We have discontinued the use of copies of invoices and all paid invoices are immediately labeled as paid. The duplicate payments have been recovered.

Sincerely,

A handwritten signature in black ink, appearing to read "Howard J. Craig".

Howard J. Craig
Acting Vice President for Finance

vc



Grambling State University
Grambling, Louisiana 71245

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P. O. DRAWER 605

(318) 274-2607

December 13, 1994

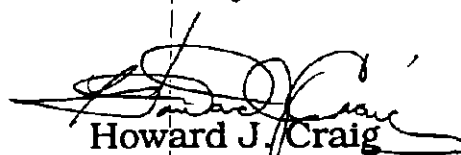
Mr. Russell Evans
Auditor in Charge
OFFICE OF THE LEGISLATIVE AUDITORS
Post Office Box 94397
Baton Rouge, LA 70804-94397

Dear Mr. Evans:

In response to the finding and recommendations regarding investment compliance, this is to notify you that we agree with your finding and we will comply fully with the recommendations.

The investment policies and procedures have been reviewed and revised to ensure compliance with state statutes and to strengthen internal controls. We have determined that at the first feasible opportunity, we will liquidate the investments in question.

Sincerely,



Howard J. Craig
Acting Vice President for Finance

HJC/ml1



Grambling State University
Grambling, Louisiana 71245

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VICE PRESIDENT FOR FINANCE
P. O. DRAWER 605

(318) 274-2607

January 18, 1995

Mr. Russell Evans
Auditor in Charge
Office of the Legislative Auditors
820 Jordan Street
Shreveport, LA 71101

Dear Mr. Evans:

Grambling State University submits the following response to the finding on controls over investments:

The University will comply with the recommendations. Procedures are in place to insure the separation of duties as they relate to investments.

Sincerely,

Howard J. Craig
Acting Vice President for Finance

vc



Grambling State University
Grambling, Louisiana 71245

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VICE PRESIDENT FOR FINANCE
P. O. DRAWER 605

(318) 274-2607

January 18, 1995

Mr. Russell Evans
Auditor in Charge
Office of the Legislative Auditors
820 Jordan Street
Shreveport, LA 71101

Dear Mr. Evans:

Grambling State University submits the following response to the finding on violation of the Louisiana Procurement Code:

The University concurs. Corrective action has been taken to rectify the violation of the procurement code. The University did not renew any of the leases referenced in the audit finding.

Procedures have been enhanced to insure proper coding and clarification of lease agreements.

Sincerely,

Howard J. Craig
Acting Vice President for Finance

VC



Grambling State University
Grambling, Louisiana 71245

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VICE PRESIDENT FOR FINANCE
P. O. DRAWER 605

(318) 274-2607

January 18, 1995

Mr. Russell Evans
Auditor in Charge
Office of the Legislative Auditors
820 Jordan Street
Shreveport, LA 71101

Dear Mr. Evans:

In response to the Legislative Auditors findings on materials and supplies inventories, Grambling State University submits the following:

The University concurs. The University will review the controls and procedures utilized for receipt, disbursement, valuation and year-end physical inventory processes. Perpetual inventory systems will be developed for Grounds, Aquaculture, Facilities and Graphic Arts. Enhanced supervision will be provided during the implementation of policies and procedures. Training sessions will be developed to insure that personnel responsible for maintaining these inventories are familiar with all controls and procedures.

Sincerely,

Howard J. Craig
Acting Vice President for Finance

vc



Grambling State University
Grambling, Louisiana 71245

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P. O. DRAWER 605

(318) 274-2607

December 5, 1994

Mr. Russell Evans
Auditor in Charge
Office of the Legislative Auditors
P. O. Box 94397
Baton Rouge, LA 70804-94397

Dear Mr. Evans:

Grambling State University concurs with your finding. The Medicare tax for all employees and the University's matching portion will be remitted to the Internal Revenue Service. Every effort will be made to recoup any amounts due from employees.

Additionally, we will appeal to the Internal Revenue Service for a waiver of any penalty or interest that may be imposed.

Sincerely,

Howard J. Craig
Acting Vice President for Finance

vc



Grambling State University
Grambling, Louisiana 71245

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P. O. DRAWER 605

(318) 274-2607

January 18, 1995

Mr. Russell Evans
Auditor in Charge
Office of the Legislative Auditors
820 Jordan Street
Shreveport, LA 71101

Dear Mr. Evans:

Grambling State University submits the following response to the finding on reporting to the Louisiana Department of State Civil Service:

The University has taken corrective actions to ensure compliance. A monitoring and review process has been implemented to be sure that all SF-1's continue to be submitted within the 30-day time frame.

Sincerely,

Howard J. Craig
Acting Vice President for Finance

VC



Grambling State University
Grambling, Louisiana 71245

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VICE PRESIDENT FOR FINANCE
P. O. DRAWER 605

(318) 274-2607

January 18, 1995

Mr. Russell Evans
Auditor in Charge
Office of the Legislative Auditors
820 Jordan Street
Shreveport, LA 71101

Dear Mr. Evans:

In response to the finding regarding student receivables, Grambling State University submits the following:

The University concurs. The University has revised its fee payment policies and procedures to strengthen and improve the collection of student accounts. As of September 30, 1994 the University has entered into an agreement with a collection agency to assist with the collection of delinquent student receivables.

Grambling State University will continue to monitor and review its policies and procedures in order to improve collections and decrease its accounts receivable write-off.

Sincerely,

A handwritten signature in black ink, appearing to read "Howard J. Craig".

Howard J. Craig
Acting Vice President for Finance

VC



STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



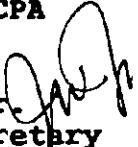
Edwin W. Edwards
GOVERNOR

Rose V. Forrest
SECRETARY

December 21, 1994

MEMORANDUM:

TO: Margaret W. Bumm, CPA
Senior Auditor

FROM: Joseph Williams, Jr. 
OADA Assistant Secretary

RE: Audit Response for Period ending June 30, 1994

The Office of Alcohol and Drug Abuse does not concur with the audit findings relative to Expanded Women's Services and HIV Treatment/Intervention Services, and we concur in part with the Prevention Services findings. The reason we do not concur is because some activities for Prevention, Expanded Women's Services and HIV Treatment/Intervention Services were not captured during the identified time period. We are currently gathering data which will document compliance with the HIV Treatment/Intervention Services and Expanded Women's Set-aside and reduce the amount of the Prevention variance. This information will be submitted on or before January 11, 1995.

We concur with the recommendation to improve OADA monitoring and reporting procedures as it relates to the disbursement and tracking of the block grant funds in accordance with the federal funding requirements.

To address the issue of tracking the Prevention, HIV Treatment/Intervention and Women's Services funding we will implement the following:

- * Conduct training in all regions as to the appropriate coding of expenditures.
- * Division of Fiscal Services will review and evaluate reports on a monthly basis to assure compliance with coding procedures.

B-63

OFFICE OF ALCOHOL AND DRUG ABUSE
1201 CAPITOL ACCESS ROAD • P. O. BOX 3868 • BATON ROUGE, LOUISIANA 70821-3868
PHONE - 504/342-9354 • FAX # 504/342-3931
"AN EQUAL OPPORTUNITY EMPLOYER"

Margaret Bumm
Audit Response
Page 2

We will address the Prevention spending issue by:

- * Monitor each regions' prevention allocation to ensure appropriate expenditures towards the prevention set-aside.
- * Increase the number of prevention contracts based on the assessed community needs.

If you should have any questions please contact me at 342-6717.

Thank you, for your cooperation in this matter.

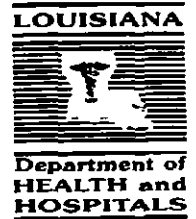
JWJ/th

xc: Rose V. Forrest
Charles Castille
Woody Sweeney
Theresa Harris
Sanford Hawkins
David McCants
Stan Mead



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

December 15, 1994

Margaret W. Bumm, CPA
Senior Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Ms. Bumm:

We have received your audit finding "Annual Appropriation Act". The department concurs with your finding that, due to inadequate monitoring of contractor billings, we did not properly classify and record existing liabilities at June 30, 1994.

We are taking appropriate steps to monitor contractor billings to ensure that services rendered by the end of the fiscal year are billed timely and that all invoices received within the 45 day accrual period are classified and recorded into the proper fiscal year.

Should you have any questions regarding this, please advise.

Sincerely,

A handwritten signature in cursive script that reads "Stan Mead".

Stan Mead, Director
Division of Fiscal Management

SM:KC:audit:approact

B-65



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



November 22, 1994

Ms. Margaret W. Bumm, CPA
Senior Auditor
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Ms. Bumm:

Reference is made to your letter of November 16, 1994 regarding the audit finding "Audit Report Monitoring." We concur with the finding and recommendation. The Department is in the process of developing an Audit Tracking, Monitoring and Resolution System. We will send you a copy of the procedures when the system is implemented. The current implementation date is 3/1/95.

Should any additional information be required, please advise.

Sincerely,

A handwritten signature in cursive script, reading "Stan Mead".

Stan Mead, Director
Fiscal Management

B-66



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Department of
HEALTH and
HOSPITALS

Rose V. Forrest
SECRETARY

December 19, 1994

Margaret W. Bumm, CPA
Senior Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

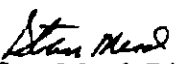
Dear Ms. Bumm:

We have received your audit finding "Cash Management". The department concurs with your finding that federal funds in the Office of Mental Health and the Office of Alcohol and Drug Abuse were overdrawn.

The errors were identified and no further draws were made until the excess was used. As indicated, procedures are established to minimize the time elapsing between the transfer of funds and disbursement, and we strive to follow these procedures.

Should you have any questions regarding this, please advise.

Sincerely,


Stan Mead, Director
Division of Fiscal Management

SM:KC:audit:cashmgt2

B-67



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

December 16, 1994

Ms. Margaret W. Bumm, CPA, Senior Auditor
Office of the Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Ms. Bumm:

Reference is made to your letter to me of December 14, 1994 regarding the reportable audit findings "Cash Receipt and Disbursement Controls". The Department agrees with your finding and has taken the following actions to implement your recommendation:

- (1) Employees who are responsible for entering and approving transactions in ODES are no longer authorized to add vendors to the Louisiana State Purchasing Office's vendor listing.
- (2) Security has been added to the Contract Management System, whereby individuals responsible for the input of base contract and budget information will not be allowed to input a monthly automatic payment schedule and individuals responsible for the input of base lease and budget information will not be allowed to input a monthly automatic lease payment schedule.
- (3) The following procedural change has already been implemented. An independent check release unit has been established for the purpose of comparing the travel and petty cash checks to the supporting documentation to ensure that information entered on the system has been authorized and that all checks are adequately supported and approved. However, with the reorganizational move of travel input to the regional offices, our office will no longer receive support documentation for the travel checks and we will simply mail the travel checks to the employees. The comparison of the support documentation to the payment document will have to take place at the regional offices. The check release unit has also been assigned the same responsibility over the Contract Payment System checks and the Accounts Payable checks.
- (4) The Department has transferred the functions of receiving payments from the pharmaceutical companies to the Division of Fiscal Management. The Pharmacy Rebate Auditor is now given copies of the checks to post to the subsidiary records.

B-68

Ms. Margaret W. Bumm

Page 2

December 16, 1994

- (5) Procedures have been implemented to ensure that the same employees are no longer receiving, recording and posting fees. The Division of Fiscal Management is also returning copies of transmittals with the appropriate deposit and classification data to the Program Managers for use in reconciling the deposits to the subsidiary records.

Should you have any questions regarding these matters, please advise.

Sincerely,



Stan Mead, Director

Division of Fiscal Management

SM/jbm



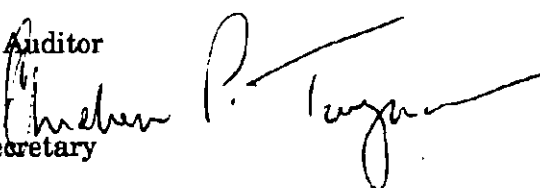
STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS

Edwin W. Edwards
GOVERNOR



December 20, 1994

TO: Ms. Margaret Bumm, CPA
Senior Auditor
Office of Legislative Auditor

FROM: Andrew P. Twyman 
Deputy Assistant Secretary

RE: Audit Response

The Office of Mental Health concurs with the audit findings in reference to lack of compliance with the guidelines of the Cash Subsidy Program for FY 94. Procedural deficiencies in program oversight have been corrected. All current subsidy recipients have filed an annual report (noted as a problem in May, 1994 and corrective action taken) and quarterly family contacts have been made since the first quarter of FY 95.

To monitor future compliance, case files will be reviewed semi-annually by the Regional Manager or delegate.

C: Walter W. Shervington, M.D.
Stan Mead
Anthony H. Speier, Ph.D.

OFFICE OF MENTAL HEALTH
1201 Capitol Access Road • P. O. Box 4049 • BATON ROUGE, LOUISIANA 70821-4049
PHONE: 504/342-2540 • FAX: 504/342-5066
"AN EQUAL OPPORTUNITY EMPLOYER"



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



December 8, 1994

MEMORANDUM

TO: Margie Bumm, C.P.A.
DHH Senior Auditor

FROM: Joseph Williams, Jr. *JW*
Assistant Secretary

RE: CPA Audit/Ethics Violation

I concur with the audit findings. Please find attached a copy of the Plan of Action undertaken for correction.

Should you have additional concerns, please feel free to contact me.

JW:jb

Attachment

cc: Rose V. Forrest
Charles Castille
H.K. "Woody" Sweeney
Frank Perez
Theresa Harris
Antoine Duncan

OFFICE OF ALCOHOL AND DRUG ABUSE
1201 CAPITOL ACCESS ROAD • P.O. BOX 2790 • BATON ROUGE, LOUISIANA 70821-2790
PHONE - 504/342-6717 • FAX # 504/342-3931

"AN EQUAL OPPORTUNITY EMPLOYER"



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



November 15, 1994

MEMORANDUM

TO: Jake Hadley
ADA Regional Manager, Region VI

FROM: Joseph Williams, Jr. *JW*
Assistant Secretary

RE: CPA Audit/Ethics Violation

Ms. Margie Bumm, CPA, has brought to my attention, during her audit of the Louisiana Black Alcoholism Council, Inc., that she has detected a Code of Ethics violation. Louisiana Revised Statute (LSA-R.S.) 42:1112 prohibits a state employee from participating in a transaction which he has a substantial economic interest. It has been noted that you, as an employee of the Department of Health and Hospitals, Office of Alcohol and Drug Abuse, did co-sign a promissory note for \$10,000 between the Louisiana Black Alcoholism Council, Inc. and the Farmers Bank and Trust of Chenneyville in 1994. A similar arrangement was also entered into for Fiscal Year 1995 with the amount being increased to \$15,000.

Your responsibility requires that you monitor this contract, as well as approve all payments made to the contractor. Such an arrangement clearly violates the provisions of the aforementioned Louisiana Revised Statute.

Effective November 15, 1994 you will refrain from monitoring and the signing of payment vouchers for this contractor. Until you have relieved yourself of this impairment, monitoring of the Louisiana Black Alcoholism Council, Inc. contract will be conducted by Mr. Antoine Duncan of my state office staff.

OFFICE OF ALCOHOL AND DRUG ABUSE
1201 CAPITOL ACCESS ROAD • P.O. BOX 2790 • BATON ROUGE, LOUISIANA 70821-2790
PHONE - 504/342-6717 • FAX # 504/342-3931

"AN EQUAL OPPORTUNITY EMPLOYER"

Mr. Jake Hadley
November 15, 1994
Page 2

In addition, Ms. Theresa Harris, Director of Treatment, will be responsible for signing all invoices for payment.

Should you have any questions concerning this, please do not hesitate to contact me.

JW:jb

cc: Rose V. Forrest
Charles Castille
H.K. "Woody" Sweeney
Frank Perez
✓ Margie Bumm
Theresa Harris
Antoine Duncan



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

December 22, 1994

Margaret W. Bumm, CPA
Senior Auditor
Office of Legislative Auditor
1600 North Third Street
Baton Rouge, Louisiana 70801

Dear Mrs. Bumm:

In accordance with your letter dated December 14, 1994, we are submitting our official agency response to the audit findings presented. Our responses are as follows:

CONFIDENTIALITY OF MEDICAID RECIPIENT INFORMATION

1. FINDING Although there is no data exchange agreement between LSU Medical Center at New Orleans, a tape containing eligibility information for recipients in a 3 parish area was provided to LSUMC on a monthly basis.

RESPONSE We concur with your finding and our agency has discontinued the exchange of recipient eligibility information with LSUMC as of now.

2. FINDING DHH provides a monthly tape containing eligibility information to a private contractor engaged by Louisiana Health Care Authority. DHH has no contract with this contractor and could not provide documentation assuring that the information was used only in accordance with federal and state law.

RESPONSE The program for the eligibility match performed by this private contractor was reviewed and found to be in compliance with federal regulations at the time the program was established. We concur that under the current processing methods we cannot provide complete assurance that the information is being used only in accordance with federal regulations. We have obtained in writing an updated copy of the procedures being followed by the contractor in performing recipient data matches. Our Department feels that all matching activities are performed strictly in accordance with the written guideline as outlined by the contractor.

Margaret W. Bumm
December 22, 1994
Page 2

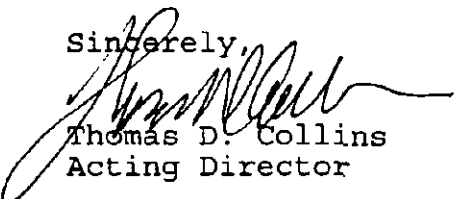
We plan to discuss the entire process with our Data Processing Director to determine if the process could be modified in some way to provide complete assurances that the information is being and will continue to be used only in accordance with federal regulations. We will consider moving the actual processing of the information to a protected library environment such as the process now being utilized for the private contractor mentioned in finding number four. The program for the eligibility match performed by this private contractor was reviewed and found to be in compliance with federal regulations at the time the program was established.

3. FINDING The program used by a private contractor to provide revenue recovery services was not in a protected library that would ensure unauthorized changes were not made and that the outside contractor was not receiving unauthorized data.

RESPONSE The match program described above was put into a protected library in November, 1994 by DHH Information Services staff. This action should eliminate any possibility that unauthorized release of recipient information is occurring.

If there is any additional information needed, please contact Carol Simpson at 342-3855.

Sincerely,



Thomas D. Collins
Acting Director

TDC/CS/sb



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Department of
HEALTH and
HOSPITALS

Rose V. Forrest
SECRETARY

December 14, 1994

Margaret W. Bumm, CPA
Senior Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Ms. Bumm:

We have received your audit finding "Medicaid Cash Management". The department concurs with your finding that procedures were not consistently followed to comply with the Cash Management Improvement Act (CMIA) Agreement.

We are making a concerted effort to ensure that the Medicaid assistance draws are accurate and timely. We have strengthened our reconciliation process so that if errors do occur, they will be identified more timely. A new procedure for drawing payroll and estimating administrative costs has been implemented that should correct the deficiencies identified.

The wire-transfer of the Medicare buy-in premiums is the responsibility of the Office of the State Treasurer. The department notifies that office of the date that the federal funds are to be received and requests that the wire-transfer be timed accordingly. We have discussed your finding with them, and believe that our current procedures will result in timely transfers.

Should you have any questions regarding this, please advise.

Sincerely,

Stan Mead, Director
Division of Fiscal Management

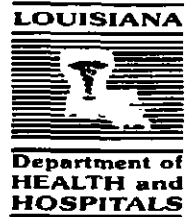
SM:KC:audit:medcashmgt

B-76



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

October 18, 1994

Margaret W. Bumm, CPA
Senior Auditor
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: *Legislative Audit TPL Findings, 1994*

Dear Ms. Bumm:

Refer to your correspondence, dated September 26, 1994, in which you outlined findings resulting from the yearly State of Louisiana Single Audit, TPL review.

Finding #1: *Examination of 60 Parish case records disclosed one DHH case file with evidence that the TPL health insurance information was gathered; however, never entered into the State Health Insurance Update File for transfer to the MMIS Resource File. As a result, Medicaid paid a \$27.00 claim which should have been cost avoided.*

Action: *Attached is a copy of the Third Party/Medicaid Recovery's memorandum to Mr. John Gardiner, Chief of DHH Eligibility Operations, advising Mr. Gardiner of Finding #1 and the necessity to correct the deficiency. When Mr. Gardiner takes action, copies of correspondence pertaining to the action will be forwarded to the TPL/Medicaid Recovery Unit, and subsequently, forwarded for your review.*

Finding #2: *HMS, Inc. failed to file a Medicaid claim for health insurance carrier reimbursement when the MMIS File indicated existing health insurance coverage; however, the contractor/carrier match indicated coverage was not available. The MMIS File was correct; thereby, producing a contractor recovery error.*

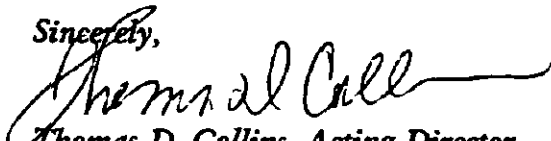
Action: *TPL/Medicaid Recovery requested on several occasions that HMS, Inc. correct this deficiency and we must point out that, even though HMS was cooperative with BHSE/TPL, the prior contract with HMS was difficult to enforce due to the generality of the language. Effective April 1, 1994, a new and more binding contract was entered into with HMS, Inc. and HMS, Inc. assured correction of the error. Programming has been completed to correct billing procedures. You will find attached, a copy of HMS, Inc.'s letter verifying that*

October 18, 1994
Margaret W. Bumm, CPA
Senior Auditor
Office of Legislative Auditor
Page 2

the programming is in place which will assure that the MMIS Resource File will take precedence over contractor/carrier matches. The revised programming will be utilized for billings produced on October 31, 1994.

Should you have any questions or need additional information, please contact Georgia Stokes at 342-9250.

Sincerely,


Thomas D. Collins, Acting Director
Bureau of Health Services Financing

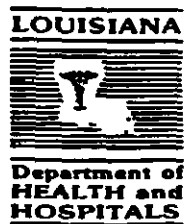
TDC:DA:CS:GS:wp

cc: Stan Mead, Director
Division of Fiscal Management



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

December 9, 1994

Ms. Margaret W. Bumm, CPA
Office of Legislative Auditor
1600 North Third Street
Baton Rouge, Louisiana 70801

Dear Ms. Bumm:

In reference to your finding on the Medical Assistance Trust Fund, we concur that for fiscal year 1994, the Department did not maintain adequate controls over fees due from providers to the Medical Assistance Trust Fund to assure that amounts reported by providers are accurate and to enforce collections of outstanding provider balances.

Our response to each of the findings follows:

1. The Department is currently working on specifics for the inclusion of Nursing Homes and ICFMR Facilities in the next contract in April, 1995. The Department is also working on the audit of high profile, high dollar cases, either by our in-house audit section or by a specific short term audit contract.
2. The Department is currently enforcing fee collections in the following manner. The Provider Fee Repayment Schedule, passed by the MATF Advisory Council and published in the Register, October, 1994, has now taken effect. Providers who are delinquent for 2 or more periods have been identified and set up for levy against their Medicaid Payment. Non-Medicaid providers are referred to legal.
3. The Department is currently enacting procedures to estimate the liability of all providers who have failed to report. Nursing Homes and ICFMR Facilities are currently being levied against Medicaid Payments where possible. The Department is also working to devise an estimate where by we would begin to levy from our Pharmacy Providers as well. Any Non-Medicaid providers that we are unable to levy will be turned over to the Department's Legal Section for action.

4. The MATF System does automatically calculate Interest & Penalty. This is calculated when a transaction (payment) is posted, since the amount owed is not known until a report is received. From the amount entered, interest & penalty is calculated from the transaction date. Also, because of the steps taken in #3 above, (to begin estimating the liability of providers who have failed to report), the accuracy of the estimated interest & penalty should be greatly improved.
5. The MATF System does produce aging reports, however these reports are not summarized. We are working with the system contractor to correct this problem.

If you have any questions, please do not hesitate to call.

Sincerely,

Charles S. Mead
Charles S. Mead, Director
Division of Fiscal Management



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



December 22, 1994

Ms. Margaret W. Bumm, CPA, Senior Auditor
Office of Legislative Auditor
1600 North Third Street
Baton Rouge, Louisiana 70801

Dear Ms. Bumm:

In accordance with your letter dated December 14, 1994, we are submitting our official agency response to the audit finding presented. Our response is as follows:

NON-EMERGENCY MEDICAL TRANSPORTATION PROGRAM

FINDING The Department of Health and Hospitals (DHH), Bureau of Health Services Financing, does not have adequate controls to properly administer the Medical Assistance Program (CFDA-93.778 - Medicaid) Non-Emergency Medical Transportation (NEMT) Program in Louisiana.

RESPONSE We concur with the finding that DHH should establish written policy for setting and adjusting reimbursement rates. The establishment of this policy will be performed in conjunction with Urban Systems which has served as our contractor consultant for the Transportation Program. We believe that Urban Systems has the capability to assist in establishing policy for setting and adjusting rates.

DHH has implemented policies to insure that the dispatch centers send authorizing data to Unisys. This procedure was implemented October 1, 1994, and requires a data match on recipient name, medical ID number, date of service, prior authorization number, procedure code and price.

DHH has required the fiscal intermediary, Unisys to match claims received from providers with the data received from the dispatch centers in order to assure that only claims authorized by the dispatcher are paid by the fiscal intermediary.

DHH in conjunction with their fiscal intermediary has established an edit to prevent duplicate payment of claims with the same prior authorization number.

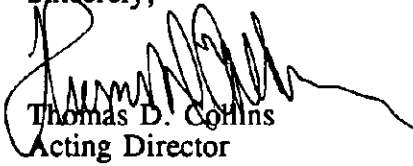
DHH has worked with the Surveillance and Utilization Review Section of our fiscal intermediary to stratify providers into meaningful sub-groups based on volume. Currently the initial stratification is providers earning greater than \$50,000 and less than \$50,000.

DHH agrees that we will thoroughly investigate all discrepancies regarding prior authorization numbers and reimbursements. **NOTE:** The Attorney General's Medicaid

Fraud Control Unit obtained information related to this issue from the Legislative Auditor's Performance Review Section. We have hired a contractor with the capability of providing this research.

If additional information is needed, please contact Mr. Bruce Gomez at 342-0127.

Sincerely,



Thomas D. Collins
Acting Director

TDC/jpm



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



December 22, 1994

Ms. Margaret W. Bumm, CPA, Senior Auditor
Office of Legislative Auditor
1600 North Third Street
Baton Rouge, Louisiana 70801

Dear Ms. Bumm:

In accordance with your letter dated December 14, 1994, we are submitting our official agency response to the audit finding presented. Our response is as follows:

PROFESSIONAL SERVICES CONTRACT MONITORING

FINDING The Department of Health and Hospitals did not adequately monitor contracts with an international public accounting firm.

1. Desk Reviews for ICF/MR Facilities:

RESPONSE The Department did not specify in its RFP for Long Term Care Audits nor did it make clear in its contract negotiations that cost reports to be desk reviewed during the base year should be reviewed for all disallowable costs. The contractor's responsibility in performing desk reviews was to assure mathematical correctness, and to look at costs for the administrator's salary, bad debts and fees.

This did not meet the Department's needs during rebasing the rate. During the rebasing of the rate we recognize the importance of a comprehensive desk review in order to insure the accuracy of the rebased rate. On November 22, 1994, the contractor was sent a list of procedures to be used in performing ICF/MR desk reviews. We will include these procedures in our next RFP.

2. Audit Reports:

RESPONSE We concur with your finding that the Department paid for some audit services without ensuring that all audit reports submitted by the accounting firm were received by the Department and were acceptable. To our knowledge, payment was made prior to review by in-house staff that all deliverables were received and proper but that all deliverables were made and reviewed post payment.

The Department will initiate steps to ensure that all audit reports are received and acceptable before payment is made to the accounting firm. A sign-off routing sheet will be used to transmit the invoice from the Unit which reviews the cost reports for accuracy and completeness to the Unit assigned to authorize payment. In this manner only invoices with the routing sheet properly signed will be approved for payment. This will insure proper controls.

3. Long Term Care Cost Surveys:

RESPONSE We have subsequently identified that the two Long-Term Care Cost Surveys were received from the contractor. The contractor has provided the following information regarding the work performed in fulfilling the requirements of the deliverable.

"In conducting the work to provide the Department with the rebased rates, we created a data base for each type of facility. The data required for data bases (one for nursing homes and one for intermediate care facilities-mentally-retarded), was obtained by surveying cost report information. The cost report data was submitted by the provider to the Department and summarized by us in Excel spreadsheets. For each type of provider we prepared numerous iterations of the data for review by the Department and the providers (as considered necessary by the Department). Numerous preliminary calculations were provided to the Department.

During the course of our work, we discussed with the Department whether any data not contained in the cost reports was required to complete the cost studies in accordance with their requests and our proposal. No need for any information which would require any direct request of the providers was identified. Therefore, no survey of individuals was requested. All survey data was extracted from cost reports.

Since all data necessary to compute the rebased rates was included in the cost reports, our cost survey consisted of creating the data bases and discussing the results with the Department and the providers, as necessary."

4. Reimbursement Methodology for Inpatient Hospital Services:

RESPONSE The Department does not concur with the finding that the contract with KPMG Peat Marwick for the Department for the development and implementation of a new reimbursement methodology for Medicaid inpatient hospital services was not properly monitored. We consider this finding to be premature because the majority of the deliverables could not be completed until after the rates were finalized on November 1, 1994. Any manuals and reports that were prepared prior to finalization of the rates would have been incorrect and would have had to be redone. Also, certain duties such as support from KPMG Peat Marwick with potential litigation from hospitals and assistance with responses to HCFA's questions related to submittal of the state plan amendment could be required years after the termination date of the contract. There are also extenuating circumstances involved with this contract that apparently were not taken into account in preparation of this finding.

1) All primary Peat Marwick staff members that were involved with this contract are no longer employed with Peat Marwick. Attorneys with KPMG Peat Marwick and the engagement partner, Catherine Sreckovich, are currently attempting to work out the legalities. When agreement has been reached between these two parties, we are to receive a letter explaining the changes and detailing who will be responsible for the future support and maintenance of records associated with this contract. Until

the Department receives this letter, there is no clear cut answer as to who is responsible for finalizing all deliverables and furnishing the future support.

2) Because of the ongoing hospital lawsuit (Abbeville General vs. DHH), our legal counsel has advised the contractor not to issue findings in final form.

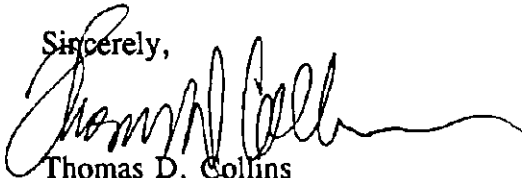
3) There was an unforeseen delay in implementation of the new reimbursement methodology due to the Legislative Oversight Committee.

4) We requested that the contractor prepare additional rate calculations because of the change in disproportionate share payment methodology (the Waxman provision). The Department learned of this change in approximately July 1993. Because of the drastic impact this change in the law would have on the state hospitals' revenues, the Department had to evaluate the impact that changes in the reimbursement methodology would have on disproportionate share revenues.

We have submitted the attached letter dated December 8, 1994, to KPMG Peat Marwick to attempt to finalize all deliverables. The Department is currently withholding payments on this contract until all contract deliverables are received in final form. The Department will consider forfeiting the contract's performance bond if we don't receive a response to the letter mentioned above; however, KPMG Peat Marwick staff have been in contact with Institutional Reimbursement staff and we feel certain that there will be immediate resolution of these issues. Therefore, at the current time we are requesting that you withdraw this finding to allow the Department and the contractor sufficient time to finalize all deliverables.

If additional information is needed, please contact Mr. Bruce Gomez at 342-0127.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Thomas D. Collins', with a long, sweeping horizontal line extending to the right.

