

STATE OF LOUISIANA LEGISLATIVE AUDITOR

**Council for the Development
of French in Louisiana
State of Louisiana
Lafayette, Louisiana**

April 16, 2003



Financial and Compliance Audit Division

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**COUNCIL FOR THE DEVELOPMENT
OF FRENCH IN LOUISIANA
STATE OF LOUISIANA**
Lafayette, Louisiana

Procedural Report
Dated March 14, 2003

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 and at the office of the parish clerk of court.

April 16, 2003



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March 14, 2003

**COUNCIL FOR THE DEVELOPMENT
OF FRENCH IN LOUISIANA
STATE OF LOUISIANA**
Lafayette, Louisiana

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the Council for the Development of French in Louisiana. Our procedures included (1) a review of the council's internal control; (2) tests of financial transactions for the years ended June 30, 2003, and June 30, 2002; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the years ended June 30, 2003, and June 30, 2002; and (4) a review of compliance with prior report recommendations. Our procedures were more limited than would be necessary to give an opinion on internal control and on compliance with laws, regulations, policies, and procedures governing financial activities.

Specifically, we interviewed management personnel and selected council personnel and evaluated selected documents, files, reports, systems, procedures, and policies, as we considered necessary. After analyzing the data and based on the application of the procedures referred to previously, we noted that the size of the Council for the Development of French in Louisiana's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial. In addition, we developed recommendations for improvement. We then discussed our findings and recommendations with appropriate management personnel before submitting this report.

The Annual Fiscal Reports of the Council for the Development of French in Louisiana were not audited or reviewed by us, and, accordingly, we do not express an opinion on these reports. The council's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

In our prior management letter on the Council for the Development of French in Louisiana, dated March 1, 2001, we reported findings relating to bank reconciliations not being performed monthly and payroll procedures not being followed. The finding relating to bank reconciliations has been resolved by management. The finding relating to payroll procedures not being followed is addressed again in this report.

Based on the application of the procedures referred to previously, all significant findings are included in this report for management's consideration.

Expenditure Control Procedures Not Followed

The Council for the Development of French in Louisiana (CODOFIL) did not consistently follow its internal control procedures to ensure that payroll and non-payroll expenditures are properly supported, approved, and accurately processed. Established procedures

LEGISLATIVE AUDITOR

**COUNCIL FOR THE DEVELOPMENT
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Procedural Report, Dated March 14, 2003

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require employees to certify the number of hours of attendance or absence from duty on time and attendance records and require the director to approve these records. In addition, the director is assigned the responsibility of reviewing and approving payroll reports generated from the payroll/personnel system (ISIS/HR) every pay period and non-payroll reports generated monthly from the financial accounting system (ISIS/AFS). During a review of payroll records for the period from July 2001 to December 2002 and ISIS reports for the period from July 2001 to January 2003, the following exceptions were noted:

- One (3%) of 40 time and attendance records tested and two (11%) of 18 ISIS/AFS reports tested could not be located.
- The director did not approve two (5%) of 39 time sheets tested, 21 (26%) of 80 ISIS/HR reports tested, and seven (44%) of 16 ISIS/AFS reports tested.

Management has not placed sufficient emphasis on adhering to established internal control procedures. This increases the risk that inaccurate, unsupported, or fraudulent data could be entered and processed, and such errors may not be detected timely. Management should follow established procedures to ensure that expenditure transactions are valid and supported. Management concurred with the finding and recommendation and outlined a corrective action plan (see Appendix A).

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

This report is intended for the information and use of the council 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 report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Grover C. Austin, CPA
First Assistant Legislative Auditor

DLC:BMcM:THC:ss

[CODOFIL03]

Appendix A

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



Warren A. Perrin
Président

David Cheramie, Ph.D.
Directeur Exécutif

BY FAX (225) 339-3870 AND MAIL

March 11, 2003

Mr. Grover C. Austin, CPA
First Assistant Legislative Auditor
STATE OF LOUISIANA
Office of the Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Austin:

In response to your letter dated March 3, 2003, please find our official response to the reportable audit finding for CODOFIL for the period from July 2001 to January 2003.

Finding #1

Expenditure Control Procedures Not Followed

I concur with the finding that the Council for the Development of French in Louisiana (CODOFIL) did not consistently follow its internal control procedures to ensure that payroll and non-payroll expenditures are properly supported, approved, and accurately processed.

Corrective Action

On the recommendation of Legislative Auditor Keri Hebert, effective July 1, 2003, our Administrative Secretary, Joyce Menard will officially become the Main Timekeeper. Gayle Bourda, our Accountant will become the backup Timekeeper. The Administrative Secretary is currently undergoing a training period and they are in the process of exchanging duties. This arrangement will allow the timesheets and ISIS HR payroll reports to be reviewed by the Accountant and the Director. The accountant has also constructed a report log to aid in the timely distribution of non-payroll reports to the Director.

Management will place sufficient emphasis on adhering to established procedures relating to the payroll and non-payroll functions. Management will follow the procedures to ensure that payroll transactions are valid and supported by documentation by reviewing and approving the timesheets and ISIS HR payroll reports every pay period and non-payroll reports generated monthly from the financial accounting system (ISIS/AFS). This will decrease the risk that incorrect or fraudulent transactions are not detected in a timely manner. These actions will ensure that management is aware that no errors or fraud have occurred.

I hope you have found our response satisfactory. Should you have any further questions or comments, please contact our office at your convenience.

Sincerely yours,

David Cheramie, Ph.D.
Executive Director
CODOFIL