

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Nicholls State University
University of Louisiana System
State of Louisiana
Thibodaux, Louisiana

December 18, 2002



Financial and Compliance Audit Division

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

LEGISLATIVE AUDIT ADVISORY COUNCIL

MEMBERS

Senator J. "Tom" Schedler, Chairman
Representative Edwin R. Murray, Vice Chairman

Senator Robert J. Barham
Senator Foster L. Campbell, Jr.
Senator Lynn B. Dean
Senator Willie L. Mount
Representative Rick Farrar
Representative Victor T. Stelly
Representative T. Taylor Townsend
Representative Warren J. Triche, Jr.

LEGISLATIVE AUDITOR

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

DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT

Albert J. Robinson, Jr., CPA

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Forty-three copies of this public document were produced at an approximate cost of \$84.28. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. A copy of this document is available on the Legislative Auditor's Web site at www.la.state.la.us.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.

**NICHOLLS STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**
Thibodaux, Louisiana

Management Letter
Dated November 22, 2002

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 and New Orleans offices of the Legislative Auditor and at the office of the parish clerk of court.

December 18, 2002



DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

November 22, 2002

NICHOLLS STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Thibodaux, Louisiana

As part of our audit of the University of Louisiana System's financial statements for the year ended June 30, 2002, we considered Nicholls State University's internal control over financial reporting; we examined evidence supporting certain accounts and balances material to the System's financial statements; and we tested the university's compliance with laws and regulations that could have a direct and material effect on the System's financial statements as required by *Government Auditing Standards*. In addition, we considered Nicholls State University's internal control over compliance with requirements that could have a direct and material effect on a major federal program, as defined in the Single Audit of the State of Louisiana, and we tested the university's compliance with laws and regulations that could have a direct and material effect on the major federal programs as required by U.S. Office of Management and Budget Circular A-133.

The financial information provided to the University of Louisiana System by Nicholls State University is not audited or reviewed by us, and, accordingly, we do not express an opinion on that financial information. The university's accounts are an integral part of the University of Louisiana System's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

In our audit report on Nicholls State University for the year ended June 30, 2000, no findings were reported; however, a finding was reported in the Single Audit Report for the year ended June 30, 2000, relating to untimely grant and loan refunds for the Student Financial Aid Cluster of Programs. This finding has been resolved by management.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration. All findings included in this management letter that are required to be reported by *Government Auditing Standards* will also be included in the State of Louisiana's Single Audit report for the year ended June 30, 2002.

Inadequate Disaster Recovery Plan

Nicholls State University does not have an adequate disaster recovery plan or an adequate backup supply of electrical power. Backup tapes used in reestablishing critical systems are stored offsite; however, they are stored in a building that is also on the university's campus. To provide for the timely restoration of critical university operations in the event that normal data processing facilities are unavailable for an extended period of time, good internal control requires that the university develop a disaster recovery plan, including an adequate backup supply of electrical power and remote offsite storage of backup tapes. In addition, the university should periodically test and update the plan to ensure it continues to meet its needs.

LEGISLATIVE AUDITOR

**NICHOLLS STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Management Letter, November 22, 2002
Page 2

An adequate disaster recovery plan should include a written, functional plan that will allow for continued operation of critical services in the event of unexpected interruption. The plan should also include a requirement that an adequate backup supply of electrical power is available in the event of a power outage and that backup tapes are stored off-site in areas that are not exposed to the same environmental risks as the data system. Management reported that budget restrictions have not allowed the university to implement a disaster recovery plan or obtain an adequate backup supply of electrical power or remote offsite storage.

Management should develop a disaster recovery plan that identifies critical system hardware, software, and telecommunications components. The disaster recovery plan should include an adequate backup supply of electrical power and offsite storage of backup tapes to allow the university to reestablish its critical operations within an acceptable time frame should a disaster occur. The university should also test the plan to ensure that it provides for an orderly restoration of services in the event of an unexpected interruption in operations. Management of the university concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 1).

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the university. The varying nature of the recommendations, their implementation costs, and their potential impact on the operations of the university should be considered in reaching decisions on courses of action.

This letter is intended for the information and use of the university and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

GL:ES:RCL:ss

Appendix A

Management's Corrective Action Plan and Response to the Finding and Recommendation

NICHOLLS STATE UNIVERSITY

A member of the University of Louisiana System

October 14, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of Legislative Auditor
P. O Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

Nicholls State University concurs with the finding that our disaster recovery plan for data processing systems is inadequate. We are taking necessary steps to correct this finding.

The university will install a generator to provide a backup supply of electrical power.

Backup tapes will be stored in two locations. Second day backup tapes will be stored at a site off campus. First day backup tapes will remain in the university library. This will give us backup access from off campus and ready access from off site, but on campus.

We have an updated commitment from Southern University - Baton Rouge to use their mainframe for continued operation in case a disaster causes extensive down time for critical processing for our present computer system. We are planning to complete a migration to a new system in November 2002. We are investigating the feasibility of having a compatible, but less powerful, system off site, on campus as backup for critical processing.

Our revised disaster recovery plan should be completed by January 2003.

The persons responsible for the corrective actions are Larry Howell, Asst. Vice President for Academic Affairs (985) 448-4007 and Charles Ordoyne, Director of University Computer Services (985) 448-4420. Should you have any questions concerning this response, please contact either one of these individuals.

Sincerely,



Dr. Donald Ayo
President