Thomas D. Collins
Acting Director

TDC/jpm



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Department of
HEALTH and
HOSPITALS

Rose V. Forrest
SECRETARY

November 28, 1994

Ms. Margaret W. Bumm, CPA
Office of Legislative Auditor
1600 North Third Street
Baton Rouge, Louisiana 70801

Dear Ms. Bumm:

In reference to your finding on provider audits, we concur that for fiscal year 1994, fiscal management was not made aware of all letters notifying the department of amounts due to/from Medicaid providers received by institutional reimbursement. This occurred because of the work load and lack of staff in the Institutional Reimbursement Section since we are only able to assign one staff person to process all hospital, home health, rural health centers, and federally qualified health center cost reports.

A procedure has been established that fiscal management will receive a listing of all letters notifying the department of amounts due to/from Medicaid providers by the 10th working day of every month whether or not the letters received have been reviewed for accuracy.

If you have any questions, please do not hesitate to call.

Sincerely,

Tom Collins, Director
Bureau of Health Services Financing

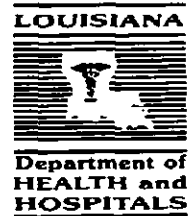
cc: Stan Mead

B-86



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

December 19, 1994

Margaret W. Bumm, CPA
Senior Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Ms. Bumm:

We have received your audit finding "Provider Credit Balances". Although the department concurs with your finding that there could be discrepancies in the provider balances reported to the Health Care Financing Administration due to the loss of supporting documentation, we do not believe that we are out of compliance with federal laws relating to these balances. Our reasoning for this position is as follows:

1. The amounts reported on the quarterly HCFA-64 are actual refunds received and deposited at that time. Therefore, the requirements of both 42 CFR 433.312(a)(1) and 433.320(a)(2) are both met. Due to the size of the report listing each of the provider refunds, the report is only generated upon request. It is impossible to recreate an old balance. Had the request been made prior to June 30, 1994, a detailed and accurate reporting of the collections could have been obtained.
2. Although we inadvertently destroyed some of the records relating to the Survey and Utilization Review System (SURS) providers, we believe that the account data is still reliable in that the balances have been carried for quite some time and no discrepancies were reported. Procedures are now in place to ensure that supporting documentation is maintained. In addition, we are reviewing each of the cases in which the assessment letters were destroyed to determine the appropriate action to be taken.

B-87

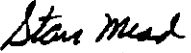
Margaret Bumm
December 19, 1994

Page 2

3. We have always requested that the Program Managers receiving the monthly balances reports notify us if discrepancies were noted; however, we will now request that they respond to us in all situations. We have begun the process of dispositioning the inactive accounts. This process should be completed in fiscal year 1995.

Should you have any questions regarding this, please advise.

Sincerely,

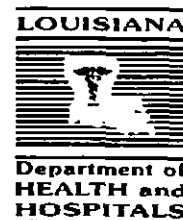

Stan Mead, Director
Division of Fiscal Management

SM:KC:audit:proverbal



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

November 21, 1994

Ms. Margaret W. Bumm, CPA
Senior Auditor
Office of Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

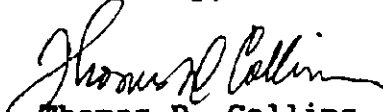
Dear Ms. Bumm:

Please refer to your letter dated November 10, 1994 regarding the "Rate Setting" audit finding. We concur with your finding that the Department set prospective reimbursement rates for clients in residential facilities, those facilities that contract with Office of Mental Health (OMH) and Office of Alcohol and Drug Abuse (OADA), using cost reports that have not been independently audited to ensure that costs are accurate and allowable under HIM-15.

The Department will set prospective reimbursement rates for clients in the aforementioned facilities using cost reports that have been independently audited to ensure that costs are accurate and allowable under HIM-15. Currently the Department has amended the 1994 facility contracts to include a requirement that the independent auditor render an opinion on the cost reports for the residential facilities that contract with OMH and OADA.

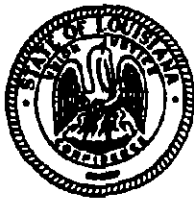
If additional information is required, please contact Linda Welch at 342-6116.

Sincerely,


Thomas D. Collins
Acting Director

TC:LW:cr

cc: Stan Mead
Linda Welch



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



December 13, 1994

Ms. Margaret W. Bumm, CPA
Senior Auditor
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Ms. Bumm:

Reference is made to your letter to me of November 30, 1994 regarding the reportable audit finding "Time and Attendance Records". The Department concurs with the finding and we have taken appropriate action to implement your recommendation.

Should you have any questions, please advise.

Sincerely,

Stan Mead
Stan Mead, Director
Division of Fiscal Management

SM/jbm

Attachment



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



December 21, 1994

Ms. Margaret W. Bumm, CPA, Senior Auditor
Office of Legislative Auditor
1600 North Third Street
Baton Rouge, Louisiana 70801

Dear Ms. Bumm:

In accordance with your letter dated December 14, 1994, we are submitting our official agency response to the audit finding presented. Our response is as follows:

FINDING The Department of Health and Hospitals did not make eligibility determinations on applications for the Medical Assistance Program (CFDA 93.778 - Medicaid) within required time frames. Federal law (42 CFR 435.911) allows the department 90 days to make a final determination for applicants who apply for Medicaid on the basis of disability and 45 days for all other applicants.

RESPONSE We concur with this finding.

The lack of sufficient staff to handle application processing has been the primary cause of this problem and has limited our ability to respond. One hundred and twenty-eight (128) positions were added to the Department's T.O. during the 1994 regular session of the Legislature to enable us to deal with overdue applications. Most of those positions have been filled and this increased staffing is having a positive effect. Our most recent figures for the month of October, 1994, indicate that all applications pending over 45 days have been reduced to 4,368. We anticipate that this number will be reduced by 50% by the end of March, 1995 with an additional 50% reduction in the March figure by the end of the state fiscal year.

The Department has entered into a consent judgement in the case of Blanchard vs. Forrest which requires that beginning in April, 1995, there is a trend of continuing decrease in the percentage of applications pending over the prescribed 45 or 90 day time limits. We are confident that with the improved staffing this type of trend will be accomplished and will continue.

If additional information is needed, please contact Mr. John Gardiner at 342-5716.

Sincerely,

Thomas D. Collins
Acting Director

TDC/jpm

May 3, 1994

Dr. Dan Kyle
Legislative Auditor
State of Louisiana
820 Jordan Street
Suite 306
Shreveport, Louisiana 71101

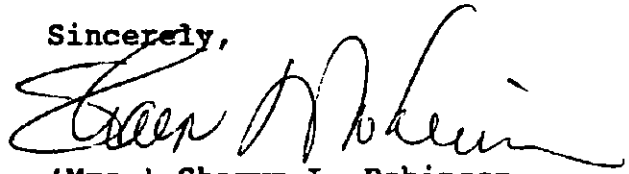
Dear Dr. Kyle:

Reference is made to our commodities inventory records reviewed by the Legislative Auditors. The following represents our response:

- A log will be maintained in the kitchen requiring the dietary employee to post the date, item, quantity and signature when drawing commodities from stock. This log will be reconciled on each Friday. To assure compliance, the Dietary Department will be required to forward a copy to the Fiscal Manager in the Business Office on the following Monday of each week.

If additional information is needed, please advise.

Sincerely,



(Mrs.) Sharyn L. Robinson
Director of Fiscal Services

cc: Mr. James E. Morgan, Hospital Director
Mr. Art Landry, LHCA Comptroller

P. O. BOX 5352, PINEVILLE, LOUISIANA 71361-5352

PHONE - (318) 448-0811

"AN EQUAL OPPORTUNITY EMPLOYER"



RICHARD P. IEYOUB
ATTORNEY GENERAL

State of Louisiana
DEPARTMENT OF JUSTICE
ADMINISTRATIVE SERVICES DIVISION
Baton Rouge
70804-9095

P.O. BOX 94095
TELEPHONE (504) 342-7876
FAX (504) 342-3790

December 6, 1994

Mr. Thomas H. Cole, CPA
Audit Manager
Division of Financial and Compliance Audits
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Cole:

I am writing in response to the charge of personal service costs to the Fair Housing Assistance Program listed in the audit report of the Department of Justice.

We concur with the finding that the personnel service costs were incorrectly charged to the Fair Housing Assistance Program.

We have taken the steps to credit the federal program for the amount overcharged.

SINCERELY,

A handwritten signature in dark ink, appearing to read "Jack E. Hightower, Jr.", written over the typed name.

JACK E. HIGHTOWER, JR.
DIRECTOR
ADMINISTRATIVE SERVICES DIVISION

JEH,jr/djs



State of Louisiana

DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

POST OFFICE BOX 94094

BATON ROUGE, LOUISIANA 70804-9094

(504) 342-3011

EDWIN W. EDWARDS
GOVERNOR

GAYLE F. TRULY
SECRETARY

October 12, 1994

Mr. Don Leger
Auditor in Charge
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge LA 70804-9397

Dear Mr. Leger:

In regards to the Finding of Compliance with the Annual Appropriation Act, the Department of Labor concurs.

In order to eliminate a finding of this type in the future, the Department of Labor will make certain that the State budget includes all program funds.

The Department of Labor will make certain that program expenditures are input in the accounting system timely to make monthly and quarterly reviews more meaningful. After the budget is prepared, the carryover will be added by a BA-7, and any additional funds received during the year will be added to the budget by Ba-7.

Sincerely,

Gayle F. Truly
Gayle F. Truly
Secretary of Labor

GFT/thl



State of Louisiana

DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

POST OFFICE BOX 94094

BATON ROUGE, LOUISIANA 70804-9094

(504) 342-3011

EDWIN W. EDWARDS
GOVERNOR

GAYLE F. TRULY
SECRETARY

October 20, 1994

Mr. Don Leger
Auditor-in-Charge
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Leger:

The Department of Labor concurs with the Findings regarding the Grant Closeouts and Financial Management of the Community Services Block Grant (CSBG) program.

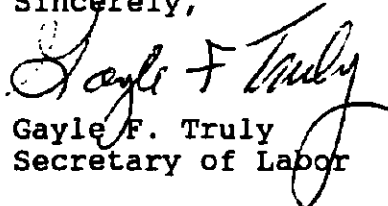
In reference to the seven Grant Closeouts that were not processed within the deadlines established in the Louisiana Administrative Code, procedure changes will be made to correct this concern.

In reference to the Financial Management of the CSBG program, there is one employee in the Fiscal Unit with accounting responsibility for this program. An additional grant was received in 1992 due to a disaster resulting from Hurricane Andrew. Due to the fact that this was intended to be a short-term program, no additional staff was provided. The employee with accounting responsibility for this program became ill, the work fell behind, and existing staff was unable to keep it current. Corrective action has been taken with the employee being notified in writing as to procedure changes and accounting responsibilities for the program.

Additionally, the policies and procedures relating to the duties of this position are being reviewed and modified to comply with the provisions of the Louisiana Administration Code and Circular A-102.

If I can be of further service, please advise.

Sincerely,


Gayle F. Truly
Secretary of Labor

GFT/GS/jl



State of Louisiana
DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
POST OFFICE BOX 94094
BATON ROUGE, LOUISIANA 70804-9094
(504) 342-3011

EDWIN W. EDWARDS
GOVERNOR

GAYLE F. TRULY
SECRETARY

October 19, 1994

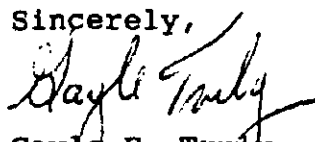
Mr. Don Leger
Auditor-in-Charge
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Leger:

In response to your September 28, 1994 request, we have forwarded, under separate transmittal, a comprehensive report prepared by our Information Systems (IS) Section.

In summary, the agency concurs with your recommendations and IS has drafted corrective action for the nineteen issues. Actual implementation of corrective action will be taken after agency management has reviewed each issue.

If I can be of further assistance, please feel free to contact me.

Sincerely,

Gayle F. Truly
Secretary of Labor

GFT/j1



State of Louisiana

DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

POST OFFICE BOX 94094

BATON ROUGE, LOUISIANA 70804-9094

(504) 342-3011

EDWIN W. EDWARDS
GOVERNOR

GAYLE F. TRULY
SECRETARY

October 12, 1994

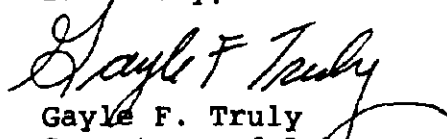
Mr. Don Leger
Auditor in Charge
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Leger:

In regards to the Finding of Payroll Policies and Procedures, the Department of Labor concurs.

In order to eliminate a finding of this type in the future, the Department of Labor has changed the payment of our bi-weekly payroll pay date and we are changing our time sheets to a bi-weekly period. The change in time sheets to bi-weekly will require EDP programming changes and is planned in the near future.

Sincerely,


Gayle F. Truly
Secretary of Labor

GFT/thl

MEMORANDUM

TO: Julian Renthrow
Legislative Auditor's Office

FROM: Art Landry 
Comptroller

DATE: May 13, 1994

RE: Authority Response to Audit Finding at L.J. Chabert Medical Center

Professional Services Contracts

The Authority is aware of the difficulty surrounding the timely submission and approval of professional services contracts. Particularly in the area of medical service providers, the anticipated usage, volume and planning process is extremely difficult. It is critical in the area of medical service providers that adequate staffing limits be maintained to insure that no life threatening situations develop that might place the state, and/or hospital in a liable position. In fact, examples exist wherein emergency situations were declared in order to allow the hospitals to overspend their contracts specifically for this purpose.

From a system wide perspective, the Authority is in the discussion stage with the Office of Contractual Review in an effort to find a more easily maintained system that will meet the intent of the provisions of the LAC, and also allow more flexibility for our hospitals to manage their limited resources. This is a system wide problem that needs a system wide solution. If the current situation cannot be corrected procedurally with the Office of Contract Review, then the LHCA may be forced to seek Legislative intervention to correct the problem. We welcome any assistance and/or guidance that the Legislative Auditor's Office can provide in this area.

AL/dcr



EDWIN W. EDWARDS
GOVERNOR

State of Louisiana
LOUISIANA AUCTIONEERS LICENSING BOARD

KEVIN REILLY
SECRETARY OF
ECONOMIC DEVELOPMENT

September 19, 1994

MEMORANDUM

TO : Gerald A. Walker, CPA

FROM: Mary Norton, Executive Assistant

RE : Management's response to 1994 audit

MANAGEMENT'S RESPONSE TO 1994 AUDIT FINDINGS

NO APPROVAL TO SIGN LEASE IN THE MINUTES - The Board had given approval in the prior year for renewing the office lease as written in the minutes of November 19, 1992. The Board considered this adequate approval. The Board will continue to formally approve all leases and contracts at regularly scheduled meetings.

NO APPROVAL TO OPEN ACCOUNT WITH LEGG MASON - The April 18, 1994 minutes of the special recovery fund meeting reflect the Board's decision to consider the investment of funds with Legg Mason. The Board's May 26, 1994 minutes show the Board reviewing the projections and formally appointing the Board's attorney to handle all financial affairs with respect to the recovery fund investment. The Board considered this adequate approval.

INVESTMENT OF FUNDS NOT AUTHORIZED BY STATE LAW - Upon advice of the Board's counsel, The Board did invest recovery funds in Legg Mason. The Board is awaiting an opinion on the investment of funds not authorized by State law from the Attorney General.

UNDESIGNATED FUND BALANCE EXCEEDS REVENUES - The Board's investment recovery fund legislation is being prepared for the 1995 Legislative Session. The situation should be resolved when legislation is prepared, submitted and approved in the 1995 Legislative Session.

SUBMITTED BY,

Mary Norton
Executive Assistant
La. Auctioneer's Licensing Board



Louisiana Board of Veterinary Medicine

L. MIKE CUMMINGS, DVM
President

ROBERT M. HAMMATT, DVM
Vice-President

JAMES R. CORLEY, DVM
Secretary/Treasurer

JAMES H. BURK, DVM
Member

ANNE B. GUEDRY, DVM
Member

September 20, 1994

Mr. Gerald Walker, CPA
5145 Main Street
Suite F
Zachary, LA 70791

RE: FYE June 30, 1994 - Management Response to Audit Findings

Dear Mr. Walker:

Please find below the response of management to your findings during the above-referenced audit:

REPORTABLE CONDITIONS:

1. LACK OF APPROPRIATE SEGREGATION OF DUTIES:

MANAGEMENT'S RESPONSE: The Board concurs with the auditor's opinion that it is not large enough to segregate duties to the degree of detail he recommends.

2. PAYMENT OF FOOD AND BEVERAGES WITHOUT PROPER DOCUMENTATION.

MANAGEMENT'S RESPONSE: The executive director was not aware that documentation of names and purpose was required on a meal charge. The slip in question (from Semolina's) was signed and filed for documentation (see attachment #1.) On the date in question, the office staff were involved in an urgent search for a new office location in response to information from the Division of Administration (see attachment #2.) At the lunch hour, the director invited the realtor who was assisting them to join them for lunch and paid for it with American Express. These charges, incurred in the conduct of the board's business, were reimbursed by the Board when the bill was received. Lunches during the course of duty will no longer be reimbursed except where the conditions of single day travel are met (see attachment #3.)

3. PAYMENTS MADE WITHOUT VENDOR INVOICES.

MANAGEMENT'S RESPONSE: American Express statements include copies of the purchase slip (invoice). The director used these attachments to verify charges prior to payment. All statements have attached invoices for all charges except where noted on attachment #23. A total of five invoices are missing from the American

Express files in the amount of \$366.16. The other missing invoice mentioned, from Office Depot, was apparently left in a bag which was picked up by the night shift cleaning crew. A copy of the fax order form with an adding machine tape of charges was attached to the statement for documentation. In the future, the director and staff will ensure that any missing invoices are replaced prior to payment of the statement .

4. ACCOUNTING ENTRIES ARE NOT RECORDED IN THE PROPER PERIOD.

MANAGEMENT'S RESPONSE: Although the auditor's journal entries for the FYE 6/30/93 were made in FYE 6/30/94, no entry was made to a Revenue or Expenditure account. All entries were posted to Asset, Liability, or Fund Equity accounts only. The Board considers having timely prepared financial information essential if it is to properly monitor its operations (see attachment #4.) Since the auditor's adjusting entries were not available until late September 1993, and since the Board was appraised that a correction was forthcoming, it saw no reason to object to the continued processing of financial information for the months of July and August, 1994. Accordingly, the auditor's journal entries were posted while performing the general ledger preparation for the month of August. This occurred during late September, 1993. The director was not aware that a correction in a succeeding fiscal year was a reportable condition. The accountant was also unaware that this would be a problem.

The Executive Director was unaware that these adjustments had to be made in FYE 6/30/93. Any adjustments for FYE 6/30/04 will be posted within that fiscal year and prior to the processing of any accounting transactions for the FYE 6/30/95.

5. ACCOUNTING RECORDS ARE NOT KEPT ON A GOVERNMENTAL BASIS.

MANAGEMENT'S RESPONSE: When the Board determined that a new accounting firm was needed and requested bids, it was not aware that governmental accounting was a unique form of accounting with its own requirements. Upon learning this, the Board changed its contract conditions with its accountant to require that its financial statements be issued in compliance with GASB (see attachment #5.) The accountant has taken steps to bring the records into compliance beginning with July 1, 1994 for FYE 95.

MATERIAL NONCOMPLIANCE

1. MONEY NOT DEPOSITED WITH STATE TREASURER AS PER La.R.S. 37:1517

MANAGEMENT'S RESPONSE: The Board attempted to have legislation introduced in the 1994 session but was not allowed to do so due to constitutional constraints causing the 1994 session to be limited to budgetary matters only (see attachment #6.)

Additional research was performed by the director in response to this same finding during the FYE 1992 audit. Information was received which indicates that the Board's actions have been legal as per the 1974 State Constitution, Article VII, Section 9(a)(2) (see attachments #7, #8 and #9.) This information is being confirmed by the office of the State Treasurer (see attachment #10.)

The Board fully intends to pursue a statute change at its first opportunity to do so to ensure that no further questions about this activity will arise. To that end, language has been prepared with plans to have it submitted in the 1995 session (see attachment #11.)

2. FUNDS NOT INSURED BY FDIC.

MANAGEMENT'S RESPONSE: When contacting CNB to establish this account (as per the recommendations of last year's audit, attachment #12,) the Board's director queried CNB to ensure that the account was in compliance with state regulations and was told that they were inasmuch as these accounts were specifically set up for governmental accounting. The director did not understand this to mean that the Board was required to monitor the collateral situation of their combined accounts. When asked during this audit what the current banking regulations were and whether they required that the accounts be added together, the director was unable to answer. Upon discussion with CNB, the director has confirmed that CNB considers there to have been no gap in insurance to either of the Board's accounts. Their position is based upon a letter from the FDIC dated October 4, 1989 (see attachment #13.)

3. THE BOARD PAID AIR FARE FOR A BOARD MEMBER'S SPOUSE AND DID NOT REQUEST REIMBURSEMENT.

MANAGEMENT'S RESPONSE: The director will no longer allow personal expenses to be placed on her corporate card to ensure that this cannot happen again. All personal expenses have been reimbursed (see attachments #14 and #15.)

4. THE BOARD BUYS COFFEE AND COFFEE SUPPLIES FOR EMPLOYEES.

MANAGEMENT'S RESPONSE: The Board has always had coffee and coffee supplies on hand for Board meetings, for staff, and for visitors to the Board office because they felt it was a normal business practice and a matter of common courtesy. The Board will discontinue this practice which it did not know was in violation of the State Constitution.

5. THE BOARD BUYS MEALS FOR MEMBERS AND ALL STAFF ON DAYS THE BOARD MEETS.

MANAGEMENT'S RESPONSE: As part of its ongoing efforts to be in compliance with state law, the Board inquired of the Commission on Ethics for Public Employees about the legality of this practice. Copies of the correspondence are attached (see attachments #16 and #17.)

The Board will discontinue this practice except where members are entitled to lunch. Four of five Board members will be eligible for reimbursement of lunch expenses (see attachments #2 and #18.)

6. STATE TRAVEL REGULATIONS ARE SOMETIMES NOT FOLLOWED.

MANAGEMENT'S RESPONSE: Travel regulations were not fully understood by the Board nor by staff. Copies of PPM 49 have been re-sent to all Board members.

Board members do not have American Express cards. The board maintains one card which was initially issued in the name of the secretary/treasurer of the board but is now issued in the name of the executive director. This card clearly states that it is a corporate card as does the billing statement (see attachments #19 and #20.) When the card was used, expenses were not documented a second time on travel vouchers to avoid the possibility of double payment. This practice will be changed.

Meals have been provided for any board member or staff person who was on official board business over the lunch hour such that they could not leave their duties and/or when sent out of town for the day on board business. This practice will be discontinued except where member or staff is also eligible for reimbursement for other meals as per the travel regulations. (see attachments #2 and #18.)

Reimbursements without documentation have not been made except where allowable as per the travel regulations (see attachment #21) to the best of our knowledge.

Advances for expenses have been provided for out of town conferences (two per year) as allowed in the travel regulations (see attachment #22.)

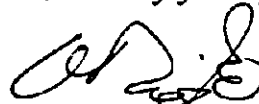
Mr. Gerald Walker
September 20, 1994
Page 5

ADDITIONAL MANAGEMENT RESPONSE:

This Board is vitally interested in conduct which is responsible and in compliance with all regulations of the state. In the past three years, the Board has made tremendous progress in this area by seeking out the information it needed and discontinuing practices which were questionable. Any input or advice which will expedite this learning process is always welcomed. We understand that the auditor may not uncover every area where a weakness exists during each and every audit. However, we do feel that the increase in areas cited from last year to this year is a cause for concern when we know that each area listed above stems from a condition which existed last year as well. We sincerely hope that any conditions which might be improved upon and any practices which could result in a future citation would be brought to our attention so that immediate corrective measures can be taken.

If you have any questions, or if we can be of any further assistance, please do not hesitate to contact us.

Sincerely yours,



Vikki Riggle
Executive Director

:vr

cc w/o encl:

Board
G. Brown, CPA
V. Anthony, Attorney
P. Angelico-Faxon, DHH

encl: attachments (see list)

file: yl
RF
BBK

November 30, 1994

Hannis T. Bourgeois & Co., L.L.P.
2322 Tremont Drive, Suite 300
Baton Rouge, Louisiana 70809-1487

Attn: Mr. Ronnie Stamper

Re: Audit Report FY 7/1/93-6/30/94

Dear Mr. Stamper:

In response to your recently completed audit of our records for the fiscal year ended 6/30/94, we would like to offer the following response to the findings noted:

- 1) page 22 In regards to the two grants utilizing LETA's federal tax identification number, we will contact the appropriate agency and ask them to transfer these awards to the Foundation. We had previously asked about this verbally and were told it was a beaureaucratic nightmare to do this. We will make a formal request in writing and see what results.

The grants, actually two combined into one account by the U.S. Dept. of Education for reporting, are several years old and both expire in 1995.

- 2) page 26 The State's Property Control Section, requires an annual audit and inventory of all state equipment. All items should be tagged as they are received and before they are put into service. Additionally, there is, in the State Accounting System, a separate account grouping for Capital Outlay, the 2700 account group. All capital outlay expenditures are coded to an account in this group.

We have instituted a new system this fiscal year, 95/96, whereby the Property Control Officer automatically gets a copy of the invoice, receiving report and purchase order for any capital outlay expenditure.

Hannis T. Bourgeois, Page 2

Please attach this response to the copies of our audit report which are to be submitted to the Legislative Auditor. We appreciate the cooperation and assistance in completing this year's audit. Should you need additional information, please let us know.

Sincerely,


Beth Courtney,
Executive Director



EDWIN W. EDWARDS
GOVERNOR

State of Louisiana

LA HEALTH CARE AUTHORITY
8550 UNITED PLAZA BLVD., 4TH FLOOR
BATON ROUGE, LOUISIANA 70809
(504) 922-0488
FAX: (504) 922-0481

William A. Cherry, M.D.
Chief Executive Officer/Medical Director

December 20, 1994

BOARD OF DIRECTORS

Dr. Arnold Lupin, Chairman
Mrs. Fran Bussie, Vice-Chairman
Mrs. Cynthia Dupree, Secretary
Ms. Penny Brazile
Dr. Adu Ebrahim
Mr. Ron Goux
Mr. Jeff Richardson
Mr. Philip Dugas
Mr. Henry Bonner, Jr.
Ms. Rose Forrest
Mr. Raymond Laborde

Margaret Bumm, CPA
Senior Auditor in Charge
Office of the Legislative Auditor

RE: Responses to Audit Findings for Single Audit.

Dear Ms. Bumm:

In accordance with your request, the Louisiana Health Care Authority offers the following official responses as herein indicated:

Internal Controls over Payroll LHCA94\5

LHCA agrees with the auditor in some instances regarding this particular finding. It is evident that we have limited resources in this agency to maintain a system of segregation that is sufficiently effective to entirely satisfy the auditor. Regarding the references made to the payroll supervisory responsibilities, we offer the following comments:

1. We concur with the auditor on this finding. However, changes to the UPS system, (hires, pay rate adjustments, etc), have to have prior Human Resources Division approval before they are made by the payroll supervisor. The payroll supervisor does not initiate these changes on their own. While it is accurate that no subsequent review is made following this initial directive to the payroll supervisor, there were no instances of inaccuracies or irregularities that were brought to our attention by the auditor during this examination. We do concur that a change is needed as to the custodian of the payroll checks and will effect that change immediately. We will maintain proper safekeeping of the payroll checks in the Chief Financial Officer's section until they are released to the sections on payday.
2. We concur that the timekeepers perform this incompatible function. However, the audit finding was prepared on the basis that there were two

time keepers at LHCA. During the current fiscal year, this responsibility has been divided among five staff members to be timekeepers. We believe that this further segregation of duties, with proper supervision by each timekeepers manager, mitigates this finding. However, it is true that the timekeepers do check their own reports against their input forms. This has been a typical operating procedure in most state agencies. However, now that it has been brought to our attention, we will explore alternatives to insure that this incompatible task is properly segregated based upon available resources.

3. We do acknowledge that there is some missing documentation related to some employee/supervisor signatures on certain time and attendance sheets and that record keeping controls need to be and will be improved. Furthermore, it is our intention to review all time and attendance records for the current fiscal year and to correct these deficiencies prior to the end of the fiscal year.

All completed time and attendance sheets are reviewed and approved by Human Resources Personnel who have Appointing Authority vested in them. This examination takes place following the completion of the pay period. Furthermore, there are five separate timekeepers who have supervisors who are responsible for the review and approval of their error and correction documents. For example, the timekeeper for Fiscal reports to the Comptroller who reviews and authorizes correction documents for that section.

In an effort to further evaluate the situation and consider some of the merits of the auditors comments, further review and analysis of the payroll function and time and attendance will be initiated.

If you have any questions regarding our official response or would like to view additional documentation which supports our response please let us know. We appreciate the opportunity to respond to these findings and always consider this as an opportunity to improve and to strengthen our operations.

Sincerely,



William A. Cherry, M.D.
Chief Executive Officer/Medical Director

WAC:AL

cc: Don Elbourne
Art Landry



EDWIN W. EDWARDS
GOVERNOR

State of Louisiana

LA HEALTH CARE AUTHORITY
8550 UNITED PLAZA BLVD., 4TH FLOOR
BATON ROUGE, LOUISIANA 70809
(504) 922-0488
FAX: (504) 922-0481

William A. Cherry, M.D.
Chief Executive Officer/Medical Director

December 20, 1994

BOARD OF DIRECTORS

Dr. Arnold Lupia, Chairman
Mrs. Fran Bussie, Vice-Chairman
Mrs. Cynthia Dupree, Secretary
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Mr. Ron Goux
Mr. Jeff Richardson
Mr. Philip Dugas
Mr. Henry Bonner, Jr.
Ms. Rose Forrest
Mr. Raymond Laborde

Margaret Bumm, CPA
Senior Auditor in Charge
Office of the Legislative Auditor

RE: Responses to Audit Findings for Single Audit.

Dear Ms. Bumm:

In accordance with your request, the Louisiana Health Care Authority offers the following official responses as herein indicated:

Internal Controls over Purchasing LHCA 94\6

While there may not be any formalized written purchasing procedures for the LHCA Adm office, there is an orderly process and a segregation of duties and responsibilities. Requests to purchase are routed through the Fiscal section and must be approved in advance before a purchase is initiated. This approval comes either from the CEO, CFO, or the Comptroller. No employee on their own, has the authority to initiate, purchase and accept. While we agree that this is an incompatible function, there were no instances of improper transactions or inaccuracies noted by the auditor in their examination.

Furthermore, the Louisiana Health Care Authority does not disagree that the situation described concerning the review of vendors being added to the Louisiana State Purchasing Office's vendor listing is an element of a good internal control system, it remains to be clarified as to who's responsibility this is. Until this examination, the issue has never been raised. To the best of our knowledge, State Purchasing has never raised this issue either. We would appreciate some official guidance in this area from the Office of State Purchasing. However, it was planned that with the forthcoming implementation of the AGPS subsystem for ISIS, a separate LHCA employee would be handling the responsibility for vendor set ups. Furthermore, this change will be implemented under the present system as well. A separate staff person has been assigned the purchasing responsibility for

LHCA Administration during the current fiscal year. Procedures will be implemented that will document the internal control structure and that person's responsibility.

Additionally, during the course of the current fiscal year, formal written purchasing procedures will be written that should document the process that is presently in place and will also offer opportunities to strengthen the internal control structure.

If you have any questions regarding our official response or would like to view additional documentation which supports our response please let us know. We appreciate the opportunity to respond to these findings and always consider this as an opportunity to improve and to strengthen our operations.

