

NORTHWESTERN STATE UNIVERSITY
STATE OF LOUISIANA



MANAGEMENT LETTER
ISSUED APRIL 14, 2010

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA

March 9, 2010

NORTHWESTERN STATE UNIVERSITY
STATE OF LOUISIANA
Natchitoches, Louisiana

As part of our audit of the University of Louisiana System's (System) financial statements for the year ended June 30, 2009, we considered Northwestern State University's (university) 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 the 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 Annual Fiscal Report of Northwestern State University is 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 an opinion.

In our prior management letter on Northwestern State University for the year ended June 30, 2007, we reported findings relating to leave not being required for certain university officials when they were not on duty during the workday and the university granting an excessive number of paid holidays to university employees. Both findings have been resolved by management.

Based on the application of the procedures referred to previously, a significant finding is included in this letter for management's consideration. This finding is required to be reported by *Government Auditing Standards* and has been included in the State of Louisiana's Single Audit Report for the year ended June 30, 2009.

Requests for Reimbursements Not Submitted Timely

Northwestern State University failed to submit timely requests for reimbursement in accordance with the terms of three contracts with the Louisiana Department of Social Services, Office of Family Support (DSS/OFS). The university entered into three subrecipient contracts with DSS/OFS to administer various programs under the Child

Care and Development Block Grant (CFDA 93.575) and the Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA 93.596) programs. Each contract requires the university to submit a request for reimbursement to DSS/OFS by the fifteenth day of the month for all services rendered in the previous month.

A test of 14 requests for reimbursement for these programs from January 2009 through June 2009 totaling \$793,265 revealed that 11 or 78% of the requests totaling \$577,296 were submitted to DSS/OFS from three to 24 days after the fifteenth day of the month. The employees responsible for preparing the requests were not sufficiently trained to extract the information needed from the university's general ledger to prepare the requests timely. As a result, the reimbursement of these funds was unnecessarily delayed and caused the university to be in noncompliance with the contract requirements.

Management should evaluate this situation and determine if alternative measures can resolve this issue. If not, then management should provide the training necessary to the employees responsible for preparing the requests for reimbursement so they can perform their assigned duties in a timely manner. Once corrective action is taken then management should monitor the corrective action taken to ensure that requests are prepared and submitted in accordance with the terms of the contracts. Management concurred with the finding and recommendation and outlined a plan of corrective action. (see Appendix A).

The recommendation in this letter represents, in our judgment, that which is most likely to bring about beneficial improvements to the operations of Northwestern State University. The nature of the recommendation, its implementation costs, and its potential impact on the operations of the university should be considered in reaching decisions on courses of action. The finding, which relates to the university's compliance with applicable contract terms should be addressed immediately by management.

This letter is intended for the information and use of Northwestern State University and its management, others within the university, the University of Louisiana 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
Legislative Auditor - Elect

BAC:WJR:BQD:THC:dl

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



NORTHWESTERN STATE UNIVERSITY

A MEMBER OF THE UNIVERSITY OF LOUISIANA SYSTEM

Office of The President

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November 17, 2009

Mr. Steve J. Theriot, CPA
Legislative Auditor
1600 North Third St.
Baton Rouge, LA 70804-9397

RE: Audit Finding Response, Request for Reimbursements Not Submitted Timely

Dear Mr. Theriot:

In response to the audit finding from the statewide audit relating to the timely submission of invoices to the Louisiana Department of Social Services, Office of Family Support (DSS/OFS), the university concurs with the finding and submits the following:

The referenced situation resulted from the following factors: Invoicing for grant expenditures are done at one of the University's satellite campuses. The department waits for month end financials to be compiled and mailed to the department for comparison purposes to ensure the documents are complete before mailing back to home campus for review and approvals, and subsequent mailing to DSS/OFS. Due to the fact that the financial reports are not always available immediately after month end close contributes to the lateness. Although there was communication with the DSS staff concerning the time restraints for reporting, there was no formal contract amendment to change them. It should be noted that of the 14 reports reviewed, no reimbursement request was rejected, and all reports were submitted within 39 days of month end. Eleven (11) of the fourteen (14) reports reviewed (78%) were within 30 days of month end, which is customary for many granting agencies.

In order to prevent this from occurring in the future the University will implement the following:

- Will utilize the on-line screens to extract information before month end close begins, therefore giving them additional time to begin invoice preparation;
- Will contact the Business Affairs office to obtain necessary information if not available on the on-line screens to ensure timely submission;
- Will contact the grantor to see if reporting dates can be officially changed to allow the customary thirty (30) days for invoicing;
- Will document concessions allowed by the grantor related to late submissions, if applicable.

Nancy Alexander, Director of the NSU Child and Family Network facility at the Shreveport Campus, will be responsible for the implementation of the corrective actions.

Sincerely,

Randall J. Webb
President

RJW/pc