

UNIVERSITY OF LOUISIANA AT LAFAYETTE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA



MANAGEMENT LETTER
ISSUED FEBRUARY 23, 2011

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
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BATON ROUGE, LOUISIANA 70804-9397**

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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.

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. Five copies of this public document were produced at an approximate cost of \$14.35. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 3611 or Report ID No. 80100037 for additional information.

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, Administration Manager, at 225-339-3800.

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Our procedures at the University of Louisiana at Lafayette (university) for the period July 1, 2009, through June 30, 2010, disclosed:

- For the third consecutive audit, the university did not timely report federal disbursement data to the U.S. Department of Education through the Common Origination and Disbursement System.
- The findings identified in our prior management letter on the university dated March 24, 2010, relating to misappropriation of university funds, weakness in collection procedures over defaulted loans, weakness in calculation of return of Title IV funds, weaknesses in departmental revenue collections centers, and weaknesses in movable property controls have been resolved by management.
- No significant control deficiencies or errors relating to cash and cash equivalents, investments, accounts and notes receivable, capital assets, accounts payable and accruals, compensated absences, bonds payable, net assets, revenues, educational and general expenses, and auxiliary expenses were identified.
- No significant control deficiencies or noncompliance that would require reporting under Office of Management and Budget (OMB) Circular A-133 for the federal programs - Research and Development Cluster or State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (CFDA 84.394) were identified for the year ended June 30, 2010.

This report is a public report and has been distributed to state officials. We appreciate the university's assistance in the successful completion of our work.

Statement of Purpose

The University of Louisiana at Lafayette, the largest member of the University of Louisiana System, is a public institution of higher education offering bachelor's, master's, and doctoral degrees. Within the Carnegie classification, the university is designated as a research university with high research activity. The university's academic programs are administered by the B. I. Moody III College of Business Administration, the Ray P. Authement College of Sciences, the Colleges of the Arts, Education, Engineering, General Studies, Liberal Arts, Nursing & Allied Health Professions, and the Graduate School. The university is dedicated to achieving excellence in undergraduate and graduate education, in research, and in public service. For undergraduate education, this commitment implies a fundamental subscription to general education, rooted in the primacy of the traditional liberal arts and sciences as the core around which all curricula are developed. The graduate programs seek to develop scholars who will variously advance knowledge, cultivate aesthetic sensibility, and improve the material conditions of humankind. The university reaffirms its historic commitment to diversity and integration. Thus, through instruction, research, and service, the university promotes regional economic and cultural development, explores solutions to national and world issues, and advances its reputation among its peers.

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

February 4, 2011

UNIVERSITY OF LOUISIANA AT LAFAYETTE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Lafayette, Louisiana

As required by Louisiana Revised Statute 24:513 and as part of our audit of the University of Louisiana System's (System) financial statements for the year ended June 30, 2010, we conducted certain procedures at University of Louisiana at Lafayette (university) for the period from July 1, 2009, through June 30, 2010.

- Our auditors obtained and documented an understanding of the university's operations and system of internal controls, including internal controls over major federal award programs administered by the university, through inquiry, observation, and review of its policies and procedures documentation including a review of the laws and regulations related to the university.
- Our auditors performed analytical procedures consisting of a comparison of the most current and prior year financial activity using the university's annual fiscal reports and/or system-generated reports and obtained explanations from university management for any significant variances.
- Our auditors reviewed the status of the findings identified in the prior year engagement. In our prior year report on the university, dated March 24, 2010, we reported findings relating to misappropriation of university funds, weakness in collection procedures over defaulted loans, untimely federal reporting, weakness in calculation of return of Title IV funds, weaknesses in departmental revenue collection controls, and weaknesses in movable property controls. The findings related to misappropriation of university funds, weakness in collection procedures over defaulted loans, weakness in calculation of return of Title IV funds, weaknesses in departmental revenue collection controls, and weaknesses in movable property controls have been resolved by management. The finding relating to untimely federal reporting is addressed again in this management letter.
- Our auditors considered internal control over financial reporting and examined evidence supporting the university account balances and classes of transactions material to the System's financial statements as follows:

Statement of Net Assets - Cash and cash equivalents, investments, accounts and notes receivable, capital assets, accounts payable and accruals, compensated absences, bonds payable, and net assets

Statement of Revenues, Expenses, and Changes in Net Assets - Student tuition and fee revenues, grant and contract revenues, auxiliary revenues, other operating revenues, state appropriations, federal nonoperating revenues, capital appropriations, scholarship allowances, education and general expenses, and auxiliary expenses

We also tested the university's compliance with laws and regulations that could have a direct and material effect on the System's financial statements. These procedures were performed in accordance with *Government Auditing Standards* as part of our audit of the System's financial statements for the fiscal year ended June 30, 2010.