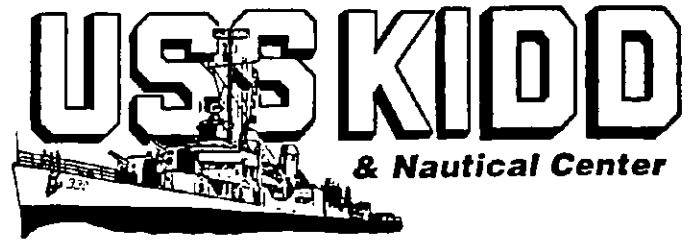
Sincerely,



William A. Cherry, M.D.
Chief Executive Officer/Medical Director

WAC:AL

cc: Don Elbourne
Art Landry



Office of Legislative Auditor
State of Louisiana
1600 North Third Street
Baton Rouge, Louisiana 70804-9397

Re: Louisiana Naval War Memorial Commission

Dear Sirs:

In response to the findings presented in our audited financial statements dated June 1, 1994, I have written this letter.

In regard to the first condition, requiring a written authorization for monies not being deposited into the State Treasury, we have formally requested such authorization in the past. It appears that the responsibility of this authorization is overwhelming to the addressed state offices.

I agree that a letter needs to be placed in my permanent file authorizing the commission to continue with depositing its receipts into bank accounts established by the commission, because depositing such deposits into the State Treasury would be detrimental to the commission's operations.

The second condition listed, failure to tag and report qualified property acquisitions, occurred at a time of transition of the employee responsible for tagging and reporting these acquisitions. The condition has since been remedied.

I agree that all qualified assets must be tagged and reported upon acquisition to safeguard against theft and loss.

Sincerely,

H. Maury Drummond, Executive Director
Louisiana Naval War Memorial Commission



EDWIN W. EDWARDS
GOVERNOR

State of Louisiana
STATE BOARD OF EXAMINERS OF
INTERIOR DESIGNERS

KEVIN REILLY
SECRETARY OF
ECONOMIC DEVELOPMENT

September 12, 1994

MEMORANDUM

TO : Gerald A. Walker, CPA
FROM: Mary Norton, Executive Assistant
RE : Management's response to fye 1994 audit

MANAGEMENT'S RESPONSE TO AUDIT FINDINGS:

BOARD PURCHASE OF MEALS AT BOARD MEETINGS - The Board agrees with the auditor's recommendations and has discontinued buying Board members meals at Board meetings.

PURCHASE OF COFFEE AND COFFEE SUPPLIES FOR EMPLOYEES WITH STATE FUNDS - The Board agrees with the recommendations of the auditor and will discontinue the purchase of coffee and coffee supplies with state funds.

UNDESIGNATED FUND BALANCE EXCEEDS REVENUES - The Board agrees with the auditor's recommendation and will continue to use part of the undesignated fund balance to defray current operating expenditures.

SUBMITTED BY,

Mary Norton

Mary Norton, Executive Assistant
State Board of Examiners of Interior Designers

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS



830 Union Street, Suite 100
Telephone: (504) 524-6763
FAX (504) 568-8893
New Orleans, LA 70112-1499

July 14, 1994

GUILFORD & JAMES, CPAs
1581 Carol Sue Ave., Suite 209
Gretna, LA 70056

Gentlemen:

In connection with your audit of the component unit financial statements of the Louisiana State Board of Medical Examiners as of and for the year ended December 31, 1993 and with reference to your findings and recommendations relative to the internal control structure, I offer the following in response.

Bank Reconciliations--Outstanding Checks

I believe reconciliations are being done, but more effort will be made to make them more timely. We will also institute a policy of more timely stop payments on checks that are outstanding for more than 120 days.

Accounting Software and Accounting Personnel

Accounting and management staff are currently evaluating available software. We are attempting to test one package at this time and will convert our records if the testing proves the software suitable to our needs. We are also evaluating the various classified accounting positions to determine a suitable position to supervise the accounting functions.

Allocation of Space

Additional space is to be allocated to the accounting section when the Board is able to occupy recently purchased property. Space has already been set aside in an area that should have very little traffic flow. Indeed, the only other Board utilized space on the floor will house the permanent licensure file room which will be staffed by one file clerk.

Proper Coding/Reconciliations of Subsidiary Records to the General Ledger

We will attempt to implement a procedure for detecting coding errors and will require at least bimonthly reconciliations. Conversion to in-house accounting cannot occur until appropriate systems and personnel are in place.

It should be understood that to accomplish these changes will require time. Indeed, we do not believe we will be able to occupy the Board's new building until shortly before the end of the year. There are considerable renovations which need to be made to the building which cannot begin until the current tenants vacate August 31, 1994. We have a need to increase the Board's staff in several areas, but we simply do not have the room in our current facility to house same.

I trust the above is sufficient for your needs. We appreciate the time you have devoted and your helpful recommendations.

Yours very truly,

LOUISIANA STATE BOARD
OF MEDICAL EXAMINERS



Mrs. Delmar Ronson
Executive Director

dr

Louisiana State Board of Optometry Examiners

PRESIDENT

CHESLEY GREGORY, O.D.
927 Benton Rd.
Bossier City, LA 71111

SECRETARY/TREASURER

MICHAEL MOSER, O.D.
P.O. Box 926
Eunice, LA 70535

OFFICE ADMINISTRATOR

DIANE COLE
11857 Bricksome St. Ste. B
Baton Rouge, LA 70816

**BOARD MEMBERS**

RANDALL V. CHRISTIAN, O.D.
302 N. Union
Opelousas, LA 70570

HENRY MITCHELL, O.D.
1530 N. Broad St.
New Orleans, LA 70119

ROBERT CROTTY, O.D.
812 3rd St.
Alexandria, LA 71301

State of Louisiana
Office of Legislative Auditor

Re: Report of 31 month audit performed by the firm of Dyer and Vicknair, C.P.A.s

On May 5th, 1993, our former administrator informed the Board of monies she had taken from our account without our knowledge or consent and subsequently repaid. She also informed us that she had been putting off the requests of the auditor until she had made the Board aware of her use of State funds. We immediately removed her from writing checks, but allowed her to remain at our office to aid in the preparation of the annual Board Examination, and to allow us to obtain verification of her actions by the auditor.

In July of 1993, after the administration of the Board Examination, and a preliminary report of the auditor showed evidence of further wrong doing, the Board relieved the office administrator of her position. The office was temporarily closed and the mail forwarded to the Secretary-Treasurer to facilitate better control of the office finances.

The Board decided to hire an accountant to handle the quarterly reporting required by the State and Federal government, as well as reporting to the Board quarterly it's financial status, to prevent any future problems.

In November of 1993, a new administrator was hired and the office was reopened. The authority to sign checks was retained by the Board and requires both the signatures of the President and the Secretary-Treasurer. It also has been established that either the Secretary-Treasurer or the President will visit the office monthly to oversee the operations of the office in person.

At the suggestion of the Legislative Auditor, the District Attorney will be notified and informed to allow for further investigation into this matter.

Respectfully,

A handwritten signature in dark ink, appearing to read "C.L. Gregory".

C.L. Gregory, O.D.
President
Louisiana State Board of
Optometry Examiners

CLG/kh



Louisiana State Employees' Retirement System

BOARD OF TRUSTEES
Barbara McManus, Chairman
Jean Batiste-Mitchel
Cynthia Bridges
Virginia Burnon
Mary Young Cannon
Leila Smith Dettels
Frank Jobert, Jr.
Mary Landrieu
Michael L. McCleary
B.B. Rayburn
Cheryl C. Turner

James O. Wood
Executive Director

TO: BOARD OF TRUSTEES
FROM: JAMES O. WOOD, EXECUTIVE DIRECTOR *gfw*
DATE: OCTOBER 28, 1994
RE: RESPONSE TO AUDIT MANAGEMENT RECOMMENDATIONS

We have received the management recommendations from Postlethwaite and Netterville in connection with the audit for year end June 30, 1994. Accordingly, we offer the following responses:

1. Investment Transactions In The Custodian Statements Should Be Agreed To the Daily Advices On A Limited Basis:

Historically, we have relied upon controls provided by segregation of the money manager, the custodian bank and the third party consultant. With a new Custodian and Internal Audit department added this past year, we are continuing to enhance our controls and began actions to implement the steps recommended near the end of the last fiscal year.

During the selection of the new Custodian, State Street Bank was notified of our requirement to have formal, documented reconciliations between the money managers' reports and the final custodian reports. Implementation was delayed due to the nature of and multiple sources of market values for the CMO portfolio. Monthly reconciliations are not a specified requirement in our Money Managers' contracts. Accordingly, all Money Managers were notified in August, 1994 that formal reconciliation will be required as part of the approval process for fee reimbursement. We have requested the Custodian provide LASERS copies of the reconciliations. We will continue developing and monitoring this process.

Although we used alternative procedures last year, within two months we will develop a monthly procedure whereby broker confirmations are traced, on a limited basis, to the monthly custodian statements to ensure that the custodian has accurately recorded the correct investment information.

2. Amortization of Collateral Mortgage Obligations (CMOs)

The amortization methodology for CMOs did require significant resources this audit period due to: 1) materiality, 2) the unique structure of the securities in the portfolio, and 3) volatile changes in CMO market assumptions resulting from rapidly rising interest rates. Through our Custodian, Money Manager, and Investment Consultant, our Fiscal Division was able to document this as an industry wide problem.

Working with the Custodian and Money Manager, our Fiscal Division developed a modified methodology deemed appropriate for the current conditions. The Custodian has agreed to adopt this modification and to continue to search for an enhanced alternative method. Amortization results will be monitored at least quarterly, by Fiscal staff.

3. Benefits

The problems noted mainly concern the accuracy of the data used in the benefit calculation. All the member records have not been audited to ensure that the data on the computer system is accurate, especially the service credit and the salary history. When a person applies for retirement, this data is audited. The procedure will be changed to have two people audit the information in each file before a retirement calculation is performed. The membership staff has been auditing folders to review and correct the data. Instead of reviewing folders in social security number order, their procedures are being changed to audit folders of members with the most service credit on a priority basis.

This finding by the auditor emphasizes the impact of the increased workload on the benefits staff. The addition of the DROP program, the lump sum payment of annual leave, the pre-retirement education program and benefits fairs, and the additional federal rules and procedures that must be followed have increased the workload and the time spent on each individual case. Most members who request an estimate of retirement receive an average of five separate estimates, one for each different plan (regular retirement with leave added, regular retirement without leave added, amount of lump sum payment for leave, DROP estimate, and retirement estimate at end of the DROP period). Although the computer does the math calculation, the employee must review the information to ensure that the correct data is used for the calculation.

Currently, a Benefits Supervisor reviews a daily report of changes to gross benefit amounts, which includes cumulative monthly totals. We will add the recommended monthly reconciliation procedure.

4. Death Tapes

Since 1990, LASERS has compared our list of pension recipients against a data file of recorded deaths five times, using an outside information services agency. With the addition of our Internal Audit Division, we are committed to increasing this to a semi-annual frequency and have recently begun the search for an outside vendor. We have also begun the process of selecting an outside locator services agency to annually perform pension verifications of beneficiaries over a selected age.

Poor match results or "unreliable results" of our current procedures are to be expected, particularly since many spouses and survivors carry a modified version of the retiree's social security number.

Since the completion of the Postlethwaite & Netterville audit, we added another verification step -- a newspaper clipping service which reviews the obituary reports in the major statewide newspapers and submits a copy of any which identify the deceased as a former state worker. We will continue to monitor and enhance our procedures wherever practical.



Louisiana State University

Agricultural Center

Office of the Chancellor

Mailing Address: Post Office Box 25203
Baton Rouge, LA 70894-5203

Office: J. Norman Efferson Hall
(504) 388-4161
Fax: (504) 388-4143

December 15, 1994

Mr. Lonnie J. Dupont
Senior Auditor
Legislative Auditors
P. O. Box 94397
Baton Rouge, LA 70804-9397

**RE: Audit of Financial Report June 30, 1994
(Cash and Cash Equivalents and Other Activities of 4-H Clubs...)**

Dear Mr. Dupont:

This will acknowledge receipt of your memorandum of November 15, 1994 on the above subject. I concur with your findings, but would like to emphasize the second paragraph of your audit report, "the LSU Agricultural Center considered these monies private funds and was not aware of the reporting requirements for these funds."

Since this was officially called to our attention, I have visited extensively with Dr. Bruce Flint, Vice Chancellor and Director, Louisiana Cooperative Extension Service, and he in turn has spent many hours investigating the unreported funds (which we had previously considered private funds). As a result of his many statewide deliberations, Extension personnel have been instructed that they can no longer maintain checking accounts for funds to support Cooperative Extension work, and that they can no longer serve as treasurer or sign checks for funds that belong to another organization that is associated with Cooperative Extension work. They were further instructed that these changes must be implemented by December 1, 1994.

Sincerely,

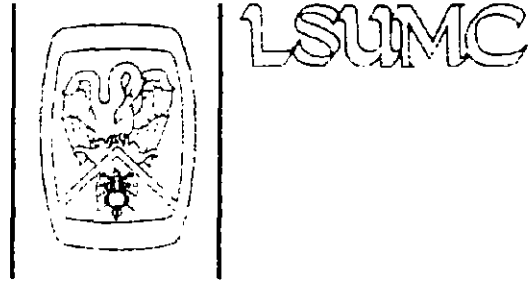
H. Rouse Caffey
Chancellor

HRC/vbc

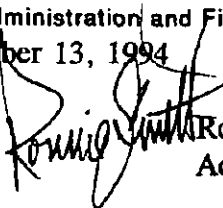
c: Dr. Bruce Flint
Mr. Larry Stevenson
Mr. William Wells
Mr. Greg Bursavich

**LOUISIANA STATE UNIVERSITY
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Office of the Vice Chancellor
for Administration and Finance
December 13, 1994

From:  Rennie Smith, Vice Chancellor for
Administration and Finance

To: Peggy Olivier, CPA
Legislative Auditor

We appreciate the opportunity of responding to the issues raised in the audit by your office for the fiscal year ended June 30, 1994 at the New Orleans campus of the Louisiana State University Medical Center. Your review and suggestions have been of continued value to the Medical Center in improving our internal controls and management practices. In all cases, every possible effort will be made to complete corrective action within the current fiscal year.

BANK RECONCILIATION

Condition: The LSU Medical Center-New Orleans did not ensure that its bank reconciliations for two credit cards (Bookstore and Professional Practice Association) accounts were performed timely.

Recommendation: The LSU Medical Center in New Orleans should take the necessary action to ensure that all bank reconciliations are performed on a timely basis.

Management's Response: Management concurs with the audit finding. It should be noted, however, that bank reconciliations were performed on a timely basis for the other credit card and bank accounts. Steps will be taken to ensure that these accounts are also reconciled during fiscal year close out procedures. Under separate cover, the Professional Practice Association acknowledged the problem and provided a partial reconciliation. To facilitate the reconciliation of the Bookstore credit card account, management intends to take the following actions:

- 1) Establish a separate general ledger account for American Express transactions which are handled differently from other bank cards, and;

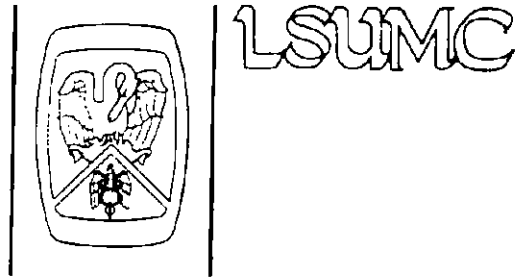
2) Seek approval from the LSU Systems Office and the Cash Management Review Board to establish new bank accounts to segregate activity between the three bookstore locations: the Medical School, the Dental School and the Resource Center.

Thank you for your understanding and support of the programs and services of Louisiana State University Medical Center. We look forward to building upon the close working relationship we have with your office.

cc: Mervin L. Trail, M.D.
William Silvia
Terry W. Ullrich
Robert A. Bourgeois
Victor Kazim
Victor Pitcock

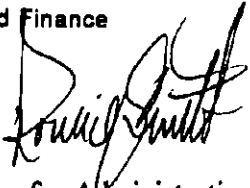
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Office of the Vice Chancellor
for Administration and Finance

December 13, 1994

From: Ronnie Smith 
Vice Chancellor for Administration and Finance

To: Peggy Olivier, CPA
Legislative Auditor

Subj: LSU MEDICAL CENTER NEW ORLEANS REPORTABLE CONDITION -
ELECTRONIC DATA PROCESSING CONTROLS

We appreciate the opportunity to respond to your finding and recommendation. We concur with the finding.

We have reviewed our EDP policies, procedures, and internal controls as they relate to the Legislative Auditor's finding and recommendation. As a result of this review, procedures have been or will be revised where appropriate to correct the condition identified. Specifically:

Computer Services is now reporting on every incident of Computer Services personnel modifying production data. Reports are generated from loggings as captured by the ACF2 security software. The individuals logged must explain the reasons for the access. The ultimate end is to remove update access to production data from the programming staff. In order to achieve this, a method will be developed to activate a firecall ID when extraordinary access is needed. Activation of the firecall ID will result in an incident being generated and all access with the firecall ID will be logged for inclusion in the incident. These incidents and reports will be reviewed by management on a regular basis. A screen will be added to the Job Management System (JMS) that will require a request number and explanation before any

**Subj: LSU MEDICAL CENTER NEW ORLEANS REPORTABLE CONDITION -
ELECTRONIC DATA PROCESSING CONTROLS**

changes are allowed to the production datasets that JMS controls. JMS will check to ensure that there is an active request of that number in the Request System before the change will be allowed. A report will be produced and will be reviewed and discussed on a regular basis by management. The ultimate end is to remove the access to production and use a firecall ID when extraordinary access is needed.

Formal written standards and procedures for testing, application documentation, and modifications to application programs will be formulated for the application section. However, time and resources for the applications section are limited. Therefore, standards and procedures will be addressed in phases. Once formulated, the standards and procedures will be distributed among employees, and reviewed periodically to ensure all changes are documented and that employees have updated information.

All access to the computer room will be reassessed and restricted to business need. The card access system will be upgraded to handle the additional readers required and to allow for reporting, storing, and monitoring of the access for at least a week on-line and several years for storage. Those who need only intermittent access will use the receptionist logging system now in effect rather than assigning a card for that access. The data center area will be rekeyed and secured at the stairwell doors and the UPS room. The rooms within the data center that have consoles and sensitive documentation will be locked and secured.

Computer Services is obtaining cost estimates for rekeying the floor and sensitive areas and upgrading or replacing the current card access system.

Management concurs with the finding. As discussed earlier, actions will be taken to control changes to production source programs. The data center will require individuals who have impacted production to explain why the access was initiated. Also, there will be a screen in the JMS system which will require an explanation for the modification, a request number will

**Subj: LSU MEDICAL CENTER NEW ORLEANS REPORTABLE CONDITION -
ELECTRONIC DATA PROCESSING CONTROLS**

have to be given and this number will be checked against the system for existence and status before the modification can take place. All of these incidents will be reported and discussed at the weekly managers' meeting. As previously stated, the ultimate goal is to establish firecall IDs and remove the inappropriate access to production.

**cc: David Troendle
Mike Barrilleaux
Mervin L. Trail, M.D.**

SCHOOL OF DENTISTRY

Louisiana State University
Medical Center
1100 Florida Avenue
New Orleans, LA 70119-2799
Telephone: (504) 948-8500
FAX: (504) 942-8340



LSUMC

Office of the Dean

October
27
1994

Ms. Peggy Olivier
Legislative Auditors
Room 206D - Resource Center
433 Bolivar Street
New Orleans, LA 70112

Dear Ms. Olivier:

Enclosed are the responses to your inquiries regarding the LSU Medical Center School of Dentistry Faculty Dental Practice accounting procedures. Dr. Boozer has prepared these responses and I have reviewed and approved them. We believe these changes will alleviate your concerns.

Thank you for your assistance.

Sincerely,

Eric J. Hovland, DDS, MEd, MBA
Dean

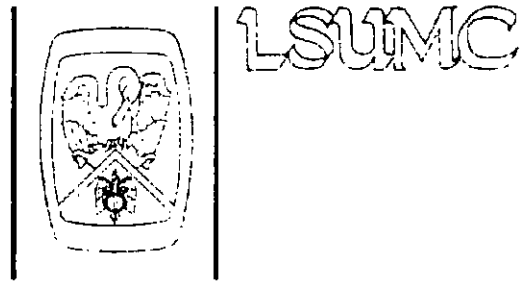
EJH:McM
Enclosure

FACULTY DENTAL PRACTICE

1. Numbered receipt books are presently used by all FDP areas for all monies collected, however, a log is not made for tracking receipts remaining in stock. Since FDP has a total of four separate areas which issue receipts to patients this presents a problem and a system needs to be developed to track these receipts. We are in the process of seeking the advice of the auditor to demonstrate a system which can track these receipts in all four areas.
2. The FDP billing system was designed to handle charges and payments as totally separate functions, that is, until batch is run nightly. It is at this time that payments are matched to outstanding charges. In fact, the "Daily charge and payment report" generated lists the charges and payments separately. Because of this, it was previously felt that as long as the charges were entered correctly and verified the next day against the actual charge sheet, then the verified payments should automatically be matched internally by the computer system. No errors or irregularities had been experienced in the past four years as a result of this method, however, the recommended procedure will be performed entirely by management instead.
3. The charge description master and charge amounts are now only accessible by management.
4. The billing sheets must now have the dentist's signature or their name signed by the hygienist.
5. The accounting transaction menu is now only accessible by the two accounting clerks and management. This problem developed recently from an overlapping security system between the mainframe in New Orleans and our programmers in Shreveport.

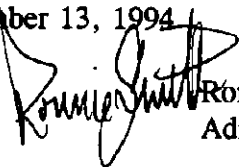
**LOUISIANA STATE UNIVERSITY
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Office of the Vice Chancellor
for Administration and Finance

December 13, 1994

From:  Ronnie Smith, Vice Chancellor for
Administration and Finance

To: Peggy Olivier, CPA
Legislative Auditor

We appreciate the opportunity of responding to the issues raised in the audit by your office for the fiscal year ended June 30, 1994 at the New Orleans campus of the Louisiana State University Medical Center. Your review and suggestions have been of continued value to the Medical Center in improving our internal controls and management practices. In all cases, every possible effort will be made to complete corrective action within the current fiscal year.

LOUISIANA PROCUREMENT CODE

Condition: The LSU Medical Center-New Orleans failed to follow the state procurement code and the Chancellor's policy memorandum (CM-5) for certain food and rental of facilities purchases.

Recommendation: The LSU Medical Center in New Orleans should follow the Louisiana Procurement code and established procedures relating to food and official function/entertainment expenditures.

Management's Response: Management concurs with the audit finding. The expenditure of \$91,258 was in relation to continuing education programs, held without benefit of three telephone quotes as required by the Procurement Code. Because contracts were entered into in good faith and dates were blocked off by the hotels, it was decided to continue to hold the programs with the knowledge and approval of the former Chancellor. Since June 1990, facilities for continuing education have been procured in accordance with the Louisiana Procurement Code and such compliance will continue.

The LSU Medical Center is reviewing its policies and procedures in relation to food and official function/entertainment expenditures. The intent of the review is to strengthen compliance with CM-5 and to provide further clarification of the expenditures which follow

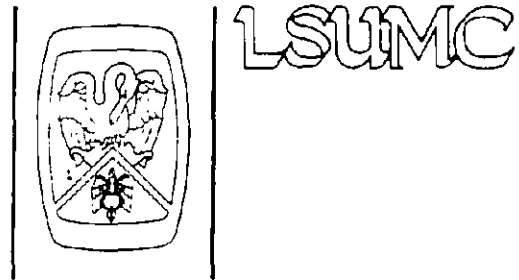
under the policy and under the procurement code. Expenditures which do not meet the criteria set by the Louisiana Procurement Code or CM-5 will not be processed for payment. The expenditure of university funds for alcohol is contrary to university policy. The amount of \$846 will be credited to the appropriate account and the cost of the alcohol will be paid from a non-university source.

Thank you for your understanding and support of the programs and services of Louisiana State University Medical Center. We look forward to building upon the close working relationship we have with your office.

cc: Mervin L. Trail, M.D.
William Silvia
Terry W. Ullrich
Robert A. Bourgeois
Victor Pitcock
Matthew T. Gedge

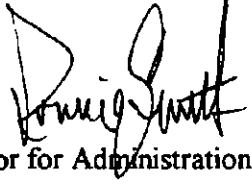
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Office of the Vice Chancellor
for Administration and Finance

December 13, 1994

From: Ronnie Smith 
Vice Chancellor for Administration and Finance

To: Peggy Olivier, CPA
Legislative Auditor

Subj: LSU MEDICAL CENTER NEW ORLEANS REPORTABLE CONDITION -
INTERNAL CONTROLS; CASH RECEIPTS - PROFESSIONAL PRACTICE
ASSOCIATION

We appreciate the opportunity to respond to your finding and recommendation.

Management Response: Concur

We are confident that the internal controls over cash receipts for the Professional Practice Association (PPA) have been strengthened and are now sufficient to identify the responsible individual should cash be missing in the future. When appropriate, a follow-up audit will be scheduled to determine whether the PPA is following the internal control procedures recommended by the LSUMC Internal Auditors.

cc: Mervin L. Trail, M.D.

**SCHOOL OF
MEDICINE IN NEW ORLEANS**

Louisiana State University
Medical Center
1542 Tulane Avenue
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FAX: (504) 568-4008



LSUMC

Office of the Dean

June 30, 1994

**Peggy Olivier
Legislative Auditor**

I submit the following in response to the Audit comments made by the Legislative Auditor regarding the operation of the Professional Practice Association (PPA).

1 Patient Billing Credit balances - Attached is a copy of the policy and procedures developed by the PPA to address this concern. Attachment # 1

2 Patient charges - Audits are being performed on an ongoing basis comparing the medical record to the patient billing record to insure appropriate compatibility.

3 Inadequate EDP access controls - PPA is in the process of installing an upgraded version of the IDX System during the first week of July, 1994. The upgrade of the IDX System will permit the implementation of the IDX Security Plus System feature. The System will establish categories by user. The System will control authorized users and identify their input. Attached for you information is a users manual and highlight sheet. Further it is anticipated that Medical Center Data Processing will approve, document and maintain the integrity of the security system through a Medical Center Data Processing employee.

4 Inadequate documentation for physician courtesy - Attached is the discount policy for PPA physicians, physicians will utilize this form to identify individual charge tickets for discounts and fully sign as indicated. Certain categories of patients as outlined in the policy will be given account level discounts as approved by the Executive Committee of the PPA.

Please advise should further information or documentation in this matter be required.

Sincerely,


Robert S. Daniels, M.D.
Dean, School of Medicine N.O.

xc: Ronnie Smith
Vic Kazim

B-130

School of Allied Health Professions School of Graduate Studies

School of Dentistry

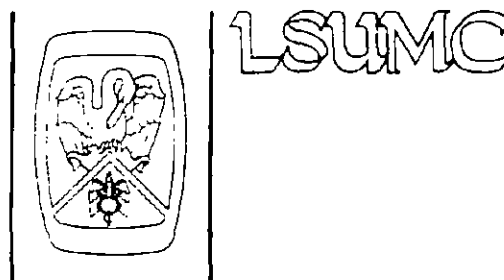
School of Medicine in New Orleans

School of Medicine in Shreveport

School of Nursing

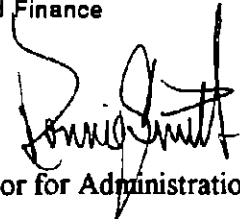
**LOUISIANA STATE UNIVERSITY
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Office of the Vice Chancellor
for Administration and Finance

December 15, 1994

From: Ronnie Smith 
Vice Chancellor for Administration and Finance

To: Peggy Olivier, CPA
Legislative Auditor

Subj: LSU MEDICAL CENTER NEW ORLEANS REPORTABLE CONDITION -
TERMINATED EMPLOYEES

We appreciate the opportunity to respond to your finding and recommendation. We concur with the finding.

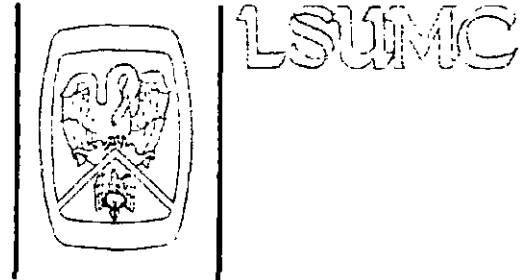
We reviewed the three instances where delays occurred in changing the records in the Payroll Personnel System to show that the three employees were terminated. It should be noted that no instances of overpayments were identified as a result of these delays.

To correct this condition, we will determine the reason(s) for the delays, any internal controls that were bypassed, and any additional controls that are necessary. Where appropriate, existing controls will be reemphasized and new controls will be adopted.

cc: Mervin L. Trail, M.D.

**LOUISIANA STATE UNIVERSITY
MEDICAL CENTER**

433 Bolivar Street
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Telephone: (504) 568-4800



Office of the Chancellor

October 14, 1994

From: Mervin Trail *met*
Acting Chancellor

To: Peggy Olivier
Legislative Auditor

Subj: LSU MEDICAL CENTER NEW ORLEANS REPORTABLE CONDITION-THEFT
OF FUNDS FROM THE RESIDENCE HALL

We appreciate the opportunity to respond to your finding and recommendations.

The Residence Hall staff under the supervision of the Vice Chancellor for Institutional Services will implement the recommendations of Internal Audit Report NO-13-94 and the additional recommendations listed in the Legislative Auditors Finding. The Vice Chancellor for Institutional Services will provide me with a written report addressing the implementation of each recommendation and this report will be available to you for next year's follow-up.

The Vice Chancellor for Institutional Services has reported to me that the person suspected of taking the missing funds was contacted and offered to make restitution after admitting to taking the funds. The Vice Chancellor for Institutional Services will coordinate this restitution to ensure that recovered funds are deposited to the proper accounts. In addition, as you recommended, the Vice Chancellor for Institutional Services, after consulting with legal counsel, will initiate any other legal action necessary.

We rely on Internal Audit to be an integral element of our control environment and will, through training and education, ensure that our managers understand the need to continuously evaluate internal controls to identify and then eliminate risk areas. We value your help in this matter and feel that you have helped strengthen our internal control system.

cc: Jim Patin
Ronnie Smith

New Orleans
Louisiana 70148
(504) 286-6207

October 7, 1994

Dr. Daniel G. Kyle
Office of the Legislative Auditor
1600 Riverside N.
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

Subject: Your Audit Comment - OFCCP
Conciliation Agreement

We agree with your comment. The oversight was immediately corrected on discovery, i.e., September 1, 1994.

Sincerely,



PATRICK M. GIBBS
Vice Chancellor for Business Affairs

PMG/sc
pc: Mr. Ed Booker, Legislative Auditor

Office of Accounting Services

New Orleans
Louisiana 70148
(504) 286-6211

November 17, 1994

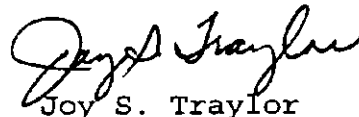
Dr. Daniel G. Kyle
Office of the Legislative Auditor
1600 Riverside N.
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

Please find below the University's management response to the fiscal year 1993-94 audit finding on Excess Reimbursement:

In order to prevent this type of clerical error in the future, a new procedure will be implemented. For each personnel action form received in the Payroll department relating to a termination or resignation, a review of the calculation of the number of days used to determine the final paycheck will be verified by another Payroll employee other than the employee making the original calculation.

Sincerely,



Joy S. Traylor
Director
Office of Accounting Services

New Orleans
Louisiana 70148
(504) 286-6211

October 7, 1994

Dr. Daniel G. Kyle
Office of the Legislative Auditor
1600 Riverside N.
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Subject: Audit Comment -- Accounts Receivable

Dear Dr. Kyle:

In January, 1994 an Accounts Receivable Manager was hired to monitor and collect accounts receivable past due balances.

The finding indicates that "sole accountability" has not been delegated to him; collection of receivables is also the responsibility of other accounting services managers, e.g., the Bursar. The period of time the manager has been employed has not been sufficient to completely solve the problem.

During this time, his efforts have been devoted to both collection and verifying documentation in anticipation of referring some of the older, more difficult debts to outside collection agencies.

The size of the balance was also affected by delaying the write off of some accounts which were three years old (which normally would be written off) based on the manager's opinion that the accounts were collectible.

Also due to the installation of the new student accounting system in January 1994, the Bursar's focus was mainly on the transition to this new system. However with the system now in place, management anticipates significant improvements in the collection activities.

Of the account receivables between 91 and 360 days, \$121,688 is due from the Facility Planning and Control Department of the Division of Administration and consists of funds deposited for construction of the University Children's Center, representing approximately 1/4 of the \$429,954. Facility Planning is now in the process of returning these funds to the University. The majority of the balance represents student accounts for which the Accounts Receivable Manager is pursuing collection through all techniques available.

His collection efforts are also being applied to the 361 days delinquent accounts attempting to contact all accounts, student and commercial, and has made progress in establishing payment plans with many accounts. The 361 day category is also larger for 1993-94 due to not writing off all accounts which were eligible as was noted above.

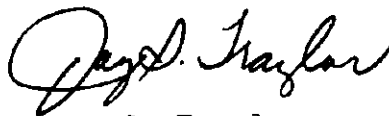
Procedures have been established to produce aging reports on the last business day of each month and will be reconciled to the general ledger by the Accounts Receivable Manager and reviewed by the Bursar.

The Accounts Receivable Manager is resolving the incomplete information that was noted in this finding. As he attempts to collect on each account, he is updating the file for incorrect addresses and incomplete information. He is using skip tracing methods to obtain current addresses. In addition he is notified, on a daily basis, of all return mail relating to collection efforts.

We now have in place a required review by a manager that the necessary documentation to support subsequent collection is present at the time a receivable is established. This will prevent the creation of any unsupported receivables.

The combination of the full-time efforts of the Accounts Receivable Manager, use of outside agencies for the collection of older debts, the procedural modifications, and the fully operational student account system will resolve the current problems.

Yours truly,



Joy S. Traylor
Director
Office of Accounting Services

pc: Mr. Ed Booker, Legislative Auditor

Office of Accounting Services

New Orleans
Louisiana 70148
(504) 286-6211

November 17, 1994

Dr. Daniel Kyle
Office of the Legislative Auditor
1600 Riverside N.
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

Please find below the University's management response to the fiscal year 1993-94 audit finding on refunds to the Title IV programs:

As was noted in the finding, the University did not always accurately calculate or allocate a student refund. In part this is due to the changes in Title IV refund regulations for Student Financial Aid recipients, along with stricter guidelines required with the reauthorization of the Higher Education Act. Administrators continue to question the appropriate procedures to be used in calculating refunds. This was confirmed recently at a NACUBO conference relating to this subject where accounting and student financial aid personnel from other institutions, attested to experiencing the same concerns. The University management of Accounting Services and Student Financial Aid have met on numerous occasions to define the procedures necessary to implement the new refund and repayment worksheets recommended by the Department of Education.

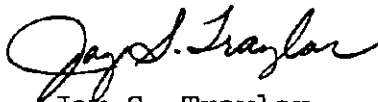
Accordingly, the existing policies and procedures relating to the refunds established by the University were updated in August 1994 to comply with the changes in the Code of Federal Regulations. The revisions were based on management's interpretation of these guidelines. Subsequent "Dear Colleague" letters clarifying various aspects of these guidelines have required further changes in the updated refund policies and procedures.

Also noted in the finding was the delay in calculating, allocating and remitting student refunds. This can be attributed to personnel vacancies in both Accounting Services and Student Financial Aid in the student refund area, which interrupted the continuity in the implementation of these guidelines.

Thus, the errors that were detected are a direct consequence of the continuous change in refund policies and procedures, personnel vacancies and the difficulty in filling these vacant positions with experienced personnel.

With the new student accounting system in place since January 1994, the University is receiving student aid refund information on a more timely basis. In addition, an intermittent employee has been hired to assist in handling the increased volume of paperwork required in order to adhere to the new regulations. Therefore, the University is confident that refunds will be calculated, allocated and remitted accurately and timely in the future with the continued cooperation between the two offices responsible for administering these refunds.

Sincerely,

A handwritten signature in cursive script, reading "Joy S. Traylor". The signature is written in dark ink and is positioned above the printed name.

Joy S. Traylor

Director

Office of Accounting Services

November 30, 1994

Dr. Daniel Kyle
Office of the Legislative Auditor
1600 Riverside N.
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

We have carefully considered the findings of the Legislative auditors charged with auditing UNO's Office of Student Financial Aid operations for the 1993-1994 period.

We concur in the general finding that UNO did not have adequate written policies and procedures for processing applications and awarding aid as required by federal regulations. Prior to the 1994-95 year, UNO Student Financial Aid, in addition to the Federal regulations, used a variety of forms, notes, screens, the Financial Aid Handbook, handouts from conferences, contacts with colleagues at other institutions, etc. as guidance in processing applications and awarding student financial aid.

We have now developed and are currently using a comprehensive Policies and Procedures Handbook which spells out policies and procedures for the conduct of all financial aid activities. We believe that these policies and procedures, which we have carefully reviewed to ensure complete compliance with federal regulations, provide clear explicit guidance for professional, classified and student workers who conduct Student Financial Aid Office business.

In developing the Policies and Procedures Handbook, we have been conscious of providing a solid internal control structure that provides checks and balances and ensures that no one employee is in a position to improperly initiate actions or to conceal errors or irregularities; appropriate supervision and review are built-in.

Several of the specific actions we have taken are detailed in Ms. Jocelyn Green's memo to me of this date.

We have taken special note of the finding that there was previously no way that the university could be assured that employees of Student Financial Aid who are also students of the university receive financial aid on a fair and impartial basis, and that the amounts of aid they receive are in line with the amounts by all other students.

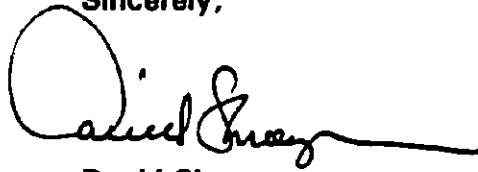
This very serious finding, with which we concur, has been thoroughly addressed by a written procedure that gives only the Director of Student Financial Aid the authority to initiate, modify, or revise awards for employees. To insure proper review and accountability, the Assistant Vice Chancellor for Enrollment Management will also review and sign off on every award for an employee of the Student Financial Aid Office.

It is important to note that the current Acting Director of Student Financial Aid began serving in that capacity on May 5, 1994, near the end of the 1993-1994 year. In the seven months since she assumed those duties, as evidenced by the Policies and Procedures Handbook, we have initiated substantial positive changes in the management of the Office.

Finally, the Office of Student Financial Aid will conduct ongoing inservice training of all staff on the Policies and Procedures Manual and will document that each member of the staff has participated in the Policies and Procedures workshops.

Should you have any further questions, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "David Shroyer", with a long horizontal flourish extending to the right.

**David Shroyer
Assistant Vice Chancellor
for Enrollment Management**

Attachment: November 30, 1994 memo from Jocelyn Green to David Shroyer

**cc: Mr. Ed Booker, Legislative Auditor
Mr. Daryl Hankel, Manager of Internal Auditing and Systems Development**

New Orleans
Louisiana 70148
(504) 286-6207

November 17, 1994

Dr. Daniel Kyle
Office of the Legislative Auditor
1600 Riverside N.
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Please find below the University's management response to the fiscal year 1993-94 audit finding on time and attendance records:

While the University concurs with part of the audit finding, we strongly object to several of the points cited in the finding.

Concerning leave records not being signed by 6 employees, we concur with the finding. However, University policy states that leave records must be signed by the first day of the following month. Given the nature of some of our responsibilities, i.e., travel, non-routine teaching and or research schedules, sometimes this is not possible. Three of the 6 employees cited had been keeping up with their record on a monthly basis, and were only a week late in signing at the time their records were selected for audit. Their records were subsequently signed. One of the 6 employees had terminated employment in mid month, and therefore, was not available to sign her attendance-leave card. Her record was subsequently signed on her behalf by a coworker.

The remaining two employees had not been signing their records on a regular basis. We continue to improve in this area, however, through increased management enforcement of University policies, an aggressive internal audit program, and a new procedures training program conducted by Human Resource Management.

In regards to not having leave slips approved for three of 17 employees, and 5 of 17 employees with no leave slips at all, it has never been mandatory at the University to use leave slips. We do, however, concur with this portion of the finding, and we are implementing a policy of mandatory use of leave slips.

Regarding the discrepancy between a time sheet and the attendance-leave record, we do not concur with this portion of the audit finding. The employee in question had a correction on her official

Dr. Kyle
Page 2 of 3
November 17, 1994

leave document, the "Attendance-Leave Record". At the time the error was found and corrected, the time sheet, submitted for payroll use only, and only to provide information on the number of hours in a pay status, had been processed for the proper number of pay status hours. The time sheet document, having served its purpose, was filed. The discrepancy was very insignificant and had absolutely no consequence on the number of pay status hours submitted. The payment document processed reflected the correct number of hours in a pay status, and the "Attendance-Leave Record" reflected the proper number of hours of leave taken. We made a judgement call in not wasting precious man hours in retrieving documents to make an inconsequential technical correction. Had the discrepancy caused payroll hours to be wrong, it certainly would have been properly noted and corrected.

For the "two of 10 classified employee time sheets (that) were not signed by the employee's supervisor", we do not concur with this portion of the audit finding. The timesheets were signed by administrative assistants as authorized delegates of the supervisors.

For the employees that did not sign their time sheet or were not approved by their supervisor, we do not completely concur with the audit finding. University policy does not require employee signatures on temporary employee timesheets. We do concur, however, that the supervisor's signature should have been there.

For the employees with leave taken but did not have their leave correctly subtracted on their attendance-leave records, we concur with this portion of the finding. A total of 12 hours of sick leave were unaccounted for in error. We respectfully regret the error, and continually strive to improve our accuracy.

In closing, I would like to reiterate that the University continues to emphasize and enforce University policies through our management to ensure compliance. We also have an aggressive internal audit program to help us accomplish this: for the 1993-94 fiscal year, we audited a total of 1,085 attendance/leave/timesheet records in 74 different departments on campus. We have also instituted a campus-wide training program to inform our staff of, and clarify to them, our policies and procedures. We feel that we have significantly improved our record keeping over the past three years, and continue to improve even more. Unfortunately, with a leave records system that is totally manual in nature, compliance issues will always be a factor.

Dr. Kyle
November 17, 1994
Page 3 of 3

However, we recently organized a project team to analyze and modify University policy, and to redesign and automate the leave records system. We hope to see even more improvement in the near future.

Sincerely,

A handwritten signature in cursive script, appearing to read "Daryl Hankel".

Daryl Hankel
Manager, Internal Auditing and
Systems Development

cc Lou Paradise, Vice Chancellor of Academic Affairs and Provost
Pat Gibbs, Vice Chancellor of Business Affairs
Henry Dillon, Director of Human Resource Management



LOUISIANA TECH UNIVERSITY

• OFFICE OF VICE-PRESIDENT FOR ADMINISTRATIVE AFFAIRS •

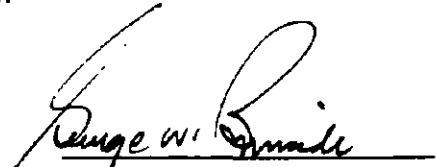
Management Responses To Legislative Audit Report Findings

Fiscal Year Ending June 30, 1994

Funding Description: Federal Perkins Loan Program Excess Cash

Louisiana Tech University has thoroughly reviewed procedures associated with cash management of funds received for the Federal Perkins Loan Program with particular emphasis on estimation of appropriate funding levels at the close of each fiscal year.

The United States Office of Education has provided the university with written approval for use of all funds available at June 30, 1994.


George W. Byrnside
Vice President for
Administrative Affairs



LOUISIANA TECH UNIVERSITY

• OFFICE OF VICE-PRESIDENT FOR ADMINISTRATIVE AFFAIRS •

Management Responses To Legislative Audit Report Findings

Fiscal Year Ending June 30, 1994

Funding Description: Failure to Send Status Change for Unclassified Employees.

Louisiana Tech University has never considered that retention of a nine-month faculty employee to teach during all or part of a summer quarter constitutes a change in employment status. The faculty member's employment contract is not amended to reflect these additional responsibilities and, in many instances, the employee will return to full-time employment in the ensuing fall quarter at the same salary rate paid the previous academic year. The University has always requested and received prior approval of summer school appointments from the Board of Trustees for State Colleges and Universities but, until this audit, has never been aware that such employment must be reported to the State Department of Civil Service as a change of employment status.

While we have reasonable concern relative to the additional clerical load required for implementation, we certainly do not want to be considered in continued violation of LRS 42:290 and Civil Service General Circular No. 1100. Effective with the Summer Quarter, 1995, Louisiana Tech University will therefore fully comply with the remedy specified in the audit finding.

A handwritten signature in cursive script, reading "George W. Byrnside".

George W. Byrnside
Vice President for
Administrative Affairs



LOUISIANA TECH UNIVERSITY

• OFFICE OF VICE-PRESIDENT FOR ADMINISTRATIVE AFFAIRS •

Management Responses To Legislative Audit Report Findings

Fiscal Year Ending June 30, 1994

Funding Description: Student Financial Aid Overaward and Exit Counseling

The university will review its procedures to ensure that all students are awarded financial aid based upon their eligible level of participation. The overaward in the amount of \$684 to one student and failure to document an exit interview with another student appear to be isolated instances of employee oversight.

The university has initiated an enhanced automation study of all financial aid programs for the purpose of ensuring full compliance with all applicable federal regulations and guidelines.

A handwritten signature in cursive script, reading "George W. Byrnside", written over a horizontal line.

George W. Byrnside
Vice President for
Administrative Affairs

B-146



EDWIN W. EDWARDS
GOVERNOR



JOHN F. ALES
SECRETARY

DEPARTMENT OF NATURAL RESOURCES

August 5, 1994

Dr. Daniel G. Kyle, Legislative Auditor
State of Louisiana
1600 Riverside N
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

This is in response to the proposed reportable comments statement dated July 25, 1994.

I agree that there are three conditions concerning electronic data processing controls that are still unresolved. However, great progress has been made over the last two years in resolving problems with these controls. After our audit for Fiscal Year ending June 30, 1993, a list of nineteen EDP Legislative Audit Action Items that was developed that encompassed the various problems that had been pointed out. Of these nineteen items only three, as cited in your audit findings, remain. Unfortunately there is significant cost associated with addressing these. However, as the fiscal year progresses we will attempt to find resources within the department to resolve these items.

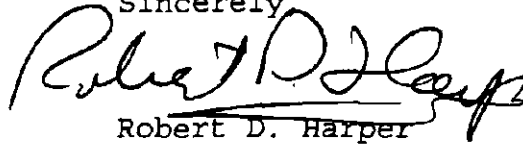
The Department also concurs with your recommendation to establish an effective internal audit function. In this context, we had allocated by the Department of Civil Service on May 23, 1994 an auditor position that reports directly to the Undersecretary. We delayed filling this position until the completion of the appropriation cycle for the current fiscal year to insure adequate funding and are now scheduling interviews for this position.

B-147

Mr. Daniel G. Kyle
August 5, 1994
Page 2

I hope this adequately responds to your proposed comments and stand ready to discuss the situations further if you feel it is necessary.

Sincerely

A handwritten signature in black ink, appearing to read "Robert D. Harper", with a stylized flourish at the end.

Robert D. Harper
Undersecretary

RDH/mg

c: Mr. John Ales, DNR Secretary

(FILE:ACCOUNT/AUDIT4)



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



MEMORANDUM

TO: Jackie Miljack
Legislative Auditor

FROM: Dianne Harris, MBA, NFA, RN
LTC Hospital Administrator I *Dianne Harris*

DATE: April 12, 1994

RE: Written Responses to Audit Findings

Pursuant to our meeting of March 1, 1994, please find our responses to your preliminary audit findings.

A. Daily Census Report/Response

Nursing Service has revised the Supervisor's Report Sheet to reflect when a resident has been transferred to the hospital and the number of each day counted until officially discharged, (midnight of the 10th day). The report will be verified by the nursing supervisor. The Nursing Supervisor and LPN's, as according to policy, will be responsible for doing a head count of residents on their particular unit at midnight.

The midnight census now reflects a line for the signature of the individual preparing the census as well as the supervisor reviewing the census. (See attachment A).

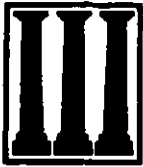
A new policy and procedure for preparing the daily census has been developed, effective February 22, 1994. (See attachment A1). Inservices have been held to acquaint the nursing staff of the new procedure.

A new policy has been created regarding the actual preparation of the census after the Daily Midnight Census forms are received from Nursing. (see attachment A2).

Social Service procedures have been developed to ensure that any changes in the level of care or pay type are distributed to the proper departments. (See attachment B - B2).

B-149
NEW ORLEANS HOME & REHABILITATION CENTER
612 HENRY CLAY AVENUE • P.O. BOX 4093
PHONE 504/896-1315 • LINC 646-1315
NEW ORLEANS, LOUISIANA 70173

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NORTHWESTERN
STATE UNIVERSITY OF LOUISIANA
Natchitoches, Louisiana 71497

Office of the President

Telephone (318) 357-6441
LINC 527-6441
FAX (318) 357-4223

September 16, 1994

Mr. Bill Ryder
In-Charge Auditor
Office of the Legislative Auditor
820 Jordan Street
Suite 306
Shreveport, LA 71101

Dear Mr. Ryder:

In connection with the audit of the financial records of Northwestern State University for the period ended June 30, 1994, university management provides the following response to the audit finding on "Advance Salary Payments".

Management's Response:

To avoid future conflicts between holiday periods and pay dates, unclassified employee pay dates which have conflicted with holiday periods, have been designated as the first working day following the close of the month for which they are being paid. This change in procedure will prevent conflicts with holiday periods.

Should you need additional information, please contact me.

Sincerely,

Robert A. Alost
President

RAA/lm



November 18, 1994

Mr. Bill Ryder, In-Charge Auditor
Office of the Legislative Auditor
820 Jordan Street, Suite 306
Shreveport, LA 71101

Dear Mr. Ryder:

The following is the University's response to the audit finding on
EDP Controls:

Management's Response:

1. Duties and responsibilities of EDP staff are not adequately defined in their job description.

A review of job descriptions and job duties will be done.
Responsibilities will be assigned and documented.

2. User departments do not document approval of applications before they are put into production.

Documented approval of applications will be done before
transferring the applications to production.

3. A security administration function does not exist.

The security administration function will be documented
for clarity.

4. There is not an effective internal audit function to monitor the activities of the Computer Center.

The University will develop an internal audit program for
EDP.

5. There is inadequate security over access to computer hardware and software.

Access to the Computer Center will be restricted.
Software security will be enhanced to allow read-only
access by the programming staff.

TO: MR. BILL RYDER
FROM: DR. ROBERT ALOST
PAGE: 2

6. Password changes are not documented.

Documentation of password changes will be enforced.

7. There is no formal disaster recovery plan.

We will pursue disaster recovery plans with our hardware vendor, software vendors, and other educational institutions in the state.

8. Programmers occasionally act as operators which results in a lack of segregation of duties.

Programmers will be restricted from operations duties.

If additional information is required, please contact the University.

Sincerely,



Dr. Robert A. Alost
President

RAA/pc



NORTHWESTERN
STATE UNIVERSITY OF LOUISIANA
Natchitoches, Louisiana 71497

Office of the President

Telephone (318) 357-6441
LINC 527-6441
FAX (318) 357-4223

September 19, 1994

Mr. Bill Ryder
In-Charge Auditor
Office of the Legislative Auditor
820 Jordan Street
Suite 306
Shreveport, LA 71101

Dear Mr. Ryder:

The following is the University's response to the audit finding regarding deposits made by branch campuses:

Management's Response:

The University concurs with the auditor's recommended action and will review its policy and procedure regarding deposits with the off-campus administrators. Management will continue to emphasize that deposits must be made timely in order to comply with University policies and with the law.

The University will also make every effort to monitor its controls periodically to ensure that management is notified when improper deposits are made.

Sincerely,

Dr. Robert A. Alost
President

RAA/lm



NORTHWESTERN
STATE UNIVERSITY OF LOUISIANA
Natchitoches, Louisiana 71497

Office of the President

Telephone (318) 357-6441
LINC 527-6441
FAX (318) 357-4223

September 22, 1994

Mr. Bill Ryder
Auditor In-Charge
Office of the Legislative Auditor
820 Jordan Street, Suite 306
Shreveport, La. 71101

Dear Mr. Ryder:

The following is the University's response to the audit finding regarding untimely refunds.

Management's Response:

The University has revised its procedure to ensure that the Title IV program regulations are met. New reporting procedures have been established so that the Financial Aid Office is notified at once when a student has resigned from the University. This notification will insure that the required time line for refunds to students and to the Title IV programs are met.

The new report of resignations will ensure that the Financial Aid Office is notified in a timely manner, which will ensure that Title IV regulations are followed and refunds to the federal programs meet the programs' requirements.

Sincerely,

Dr. Robert A. Alost
President

RAA/lm

The Board of Commissioners

OF THE

Orleans Levee District

SUITE 202 — ADMINISTRATION BUILDING
NEW ORLEANS LAKEFRONT AIRPORT

New Orleans, La.

70126

PROTECTING YOU
AND YOUR FAMILY



September 16, 1994

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
State of Louisiana
Office of Legislative Auditor
Post Office Box 94097
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

In response to Legislative Auditor memorandum dated August 24, 1994 (photocopy attached), the Orleans Levee District offers the following:

AUDIT FINDING: ADVANCE OF PUBLIC FUNDS

MANAGEMENT RESPONSE:

The computer consulting firm was initially engaged for computer consulting services relative to the existing on-site main frame computer and planned migration to an integrated personal computer local area network. In addition to consulting services, the consultants will provide staff training, restructuring the Data Processing Department hardware and software up-grade and utilization of computing equipment owned by the consultants.

The amounts expended in excess of the signed contracts (\$159,286) were fully funded by Board action (Resolution #7-042794) which in effect, represents a funded change order adjustment to the existing engagements. This mechanism is applied in a similar procedure for the District's many and varied legal consultant engagements.

The amounts expended for a semi-annual contract installment (\$260,000) on July 1, 1994 (as approved by Board Resolution #8-042794) provided advance funding for the necessary lead time to commit consultant services/resources in line with the master work plan for formulation, design, implementation and testing for the immediate and long-term District requirements for a fully automated computerized environment. The advance

Board of Commissioners
Orleans Parish District

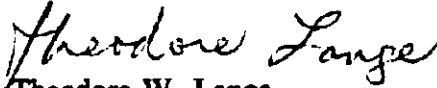
Daniel G. Kyle, Ph.D., CPA, CFE
RE: Advance of Public Funds
September 16, 1994
page 2

represents the good faith agreement and deposit of start-up funding (seed money) from the Board to the consultant in a major project undertaking.

This concept of start-up funding has been employed in prior years in such major projects as FAA/AIP projects, and development of South Shore Harbor Marina (including advertising and marketing). Prior contract settlements also required advance payouts of consultant agreements for foregone services and fees terminated by premature contract cancellations.

Thank you for your time and consideration in the foregoing.

Sincerely,


Theodore W. Lange
Director

TWL/MEH/asj

Attachment

The Board of Commissioners

OF THE

Orleans Levee District

SUITE 202 — ADMINISTRATION BUILDING
NEW ORLEANS LAKEFRONT AIRPORT

New Orleans, La.

70126

PROTECTING YOU
AND YOUR FAMILY



September 16, 1994

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
State of Louisiana
Office of Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana, 70804-9397

Dear Dr. Kyle:

In response to Legislative Auditor memorandum dated September 6, 1994 (photocopy attached), the Orleans Levee District offers the following:

AUDIT FINDING: ETHICS VIOLATION

MANAGEMENT RESPONSE:

The matter of a possible ethics violation regarding a Board member and an Engineering consultant concerning certain warehouse property improvements provided by the consultant has been initially discussed between the Board member and Acting General Counsel. There was not at any time a cash benefit to the Board Member or material influence relative to the engagement of the consultant services to the District. The Acting General Counsel will review the matter with the President and determine any further actions with the States Ethics board.

Board of Commissioners
Orleans Levee District

Daniel G. Kyle, Ph.D., CPA, CFE
RE: Ethics Violation
September 16, 1994
page 2

Thank you for your time and consideration in the foregoing.

Sincerely,

A handwritten signature in cursive script that reads "Theodore W. Lange".

Theodore W. Lange
Director

TWL/MEH/asj

Attachment

The Board of Commissioners

OF THE

Orleans Levee District

SUITE 202 — ADMINISTRATION BUILDING
NEW ORLEANS LAKEFRONT AIRPORT

New Orleans, La.

70126

PROTECTING YOU
AND YOUR FAMILY



October 17, 1994

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
State of Louisiana
Office of Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

In response to audit finding concerning **LEGAL SERVICES CONTRACTS**, the Orleans Levee District offers the following:

MANAGEMENT RESPONSE:

The observations of the Auditor regarding several discrepancies relative to certain legal services contracts will be brought to the attention of the Acting General Counsel and President.

For those legal service contracts presently in force, and containing discrepancies contrary to good business practices, the Executive Management will attempt to bring about the necessary changes (i.e., discontinuing advance payments, obtaining itemized billing and supporting documentation, complying with prescribed hourly rates, obtaining letters of understanding, etc.).

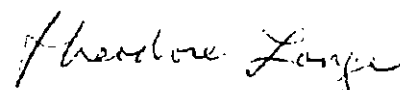
The President of the Levee District has indicated that only rates authorized by the Attorney General for professional legal services will be paid unless authorization has been received to pay in excess of the maximum hourly fee. Additionally, the Levee District will request reimbursement for any overpayment.

Board of Commissioners
Orleans Levee District

Daniel G. Kyle, Ph.D., CPA, CFE
October 17, 1994
page 2

Thank you for your time and consideration in the foregoing.

Sincerely,



Theodore W. Lange
Director

TWL/MEH/js

The Board of Commissioners

OF THE

Orleans Levee District

SUITE 202 — ADMINISTRATION BUILDING
NEW ORLEANS LAKEFRONT AIRPORT

New Orleans, La.

70126

PROTECTING YOU
AND YOUR FAMILY



September 16, 1994

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
State of Louisiana
Office of Legislative Auditor
Post Office Box 94097
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

In response to Legislative Auditor memorandum dated August 24, 1994 (photocopy attached), the Orleans Levee District offers the following:

AUDIT FINDING: PRIVATE POLICE DETAILS

MANAGEMENT RESPONSE:

The private security details were initially worked out with the principals of the District and Star Casino in order to assist the new gaming operator in providing a full compliment of P.O.S.T. certified security officers for operations on District owned property and to over see the safety of gaming patrons and thereby further insure the stability of the new revenue stream. The FORM 1099 was issued considering that the officers assigned to private details were not working on regular duty hours and that any supervision was performed in a passive manner only to insure that the private details were properly staffed and scheduled to support the Star Casino security system. Subsequent to these private security details being paid out of Orleans Levee District funds, the principals have agreed to change the disbursement procedure whereby the private details will no longer be paid by the District effective July 25, 1994, and to be paid directly by Star Casino thereafter. Up to the effective date, all disbursements by the District have been or will be reimbursed in full.

The amounts of payroll overpaid to two Orleans Levee District Police Department officers have been addressed. The overpayment amounts were reimbursed on July 22, 1994. Such a discrepancy should not occur again since new working procedures have

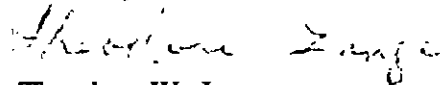
Board of Commissioners
Orleans Levee District

Daniel G. Kyle, Ph.D., CPA, CFE
RE: Private Police Details
September 16, 1994
page 2

been established to check regular shift hours worked, overtime past the regular shift hours and hours worked for private police details which should assure employees are not paid twice.

Thank you for your time and consideration in the foregoing.

Sincerely,



Theodore W. Lange
Director

TWL/MEH/asj

Attachment

The Board of Commissioners

OF THE

Orleans Levee District

SUITE 202 — ADMINISTRATION BUILDING
NEW ORLEANS LAKEFRONT AIRPORT

New Orleans, La.

70126

PROTECTING YOU
AND YOUR FAMILY



October 6, 1994

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
State of Louisiana
Office of Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana, 70804-9397

Dear Dr. Kyle:

In response to the audit finding concerning **Public Funds - Soliciting and Accepting Gifts**, the Orleans Levee District offers the following:

Management Response:

The Management response initially provided concerning the special accounting treatment for non-public funds remains as stated. The management will review further, the Auditor's concern regarding any involvement, direct or indirect, by Board employees in the retirement function of the Managing Director or other social functions involving employee participation.

Additionally, the concern of the Auditor will be addressed to the Legal Department and request to determine further action with the State Ethics Board and any specific requirement to properly inform Levee District employees of ethical conduct.

Thank you for your time and consideration in the foregoing.

Sincerely,

Theodore W. Lange
Director

TWL/MEH/ess

The Board of Commissioners

OF THE

Orleans Levee District

SUITE 202 — ADMINISTRATION BUILDING
NEW ORLEANS LAKEFRONT AIRPORT

New Orleans, La.

70126

PROTECTING YOU
AND YOUR FAMILY



September 16, 1994

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
State of Louisiana
Office of Legislative Auditor
Post Office Box 94097
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

In response to Legislative Auditor memorandum dated August 24, 1994 (photocopy attached), the Orleans Levee District offers the following:

AUDIT FINDING: MISUSE OF PUBLIC FUNDS

MANAGEMENT RESPONSE:

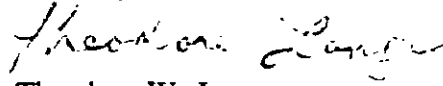
The matter involving the operation of vending machines on State property is presently under the review and appropriate follow-up action recommended by the Legal Department towards resolution of such activities.

Board of Commissioners
Orleans Levee District

Daniel G. Kyle, Ph.D., CPA, CFE
RE: Misuse of Public Funds
September 16, 1994
page 2

Thank you for your time and consideration in the foregoing.

Sincerely,



Theodore W. Lange
Director

TWL/MEH/asj

Attachment



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



December 15, 1994

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditors' Office
Post Office Box 94937
Baton Rouge, Louisiana 70804-9397

RE: Internal Controls Over Payroll
Should Be Improved

Dear Dr. Kyle:

Below, please find our response to the above:

Condition: Pinecrest Developmental Center does not have adequate internal accounting controls over payroll expenditures. There are various internal control weaknesses which could subject the center's assets to unauthorized use and/or misuse. Our examination revealed the following weaknesses:

(1). The user identification codes for two timekeepers that resigned in April were still active on June 1, 1994. These codes were assigned to new timekeepers instead of terminating the codes.

Response: New and separate I.D. codes have been given to all timekeepers/alternate timekeepers and will be changed as timekeepers change.

(2). We tested 24 employees and found errors in two employees time reports which had not been detected. The payroll department is two to three months behind in the process of verifying leave and overtime to the time entry system.

Response: We have added a new employee and are now current in verifying leave and overtime.

(3). A timekeeper has access to all time entry files and payroll masterfiles for all employees in one section, which includes 283 client workers and 402 regular workers.

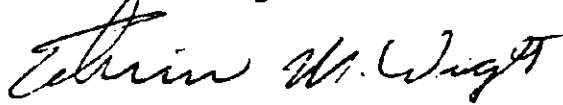
Response: Employment Services now has a separate and new Payroll Reporting Number for client workers. Timekeeper no longer has access to any master records other than their own.

(4). Site supervisors are not certifying that client workers actually worked the time reflected on their timesheets.

Response: Site supervisors are contacted by the Employment Services Director to verify and certify hours worked on those time sheets that cannot be sent out and returned in time for keying.

The Payroll Department is constantly updating procedures for the On-Line System since the facility is so large with 38 timekeepers in remote locations, and will continue to correct weaknesses as soon as detected.

Edwin M. Wright

A handwritten signature in cursive script that reads "Edwin M. Wright".