- Our auditors performed internal control and compliance testing with requirements that could have a direct material effect on a major program in accordance with Office of Management and Budget (OMB) Circular A-133. Procedures were performed on the Student Financial Aid Cluster, the Research and Development Cluster, and the State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (CFDA 84.394) for the fiscal year ended June 30, 2010, as a part of the Single Audit of the State of Louisiana.

The Annual Fiscal Report of the university was not audited or reviewed by us, and, accordingly, we do not express an opinion on that report. The university's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration. The finding included in this management letter is required to be reported by *Government Auditing Standards* and will also be included in the State of Louisiana's Single Audit Report for the year ended June 30, 2010.

Untimely Federal Reporting

For the third consecutive year, the university did not timely report federal disbursement data to the U.S. Department of Education (USDOE) through the Common Origination and Disbursement System (COD).

For three of 12 (25%) transactions reviewed, the university did not report Federal Pell Grant Program (CFDA 84.063) and National Science and Mathematics Access to Retain Talent Grant programs (SMART, CFDA 84.376) data to COD within 30 days after making a Federal Pell and SMART Grant disbursement or becoming aware of the need to adjust a student's previously reported Federal Pell Grant disbursement as required by Federal Register Vol. 73 No. 111. One SMART transaction was reported 34 days late and one Pell transaction was reported 113 days late. Another Pell transaction was a disbursement that involved reductions due to the Return of Title IV Funds calculations and was reported 70 days late.

University personnel did not ensure the federal disbursement data maintained in the university's Student Aid Management System was reported to the COD in a consistent manner to ensure timely reporting. Failure to timely report financial data to USDOE, including reductions due to Return of Title IV calculations, results in noncompliance with federal regulations.

Management should strengthen procedures to ensure that data is reported timely to USDOE to comply with federal regulations. Management concurred with the finding and provided a corrective action plan (see Appendix A).

The recommendation in this letter represents, in our judgment, one which is most likely to bring about beneficial improvements to the operations of the university. The nature of the recommendation, the implementation costs, and the potential impact on the operations of the university should be considered in reaching decisions on courses of action. The finding relating to the university's compliance with applicable laws and regulations should be addressed immediately by management.

This letter is intended for the information and use of the university and its management, others within the university, the System, and the Louisiana Legislature 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,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

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



UNIVERSITY
OF
LOUISIANA
L a f a y e t t e

**Vice President for
Enrollment Management**

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Université des Acadiens

January 20, 2011

Daryl G. Purpera, CPA, CFS
Legislative Auditor
PO Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

Please find below our management response to the FY 2009-2010 audit finding of "Untimely Federal Reporting".

The University concurs with the finding.

The Corrective Action Plan created by the University is as follows:

Cindy Perez, Financial Aid Director is responsible for the development, implementation and monitoring of the Corrective Action Plan.

We are currently working with the Office of Information Systems to develop additional programming that will flag all adjustments to Federal Pell and SMART Grants. Student registration and assessment data is stored in the Integrated Student Information System (ISIS) and financial aid application, packaging and payment data is stored in the Student Aid Management System (SAM). The critical reporting information is stored in two separate databases requiring a "bridge" software program to identify and reconcile discrepancies in Federal Pell Grant and SMART Grant disbursements. This has been a manual process to date. The Office of Information Systems is currently developing the needed "bridge" software program with an anticipated completion date of March 1, 2011. This program will be run monthly allowing timely adjustments to both databases (SAM and ISIS) and accurate and timely reporting to COD.

Sincerely,

DeWayne Bowie
Vice President for Enrollment Management