MR/DD Regional Administrator

EMW:tgh



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



December 15, 1994

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditors' Office
Post Office Box 94937
Baton Rouge, Louisiana 70804-9397

RE: Materials and Supplies Inventory

Dear Dr. Kyle:

Below, please find our response to the above:

Condition: Pinecrest Developmental Center does not have an adequate control over its material and supply inventory valued at \$467,719 at June 30, 1994. Without adequate controls being implemented, materials and supplies could be misused, abused, or stolen and not be detected in a timely manner. The following weaknesses were noted during our tests of inventory:

The same employee having custody of the pharmacy and clothing inventory items also performs the physical counts, orders, receives, and issues these items.

Response: An employee not assigned within the pharmacy will perform the inventory. The same will apply for clothing inventory.

Access to the computerized perpetual inventory records has not been limited by the use of passwords and segregation of duties.

Response: The State is currently developing a new software system, ISIS, which when implemented, will allow for limitations of access. In the meantime, we are requesting assistance from the CHIEF vendor to correct access/security deficiency in this program.

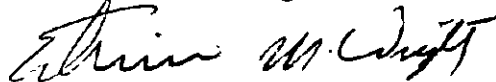
The management of the center has not established formal written policies and procedures for receiving, issuing, returning items, warehousing materials and supplies, or for monthly and year end close out procedures.

Response: A Focus Group of key personnel is developing procedures relative to receipt, issuance, warehousing, and inventory of materials and supplies.

Inventory items have been received by employees without first having a purchase order that indicates these items were ordered.

Response: A new directive restricts receipt or acceptance of any item into stock without a purchase order and all items without purchase orders will be returned to the vendor at the time of attempted delivery.

Edwin M. Wright

A handwritten signature in black ink, appearing to read 'Edwin M. Wright', written in a cursive style.

MR/DD Regional Administrator

EMW:tgh



September 14, 1994

Michael J. Keeffe
Audit Partner
Deloitte & Touche
One Shell Square - Suite 3700
701 Poydras Street
New Orleans, Louisiana 70139-3700

RE: AUDIT MANAGEMENT LETTER

Dear Mr. Keeffe:

We have reviewed the fiscal 1994 audit observations concerning suggested improvements to Board operations. Our response to your findings is as follows:

DATA MANAGEMENT CONTROLS

Accounting users share the same ID and password which limits the amount of security M.I.S. can enforce. Increased security requirements and specifications have been defined by the accounting department. As part of the implementation of these specifications, it will be required that unique ID and passwords be assigned to accounting by function and by individual. This should eliminate the current security problems. Note that passwords are presently changed every 180 days. This is now mandated and enforced automatically by the computer operating system.

ACCESS TO SYSTEM RESOURCES

Concerning command line access, the security problems mentioned here only apply to users in the accounting department. Measures have already been taken to eliminate this system level access. Currently no unauthorized user has access to command line functions.

With regard to improved controls for uploading data into the AS/400, note that no users are currently utilizing this feature. To prevent the upload and therefore the unauthorized changing of data in AS/400 master files, file access restrictions will have to be defined to limit what functions

BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS

users are allowed to perform. This will be defined as part of the Board's security guidelines that are currently being finalized.

SECURITY VIOLATION REPORTING

- This suggestion marks a very convenient way to use the logging capabilities of the AS/400 to track local and remote access attempts and to monitor security officer activity on the computer. Necessary documentation from IBM has been ordered to enable us to implement this new function.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Wagner", written over a horizontal line.

David A. Wagner
Managing Director

BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS

Post Office Box 60046 • New Orleans, Louisiana 70160 • Tel: 504 522-2551 • Fax: 504 524-4156 • Telex: 58-7496



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



October 20 , 1994

Mr. Joe Seidel
Senior Auditor-in-charge
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Seidel:

We concur with the findings that we had not fully implemented a program to adequately monitor dual participation at the completion of last year's audit. However, I am pleased to inform you that the monthly report is in operation. The WIC on WIC dual participation report was successfully run for July participation and is currently being verified, with appropriate actions taken. The WIC on CSFP report has been run for the month of August and is also now being worked by Nutrition Services and Food for Families staff. The CSFP on CSFP dual participation has always been run through the Food for Families computer system.

It is now a monthly production run and should therefore, detect dual participation in a much more timely manner than previously.

Sincerely,

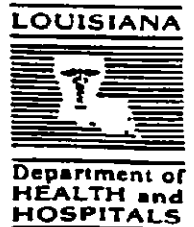
Claude J. Carbo
Public Health Executive Director

cc: Eric Baumgartner, M.D.
Andryetta Yarbrough
Pershing Delaup
Jimmie Davis



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

MEMORANDUM

DATE: October 27, 1994
TO: Joe Seidel
Senior Auditor
FROM: Pamela P. McCandless, MPH
Chief, Nutrition Services *PM*
SUBJECT: Findings and Recommendations

**FOOD INSTRUMENT REDEEMED BY VENDORS PRIOR TO VALID DATE
FINDINGS**

Management Response

The Office of Public Health is awaiting approval to extend a contract with Mr. Mike Dorris who will rewrite the PASPORT Vendor Reports. One of the reports checks for drafts cashed outside the valid period. Not only will it look for drafts redeemed prior to the valid date, but drafts which may be redeemed 60 days after the valid date. We will inform you when this report is in testing.

The Office of Public Health Nutrition Services contracts with GELCO Payment for WIC banking and draft auditing. Within their auditing responsibilities, visual edits of the valid date versus the cashed date is to be performed. Both GELCO and Nutrition Services researched the draft numbers in question to verify that they in fact had been redeemed prior to their valid date. GELCO is bound by contract to reimburse those funds which should have been rejected based upon their audit. They are putting in place improved visual audit policies and will credit our bill for the amount identified in the USDA financial management evaluation unless they can show that some of the drafts were not redeemed improperly. GELCO has been in contact with the Fiscal Office and has agreed to send the information and a check for reimbursement.

Additionally, my office will run monthly a report to verify GELCO's audit procedures and will claim reimbursement for any subsequent errors. A user request has been submitted to the Baton Rouge Computer Center for the development of a permanent monthly report to detect these errors.

B-173

OFFICE OF PUBLIC HEALTH • NUTRITION SERVICES

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"AN EQUAL OPPORTUNITY EMPLOYER"

DEPARTMENT OF HEALTH AND HOSPITALS
OFFICE OF PUBLIC HEALTH

Inter-Division Correspondence

To: Joseph Seidel
Senior Auditor

From: Henry M. Klimek *HMK*
WIC Manager - Office of Public Health

Subject: Findings and Recommendations

Date: November 30, 1994

Several steps have been take to address the findings of the Food and Nutrition Service, U. S. Department of Agriculture Post Implementation Review of the Office of Public Health's PASPORT System.

In terms of immediately addressing the problem of allocation of T.O., an option is to have the regional administrators identify those parishes most in need. A patient flow analysis (PFA - there is a brief explanation attached) could be done on those parishes and comparisons among the regions would result. This would also provide an opportunity to begin establishing baseline data for future reference. Additionally, a survey similar to the Parish Health Unit Assessment Tool (see attached) could be developed to assist in assessing the relative severity of staffing problems. It is recognized that given the time constraints, the survey may not be as comprehensive.

In the longer term, there are several advantages of continuing the use of PFA. At the outset, there is clinic staff involvement. The process becomes one of management working with staff to problem solve and increase efficiency. The studies can be initiated at overseen by the regional staff. At the clinic level, there is a minimal amount of time to complete the necessary forms. Additionally, there is widespread interest among the Agencies largest programs (i.e. Nutrition Services, MCH, Family Planning) since the results of these studies are generally applicable to the whole health unit rather than a single program. PFA can be used to revise the old Management System staffing guide in addition to its other applications. Finally, CDC provides the PFA program, which is run on a PC, free of charge. Nutrition Services has the most current update of the program and recently completed a PFA of the Calcasieu Parish Health Unit.

cc: Pamela P. McCandless



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS

August 4, 1994



Rose V. Forrest
SECRETARY

Mr. Joe Seidel
Senior Auditor-In-Charge
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Seidel:

We concur with the findings that we have not fully implemented a program to adequately monitor Equipment Purchased with Federal Funds.

The absence of reporting federally funded equipment acquisitions have been addressed through the reinforcement of tagging procedures to identify the federal programs that fund the equipment purchases. The Fiscal Office will provide the Operations & Support Section with a funding table showing the "funding split" for each project over the last 8 fiscal years (7/1/85 through 6/30/93). This table should be given to OSS on or before 8/15/94. Fiscal Year 1994 will be available as soon as the year end close is complete which should be in November, 1994. Fiscal years 1980 through 1985 will be available by 10/31/94.

With the use of these funding tables, OSS will be able to apply the "funding splits" to the funding programs to determine the federal participation for all equipment that is surplus or scrapped.

Entry of the "Project Code" for each item of property on the master files will identify its origin of funding. The project code is identified for property currently being entered. Following the processing of the 1994 inventory, locations will be instructed to submit project codes for property listed on their inventories without project codes identified. OSS staff will enter project codes on the master files.

Sincerely,

Claude J. Carbo
Public Health Executive Director

cc: Eric Baumgartner, M.D.
Andryetta Yarbrough
Pershing Delaup
Jimmie Davis
d/aug94

OFFICE OF PUBLIC HEALTH
MANAGEMENT'S RESPONSE TO 1994 LEGISLATIVE AUDIT FINDING

FEDERAL CASH BALANCES

Management agrees with this finding and responds as follows:

The opening sentence of this finding leads a reader to believe that a recurrent problem exists at the Office of Public Health with regards to the drawdown of Federal funds when the complete opposite is true. The Office of Public Health has taken great pains to successfully implement procedures to assure that no more than three days of Federal cash are on hand at any one point in time. The agency is proud of its record of determining cash needs accurately and the subsequent drawdown of Federal funds to satisfy those needs. This record is substantiated by the lack of an audit finding in this area for at least ten consecutive years prior to State Fiscal Year 1993 in addition to the auditor's comment in this finding that the agency had no excessive federal cash at June 30, 1994.

This finding should not be presented as two separate incidences, but rather a continuation of the finding presented in State Fiscal Year 1993 which by its nature carried forward into State Fiscal Year 1994. Management continues to defend the decision to refinance the Federal expenditures as described in the finding as legal. This action did result in an excessive cash condition but the agency acted promptly and prudently to minimize the eventual disbursement. This is evidenced by the fact that there were no funds drawn for the Maternal and Child Health Block and the Preventive Health Block for the 120 day period cited in the finding. While the finding begins counting the days of excessive cash on hand on June 30, 1993, the actual receipt of the pooling funds (which created the excessive cash position) was not until mid-August, 1993.

The suspension of drawdowns was considered the best course of action because the agency aware that an excessive balance condition existed, was in the process of determining the exact amount of the excessive balance. This determination involves analyzing the funding of current year expenditure levels in addition to considering the final disposition of prior year funding levels. The Office of Public Health historically completes this process by mid-October. By this time, the excessive balance was nearly exhausted as the finding states.

OFFICE OF PUBLIC HEALTH
MANAGEMENT'S RESPONSE TO 1994 LEGISLATIVE AUDIT FINDING

FEDERAL CASH BALANCES (CONTINUED)

The last sentence of the finding seems to convey that the only reason the Office of Public Health did not have an excessive cash balance at June 30, 1994 is "because pooled funds from the Department of Health and Hospitals did not become available to pay federal program costs". Pooled funds were available and the agency did in fact receive \$ 12.0 million dollars of these funds in State Fiscal Year 1994 and still did not incur an excessive federal cash balance at June 30, 1994 or any time after the prior year balance was exhausted in October, 1993.

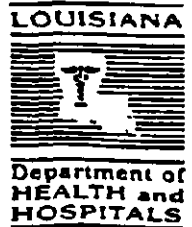
Pershing A. Delany
Signature

11/22/94
Date



Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

MEMORANDUM

DATE: October 27, 1994
TO: Joe Seidel
Senior Auditor
FROM: Pamela P. McCandless, MPA 
Chief, Nutrition Services
SUBJECT: Findings and Recommendations

Federal Financial Reporting Finding

Management Response

Data needed for the FNS Financial Reporting forms has been missing for various clinics statewide due to local PC to mainframe uploading difficulties. Missing information requires the local agency to prepare a second backup tape to be sent to the Central Management Information System (MIS) office or, if the local clinic is linked directly to the mainframe for nightly uploads, they must be contacted and walked through changing the parameters for the next upload.

There is a mailing delay for the backup tapes and often the second tape is also unreadable. To help cut back the number of bad tapes we receive a number of actions have occurred. Clinics are being instructed to purchase higher grade tapes to avoid failures. Newly hired Computer Liaison Officers in the nine regions are being instructed to monitor nightly uploads and to flag any failures for the next upload.

Phone lines have been installed in over 100 sites, as compared to last year when only 50 sites were able to upload directly to the mainframe.

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OFFICE OF PUBLIC HEALTH • NUTRITION SERVICES

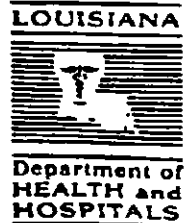
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Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

MEMORANDUM

DATE: October 27, 1994

TO: Joe Seidel
Senior Auditor

FROM: Pamela P. McCandless, MPH *PM*
Chief, Nutrition Services

SUBJECT: Findings and Recommendations

**Reconciliation of food Instruments Finding
Management Response**

The unmatched draft count within the WIC reconciliation process continues to fluctuate. The reason for the unmatched drafts continues to be the instability of the upload process for the individual sites to the mainframe.

The PASPORT mainframe system was modified in January to correct unreconciled food instruments to date. The modification reduced the file from over 100,000 unmatched records to 7,000. This represents all draft issuances from April, 1991 to January 31, 1994 (over 7 million redeemed drafts). We are now in the process of having the 7,000 unreconciled drafts pulled or copied from microfilm by GELCO for further research. The file at that time represented an error of less than 0.1 percent.

Since February, unsuccessful uploads have caused the file to increase. The new version of PASPORT (distributed and loaded in all sites since September 30, 1994) allows corrections for specific periods of time rather than having to load data from a starting date through the present. This eliminates overlaying data, which cause updates to be lost. Mr. Davis is working with the regional Computer Liaison Officers to upload missing information. This system has been assisted by a revision of a mainframe report which shows specific information about missing uploads.

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OFFICE OF PUBLIC HEALTH • NUTRITION SERVICES

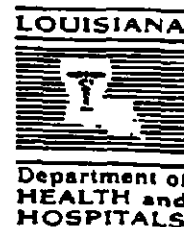
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Edwin W. Edwards
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Rose V. Forrest
SECRETARY

MEMORANDUM

DATE: October 27, 1994
TO: Joe Seidel
Senior Auditor
FROM: Pamela P. McCandless, MPH
Chief, Nutrition Services
SUBJECT: Findings and Recommendations

Flat Rate Reimbursement of Program Costs to Contract Clinics for the Special Supplemental Food Program for Women, Infants and Children (WIC) Program Recommendations

Management Response

The Office of Public Health, Nutrition Services performs annual financial audits of all contract agencies to insure that all WIC funds received are spent on WIC allowable costs, direct or indirect. This is in keeping with the federal regulations. Unfortunately, the amount of funds given to the State Agencies for Nutrition Services and Administration are inadequate. Because of this, the State then will probably reimburse local agencies less than their true cost. This reimbursement level is adequate for mid to large size operations and it helps motivate locals to increase their caseload to the appropriate level.

Although this observation may have some merit, it is up to the State Agency to decide the method of payment to local agencies. We will, however, change the amount of reimbursement yearly to reflect the inflation rate used in our funding formula.

DEPARTMENT OF
PUBLIC SAFETY AND CORRECTIONS

EDWIN W. EDWARDS, GOVERNOR



RICHARD L. STALDER, SECRETARY

November 14, 1994

Mr. Donnie Ladatto
Auditor-In-Charge
Legislative Auditor's Office
P. O. Box 94937
Baton Rouge, LA 70804-9397

Re: Preliminary Finding - Access to Payroll On-Line System

Dear Mr. Ladatto:

In response to the finding regarding the access to the payroll on-line system, the department agrees that access to the system should be restricted for each unit. A revised FACS structure for FY 1995 for the Office of Youth Development, which established each unit as a program under the office, enabled changes to the payroll structure to accomplish the objective outlined in your finding. If you have any questions, please give me a call at 342-6739.

Sincerely

A handwritten signature in dark ink, appearing to read "James M. LeBlanc", is written over a circular stamp.

James M. LeBlanc
Undersecretary/Chief of Staff

JML/RLG/rs

c: Ron Granier
Chief Fiscal Officer

Zbigniew Cypel
Human Resource Director

DEPARTMENT OF
PUBLIC SAFETY AND CORRECTIONS

EDWIN W. EDWARDS, GOVERNOR



RICHARD L. STALDER, SECRETARY

November 21, 1994

Mr. Donnie Ladatto
Auditor-In-Charge
Legislative Auditor's Office
P. O. Box 94937
Baton Rouge, LA 70804-9397

Re: Preliminary Finding - Deferred Payroll Expenditure Liability

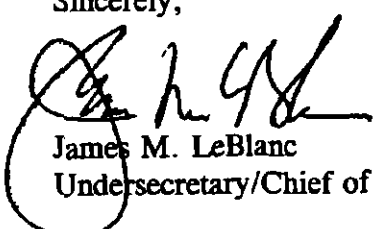
Dear Mr. Ladatto:

In reference to the finding regarding the deferred payroll expenditure liability which was incurred by the department when it converted to the Division of Administration's On-Line Time and Attendance system, the department agrees to disclose the amount of this liability in the notes to its financial statements which are submitted to the Office of Statewide Reporting and Accounting Policy. Attached is a copy of the footnote which will be submitted for the current fiscal year. The amount will be re-calculated and submitted as a note to financial statements in the future. The department will also take measures to ensure that the calculation and method of payment is consistently followed by all facilities.

In addition, the department is exploring the possibility of having its Office of Information Services enhance the payroll reporting capabilities in order to provide a more automated means to track and report these expenditures.

By taking the above actions, the department will resolve any concerns that you may have had in this area.

Sincerely,



James M. LeBlanc
Undersecretary/Chief of Staff

JML/rs

Attachment

c: Richard L. Stalder, Secretary
Ron Granier, Chief Fiscal Officer
Zbigniew Cypel, Human Resource Director

P.O. Box 94304 • Capitol Station • Baton Rouge, Louisiana 70804-9304
(504) 342-6934

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B-182

DEPARTMENT OF
PUBLIC SAFETY AND CORRECTIONS

EDWIN W. EDWARDS, GOVERNOR



RICHARD L. STALDER, SECRETARY

November 10, 1994

Mr. Donnie Ladatto
Auditor-In-Charge
Legislative Auditor's Office
P. O. Box 94937
Baton Rouge, LA 70804-9397

Re: Preliminary Finding - Excess Reimbursements

Dear Mr. Ladatto:

In response to the finding regarding excess federal reimbursements, the department has corrected the error you noted on its billing to DHHS on Catalog of Federal Domestic Assistance (CFDA93.903). The reimbursement request for the month of September 1994 was decreased by \$1,316.64 in order to return the funds previously received in error. The Department of Health and Human Services has been notified of the error and of the subsequent adjustment.

In order to improve internal controls in this area to prevent a similar occurrence in the future, a reconciliation of grant expenditures with grant billings will be conducted by the Administrative Manager for Headquarters and the grant accountant in the Accounting section. Through this process it is anticipated that errors or omissions will be minimized in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "James M. LeBlanc".

James M. LeBlanc
Undersecretary/Chief of Staff

JML/RLG/rs

c: Ron Granier, Chief Fiscal Officer
Wayne Ritter, Director of Accounting

DEPARTMENT OF
PUBLIC SAFETY AND CORRECTIONS

EDWIN W. EDWARDS, GOVERNOR



RICHARD L. STALDER, SECRETARY

November 16, 1994

Mr. Donnie Ladatto
Auditor-In-Charge
Legislative Auditor's Office
P. O. Box 94937
Baton Rouge, LA 70804-9397

Re: Preliminary Finding - Payroll Data Entry Controls

Dear Mr. Ladatto:

In attempting to improve internal controls in terms of payroll data entry, the personnel division discussed timekeeping responsibilities at a departmental meeting at Phelps Correctional Center on April 29, 1994 and followed this up with a memorandum from the personnel director to all personnel and payroll liaisons outlining these responsibilities. A checklist which is to be completed by each timekeeper to ensure the policies and procedures in this area were being adequately followed was provided. The Personnel division has also emphasized the need to have the timekeepers supervisor review and approve data entry so that any errors or irregularities can be noted in a timely manner. The need to assign back-up timekeepers at each unit will also be reinforced in order to perform data entry when the regular timekeeper is absent.

In order to resolve the specific problem which you noted with Prison Enterprises, Dr. Kleinpeter has indicated that all prior period adjustment forms will be sent in to the Human Resource Analyst at Headquarters for input, and that no Prison Enterprises timekeepers will have access to prior period pay adjustment input.

Because of these actions, the department has improved internal controls over the payroll data entry function and will continue to strive to effectuate further improvements whenever possible.

Sincerely,

A handwritten signature in dark ink, appearing to read "JML".

James M. LeBlanc
Undersecretary/Chief of Staff

JML/RLG/rs

c: Zbigniew Cypel, Human Resource Director
Ron Granier, Chief Fiscal Officer

DEPARTMENT OF
PUBLIC SAFETY AND CORRECTIONS

EDWIN W. EDWARDS, GOVERNOR



RICHARD L. STALDER, SECRETARY

November 16, 1994

Mr. Donnie Ladatto
Auditor-In-Charge
Legislative Auditor's Office
P. O. Box 94937
Baton Rouge, LA 70804-9397

Re: Preliminary Finding - Employee Overpayments

Dear Mr. Ladatto:

In response to the preliminary finding regarding employee overpayments, the department concurs with the need to have adequate control procedures in place to reduce the risk that payroll-related errors and irregularities by employees could occur and not be detected by their supervisors in a timely manner. While the instances of overpayment which you noted are of obvious concern to the department, these do not seem excessive given the fact that the department pays well over 6,000 employees each year. Additionally, three of the four errors noted involve Prison Enterprises. The errors at Prison Enterprises were due primarily to the fact that a new employee was handling the function rather than the fact that they performed both the payroll and personnel duties. Additional time has been spent in training this employee and reviewing her work.

In addition, the department will improve its supervision of employees performing the payroll functions to the extent possible. The department concurs that it should seek reimbursement of any and all overpayments to employees. The overpayment to the employee at LTI-Baton Rouge has been collected through payroll adjustments. Collection efforts are difficult at best, however, once an employee leaves the department. Unless the sum is for a significant amount of money, it is generally not in the best interest of the state to institute legal proceedings in order to collect the amounts overpaid. The department agrees to make every effort possible, however, to collect these monies.

Sincerely,

A handwritten signature in dark ink, appearing to read "James M. LeBlanc".

James M. LeBlanc
Undersecretary/Chief of Staff

JML/RLG/rs

c: Richard L. Stalder, Secretary
Dr. Charles Kleinpeter, Director/Prison Enterprises
Zbigniew Cypel, Human Resource Director
Ron Granier, Chief Fiscal Officer

B-185
P.O. Box 94304 • Capitol Station • Baton Rouge, Louisiana 70804-9304
(504) 342-6934

AN EQUAL OPPORTUNITY EMPLOYER

DEPARTMENT OF
PUBLIC SAFETY AND CORRECTIONS

EDWIN W. EDWARDS, GOVERNOR



RICHARD L. STALDER, SECRETARY

November 21, 1994

Mr. Donnie Ladatto
Auditor-In-Charge
Legislative Auditor's Office
P. O. Box 94937
Baton Rouge, LA 70804-9397

Re: Preliminary Finding - Time and Attendance Records

Dear Mr. Ladatto:

In response to the preliminary finding regarding time and attendance records, the department is extremely aware of the need for accurate and timely reporting and adequate record-keeping in this area. Operational field audits by the personnel division regarding the time and attendance function and record-keeping have been performed at many units in the fiscal year covered by your audit. Particularly noteworthy were the audits prepared at Prison Enterprises and LTI-Baton Rouge during FY '93-94 which disclosed many of the similar exceptions noted in your finding. Through this process, detailed feedback was provided to the units regarding their instances of non-compliance with established procedures. Both units took action to resolve the deficiencies.

In addition, Mr. Zbigniew Cypel sent a memorandum to all personnel and payroll liaisons dated May 19, 1994, which included a time and attendance checklist to assist the timekeepers in understanding the processes involved in adhering to timekeeping documentation and procedures. Personnel has since reinforced the need for units to ensure that supervisors are verifying time and attendance records and that the proper payroll policies and procedures are being followed.

By reinforcing the need to all unit heads in adhering to all payroll policies and procedures, in addition to providing more training for timekeepers and timekeepers' supervisors, as well as

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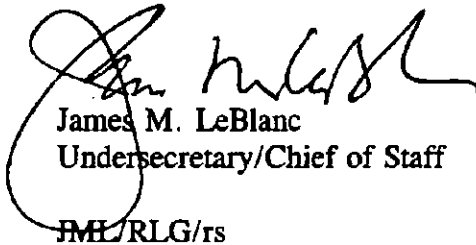
P.O. Box 94304 • Capitol Station • Baton Rouge, Louisiana 70804-9304
(504) 342-8934

AN EQUAL OPPORTUNITY EMPLOYER

Mr. Donnie Ladatto
Re: Preliminary Finding - Employee Overpayments
November 21, 1994
Page Two

additional payroll audits in the field, the department will strengthen its internal controls over its payroll time and attendance records.

Sincerely,



James M. LeBlanc
Undersecretary/Chief of Staff
JML/RLG/rs

c: Richard L. Stalder, Secretary
Johnny Creed, Assistant Secretary/OAS
Reginald Grace, Assistant Secretary/OYD
Zbigniew Cypel, Human Resource Director
Ron Granier, Chief Fiscal Officer

DEPARTMENT OF
PUBLIC SAFETY AND CORRECTIONS

EDWIN W. EDWARDS, GOVERNOR



RICHARD L. STALDER, SECRETARY

December 13, 1994

Mr. Bill Burch
Audit Manager
Office of Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Re: Audit Finding on Prison Enterprises Inventory

Dear Mr. Burch:

Prison Enterprises recognizes that a problem exists in the computation of weighted average costs within the J. D. Edwards accounting system. However, the scope of this problem cannot be immediately determined nor can the dollar value associated with it. They are, however, confident that the amount of misstatement is not substantially material, based on consistency of individual industry statements over the years and a manual review of the sales journal which will catch large dollar discrepancies.

It has been observed that the problem with weighted average cost occurs in relatively few items, mainly those which have a high rate of turnover. This seems to occur due to the sequence of the data entry as noted in the finding. Items with a high turnover often have issues keyed in prior to purchases being keyed in depending on the flow of paperwork. This, in turn, can send the items into negative quantities. It appears that the system is affected by this and can cause the weighted average cost to be recalculated incorrectly.

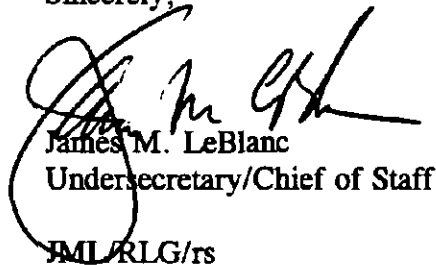
Prison Enterprises intends to analyze the computerized inventory accounting system to determine the full scope of this problem prior to the end of Fiscal year 1995. In the meantime, they will communicate to Industry Supervisors and other data entry personnel the requirement that they follow detailed instructions for the sequence in which data is to be input. To help ensure that these instructions are followed, the edit function will be reinstalled which prevents negative issues from being keyed in. This edit function was disengaged in a prior year to expedite data entry, without the realization that the input of inventory issues in any sequence could have an effect on the weighted average cost.

Mr. Bill Burch
Re: Prison Enterprises Inventory
December 13, 1994
Page Two

In addition to the above steps, monthly inventory journals will be run to review item quantities, units of measure, and unit cost of all inventory items in a more timely manner. This will help us to identify any clerical input errors not affected by the sequence of the input as addressed above.

The above procedures will alleviate problems associated with the system calculation of weighted average cost. Also, if it is determined necessary, the services of their management consultant and computer programmers under contract will be utilized to resolve this finding.

Sincerely,



James M. LeBlanc
Undersecretary/Chief of Staff
JML/RLG/rs

c: Ron Granier, Chief Fiscal Officer
Dr. Charles Kleinpeter, Director/Prison Enterprises



STATE OF LOUISIANA

DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS

PUBLIC SAFETY SERVICES

EDWIN W. EDWARDS
GOVERNOR

COL. PAUL W. FONTENOT
DEPUTY SECRETARY

December 14, 1994
DPS-2/RLM-571

Dr. Daniel J. Kyle, CPA
Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

This is our response to the audit finding resulting from the Departmental audit for the year ended June 30, 1994:

EDP Controls

The Department will again contact each security officer and inform them of the importance of having all security record updates in writing. We will also begin developing a better procedure for the notification of terminated or resigned employees.

I will research the problems pointed out associated with the segregation of duties involving security officers. The appropriate changes will be made.

Sincerely,

Rex McDonald
Undersecretary

RLM:dhl

cc: Colonel Paul Fontenot



George W. Foster
Regional Director

State of Louisiana
REGIONAL MANAGEMENT CENTER 2, BATON ROUGE
555 Julia Street
Baton Rouge, Louisiana 70802

Telephone: (504) 342-4280
LINC: 421-4280
FAX: 421-4281



Accredited by the Commission
on Occupational Education Institutions
of the Southern Association of Colleges
and Schools

May 6, 1994

Mr. Mike Noble
Auditor-in-Charge
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Re: Response to Audit Findings

Dear Mr. Noble:

The following represents the Regional Management Center's response to the findings and recommendations for the audited fiscal year 1992-93.

FINDINGS:

INADEQUATE CONTROLS AND DOCUMENTATION

PELL GRANT PROGRAM - STUDENT CERTIFICATIONS

Each finding is answered separately on the following pages.

Sincerely,

George W. Foster
Regional Director

Attachments

FINDING

Inadequate Controls and Documentation

Regional Management Center 2, Baton Rouge concurs with the finding that the CBO program at Florida Parishes Technical Institute has not maintained adequate internal control. The individual from the State Department of Education that gives technical assistance to the CBO programs was sent to Florida Parishes Technical Institute on March 15, 1994, to review the CBO's policies, procedures and practices. As a result of that visit, the activities of the CBO program located at Florida Parishes Technical Institute were suspended until further notice.

An audit by the State Department of Education will be conducted to assure that all files have been brought up to standard as required by federal and state guidelines. This audit will be conducted before the CBO program is allowed to resume. A periodic review will also be made by the Department of Education to help assure that these standards are being maintained and that the CBO's activities are within all operating guidelines.

FINDING
Pell Grant Program - Student Certifications

Regional Management Center 2, Baton Rouge concurs with your finding. At the current time, we are working with each institute and the State Department of Education, in particular, Ms. Pat Walton, State Pell Grant Administrator. In coordination with Ms. Walton, we are in the process of reviewing each institute's Pell Grant files and making the necessary corrections.

On Wednesday, May 25, 1994, a meeting is being scheduled for all of the Financial Services Officers and Student Personnel Services Officers in Region 2. A consultant from Atlanta Student Aid Corporation is being hired to conduct a presentation and to discuss the proper procedures to follow in the disbursement of financial aid, and in particular, Pell Grant. After this training session, a mandated review of all Pell Grant applications and folders will be required by each institute in Region 2.



F. TRAVIS LAVIGNE, JR.
Regional Director

STATE OF LOUISIANA
REGIONAL MANAGEMENT CENTER 3, HOUMA
P. O. BOX 4296
HOUMA, LA 70361-4296
(504) 857-3660
LINC: 641-3660
FAX: (504) 857-3677

May 4, 1994

Dr. Daniel G. Kyle
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

The following is submitted in response to the finding of your office for the audit of Regional Management Center 3, Houma for the 1993-94 Fiscal Year.

FINDING: Cash Management Review Board Authorization

RESPONSE:

Management concurs with the audit finding and offers the following explanation and plans to eliminate the reoccurrence of this type of activity.

Explanation

The accounts in questions were as follows:

- 1) VICA account at Young Memorial Technical Institute
- 2) YMTI Scholarship Fund at Young Memorial
- 3) VICA account at Thibodaux Area Technical Institute

Since the institute director exercises signatory authority over these accounts, it is the opinion of the legislative auditor that these accounts should be approved by the Cash Management Board. Upon such notification, management took necessary steps to secure approval from the Cash Management Review Board. See attached documentation. In the future, any account opened within the agency will be submitted for approval pursuant to R.S. 39:371.

Respectfully,

F. Travis Lavigne, Jr.
Regional Director



F. TRAVIS LAVIGNE, JR.
Regional Director

STATE OF LOUISIANA
REGIONAL MANAGEMENT CENTER 3, HOUMA
P. O. BOX 4296
HOUMA, LA 70361-4296
(504) 857-3660
LINC: 641-3660
FAX: (504) 857-3677

May 4, 1994

Dr. Daniel G. Kyle
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

The following is submitted in response to the finding of your office for the audit of Regional Management Center 3, Houma for the 1993-94 Fiscal Year.

FINDING: Federal Cash Balances

RESPONSE:

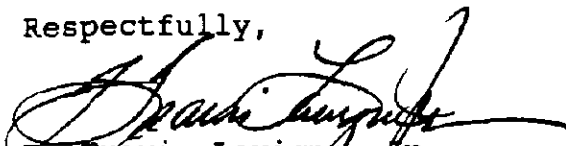
Management concurs with the audit finding and offers the following explanation and plans to eliminate the reoccurrence of this type of activity.

Explanation

The institute accountant will now review the FACS Detail Project Report on a monthly basis to verify the revenue and expenditure amounts for JTPA Title III funds. She will then work with the JTPA coordinator to verify the balances are correct for preparation of the monthly financial reports and requests for reimbursement. The JTPA Coordinator will then prepare the financial statements and reimbursement requests, which shall be reviewed and approved by the Institute Director before being forwarded to the Office of the Technical Institute System.

As of the March 31, 1994 financial statements and reimbursement requests, all excess cash has been used as an offset to the March reimbursement request. The amount of excess federal cash is now -0-. Documentation of revised procedures and remediation are attached.

Respectfully,


F. Travis Lavigne, Jr.
Regional Director



EDWIN W. EDWARDS
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF REVENUE AND TAXATION

September 15, 1994

RALPH SLAUGHTER, CPA
SECRETARY

Mr. Daniel G. Kyle
Legislative Auditor
Office of the Legislative Auditor
1600 Riverside Street North
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

Your finding related to your review of Electronic Data Processing (EDP) controls for the Department of Revenue and Taxation has been reviewed. We have considered the effects of our EDP control procedures, and we have taken action to address them in a planned and cost-effective manner, as you recommended.

We will continue addressing the concerns we are fiscally able to act on. Budget requests necessary for implementing improvements have not been approved. Future budget requests will include requests necessary to continue implementing improvements needed.

Sincerely,

A handwritten signature in cursive script that reads "Virginia Burton".

Virginia Burton, CPA
Undersecretary

VUB/jjb

c: Ralph Slaughter
Secretary



EDWIN W. EDWARDS
GOVERNOR

State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF RISK MANAGEMENT

RAYMOND J. LABORDE
COMMISSIONER OF ADMINISTRATION

December 15, 1994

Mr. Bruce Janet
Audit Manager
Office of the Legislative Auditor
1600 North Third Street
P. O. Box 94397
Baton Rouge, La. 70804-9397

Dear Mr. Janet:

Re: Specified Procedures Examination
Office of Risk Management
Response on Administrative Settlements

In your follow-up on ORM's Specified Procedures Audit, you cite two claims wherein ORM failed to get the approval of the Commissioner of Administration Raymond Laborde. The claims are:

1. 92R0721BALLA settled for \$1,655,823.82
2. 93LIO22JACOB/02 settled for \$772,693.78

On case number 1, Tom Aswell, the assigned adjuster, has submitted a written response, which is attached.

On case number 2, the Claims Officer, Bob McCardle, states that failure to obtain Commissioner Laborde's approval was an oversight on the part of the adjuster, Ms. Renee Moses.

Mr. Bruce Janet
December 19, 1994
Page 2

ORM agrees that the Claims Unit personnel need to be more careful in the handling of settlements.

Sincerely,

A handwritten signature in black ink, appearing to be "J. Foret", written over the word "Sincerely,".

Judge J. Burton Foret (Ret.)
Assistant Commissioner of Risk

JBK/EW:sfp
Attachment

c: Whitman J. Kling, Jr.
Seth E. Keener, Jr.
Bob McCardle



EDWIN W. EDWARDS
GOVERNOR

State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF RISK MANAGEMENT

RAYMOND J. LABORDE
COMMISSIONER OF ADMINISTRATION

December 20, 1994

Mr. Bruce Janet
Audit Manager
Office of the Legislative Auditor
1600 North Third St.
P O Box 94397
Baton Rouge, La., 70804-9397

Dear Mr. Janet:

Re: Specified Procedures Examination
Office of Risk Management
Response on Loss Prevention
Criteria for investigation

The personnel of the Office of Risk Management are fully aware of the seriousness of this finding.

The criteria to be set up for claims requiring investigation in the Claims Unit procedures has not been done; however, instructions have been given to the managers concerned that the criteria for claims to be investigated are to be written into the procedures. The preparation of this policy is in the process of being drafted and will be forwarded to your office upon completion.

Should you have any further questions please do not hesitate to call.

Sincerely,



Judge J. Burton Foret (Ret.)

JBF/EW:sfp

c: Whit Kling, Jr.
Bob McCardle
Kermit Venable



State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF RISK MANAGEMENT

EDWIN W. EDWARDS
GOVERNOR

December 15, 1994

RAYMOND J. LABORDE
COMMISSIONER OF ADMINISTRATION

Mr. Bruce Janet
Audit Manager
Office of the Legislative Auditor
1600 North Third Street
P. O. Box 94397
Baton Rouge, La., 70804-9397

Dear Mr. Janet:

Re: Specified Procedures Examination
Office of Risk Management
Response on Review of Original Documentation

In order to conduct recommended field audits ORM will need to hire personnel for this purpose. The Office had already submitted its budget for 94/95 at the time that this finding was made (February, 94). The Office has sustained three significant cuts totaling \$40,908,492 for 94-95.

These positions are not being requested in 95-96 because additional personnel are more critically needed elsewhere; however, plans are to request a program to handle the recommendation in 96-97.

Should you have any further questions, please do not hesitate to call.

Sincerely,


Judge J. Burton Foret (Ret.)
Assistant Commissioner of Risk

JBFB/EW:sfp

c: Whitman J. Kling, Jr.
Seth E. Keener, Jr.



State of Louisiana
Department of Social Services
OFFICE OF THE SECRETARY
755 THIRD STREET 2ND FLOOR
P.O. BOX 3776 - PHONE - 504/342-0286
BATON ROUGE, LOUISIANA 70821

EDWIN W. EDWARDS
GOVERNOR

GLORIA BRYANT-BANKS
MSW, ACSW, BCSW
SECRETARY

December 13, 1994

Mr. James E. Stevens, CPA
Senior Auditor
Office of Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804

Dear Mr. Stevens:

This is in response to the preliminary draft on the reportable finding that the Department of Social Services does not have a comprehensive monitoring system to ensure that all audit reports of subrecipients are received and reviewed.

The Department of Social Services has developed a Department policy on "Audit Follow-up Procedures for Subrecipient Audits" (copy attached). The policy which should be officially signed this date is in the process of being implemented.

A preliminary listing of subrecipient contracts for fiscal year 1994 has been extracted from the Office of Management and Finance Contract Review System. The listing is being reviewed by each Office to ensure its accuracy and completeness. Providers, except those that are units of local governments and are contacted as part of the cognizant agency responsibility, have been contacted twice notifying them:

Contract Clause No. 3 for all Department of Social Services contracts requires an annual financial and compliance audit conducted under Governmental Audit Standards and/or OMB Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Organizations, if applicable. This Clause also states that the report should be submitted within thirty days after the completion of the audit, but no later than six (6) months after the end of the audit period.

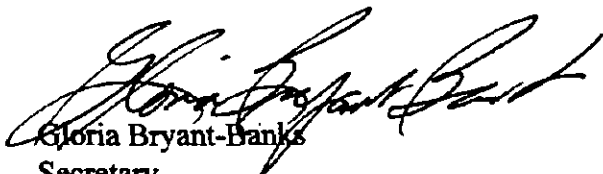
A listing of audit reports as they are received is being maintained and audit files will be maintained in such a manner that the information requirements set forth in the Department's policy can be met.

James E. Stevens, CPA
Audit Follow-up Procedures for
Subrecipient Audits
Page: 2

If I can provide further information, please let me know.

Thank you.

Very truly yours,



Gloria Bryant-Banks
Secretary



EDWIN W. EDWARDS
GOVERNOR

State of Louisiana
Department of Social Services
OFFICE OF MANAGEMENT AND FINANCE
DIVISION OF FISCAL SERVICES
P. O. BOX 3927
BATON ROUGE, LOUISIANA 70821-3927

GLORIA BRYANT-BANKS
MSW, ACSW, BCSW
SECRETARY

November 29, 1994

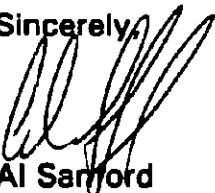
Mr. James E. Stevens, Auditor
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Stevens:

Please accept this letter as Louisiana Rehabilitation Services' official response relating to the enclosed reportable finding.

Louisiana Rehabilitation Services does concur with the finding that recipients of subcontracts involving federal funds for construction projects were not monitored to ensure the payment of prevailing wages. Although an on-site programmatic and fiscal review is performed on each recipient of federal funds during the contract year, the agency does not have any procedures set up to monitor the requirements of the Davis-Bacon Act.

Procedures will be implemented by the Agency to ensure that payroll records of contractors and subcontractors for construction projects are reviewed to determine compliance with the Davis-Bacon Act.

Sincerely,

Al Sanford
Director

AS:MN:jms

Enclosure



State of Louisiana
Department of Social Services
OFFICE OF MANAGEMENT AND FINANCE
DIVISION OF FISCAL SERVICES
P.O. BOX 3927
BATON ROUGE, LOUISIANA 70821-3927

EDWIN W. EDWARDS
GOVERNOR

GLORIA BRYANT-BANKS
MSW, ACSW, BCSW
SECRETARY

November 21, 1994

Mr. Jim Stevens
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Stevens:

Enclosed please find official response from the Office of Community Services regarding the Foster Care - Title IV-E payment finding.

RESPONSE

The Office of Community Services agrees with the findings. Our review of the records revealed that the local staff failed to maintain required documentation for some expenditures in the sampled clients' payment records. The local staff are periodically reminded to adhere to various sections of agency policy through training initiatives, policy updates, and policy review with supervisory staff. As a result of these findings, OCS shall issue an official reminder to staff that they need to strictly adhere to documentation requirements prior to authorizing expenditures.

Should you have any questions concerning this response, please advise.

Sincerely,

Thomas Joseph

Thomas Joseph
Acting Director

TJ/cab



State of Louisiana
Department of Social Services

EDWIN W. EDWARDS
GOVERNOR

OFFICE OF FAMILY SUPPORT
755 THIRD STREET
P.O. BOX 94065 - PHONE - 504/342-3950
BATON ROUGE, LOUISIANA 70804-4065

GLORIA BRYANT-BANKS
MSW, ACSW, BCSW
SECRETARY

November 22, 1994

Mr. James E. Stevens
Senior Auditor
Office of Legislative Auditor
1600 North Third Street
P. O. Box 94397
Baton Rouge, La. 70804-9397

Dear Mr. Stevens:

Please refer to your correspondence on November 16, 1994 on reportable findings concerning the Quality Control AFDC case review time-frames.

We concur with the finding that time-frames for submitting AFDC review findings are not being met.

The Federal Administration for Children and Families (ACF) regulations do not allow an additional time period for the State agency to change a review finding once the AFDC review has been transmitted. Therefore, Quality Control has been holding some cases for the maximum time frame of 120 days to diminish the chance of receiving a federal difference letter on a review. This procedure reduces the regression rate for AFDC cases subsampled by ACF. The benefit to the State of holding the case beyond the ACF established deadline can be substantial when we consider the potential penalty if a case is regressed by ACF. For instance, the FY'93 AFDC error rate was 7.7%, while the latest statistics for FY'94 (11/15/94) indicate a current error rate of 5.05%--a significant reduction from the previous year.

It should also be noted that of the six months in which QC failed to meet the 95-day time-frames, three of the months (7/93, 9/93, and 5/94) failed meeting these requirements by only one case. In the month of 2/94, QC failed to meet these requirements by two cases.

The 120-day submission time-frame was not met for six months during the fiscal year. Again, four of the months (7/93, 12/93, 1/94, and 5/94) failed meeting these requirements by only one case. In the month of 4/94, QC failed to meet these requirements by only two cases.

We have also continued to experience some difficulty in securing case records in some areas.

In compliance with your suggestions following last year's audit, this agency wrote the Administration For Children and Families on May 11, 1994 and July 15, 1994 requesting a Quality Control waiver of the 75 and 95-day time frames. Neither of these waiver requests were approved. (See attachment).

Our plan for corrective action is as follows:

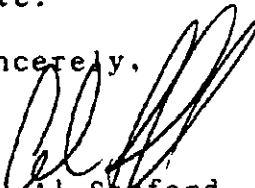
Effective September 1994, QC Reviewers were instructed to personally retrieve the case records from the parish or review these cases in the parish office if the parish office could not relinquish the case because of pending case activity. Retrieval of QC sampled cases have also been given a high priority with the Regional Managers.

The new L'AMI computer system should also help alleviate this problem since this system will keep a history of case activity on-line for instant retrieval by the QC Reviewer. This system was implemented statewide effective November 1994.

Effective September 1994, QC Supervisors are mandated to examine each pending review over 30 days old in order to facilitate the completion.

We are concerned about meeting the time-frames and will continue to make enhancements which will help in meeting the 100% completion rate.

Sincerely,



Mr. Al Sanford, Director
Division of Fiscal Services



State of Louisiana
Department of Social Services
OFFICE OF MANAGEMENT AND FINANCE
DIVISION OF FISCAL SERVICES
P.O. BOX 3927
BATON ROUGE, LOUISIANA 70821-3927

EDWIN W. EDWARDS
GOVERNOR

GLORIA BRYANT-BANKS
MSW, ACSW, BCSW
SECRETARY

August 30, 1994

Mr. James E. Stevens
Office of Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Stevens:

The following is in response to your findings relative to your memorandums dated August 16, 1994 and August 23, 1994 regarding the Time and Attendance Records and the On-Line Time and Leave Entry System.

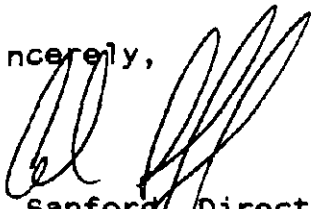
1. According to the information presented to this office by your office we concur with the findings and your recommendation.
2. Our Plan for corrective action is:
 - a. Departmental Memorandum GBB-94-02 was issued by the Secretary, Ms. Gloria Bryant Banks in January, 1994. (See Attached).
 - b. The Payroll Management Section has met with the Office of Community Services - Orleans Parish on July 7, 1994 for training and proper compliance of procedures.
 - c. Payroll Management personnel will be included in future workshops for presentations for compliance of procedures.
 - d. The Division of Fiscal Services is planning to conduct a Seminar which will include a workshop on Payroll Procedures in the near future.
 - e. Payroll Management will be conducting random audits.

Mr. James E. Stevens
August 31, 1994
Page 2

- f. Payroll procedures will be updated to specify that all Payroll Sign-In/Out Sheets and UPS reports are reviewed and verified by someone other than the Timekeeper and that all Sign-In/Out Sheets are certified by the employee and Appointing Authority.
- g. Emphasis will be made to all employees and the Appointing Authority of the Civil Service Rule 15.2 which requires the certification of the number of hours of attendance or absence from duty on the time and attendance records.

If you have any questions or further information is needed, please call me at 342-4247.

Sincerely,



Al Sanford, Director
Division of Fiscal Services

AS:MB/jw

Attachment



State of Louisiana
Department of Social Services
OFFICE OF MANAGEMENT AND FINANCE
DIVISION OF FISCAL SERVICES
P. O. BOX 3927
BATON ROUGE, LOUISIANA 70821-3927

EDWIN W. EDWARDS
GOVERNOR

GLORIA BRYANT-BANKS
MSW, ACSW, BCSW
SECRETARY

November 28, 1994

Mr. James E. Stevens
Senior Auditor
Office of Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, La. 70804-9397

Dear Mr. Stevens

Please refer to your correspondence which was received November 14, 1994 concerning the following findings:

Project Independence Case Management

We concur that in two cases, target group designation was incorrectly coded, but question the impact in case 952-632157. While an incorrect target group code was assigned, there was no impact on federal funding consideration by DHHS, as the recipient did meet target group criteria. DHHS monitors states to insure that 55% of JOBS funds are used to serve participants in target groups. DHHS makes no distinction as to a specific target group, but rather considers number of cases meeting any target group criteria, when monitoring the 55% standard.

We concur that three cases reflected incorrect information regarding participation hours, but we question the impact in two of the cases, 952-384007 and 952-402890. Incorrect calculations caused an inaccurate number of hours reported, but the number was below the correct amount. In the review month, the state well exceeded the federally required participation rate, therefore, the loss of the unreported hours did not have an adverse impact on statewide reporting or DHHS funding consideration.

We do not concur with the findings on one of the six cases cited for errors connected to provision of supportive services payments.

In Case 952-817084, although an incorrect code was used to facilitate payment for a transportation "mileage incurred" expense, calculation and issuance of this reimbursement was correct. The code used, for transportation "expense incurred," did not result in an incorrect payment to the participant nor use of funds from an incorrect source.

November 28, 1994
Re: Legislative findings
page 2

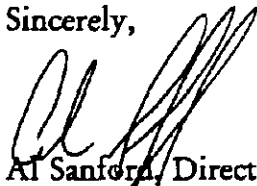
Also, in case 951-834258, although we concur that payment for eyeglasses was made twice to a participant, we wish to note that we do not believe that it was done with the intent to "circumvent" the \$100 per participant per fiscal year limit. Instead, review of the case indicates that the Case Manager failed to review case history, select the appropriate code, and input the appropriate payment code.

Corrective Action:

Staff has been trained and provided the appropriate material regarding proper coding, input, calculation, and documentation of participation and payments. Project Independence currently has a case review process which mandates multi-level monitoring of all aspects of PI cases, which can address these types of errors on an individual basis. Prompted in part by this review's findings, payment policy is being clarified regarding the length of time a reimbursement can be made from the date of the service. Finally, the findings of this audit report are being shared statewide, with a request that more emphasis be placed on proper coding, calculation, and documentation, during supervisory conferences and when conducting both formal and informal case reviews.

If you need further information please let us know.

Sincerely,



Al Sanford, Director
Division of Fiscal Services

AS/VWB/ltd

cc: Vera Blakes
Howard Prejean



State of Louisiana
Department of Social Services
OFFICE OF MANAGEMENT AND FINANCE
DIVISION OF FISCAL SERVICES
P. O. BOX 3927
BATON ROUGE, LOUISIANA 70821-3927

EDWIN W. EDWARDS
GOVERNOR

GLORIA BRYANT-BANKS
MSW, ACSW, BCSW
SECRETARY

August 23, 1994

Mr. Jim Stevens
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Stevens:

The Department of Social Services, Bureau of Rate Setting concurs with the Legislative Audit finding concerning the setting of prospective reimbursement rates for clients in residential facilities using unaudited cost reports.

As a result of the work with the University of Southern Maine a new rate setting system will be in place by the end of August, 1994 to compute the reimbursement rates for the fiscal year ending June 30, 1995. The SFY 1994-95 per diem rates will be calculated on unaudited cost report data. Providers of residential services have been notified the cost reports for July 1, 1993 - June 30, 1994 must be audited by a Certified Public Accountant. The providers audited cost reports will be utilized to determine the residential per diem rates for the SFY 1995-96.

Should you have any questions concerning this response, please advise.

Sincerely,

A handwritten signature in dark ink, appearing to read "Al Sanford".

Al Sanford
Director

SB:AS/cab

c: Robert M. Casse, Deputy Secretary
Brenda Kelley, Assistant Secretary
Selwyn Blouin, Director, Rate Setting



State of Louisiana
Department of Social Services
OFFICE OF MANAGEMENT AND FINANCE
DIVISION OF FISCAL SERVICES
P. O. BOX 3927
BATON ROUGE, LOUISIANA 70821-3927

EDWIN W. EDWARDS
GOVERNOR

GLORIA BRYANT-BANKS
MSW, ACSW, BCSW
SECRETARY

November 28, 1994

Mr. James E. Stevens
Senior Auditor
Office of Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, La. 70804-9397

Dear Mr. Stevens

Please refer to your correspondence which was received November 14, 1994 concerning the following findings:

Title IV-D

We concur with the findings which were caused by workers failing to take timely or appropriate action on cases. This situation has occurred for several reasons: 1. SES workers have tremendous workloads, and it is extremely difficult for them to take all actions as required 2. Workers are doing a large amount of cleanup work for our new computer system, LASES, and this is taking time away for their normal duties. 3. All of our Regional Administrators are working on LASES, and they have not been able to conduct regular case readings to detect error trends. 4. Our current system provides only very limited case management capability.

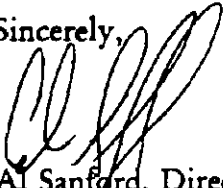
Corrective Action :

We have asked for additional staffing for the next fiscal year. If we are able to obtain the additional staffing, caseloads will be more manageable. LASES will be implemented Statewide in December 1994, and will provide case management assistance to the workers. Under LASES, the system will track cases and require workers to take appropriate action. The implementation of LASES will also free workers from cleanup activities, and will allow them to devote all of their attention to working cases. In addition, Administrators will be able to resume regular case readings. These case readings will identify error trends and will allow Supervisors to take corrective action before many cases are out of compliance.

November 28, 1994
Re: Legislative findings
page 2

If you need further information please let us know.

Sincerely,

A handwritten signature in black ink, appearing to be 'Al Sanford', written over the word 'Sincerely,'.

Al Sanford, Director
Division of Fiscal Services

Office of the Chancellor
P. O. Box 9374
[504] 771-5020
FAX [504] 771-2026

December 15, 1994

*Dr. Daniel G. Kyle
Office of the Legislative Auditor
State of Louisiana
1600 Riverside North
Post Office Box 94397
Baton Rouge, LA 70804-9197*

Dear Dr. Kyle:

The following is the University's response to the 1993-94 Audit Finding - Payroll and Personnel:

Regular Employees -

LSA-R.S. 49:290

Southern University - Baton Rouge will ensure that a current SF-1 is on file for each unclassified employee in accordance with Louisiana Revised Statute (LSA-R.S.) 49:290.

IRC, Section 3402; Title 8, USC, Section 1324A, and LSA - R.S. 49:290

The University's operating procedures require all employees to complete Forms W-4, L-4, and I-9 prior to commencing work. Although the forms were completed they were not always maintained in the employee's permanent file in the Office of Personnel. The Office of Personnel has sent out notifications to all employees requesting that the above forms be completed so that the permanent files can be updated.

Student Workers -

Each student is paid for all hours worked. It is the University's policy to pay students for all hours worked. However, students are not to exceed their authorized amounts.

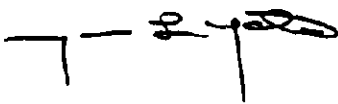
B-214

Hours worked by students should not overlap class hours taken. The University has notified department supervisors of their responsibility to monitor each student's work schedule to ensure that the hours worked do not overlap the student's class hours. To ensure accountability at the department level, the department supervisor will be required to certify on the payroll time sheet that hours worked do not conflict with class hours. Further, the department supervisor will certify that s(he) understands that if his/her certification proves to be incorrect, s(he) may jeopardize his/her right to employ student workers in the future.

Segregation of Duties -

The University has established adequate controls to ensure that duties within the payroll section are properly segregated. The payroll supervisor does not receive and distribute payroll checks. All checks are received and distributed by the Check Release Section of the Comptroller's Office.

Sincerely,

A handwritten signature in black ink, appearing to read 'Marvin L. Yates', written over a horizontal line.

**Marvin L. Yates
Chancellor**

/brs



SOUTHERN UNIVERSITY AT NEW ORLEANS

6400 Press Drive
New Orleans, LA 70126
(504) 286-5311 — LINC 647-5311
FAX (504) 286-5131

OFFICE OF THE CHANCELLOR

December 7, 1994

Dr. Daniel G. Kyle
Office of Legislative Auditor
State of Louisiana
1600 Riverside North
P. O. Box 94397
Baton Rouge, Louisiana 70804-9197

Dear Dr. Kyle:

We are transmitting to your office the University's response to the 1993-94 Single Audit Findings-Payroll and Personnel..

Sincerely,

A handwritten signature in cursive script, reading "Robert B. Gex".

Robert B. Gex
Chancellor

RBG/jav

Enclosure

cc: Mr. Tolor E. White, Vice President
Mr. Flandus McClinton, Jr., Associate Comptroller

SOUTHERN UNIVERSITY - SINGLE AUDIT 1994
Southern University - New Orleans Campus
Payroll and Personnel

University Response

Southern University at New Orleans has taken the necessary steps to ensure that SF-1 forms are properly and timely filed for all its employees. The Director of Personnel for the New Orleans Campus has implemented a procedure which requires all Personnel folders to be checked prior to placing them in permanent files.

Southern University at New Orleans, Office of Personnel has also implemented necessary measures to have all employees file W-4 and L-4 forms.



The Comprehensive
Community College of the
Southern University System

Southern University at Shreveport-Bossier City
Office of the Chancellor

December 13, 1994

Ms. Betty McCord
Senior Auditor
Office of the Legislative Auditor
P.O. Box 44272, Capital Station
Baton Rouge, LA 70804-9397

Listed below are the responses to the final draft audit comments relating to payroll and personnel for the Southern University at Shreveport Bossier City campus for fiscal year ending June 30, 1994:

Corrected SF-1s reporting each unclassified employee's current position and salary have been submitted and are now on file in the Personnel Office. Additionally, all required I-9, and L-4 forms have been updated and/or completed and are on file for all exceptions named by the auditors.

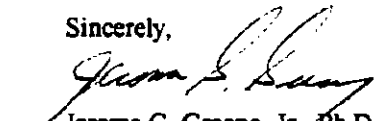
Procedures have been developed within the Financial Aid Office to prevent student employees from working in excess of their total semester's allocation. Supervisors are notified that in the future the payment of any excessive work hours will be the responsibility of the respective supervisor. All students indicated in the exceptions named by the auditors will be paid for actual time worked.

All student employees are now required to complete and sign W-4, L-4, and I-9 forms upon completion of their Student Worker Contract.

Procedures regarding the segregation of duties within the payroll section have been developed. While the payroll supervisor still has the responsibility of entering employees on the payroll system and making changes to the system, the Director of Accounting Services now receives all payroll checks, and then forwards them to the Bursar's Office for distribution.

Please let me know if additional information is required.

Sincerely,



Jerome G. Greene, Jr., Ph.D.
Chancellor



Office of the Chancellor
P. O. Box 9374
[504] 771-5020
FAX [504] 771-2026

October 10, 1994

Ms. Betty McCord
Senior Auditor
Legislative Auditors Office
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Ms. McCord:

Transmitted herewith are Southern University-Baton Rouge responses to report comments relating to the following findings:

- MISSING CASH RECEIPTS - ATHLETICS
- EDP Controls

If additional information is needed, please let me know.

Sincerely,

Marvin L. Yates
Chancellor

MLY/edt

Enclosures

B-219

SOUTHERN UNIVERSITY
REPORT OF OTHER AUDITORS - MISSING CASH RECEIPTS

The University has reviewed the logistics and procedures for the ticket operation in an effort to strengthen internal controls and improve operating efficiency. The following revisions have been implemented to improve the ticket office operations in the Department of Athletics:

- 1. The Department of Athletics secured approval to hire an Accounting Specialist which will further define the segregation of duties within the department. Applicants are currently being screened and the selection process will commence immediately thereafter.**

The Accounting Specialist responsibilities will include reconciling daily income to the amount deposited. Reconciliations will be submitted each day to the Ticket Manager for approval.

The Accounting Specialist will assist the Ticket Manager in maintaining records of all consignments issued and payments received.

Normally the Ticket Manager does not collect monies. However, when no one else is on duty, this may occur. In this instance, the Assistant Athletic Director will be required to verify the Ticket Manager's sales.

All employees will be trained on the ticketmaster system. All ticketmaster reports and other supporting documents are maintained in the Ticket Office. Additionally, copies of these reports are submitted to the Assistant Athletic Director and Comptroller's Office as support documentation for the daily pay-in-vouchers.

- 2. The Assistant Athletic Director will be the direct supervisor of the Ticket Manager. The Assistant Athletic Director will review and approve all documentation prior to submission to the Comptroller's Office.**
- 3. Daily journals, income reports, balance sheets, consignments and other pertinent reports will be submitted to the Accounting Specialist and Ticket Manager for review and approval. Upon approval by the Ticket Manager, all reports will be submitted by the end of the following day to the Assistant Athletic Director, Cashier's and Comptroller's Offices as back-up to daily pay-in-vouchers (PIVs). Discrepancies in the PIVs and support documentation must be explained by the Ticket Manager in writing.**

4. ***All funds collected by the Department of Athletics must be deposited in the University's bank account established for Auxiliary Enterprise activities. All disbursements will be submitted to the Comptroller's Office for payment in accordance with established policies and procedures.***
5. ***The revised operating procedures require the Ticket Manager to change all passwords every two (2) months. The combination to the safe has been changed. The combination to the safe and security code will be changed immediately whenever an employee is no longer employed within the Ticket Office.***
6. ***The Department of Athletics has acquired additional space adjacent to the Ticket Office (Room A-7). This space (Room A-4) will house four (4) ticket windows for daily ticket sales. This will eliminate traffic in the Ticket Office. A log will be maintained for any visitors who must enter the Ticket Office for business purposes. Each visitor will be required to sign the log, indicate the time of arrival and departure and state the nature of business.***
7. ***The University Police has been contacted regarding the shortage which occurred during the 1992-93 fiscal year, and a copy of the final audit report has been provided to the University Police for the 1993-94 fiscal year.***

The University will make every effort to ensure that the procedures outlined above are followed. The Department of Athletics goal is to work towards the most efficient, productive and successful ticket operations possible in accordance with established policy and procedures. The services of the Internal Auditor's Office will continue to be utilized.

SOUTHERN UNIVERSITY EDP CONTROLS

The University has implemented mitigating controls external to the security package, Top Secret, which restrict programmers from accessing production programs, object codes and production libraries. Programmers have no access to source code libraries and are unable to execute programs without submitting the job through Data Control. Unauthorized submission of a job is placed in queue to allow Information System Division (ISD) administration to track the employee that submitted the job.

In addition, ISD is in the process of loading source codes, phases, object codes, and job control languages (JCLs) in CA-Librarian. As of October 1, 1994, the following tasks have been completed:

- 1. Ninety-five percent (95%) of the financial system (SUFS) source code and copy books have been loaded in CA-Librarian.**
- 2. Ninety-five percent (95%) of the student record system (SIS-Plus) source code, copy books, and JCLs have been loaded in CA-Librarian.**
- 3. Four critical payroll programs have been loaded in CA-Librarian.**

The following tasks must be completed by ISD, before the Librarian can be fully operational.

- 1. Load all phases and objects in the Librarian for all source code.**
- 2. Load the remaining JCLs in the Librarian for production jobs.**

Although the Librarian is not fully operational, ISD is using the system to maintain changes to all source codes presently loaded in two systems.

ISD will utilize the above control procedures until all appropriate controls have been implemented in the security package (Top Secret) on DOS/VSE and ESA/VSE production operating systems.



Office of the Chancellor
P. O. Box 9374
[504] 771-5020
FAX [504] 771-2026

January 20, 1995

**Ms. Valinda Smith
Legislative Auditors
Post Office Box 44272, Capitol Station
Baton Rouge, LA 70804-4272**

Dear Ms. Smith:

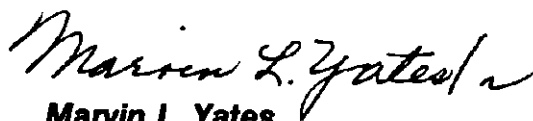
Submitted herewith is the University's response to the current status of the Prior Reportable Condition for the Perkins Loan Program.

Southern University - Baton Rouge is in the process of reconciling the Perkins loan subsidiary ledger with EduServ. All subsidiary transactions for the 1993-94 fiscal year have been reconciled. The difference cited by the auditor consists of Perkins loan accounts that were included in the initial conversion to EduServ.

The reconciliation process is approximately fifty percent complete. The projected date for completing the reconciliation is June 30, 1995.

If there are any questions, please do not hesitate to call.

Sincerely,


**Marvin L. Yates
Chancellor**

/brs

B-223



Office of the Chancellor
P. O. Box 9374
[504] 771-5020
FAX [504] 771-2026

November 29, 1994

Ms. Betty McCord
Senior Auditor
Legislative Auditors' Office
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Ms. McCord:

Transmitted herewith is the University's response to the report comment relating to **REPORT OF OTHER AUDITORS - INSURANCE REIMBURSEMENT.**

If additional information is needed, please let me know.

Sincerely,

Marvin L. Yates
Chancellor

MLY/edt

Enclosure

B-224

SOUTHERN UNIVERSITY
REPORT OF OTHER AUDITORS - INSURANCE REIMBURSEMENT

The insurance reimbursement procedures have been revised to facilitate timely processing, monitoring and closure of all outstanding claims.

The University is currently interacting with the Office of Risk Management (ORM) to collect on reimbursable claims that were previously denied. The University has not concluded that a loss has occurred. We are aggressively pursuing all means necessary to collect these funds.

According to Louisiana Revised Statutes 39:7 and 39:1527, et seq., the closure of any claims by ORM has the effect of not being charged to the loss experience of the University for subsequent fiscal years. Therefore, technically, a loss may not have occurred.

Insurance reimbursement claims are currently being submitted on a timely basis and procedures have been implemented for reconciling the general ledger claims receivable account to the claims listing from ORM.



Office of the Chancellor
P. O. Box 9374
[504] 771-5020
FAX [504] 771-2026

November 30, 1994

**Ms. Valinda Smith
Legislative Auditors
Post Office Box 44272, Capitol Station
Baton Rouge, LA 70804-4272**

Dear Ms. Smith:

Submitted herewith is Southern University - Baton Rouge Campus response to audit findings in connection with the 1993-94 Federal Grants Financial and Compliance Audit.

If there are any questions, please advise.

Sincerely,

**Marvin L. Yates
Chancellor**

/brs

Enclosures

B-226

**SOUTHERN UNIVERSITY - BATON ROUGE
AUDIT RESPONSES
FOR FISCAL YEAR ENDING JUNE 30, 1994**

1. PELL GRANT CALCULATIONS

We recommend that the University make a concerted effort to ensure that the proper amounts from the Pell grant payment schedules are utilized when computing Pell grant awards.

RESPONSE

The Pell grant amounts for the students cited were based on the pre-registered hours and initial Expected Family Contribution (EFC); however, adjustments to class schedules and Student Aid Report (SAR) data caused inaccurate payments. Steps will be implemented to eliminate this type of error in the future through the SIS Plus shared components system and the offices involved.

2. REFUNDS AND REPAYMENTS TO THE TITLE IV PROGRAMS

We recommend that the University review its current policies and procedures for calculating refunds and repayments, and make the necessary adjustments to ensure that the refunds are calculated in accordance with Title IV regulations.

RESPONSE

The University has revised the procedures for calculating refunds and repayments to ensure that refunds are calculated in accordance with Title IV regulations. The processing of refund calculations was transferred from the Housing Office to the Bursar's Office beginning with the 1994-95 fiscal year.

3. NOTIFICATION OF LENDERS BETWEEN SUBMISSION OF STUDENT CONFIRMATION REPORTS (SCRs)

We recommend that the University establish policies and procedures to ensure that lenders are notified in a timely manner of all changes in a student's enrollment status.

RESPONSE

The University has established policies and procedures to ensure that lenders are notified in a timely manner of all changes in a student's enrollment status. The lenders were notified; however, the documentation supporting the notifications was not available during the audit.

In the future, all lender notifications will be documented and maintained in a separate file and made available for review.

4. STUDENT CONFIRMATION REPORTS (SCRs)

We recommend that the University adhere to established policies and procedures for ensuring that SCRs are returned in a timely manner.

RESPONSE

The University has established procedures to govern the preparation of SCRs. However, problems were encountered with processing data between the Old Student Record Management System and the New Student Record Management System (SIS-Plus). The problems are currently being resolved by the Information Systems Division and the Registrar's Office.

5. INSTITUTIONAL PAYMENT SUMMARY REPORTS (IPS)

We recommend that the University follow established policies and procedures to ensure that all IPS reports are submitted to the Department of Education as required.

RESPONSE

The University implemented an Integrated Student Information System (SIS Plus) during the 1993-94 fiscal year. The Institutional Payment Summary (IPS) report was not submitted during the period of February 16 through April 16, 1994 because student financial aid records were being converted to the new system. This conversion process delayed the preparation of the report. The IPS reports are currently being submitted in accordance with federal regulations.



SOUTHERN UNIVERSITY AT NEW ORLEANS

6400 Press Drive
New Orleans, LA 70126
(504) 286-5311 — LINC 647-5311
FAX (504) 286-5131

OFFICE OF THE CHANCELLOR

CORRECTED COPY

December 21, 1994

Dr. Daniel G. Kyle
Office of Legislative Auditor
State of Louisiana
1600 Riverside North
P.O. Box 94397
Baton Rouge, LA 70804-9194

Dear Dr. Kyle:

We are transmitting to your office the University's response to the 1993-94 Single Audit Findings-Cash Collections.

University's Response

Updating receipts to the files is a batch process. There were times when loading data was delayed due to account files not being on line. Procedures for processing of data into the system have been greatly improved and much improvement will be realized during the current fiscal year. Plans to upgrade the process to on line receipt writing will further enhance timely processing.

Consecutively numbered receipts are used to account for funds receipted on behalf of the university. A daily certification log of receipts is now in place to account for all receipts.

Sincerely,

Robert B. Gex
Robert B. Gex
Chancellor

RBG/gdc



OFFICE OF THE CHANCELLOR

SOUTHERN UNIVERSITY AT NEW ORLEANS

6400 Press Drive
New Orleans, LA 70126
(504) 286-5311 — LINC 647-5311
FAX (504) 286-5131

December 7, 1994

Dr. Daniel G. Kyle
Office of Legislative Auditor
State of Louisiana
1600 Riverside North
P. O. Box 94397
Baton rouge, Louisiana 70804-9397

Dear Dr. Kyle:

We are transmitting to your office the University's responses to the 1993-94 Financial Aid Audit Findings.

Sincerely,

A handwritten signature in cursive script that reads "Robert B. Gex".

Robert B. Gex
Chancellor

RBG/jav

Enclosure

cc: Mr. Tolor E. White, Vice President
Mr. Flandus McClinton, Jr., Associate Comptroller

SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
RESPONSE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS
1993-1994

QUESTIONED COSTS
\$300

CONDITION

1. PELL GRANT CALCULATIONS

We noted during our audit that the Pell Grant amount, when recalculated for three (3) students out of seventy-one (71) students sampled, did not agree to actual Pell disbursement

UNIVERSITY'S RESPONSE

The University has taken the necessary steps to ensure that the proper amounts from the authorized Pell Grant payment schedules are utilized for computing Pell Grant awards.

QUESTIONED COSTS
\$-0-

2. GUARANTEED STUDENT LOAN PROGRAM

Condition

During our audit of the guaranteed student loan program, we noted that there was no documentation on file indicating that GSL exit interviews were held for ten (10) students out of nineteen (19) students tested prior to the time the students withdrew, graduated or ceased to re-enroll.

UNIVERSITY'S RESPONSE

The University has included in its policies and procedures sufficient changes for providing exit conference material to borrowers who ceased to graduate or re-enroll. The financial aid counselor will provide exit conference material to all students with enrollment changes and a report will be generated for students not enrolled but were enrolled during prior the semester and received a loan.

SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
RESPONSE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS
1993-1994

QUESTIONED COSTS
\$1,615

3. STUDENT FINANCIAL AID OVER-AWARDS

Condition

During our audit of the student financial aid program, we noted that two (2) students out of eighty (80) students tested, were awarded financial aid in excess of documented need. It appears that the University failed to consider the students' other resources when awarding Title IV funds.

UNIVERSITY'S RESPONSE

The University has added steps to its procedures to ensure that all available aid resources utilized and included as part of the students' total award package. The Financial Aid Office has requested changes in the packaging software on the computer mainframe system that will allow posting of all available resources.

4. NOTIFICATION TO LENDERS BETWEEN SUBMISSION OF STUDENT
CONFIRMATION REPORTS

Condition

During our audit we noted that the University failed to notify lenders of changes in students' enrollment status which occurred between the dates of submission of the student Confirmation Report (SCR) for eight (8) students out of ten (10) students tested.

UNIVERSITY'S RESPONSE

The University has implemented procedures for ensuring that proper notification to lenders is provided between the dates of submission of the Student Confirmation Report (SCR). Financial Aid Counselors are now required to sign all withdrawal forms and compile the notice to lender form. Additionally, a report form will be maintained in the Financial Aid office that will indicate the date the notice was mailed, as well as the date of withdrawal.

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
RESPONSE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS
1993-1994**

QUESTIONED COSTS

\$-0-

5. **FINANCIAL AID TRANSCRIPTS (FATs)**

Condition

We noted during our audit of student files maintained by the Financial Aid Office that twenty-one (21) transfer students out of a sample size of forty-two (42) did not have financial aid transcripts on file. The University subsequently obtained all of the missing FATs.

UNIVERSITY'S RESPONSE

The University has established procedures to ensure that all transfer students have a financial aid transcript on file. The current system will not allow an identified transfer student to receive aid until a financial aid transcript is entered into the system.

QUESTIONED COSTS

\$-0-

6. **GUARANTEED STUDENT LOAN (GSL) RECORDS**

Condition

We noted during our audit of GSL disbursements, that in four (4) out of sixty (60) instances the University did not maintain the student check clearance records. The check clearance records disclose the date of the GSL disbursement, the student's acknowledgement of receipt, and a copy of the check.

UNIVERSITY'S RESPONSE

In addition to the student check clearance form, a computer file is maintained to track loans received, issued and returned. The original form is transmitted to the Financial Aid Office from the Comptroller's Office after the check has been issued to the student, to be filed in the student's folder. A photo copy is maintained in the Comptroller's Office files for Safekeeping. The file maintained on computer reflect the disposition of these checks. all efforts are being made to avoid such recurrence.

SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
RESPONSE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS
1993-1994

QUESTIONED COSTED
\$8,393

7. REFUNDS AND REPAYMENTS TO THE TITLE IV PROGRAMS

Conditions

During our audit of refunds, we noted the following instances of non-compliance:

- * Nine (9) refunds out of fifty (50) tested in which refunds were not computed in accordance with Title IV regulations. As a result, the University failed to remit a total of \$222 to the Title IV Programs as required.
- * Seventeen (17) refunds and/or repayments out of fifty (50) tested were not refunded to the appropriate Title IV Program or GSL lender on a timely basis.
- * Twelve (12) refunds out of fifty (50) tested were calculated, however, they were not posted to the accounting records of the University. As a result, the University failed to remit a total of \$6,167 to the Title IV Programs as required.
- * Five (5) refunds and repayments out of fifty (50) tested were not calculated for students who had withdrawn from the University, resulting in questioned costs of \$2,004.

UNIVERSITY'S RESPONSE

The university has implemented the new Pro-rata refund regulation as illustrated in the Federal Student Financial Aid Handbook for 1993-94 as published March 1994. The refund policy is being amended to include "unpaid charges for recipients of Title IV funds are to be excluded from the amount to be retained by the University as required by the June 8, 1993 final regulation". Implementation of these changes will avoid recurrence of this finding. Appropriate adjustments are in process to restore the questioned cost to the Title IV programs.

SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
RESPONSE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS
1993-1994

QUESTIONED COSTED
\$-0-

8. GUARANTEED STUDENT LOAN (GSL) PROGRAM

Condition

We noted during our audit that the University remitted the first loan disbursement prior to thirty (30) days after the beginning of the loan period for one (1) student (first-time borrowers) out of a sample size of ten (10) students.

UNIVERSITY'S RESPONSE

The university has improved its procedures to ensure that all first-time borrowers checks are held for 30 days. The Financial Aid Office has requested the Computer Center to provide space on the mainframe system that will allow for the identification of first-time borrowers.



SOUTHERN UNIVERSITY AT NEW ORLEANS

8400 Press Drive
New Orleans, LA 70128
(504) 286-5311 — LINC 647-5311
FAX (504) 286-5131

OFFICE OF THE CHANCELLOR

January 10, 1995

Dr. Daniel G. Kyle
Office of Legislative Auditor
State of Louisiana
1600 Riverside North
P. O. Box 94397
Baton Rouge, Louisiana 70804-9197

Dear Dr. Kyle:

The following is the University's response regarding the below listed 1993-94 Audit Finding:

PERKIN'S LOAN PROGRAM

Southern University at New Orleans is continuing its efforts to reconcile its accounting records with EduServe, and is taking steps to ensure that all Perkin's Loan information is properly recorded.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert B. Gex".

Robert B. Gex
Chancellor

RBG/jav

cc: Mr. Tolor E. White, Vice President
Mr. Flandus McClinton, Jr., Associate Comptroller



Southern University at Shreveport-Bossier City
Office of the Chancellor

*The Comprehensive
Community College of the
Southern University System*

October 10, 1994

Ms. Betty McCord
Auditor in Charge
Legislative Auditors
P.O. Box 44272, Capital Station
Baton Rouge, LA 70804-4272

Dear Ms. McCord:

The following is submitted in response to the draft audit comment made in connection with the June 30, 1994 fiscal year-end audit of the Shreveport-Bossier City Campus of Southern University.

COMMENT

Perkins Loan Notes Receivable Reconciliation

MANAGEMENT RESPONSE

In January 1994, the Financial Aid Office forwarded the NDSL subsidiary ledger and approximately 1,400 active Perkins Loan/NDSL files to the Business Office to facilitate the reconciliation and eventual transfer of approximately 600 loan accounts to Eduserve Technologies. The subsidiary ledger, which contained in excess of 3,800 entries, had never been reconciled since the establishment of the NDSL Program in the 1970s. A contract was established for Eduserve to accept and service billing and receipting responsibilities for those 600 Perkins Loan/NDSL notes to ensure adherence to due diligence requirements. The remaining accounts had previously been transferred to the Louisiana State Department of Justice for collection.

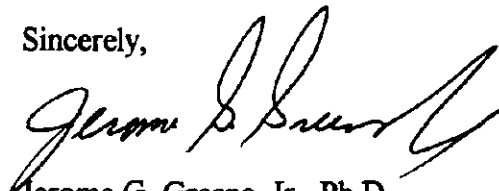
The manual process of comparing entries to the subsidiary ledger with information logged on individual files was time consuming, but ultimately enabled the Business Office to compile a relatively accurate manual ledger and data base that subsequently assisted in the initial transfer of 484 files to Eduserve in the Fall of 1994. We are currently in the final phase of the reconciliation process, which consists of identifying and correcting the remaining discrepancies reflected in the subsidiary ledger. Once the reconciliation is

Ms. Betty McCord
October 10, 1994
Page Two

complete and appropriate journal voucher entries, reversals, and/or write offs are compiled by the SUSBO campus, they will be submitted to the Baton Rouge Comptroller's Office for entry into the computer system.

In addition, the Business Office monitors the accuracy of all Perkins Loan/NDSL receipts posted to the subsidiary ledger on a monthly basis, and then reviews and compares the ledger to the information entered on individual student files.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerome G. Greene, Jr.", with a stylized flourish at the end.

Jerome G. Greene, Jr., Ph.D.
Chancellor



Southern University at Shreveport-Bossier City
Office of Student Affairs

*The Comprehensive
Community College of the
Southern University System*

December 14, 1994

**Office of Legislative Auditor
State of Louisiana
1600 Riverside North
P.O. Box 9439
Baton Rouge, LA 70804-9397**

ATTN: Ms. Valinda Smith

Dear Ms. Smith:

Please find attached the audit findings and responses conducted for the Financial Aid Office for the fiscal year ending June 30, 1994.

If there are questions, please feel free to contact me.

Sincerely,

S. A. Gilliam
Vice Chancellor Student Affairs

SAG/rp

Attachment

**xc: Kim Lemon, Bruno & Tervalon
Tim Ehle, Bursar
Clifton Jones, Registrar
Dr. Jerome G. Greene, Jr., Chancellor**

SOUTHERN UNIVERSITY SYSTEM
SOUTHERN UNIVERSITY AT SHREVEPORT-BOSSIER CITY
RESPONSE TO AUDIT OF JUNE 30, 1994

1. STUDENT CONFIRMATION REPORTS

RESPONSE:

The University is currently working on procedures that will ensure that student confirmation reports are reported on a timely basis. One procedure already in place is the assigning of one person in the Registrar's Office who will work with the reports.

2. PELL GRANT CALCULATIONS

RESPONSE:

The University will continue to strive to utilize appropriate budgets and make payments in accordance with the Federal Pell Grant Program Payment and Disbursement Schedules.

3. SATISFACTORY ACADEMIC PROGRESS

RESPONSE:

Southern University at Shreveport-Bossier has revised the policies and procedures as outlined in the attached "Satisfactory Academic Progress" statement.

Southern University at Shreveport-Bossier City will continue to monitor the academic standing of all students after the completion of each regular semester. The accuracy of this activity will be governed by the degree of automation implemented by the Registrar's Office in computing GPAs that include transfer grades and corrections of "incomplete grades."

4. GUARANTEED STUDENT LOAN

RESPONSE:

A check to reimburse the lending institution has been prepared and forwarded to the lender. An account receivable has been established for the student and she has acknowledged her obligation and agreed to repay the University.

The University has established a new change of schedule form which requires the Financial Aid Counselor to sign off on every time a student changes his/her enrollment status starting January 1995. Before this time, the Financial Aid Office was not required to sign off on the change of schedule forms.

5. PERKINS LOAN PROGRAM

RESPONSE:

All student Perkins Loans reviewed by the auditor and all remaining student loans that were in collection through the University have been transferred to an outside service center (Eduserve). A total of 484 loans by 351 borrowers totaling \$277,615 were assigned in October 1994. Future loans will be transferred by the end of each term. The outside agency will be responsible for all federal due-diligence requirements as outlined in the service contract.

6. HIGH SCHOOL TRANSCRIPTS

RESPONSE:

The University has instituted a policy that will ensure that all students who receive financial aid will have either a high school transcript or a recognized equivalent. The new policy states that before a student receives financial aid a transcript must be on file in the Registrar's Office.

7. REFUNDS AND REPAYMENTS TO THE TITLE IV PROGRAMS

RESPONSE:

The appropriate action and/or adjustments have been completed for the student and reviewed by the auditor. In the future the University will ensure closer coordination between the Registrar's Office, the Financial Aid Office, and the Business Office to ensure that prorata refunds are calculated when required. Additionally, the University will ensure that Federal guidelines are correctly applied when computing repayments.



*The Comprehensive
Community College of the
Southern University System*

Southern University at Shreveport-Bossier City
Office of the Chancellor

January 10, 1995

Ms. Betty McCord
Legislative Auditor
1600 Riverside North
P. O. Box 94397
Baton Rouge, LA 70804

RE: AUDIT RESPONSES - FEDERAL PROGRAMS

Dear Ms. McCord:

Per your request, I am transmitting audit responses concerning the Perkins Loan Program and Federal Financial Reporting which are applicable to the "Federal Grants" audit for the Southern University at Shreveport Bossier City campus for the period ending June 30, 1994.

Response - Perkins Loan Program

Southern University Shreveport-Bossier City transmitted its loan records for the Perkins Loan Program to EduServe on October 4, 1994, and receipt was confirmed by EduServe on October 9, 1994.

The general ledger and subsidiary ledger for the Perkins Loan Program were reconciled at June 30, 1994. Southern University at Shreveport-Bossier City will work closely with EduServe to ensure that loan records are properly recorded during fiscal year 1994-95.

Response - Federal Financial Reporting

The error cited by Bruno and Tervalon in reference to Pell Expenditures on the FISAP Report was noted and subsequently corrected on the FISAP edit report on December 9, 1994.

B-242

3650 Martin Luther King, Jr. Drive • Shreveport, Louisiana 71107

Phone: (318) 674-3312 • Fax: (318) 674-3374

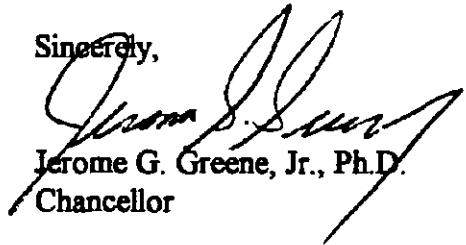
Toll-Free: 1-800-435-1472

"An Equal Opportunity Employer"

Ms. Betty McCord
January 10, 1995
Page Two

Should your office require additional information, please contact me at (318)674-3314.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerome G. Greene, Jr.", is written over the typed name and title. The signature is fluid and cursive, with a large initial "J" and "G".

Jerome G. Greene, Jr., Ph.D.
Chancellor

BWP:bt

cc: Mr. Benjamine Pugh
Mr. Flandus McClinton, Jr.



State of Louisiana

BOARD OF TRUSTEES
STATE EMPLOYEES GROUP BENEFITS PROGRAM
P.O. BOX 44036, CAPITOL STATION
BATON ROUGE, LOUISIANA 70804

December 9, 1994

Bruce J. Janet, CPA
Audit Manager
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804

Dear Mr. Janet:

This letter is in response to the reportable finding concerning the untimely payment of claims and the use of the stop draft/letter forms for other purposes.

We concur with this finding as it relates to the payment of claims, but want to stress that this agency makes every effort to process claims within 30 days of the receipt of all necessary documentation. We have reduced the current inventory of claims that are outside of the 30 day period to less than 100. Tracking reports for October 5, 1994 indicate a claims inventory of 11,360 with related benefits of approximately \$5,000,000. These figures represent a reduction of more than 50,000 in the claims inventory and more than \$15,000,000 in related benefits as compared to the same date in 1993. The ability to reduce the lag in processing is due in part to temporary positions that have been allowed by the Governor and the Division of Administration during the past fiscal year. We have consistently requested additional permanent staff through the budget process and through direct appeal to the Division of Administration to help alleviate this problem. We have experienced a growth in plan members without a corresponding increase in personnel.

We continue in our efforts to achieve a 10 day turnaround time with a minimum staff and expect to maintain that when we have converted to the new claims processing system.

We concur with the finding that the stop draft/letter form was utilized by the program for vault release purposes. We will develop a new form to be used for vault release purposes only. We will also develop and implement written procedures as they relate

B-244

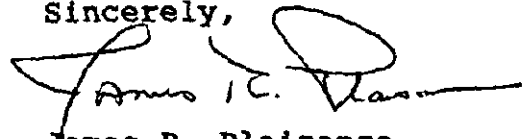
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BATON ROUGE OFFICES-CLAIM SERVICE 504/925-6625 • TDD (BR Only) 504/925-6770 • EXECUTIVE 504/925-6668
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NEW ORLEANS 504/826-2485 • SHREVEPORT 318/676-7026
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Mr. Bruce J. Janet
December 9, 1994
Page 2

to the use of both the stop draft/letter forms and the vault
release forms.

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Plaisance", with a large, stylized loop at the end.

James R. Plaisance
Executive Director

JRP/kgm

attachments



State of Louisiana

BOARD OF TRUSTEES
STATE EMPLOYEES GROUP BENEFITS PROGRAM
P.O. BOX 44036, CAPITOL STATION
BATON ROUGE, LOUISIANA 70804

December 9, 1994

Bruce J. Janet, CPA
Audit Manager
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804

Dear Mr. Janet:

Although the services provided by Resource Information Management Systems (RIMS) were monitored to insure adequacy and completeness of services received, we concur that errors were made by the accounts payable section that resulted in the findings as stated. The accountant misunderstood the certification of the employee monitoring the services provided by the contractor. The accountant believed the certification was authorization to process the invoices as billed.

There has been a turnover in this section and the new employee and the supervisors have been instructed on the proper handling of these invoices. Written procedures will be implemented that will provide for professional services contracts to be made available to the accounts payable section, so that invoices will be processed and paid in compliance with terms of the contracts.

We concur with the finding that the program did not have personnel assigned to monitor The Segal Company contract.

A liaison responsible for the monitoring of this contract has been assigned by the Board of Trustees. This individual will be responsible for reviewing the invoices and his certification will be required for the processing of all future billings.

Sincerely,


James R. Plaisance

JRP/kgm

B-246

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State of Louisiana

BOARD OF TRUSTEES
STATE EMPLOYEES GROUP BENEFITS PROGRAM
P.O. BOX 44036, CAPITOL STATION
BATON ROUGE, LOUISIANA 70804

November 30, 1994

Bruce J. Janet, CPA
Audit Manager
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804

Dear Mr. Janet:

This letter is in response to the reportable finding concerning the lack of adequate internal control procedures over the processing of FACS 120 documents (manual checks).

We concur with this finding. The temporary vendor number was initially intended to be used for one month only until information needed to obtain a permanent vendor number was received from the contractor. Due to turnover in the accounts payable section, the temporary vendor number was used for an extended period. The permanent vendor number has since been obtained.

Procedures will be written and implemented that will prevent this situation from occurring in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Plaisance".

James R. Plaisance
Executive Director

JRP/kgm

B-247

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State of Louisiana

BOARD OF TRUSTEES
STATE EMPLOYEES GROUP BENEFITS PROGRAM
P.O. BOX 44036, CAPITOL STATION
BATON ROUGE, LOUISIANA 70804

December 15, 1994

Bruce J. Janet, CPA
Audit Manager
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804

Dear Mr. Janet:

This letter is in response to the reportable finding concerning time and attendance records.

We do not concur with the finding as it relates to the preparation and certification of documents every payroll period summarizing the actual number of hours of attendance.

The Civil Service rule that is cited is subject to interpretation. This agency strongly believes that it is in compliance with the rule in that the required documentation is prepared and is certified. The UPS on-line system is an exception-based system. Only the leave taken and the overtime worked is entered and each of these documents are detailed, signed, and approved. It assumes that employees work 80 hours per pay period unless overtime is worked or leave is taken. The source documents are the leave forms and the compensatory time earned forms. These documents are prepared and/or certified by the employee and the supervisor. Leave slips not only certify the number of hours taken; they also certify the number of hours worked.

The Civil Service rule is vague. We were unsuccessful in obtaining a uniform interpretation of the rule in discussions with Civil Service personnel.

The UPS on-line exception based system is not in compliance with the Civil Service rule, if it is interpreted to require documentation in addition to leave forms and compensatory time earned forms.

In effect, an exception based system was designed that did not meet minimum Civil Service requirements. To meet the requirements, each agency must generate supporting documentation for the non-exception time and attendance at a significant cost. In our case, this cost must be absorbed by our plan members through their health premiums. The on-line system should have been designed to provide documentation that would satisfy the requirements of Civil Service.

B-248

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NEW ORLEANS 504/826-2485 • SHREVEPORT 318/676-7026
TDD Toll-Free (LA Only) 1-(800)-259-6771 • Toll Free 1-(800) 272-8451 (LA Only)

Bruce J. Janet
December 15, 1994
Page 2

This agency implemented a policy that stated that sign-in sheets were optional as the direct result of information received by Mr. Randy LeJeune of the Legislative Auditor's Office. In 1992, the Internal Audit section reviewed the time and attendance of the various agency departments at the request of the newly appointed Executive Director. The purpose of the review was to note instances of non-compliance and to inform the Executive Director of the practices of the various departments. The results of the review was a policy issued by the Executive Director.

Sign-in sheets were specifically reviewed. Civil Service manuals, UPS manuals, and the opinions of the Legislative Auditor's Office were considered in the review. A telephone conversation between Mr. LeJeune and the Internal Audit Director, at the request of the Executive Director, resulted in the recommendation that sign-in sheets were optional (an affidavit has been obtained from the Internal Audit Director). As a result, this was put into agency policy.

We are requesting that the legislative auditors outline specifically what documentation would satisfy the requirements of Civil Service so that we can satisfy their finding. We also are requesting that a further review be made of the UPS on-line system to determine if it can be designed to provide all required documentation. If this documentation was provided at the system level, it would be less costly to the state and, in our case, the plan members.

We do concur with the finding as it relates to the discrepancies that were found in the testing of documents that were "prepared". The discrepancies were the result of human error (oversight). Supervisors and employees are aware that they must certify leave slips. Considering the volume of these documents, there is the probability that some necessary certifications will not be provided. The payroll department will, as required by UPS, randomly audit these records to help insure that all necessary certifications are provided for on all supporting documentation.

Sincerely,



James R. Plaisance
Executive Director

JRP/kgm



STATE OF LOUISIANA
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
P. O. Box 94245
Baton Rouge, Louisiana 70804-9245



EDWIN W. EDWARDS
GOVERNOR

JUDE W. P. PATIN
SECRETARY

August 30, 1994

Mr. Michael Noble
Auditor-in-Charge
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Noble:

This is in response to your audit finding, concerning the bridge inspection program in District 02.

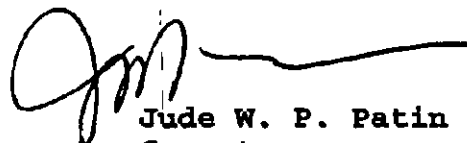
Please be advised that the district now has six trained bridge inspectors, and a consulting engineer has been contracted with to inspect all off-system bridges.

The major remaining problem is the district's inability to inspect the major on-system bridges. To remedy this situation, the Department has four ongoing contracts with consulting engineering firms. These contracts are for the inspection of all the large and very long on-system bridges in the district. Discussions with the Federal Highway Administration (FHWA) have indicated that, once contracts are completed, it is anticipated that the district will be in compliance with the National Bridge Inspection Standards. These contracts are to be completed in mid-1995.

Further, in a letter from Mr. William A. Sussmann, Division Administrator, FHWA, dated June 15, 1994, he stated "...We find that response very satisfactory and are extremely pleased by your prompt commitments to eventually resolve all the deficiencies identified in that report....As you have demonstrated in the past, we know you are committed to the safety of the traveling public. We, therefore, are confident that the necessary actions will be taken to assure that the commitments will be achieved."

If I can be of further assistance, please contact me or Mr. J. P. Perilloux, (504) 379-1068.

Sincerely,



Jude W. P. Patin
Secretary



STATE OF LOUISIANA
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
P. O. Box 94245
Baton Rouge, Louisiana 70804-9245



EDWIN W. EDWARDS
GOVERNOR

November 21, 1994

JUDE W. P. PATIN
SECRETARY

Mr. Michael Noble
Auditor-in-Charge
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Subject: Projects Not on the Highway Priority Program,
Legislative Auditor's Citation Revised Finding
Fiscal Year 1994

Dear Mr. Noble:

Please be advised that we continue to assert that the \$7,003,665 contained in the subject citation is not required to be included in the Highway Priority Program insofar as Title 48 is concerned. Revised Statute 48:232 specifically exempts "projects involving the use of matching funds to meet federal requirements in order to receive federal aid funds" from the priority listing.

After further research of the language in the Louisiana Constitution of 1974, we believe we have not violated this mandate, but we are acting in accordance with the recent opinion of the Attorney General. Accordingly, we have ceased using Transportation Trust Funds (TTF) for all off-system bridges, railroad crossings, and urban systems projects to match federal-aid funds.

As you are aware, we are asking the Interim Emergency Board to provide state General Funds to refinance the projects currently under contract. As evidenced by Attachment 2, we are still awaiting guidance or alternative funding from the Legislature relative to this issue for Fiscal Year 1996. Hopefully, this case will be resolved in the next session of the Legislature.

We are continuing to review, on a project-by-project basis, all of the projects included in the amount cited above. Until we finish our detailed reconciliation, we cannot confirm or accept the amounts you have listed. We offer the following observations concerning the funding categories you have cited:

a. Off-System Bridges - We have ceased our use of TTF funds for off-system bridge match, pending the outcome of our request for Interim Emergency Board funds and future action by the Legislature.

b. Railroad Crossings - Same as off-system bridges.

c. Urban Systems - The practice of providing state match for off-system urban projects was stopped when I became Secretary of the Department. Our preliminary analysis has indicated that we may have continued this practice in conformance with prior written agreements made by the former Secretary of the Department. We will elaborate further when detailed data is available, and we will seek reimbursement from the local entity.

d. Bridge Inspection and Rating - This is the same category as off-system bridges for State Project 700-30-0014, where state match was used to fund immediate inspection of fracture-critical bridges in conformance with a federal requirement. All the remaining projects listed are on-system and should not have been cited.

e. Damage Repairs - This work is unpredictable and cannot be specifically included in the Priority Program. A line-item entry is in the Capital Outlay Budget and the priority program to account for this category. All of the work is on-system, and this expenditure should not have been cited.

f. Maintenance - This is operating budget contract maintenance money that is tracked in the project management system, since project numbers are assigned for management purposes. All of this work is on-system and should not have been cited.

g. Overlay and Construction - Same as maintenance.

h. Dry Docking Repairs-Ferries - This expenditure is appropriated in the Capital Outlay Budget because of the large amounts involved. It is basically an operating cost that is required to be funded in Capital Outlay. We see no violation of either the Constitution or the Revised Statutes in this expenditure. This expenditure is entirely on-system and should not have been cited.

i. Miscellaneous - This category includes mostly building capital improvements that are in the same category as dry docking of ferry boats. We see no violation of either the Constitution or the Revised Statutes in this expenditure. All work is on-system and should not have been cited.

Mr. Michael Noble
Page 3

In conclusion, a project-by-project reconciliation of the above categories of expenditure is forthcoming and will be forwarded as soon as we can complete the reconciliation process.

If I can be of further assistance, please contact me or Mr. Gerald L. Ray, (504) 379-1204.

Sincerely,

A handwritten signature in black ink, appearing to be 'Jude W. P. Patin', with a long, sweeping line extending from the end of the signature towards the top right of the page.

Jude W. P. Patin
Secretary

Attachments (2)



STATE OF LOUISIANA
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
P. O. Box 94245
Baton Rouge, Louisiana 70804-9245



EDWIN W. EDWARDS
GOVERNOR

JUDE W. P. PATIN
SECRETARY

August 9, 1994

Mr. Michael Noble
Auditor-in-Charge
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Noble:

This is in response to your audit finding,
concerning the theft of funds from the General Files
Unit of the Department.

Please be advised that procedures have been
changed, whereby funds collected on a day are
transmitted to the Financial Services Section for
depositing by 10:00 a.m. the next day. Also, a claim
has been filed with the Office of Risk Management, and
we have received reimbursement from them for \$1,185,
which was the amount of cash taken, less deductible.

If I can be of further assistance, please contact
me or Mr. J. P. Perilloux, (504) 379-1069.

Sincerely,

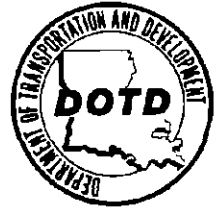
Jude W. P. Patin
Secretary

B-254

AN EQUAL OPPORTUNITY EMPLOYER
A DRUG-FREE WORKPLACE



STATE OF LOUISIANA
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
P. O. Box 94245
Baton Rouge, Louisiana 70804-9245



EDWIN W. EDWARDS
GOVERNOR

May 26, 1994

JUDE W. P. PATIN
SECRETARY

Mr. Michael Noble
Auditor-in-Charge
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Noble:

This is in reference to your finding, concerning the depositing of funds from our Weights and Standards area.

We agree that deposits into the state treasury should be made in a "timely manner," as required by LSA-R.S. 49:308. Also, this has always been the policy, and, consequently, the goal of the Department. Since the previous finding, the area involved has worked diligently to shorten the delays and correct the situation.

Pleased be advised that during the last 6 months, the office responsible for processing these funds has experienced some serious personnel shortages. However, the personnel situation has now greatly improved. We have started cross-training employees; leave policies have been reviewed to ensure that adequate staff is always present; and the vacant positions have been filled. As a result of the measures taken, we will improve the timely deposit of funds received.

If I can be of further assistance, please contact me or Mr. J. P. Perilloux, (504) 379-1069.

Sincerely,

Jude W. P. Patin
Secretary



TREASURER OF THE STATE OF LOUISIANA

MARY L. LANDRIEU
TREASURER

October 6, 1994

P. O. BOX 44154
BATON ROUGE 70804
(504) 342-0010

Ms. Devery S. Pierce, CPA
Senior Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804

Dear Ms. Pierce:

The State Treasurer's Office has monitored the collateral in the Louisiana Education Quality Trust Fund Securities Lending Program. The process used was found to be unacceptable to the Legislative Auditor. The reports submitted by the securities lending provider were based on the customary reports provided to their clients. We do not concur with the finding that we did not monitor the collateral pledged for investments; however, we do agree that the information provided by the securities lending provider could be expressed in a less complicated and more easily discernable fashion. The State Treasurer's Office has been successful in having the reports customized to meet audit requirements.

The State Treasury has made significant progress in verifying securities lending fees. The complexity of the securities lending provider's reporting format made it difficult to extract the necessary information on a daily basis. Throughout the fiscal year, we have worked with the securities lending provider to upgrade the quality of reporting that improves our ability to monitor collateral and evaluate the reasonableness of fees. Using these reports, we have reviewed all collateral levels for the year and found no instances where funds were not properly collateralized. This was confirmed by your auditor's sample.

The new reporting procedures will address all concerns and recommendations of the Legislative Auditor.

Sincerely,

A handwritten signature in dark ink, appearing to read "Don J. Hutchinson", written over a horizontal line.

Don J. Hutchinson
First Assistant State Treasurer

DJH:RLC:sg/

November 29, 1994

Mr. Jullin Renthrope, CPA, Audit Manager
Office of Legislative Auditor
1600 Riverside North
P. O. Box 94397
Baton Rouge, LA 70804-9397

SUBJECT: Management's Response to Audit Finding - Periodic Inventory System

Dear Mr. Renthrope:

University Hospital did not follow generally accepted accounting principles and hospital procedure in all instances relating to the consumable supply inventory as of June 30, 1994. In the first case the physical count was taken on June 23, 1994 and inventory was not adjusted to reflect activity during the period June 24 through 30, 1994. In the second case physical counts were not taken in several departments and the balances remained at the June 30, 1993 level.

The management of University Hospital agrees that procedures must be improved to insure that all inventories are priced based on generally accepted accounting principles. Physical inventory observation will be expanded at June 30, 1995 to ensure observation of all inventory counts and review of all ending balance calculations. For the year ended June 30, 1994 only those supplies on the perpetual inventory system were observed and tested.

Sincerely,



Joel C. Sellers, CPA
Chief Financial Officer (Acting)

JCS/esc

cc: Jonathan Roberts, Dr.P.H.
Art Landry (LHCA)

November 29, 1994

Mr. Jullin Renthrope, CPA, Audit Manager
Office of Legislative Auditor
1600 Riverside North
P. O. Box 94397
Baton Rouge, LA 70804-9397

SUBJECT: Management's Response to Audit Finding: Time & Attendance Not
Properly Documented

Dear Mr. Renthrope:

The management of University Hopsital recognizes the need for formal procedures for the recording of time worked by employees. Several departments did not have a centralized place for employees to maintain the time cards, thus the transactions on the time cards were not reviewed on a timely basis.

University Hopsital is in the process of implementing the TACS time and attendance system. This system will require employees to clock in and out by means of specified telephones located in each department. There will be weekly print-outs of the activity in this system for each supervisor to review to ensure that established policies and proceudres for processing and reporting of time worked are followed by all employees.

Sincerely,



Joel C. Sellers, CPA
Chief Financial Officer (Acting)

JCS/esc

cc: Jonathan Roberts, Dr.P.H.



THE UNIVERSITY OF SOUTHWESTERN LOUISIANA

P.O. Box 40400
Lafayette, LA 70504-0400
(318) 482-6235 Fax: (318) 482-6534

OFFICE OF THE VICE PRESIDENT
FOR BUSINESS AND FINANCE

Université des Acadiens

January 11, 1995

Mr. Melvin L. Davis
Audit Manager for Universities
Office of the Legislative Auditor
State of Louisiana
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Davis:

The following is the University's response to the audit finding regarding indirect costs.

Finding:

The university has charged certain federal programs at an indirect cost rate in excess of the rate approved by the U. S. Department of Health and Human Services, the federal cognizant agency. Federal regulations require that indirect costs must be allocated in conformity with an approved indirect cost allocation plan. Effective April 26, 1993, the university's approved indirect cost rate decreased from 52 per cent to 47 per cent. However, during the year ended June 30, 1994, the university charged federal programs at the old indirect cost rate. As a result, the university overcharged the affected federal programs by \$12,319.

We recommend that the university review the appropriate federal regulations for guidance regarding adjustments or refunds related to these unallowable costs.

Response:

Due to an oversight the University erroneously charged 52% indirect costs rather than 47% on fourteen federal programs, eleven of which are still ongoing; therefore, adjustments totaling \$9,758 have been made to the ongoing programs reducing the indirect costs charged. The University is prepared to return the balance of \$2,561 to the federal government by reducing our request for funds during the 1994-95 fiscal year.

Steps have been taken to ensure compliance with the proper indirect cost charge in the future.

Should you need additional information, please advise.

Sincerely,

Ovey Hargrave, Jr.
Vice President for
Business & Finance

Ray Authement
President

emf

Appendix C

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10.025	38,059	LSU AG CTR	A-20
10.063	23,036	DOAF	A-1
10.064	70,700	DOAF	A-1
10.068	103,194	LSU AG CTR	A-20
10.071	24,465	DOAF	A-1
10.140	6,615	SOUTHERN BR	A-46
10.153	2,000	DOAF	A-1
10.162	64,623	DOAF	A-1
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10.551	647,234,660	DSS	A-15
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10.555	124,222,653	DOE	A-3
10.556	70,346	DOE	A-3
10.557	61,070,481	OPH	A-13
10.558	38,762,857	DOE	A-3
10.559	5,169,099	DOE	A-3
10.560	1,989,551	DOE	A-3
10.560	99,847	DOAF	A-1
10.561	37,496,852	DSS	A-15
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10.950	6,000	SOUTHERN BR	A-46
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Contract Agreements	7,628	NORTHEAST	A-41
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12.113	70,937	DEQ	A-5
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12.300	273,691	SOUTHWESTERN	A-51
12.300	123,299	LSU BR	A-24
12.420	914,219	LSU MC NO	A-33
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12.800	81,309	LSU BR	A-24
12.800	124,820	LSU MC SHRV	A-37
12.800	103,522	TECH	A-38
12.800	7,319	UNO	A-49
Fixed Price Contracts	5,930	TECH	A-38
Fixed Price Contracts	59,342	LSU BR	A-24

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U.S. DEPARTMENT OF AGRICULTURE (CONT'D)			
Fixed Price Contracts	\$13,700	LSU BR	A-23
Fixed Price Contracts	46,623	LSU AG CTR	A-21
Fixed Price Contracts	13,898	UNO	A-50
Fixed Price Contracts	4,500	UNO	A-50
Subtotal U.S. Department of Agriculture	1,022,311,918		
U.S. DEPARTMENT OF COMMERCE			
Contract Agreements	1,799,419	LSU BR	A-24
Contract Agreements	5,542	LSU AG CTR	A-21
Contract Agreements	(20)	TECH	A-39
Contract Agreements	430,035	DNR	A-12
11.305	92,271	UNO	A-49
11.313	2,657	NORTHEAST	A-41
11.407	188,754	DWLF	A-17
11.413	117,560	DOAF	A-1
11.417	693,332	LSU BR	A-24
11.417	10,047	LSU MC NO	A-33
11.419	1,642,682	DNR	A-12
11.420	22,870	LSU BR AG CTR	A-21
11.420	415,062	LSU BR	A-24
11.427	237,834	LUMCON	A-10
11.428	13,442	LSU BR	A-24
11.430	12,831	LUMCON	A-10
11.433	108,933	LSU BR	A-24
11.434	131,916	DWLF	A-17
11.435	129,394	DWLF	A-17
11.463	9,094	DNR	A-12
11.550	110,000	LETA	A-9
Fixed Price Contracts	13,950	LSU BR	A-24
Subtotal U.S. Department of Commerce	6,187,605		
U.S. DEPARTMENT OF DEFENSE			
Contract Agreements	207,089	TREASURY	A-17
Contract Agreements	2,411,798	MILITARY AFFAIRS	A-11
Contract Agreements	251,153	MILITARY AFFAIRS	A-11
Contract Agreements	187,324	MILITARY AFFAIRS	A-11
Contract Agreements	204,863	MILITARY AFFAIRS	A-11
Contract Agreements	311,705	MILITARY AFFAIRS	A-11
Contract Agreements	230,121	MILITARY AFFAIRS	A-11

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Fixed Price Contracts	\$105,128	UNO	A-49
Fixed Price Contracts	674,317	SOUTHERN BR	A-48
Subtotal U.S. Department of Defense	20,504,890		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Contract Agreements	96,661	UNO	A-51
Contract Agreements	140,117	SOUTHERN BR	A-48
14.218	9,077	NORTHEAST	A-42
14.218	20,068	EXEC DEPT	A-6
14.228	27,506,323	EXEC DEPT	A-6
14.230	30,104	EXEC DEPT	A-6
14.231	831,757	DSS	A-15
14.237	87,705	SOUTHERN NO	A-48
14.238	82,413	LHFA	A-10
14.239	4,747,013	LHFA	A-10
14.241	227,055	LHFA	A-10
14.401	48,355	JUSTICE	A-8
14.852	15,502	NORTHEAST	A-42
14.854	24,577	NORTHEAST	A-42
14.856	2,446,570	LHFA	A-10
Subtotal U.S. Department of Housing and Urban Development	36,313,297		
U.S. DEPARTMENT OF THE INTERIOR			
Contract Agreements	357,073	TREASURY	A-17
Contract Agreements	19,560	DWLF	A-17
Contract Agreements	2,447,929	DWLF	A-17
Contract Agreements	1,493,203	DWLF	A-17
Contract Agreements	50,012	DWLF	A-17
Contract Agreements	179,823	DNR	A-12
Contract Agreements	39,259	DNR	A-12
Contract Agreements	2,713,632	LSU BR	A-24
Contract Agreements	390,710	LSU AG CTR	A-21
Contract Agreements	121	LSU MC NO	A-36
Contract Agreements	165,674	UNO	A-51
Contract Agreements	21,724	UNO	A-51
Contract Agreements	1,233	NORTHWESTERN	A-44
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Contract Agreements	\$15,000	NORTHWESTERN	A-44
Contract Agreements	400,507	SOUTHWESTERN	A-51
15.250	162,424	DNR	A-12
15.252	31,388	DNR	A-12
15.308	30,251	LSU BR	A-24
15.503	43,051	SOUTHERN BR	A-46
15.600	1,754	DWLF	A-17
15.605	2,887,649	DWLF	A-17
15.610	27,895	GRAMBLING	A-19
15.611	2,118,087	DWLF	A-17
15.611	978	NORTHEAST	A-42
15.612	668,630	DWLF	A-17
15.612	8,060	SOUTHEASTERN	A-44
15.614	55,079	LUMCON	A-10
15.614	23,976	SOUTHWESTERN	A-51
15.616	23,334	DWLF	A-17
15.805	103,447	LSU BR	A-24
15.806	16,616	MCNEESE	A-40
15.806	591,382	LUMCON	A-10
15.807	604	LSU BR	A-24
15.808	3,813	LSU BR	A-24
15.808	10,787	SOUTHWESTERN	A-51
15.904	727,271	CRT	A-2
15.916	495,808	CRT	A-2
15.916	23,430	SOUTHEASTERN	A-44
Fixed Price Contracts	2,000	LSU AG CTR	A-21
Subtotal U.S. Department of the Interior	16,389,661		
U.S. DEPARTMENT OF JUSTICE			
Contract Agreements	350,398	DPS - PSS	A-14
16.540	823,943	EXEC DEPT	A-6
16.550	48,722	EXEC DEPT	A-6
16.560	5,871	LSU MC NO	A-33
16.575	986,649	EXEC DEPT	A-6
16.576	404,554	EXEC DEPT	A-6
16.579	6,549,450	EXEC DEPT	A-6
16.580	22,673	DPS - PSS	A-14
Subtotal U.S. Department of Justice	9,192,260		

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U.S. DEPARTMENT OF LABOR			
Contract Agreements	\$1,061,385	DOL	A-9
17.002	920,540	DOL	A-8
17.203	187,240	DOL	A-8
17.207	11,889,883	DOL	A-8
17.225	236,807,694	DOL	A-8
17.235	304,570	NORTHEAST	A-42
17.235	1,307,042	ELDERLY AFFAIRS	A-5
17.245	1,711,201	DOL	A-8
17.246	7,793,885	DOL	A-9
17.249	17,555	DOE	A-3
17.249	22,195	DOL	A-9
17.250	76,645,157	DOL	A-9
17.500	314,791	DOL	A-9
17.801	1,068,873	DOL	A-9
17.802	174,085	DOL	A-9
17.804	846,717	DOL	A-9
Subtotal U.S. Department of Labor	341,072,813		
U.S. DEPARTMENT OF STATE			
Contract Agreements	1,961,295	LSU BR	A-26
Contract Agreements	6,573	LSU AG CTR	A-21
Subtotal U.S. Department of State	1,967,868		
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT			
Various Agreements	294,168	SOUTHERN BS	A-46
Subtotal U.S. Agency for International Development	294,168		
U.S. DEPARTMENT OF TRANSPORTATION			
Contract Agreements	52,932	GRAMBLING	A-20
Contract Agreements	5,727	EXEC DEPT	A-7
Contract Agreements	92,159	LSU BR	A-26
20.005	681,594	DWLF	A-17
20.106	3,836,605	DOTD	A-16
20.106	851,635	ORLEANS LEVEE	A-12
20.107	29,771	TECH	A-39
20.205	270,698,526	DOTD	A-16

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U.S. DEPARTMENT OF TRANSPORTATION (CONT'D)			
20.205	\$200,426	DORT	A-14
20.214	46,226	DOTD	A-16
20.215	305,049	DOTD	A-16
20.218	1,152,234	DPS - PSS	A-14
20.308	186,052	DOTD	A-16
20.500	4,004,575	DOTD	A-16
20.502	63,669	SOUTHERN BR	A-46
20.502	25,531	SOUTHERN NO	A-48
20.505	470,523	DOTD	A-16
20.507	1,574,806	DOTD	A-16
20.509	2,017,811	DOTD	A-16
20.513	495,581	DOTD	A-16
20.600	2,276	OPH	A-13
20.600	2,491,282	DPS - PSS	A-14
20.700	256,141	DNR	A-12
20.703	63,573	DPS - PSS	A-14
Fixed Price Contracts	54,982	LSU BR	A-26
Subtotal U.S. Department of Transportation	289,659,686		
U.S. GENERAL SERVICES ADMINISTRATION			
39.003	13,164,190	EXEC DEPT	A-7
Subtotal U.S. General Services Administration	13,164,190		
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
Contract Agreements	823,836	LSU BR	A-26
Contract Agreements	196,561	LSU AG CTR	A-21
Contract Agreements	16,669	TECH	A-39
Contract Agreements	7,110	REGENTS	A-2
Contract Agreements	1,167	NORTHWESTERN	A-44
Contract Agreements	6,040	SOUTHEASTERN	A-45
Contract Agreements	132,437	SOUTHWESTERN	A-52
Contract Agreements	13,020	LUMCON	A-11
Contract Agreements	31,769	UNO	A-51
Contract Agreements	21,274	SOUTHERN BR	A-46
Contract Agreements	74,036	PENNINGTON	A-23
43.001	198,409	SOUTHERN BR	A-46
43.002	132,604	SOUTHERN BR	A-46

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43.002	\$18,404	LSU MC SHRV	A-37
Fixed Price Contracts	5,000	LSU BR	A-26
Subtotal National Aeronautics and Space Administration	1,678,336		
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES			
Contract Agreements	63,814	LSU BR	A-24
Contract Agreements	19,568	UNO	A-50
45.003	105,482	CRT	A-2
45.007	549,322	CRT	A-2
45.010	30,000	CRT	A-2
45.011	14,000	CRT	A-2
45.015	27,374	CRT	A-2
45.023	1,297	CRT	A-2
45.104	86,631	LETA	A-9
45.116	44,602	LSU BR	A-24
45.129	10,847	NORTHEAST	A-42
45.129	33,856	LETA	A-9
45.132	7,000	LSU BR	A-24
45.143	3,000	SOUTHERN NO	A-48
45.143	21,467	UNO	A-50
45.150	270	NORTHWESTERN	A-43
45.301	2,896	LSU SHRV	A-32
Subtotal National Foundation on the Arts and the Humanities	1,021,426		
NATIONAL SCIENCE FOUNDATION			
Contract Agreements	188,736	SOUTHWESTERN	A-51
Contract Agreements	246	NORTHEAST	A-42
Contract Agreements	46,916	LSU AG CTR	A-22
Contract Agreements	26,761	LSU MC NO	A-33
Contract Agreements	428,766	UNO	A-51
Contract Agreements	144,811	GRAMBLING	A-20
Contract Agreements	31,660	NICHOLLS	A-41
Contract Agreements	4,543,899	LSU BR	A-24
47.041	23,882	LSU BR	A-24
47.041	4,884	TECH	A-39
47.041	183,381	SOUTHERN BR	A-47

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47.049	\$23,300	SOUTHERN BR	A-47
47.049	6,781	SOUTHEASTERN	A-44
47.049	22,578	TECH	A-39
47.049	14,990	NORTHEAST	A-42
47.050	479,754	LUMCON	A-10
47.050	61,819	TECH	A-39
47.070	210,052	REGENTS	A-2
47.070	15,103	TECH	A-39
47.070	57,742	SOUTHWESTERN	A-51
47.070	201,586	NORTHEAST	A-42
47.074	3,366	LSU BR	A-24
47.074	137	LSU SHRV	A-32
47.074	37,270	SOUTHEASTERN	A-44
47.074	95,890	LSU MC SHRV	A-37
47.075	206,157	SOUTHWESTERN	A-51
47.075	(22)	LSU MC NO	A-33
47.075	112	LSU MC SHRV	A-37
47.076	129,011	TECH	A-39
47.076	486,163	SOUTHERN BR	A-47
47.076	960,954	REGENTS	A-2
47.076	1	LSU SHRV	A-32
47.076	156,264	MCNEESE	A-40
47.076	1,871,261	LASIP	A-10
47.076	34,100	NORTHWESTERN	A-43
47.077	17,471	LSU SHRV	A-32
Subtotal National Science Foundation	10,715,782		
U.S. SMALL BUSINESS ADMINISTRATION			
59.005	13,312	UNO	A-50
59.005	3,525	MCNEESE	A-40
59.005	8,063	NORTHEAST	A-42
59.005	1,806	NORTHWESTERN	A-43
59.005	93	TECH	A-39
59.009	131,923	DOAF	A-1
59.037	6,000	TECH	A-39
59.037	1,058,895	NORTHEAST	A-42
59.045	351,698	DOAF	A-1
Fixed Price Contracts	14,000	LSU BR	A-24
Subtotal U.S. Small Business Administration	1,589,315		

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Contract Agreements	\$24,530	LSU AG CTR	A-22
Subtotal U.S. Tennessee Valley Authority	24,530		
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Contract Agreements	24,475	LSU MC NO	A-36
Contract Agreements	144,168	DOE	A-4
Contract Agreements	966	REG 6 MAN CTR ALEX	A-55
Contract Agreements	63	REG 3 MAN CTR HOUMA	A-53
Contract Agreements	371	REG 2 MAN CTR BR	A-53
Contract Agreements	651	REG 7 MAN CTR SHRV	A-55
Contract Agreements	214	REG 1 MAN CTR NO	A-53
Contract Agreements	343	REG 4 MAN CTR LAF	A-54
64.014	329,532	VETERANS AFFAIRS	A-17
64.015	1,123,721	VETERANS AFFAIRS	A-17
64.018	231,551	LSU MC SHRV	A-37
Subtotal U.S. Department of Veterans Affairs	1,856,055		
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Contract Agreements	179,161	DEQ	A-6
Contract Agreements	5,500	EXEC DEPT	A-7
Contract Agreements	1,613,381	LSU BR	A-25
Contract Agreements	54,313	LSU AG CTR	A-21
Contract Agreements	84,515	NORTHEAST	A-43
Contract Agreements	6,433	NORTHEAST	A-43
Contract Agreements	25,607	OPH	A-13
Contract Agreements	30,313	LUMCON	A-10
66.001	1,717,456	DEQ	A-6
66.032	10,401	DEQ	A-6
66.419	1,347,853	DEQ	A-6
66.419	6,263	SOUTHWESTERN	A-51
66.423	39,013	SOUTHWESTERN	A-51
66.432	1,048,645	OPH	A-13
66.433	351,346	DNR	A-12
66.438	440,329	DEQ	A-6
66.438	44,848	SOUTHWESTERN	A-51
66.454	323,529	DEQ	A-6
66.456	755,986	DEQ	A-6
66.458	11,298,905	DEQ	A-6
66.459	11,552	DEQ	A-6

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66.460	\$620,569	DEQ	A-6
66.461	18,197	DWLF	A-18
66.461	22,500	DEQ	A-6
66.461	17,766	LSU AG CTR	A-21
66.461	16,275	DOAF	A-1
66.461	12,707	DNR	A-12
66.464	48,415	DEQ	A-6
66.501	108,806	DEQ	A-6
66.504	60,430	LSU BR	A-25
66.504	311,271	UNO	A-50
66.504	428,047	SOUTHERN BR	A-47
66.505	29,260	DEQ	A-6
66.505	243,828	LSU BR	A-25
66.700	37,482	LSU AG CTR	A-21
66.700	533,271	DOAF	A-1
66.701	124,116	DEQ	A-6
66.708	7,473	DEQ	A-6
66.801	2,086,433	DEQ	A-6
66.802	514,146	DEQ	A-6
66.804	254,904	DEQ	A-6
66.805	1,326,295	DEQ	A-6
66.808	71,787	DEQ	A-6
66.810	84,723	DPS - PSS	A-14
66.950	12,485	SOUTHWESTERN	A-52
66.951	32,045	LSU AG CTR	A-21
66.951	4,393	SOUTHWESTERN	A-52
Subtotal U.S. Environmental Protection Agency	<u>26,422,973</u>		
CORPORATION FOR NATIONAL SERVICE			
72.001	281,883	PINECREST	A-13
72.002	39,426	NORTHEAST	A-42
72.005	14,513	NORTHEAST	A-42
Subtotal Corporation for National Service	<u>335,822</u>		

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Contract Agreements	\$36,600	DEQ	A-6
Contract Agreements	2,908	LSU BR	A-26
Fixed Price Contracts	920	UNO	A-51
Subtotal U.S. Nuclear Regulatory Commission	40,428		
U.S. DEPARTMENT OF ENERGY			
Contract Agreements	5,004,794	DNR	A-12
Contract Agreements	3,981	SOUTHWESTERN	A-52
Contract Agreements	1,215,435	LSU BR	A-25
Contract Agreements	21,884	UNO	A-50
Contract Agreements	140,879	SOUTHERN BR	A-47
Contract Agreements	88,733	GRAMBLING	A-20
Contract Agreements	120,846	TECH	A-39
Contract Agreements	375,935	LUMCON	A-10
81.041	194,909	DNR	A-12
81.042	1,116,283	DSS	A-15
81.049	41,113	REGENTS	A-2
81.049	4,143	LSU SHRV	A-33
81.049	192,920	UNO	A-50
81.049	17,664	MCNEESE	A-40
81.049	28,611	SOUTHERN BR	A-47
81.049	1,348,431	LSU BR	A-25
81.050	66,394	DNR	A-12
81.052	80,381	DNR	A-12
81.084	255,711	SOUTHERN BR	A-47
81.089	520	DWLF	A-18
81.089	(118)	LSU BR	A-25
81.095	24,595	SOUTHERN BR	A-47
Fixed Price Contracts	23,998	LSU BR	A-25
Fixed Price Contracts	1,076	SOUTHERN BR	A-47
Fixed Price Contracts	704	SOUTHERN BR	A-47
Subtotal U.S. Department of Energy	10,369,822		
U.S. INFORMATION AGENCY			
Contract Agreements	395,579	LSU BR	A-26
82.002	4,085	GRAMBLING	A-19
Subtotal U.S. Information Agency	399,664		

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Contract Agreements	\$133,116	DOTD	A-16
Contract Agreements	8,827	LSU BR	A-26
83.011	78,129	MILITARY AFFAIRS	A-11
83.503	1,176,661	MILITARY AFFAIRS	A-11
83.505	36,153	MILITARY AFFAIRS	A-11
83.509	23,290	MILITARY AFFAIRS	A-11
83.516	7,378,577	MILITARY AFFAIRS	A-11
83.516	16,527	DWLF	A-18
83.519	15,286	MILITARY AFFAIRS	A-11
83.520	32,248	MILITARY AFFAIRS	A-11
83.528	122,060	MILITARY AFFAIRS	A-11
83.531	361,407	MILITARY AFFAIRS	A-11
83.532	133,676	MILITARY AFFAIRS	A-11
Subtotal Federal Emergency Management Agency	9,515,957		
U.S. DEPARTMENT OF EDUCATION			
Contract Agreements	117,281	TREASURY	A-17
Contract Agreements	57,057	LSU BR	A-25
Contract Agreements	2,089	NORTHWESTERN	A-44
Contract Agreements	5,102	SOUTHERN SHRV-BOS	A-49
Contract Agreements	43,009	NICHOLLS	A-41
Contract Agreements	23,466	UNO	A-50
Contract Agreements	113,349	TECH	A-39
Contract Agreements	52,073	TECH	A-39
84.002	4,783,942	DOE	A-3
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84.003	71,649	DOE	A-3
84.003	150,372	LETA	A-9
84.004	232,882	DOE	A-3
84.007	278,119	NORTHEAST	A-42
84.007	390,586	SOUTHWESTERN	A-52
84.007	38,720	NICHOLLS	A-41
84.007	403,901	LSU BR	A-25
84.007	40,661	LSU ALEX	A-31
84.007	28,786	LSU EUNICE	A-32
84.007	567,142	UNO	A-50
84.007	227,958	SOUTHEASTERN	A-45
84.007	451,460	TECH	A-39
84.007	674,894	SOUTHERN BR	A-47
84.007	187,292	SOUTHERN NO	A-48

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93.994	13,045,657	OPH	A-13
Fixed Price Contracts	5,014	LSU BR	A-26
Fixed Price Contracts	5,000	PENNINGTON	A-23
Subtotal U.S. Department of Health and Human Services	<u>3,827,693,184</u>		
Total Direct Federal Assistance	6,108,921,236		
Total Indirect Federal Assistance and Private Grants	<u>12,019,550</u>		
Total Assistance	<u>\$6,120,940,786</u>		

(Concluded)

ACKNOWLEDGMENTS

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