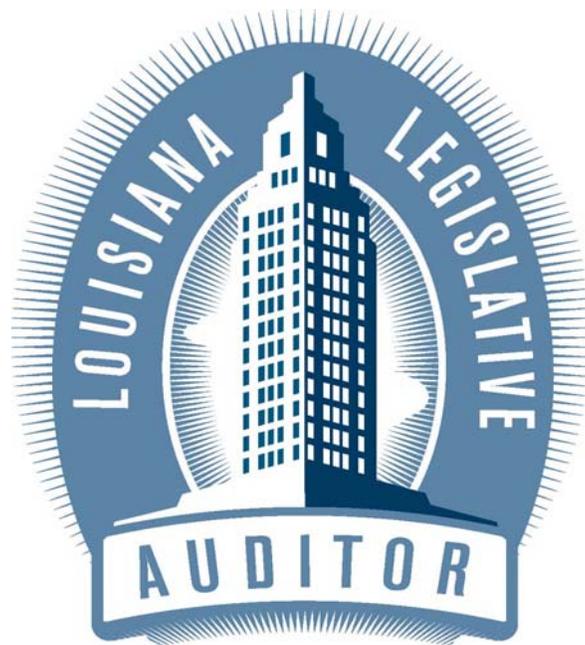


MCNEESE STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA



MANAGEMENT LETTER
ISSUED MARCH 18, 2009

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
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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. Six copies of this public document were produced at an approximate cost of \$15.96. 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. 3481 or Report ID No. 80080082 for additional information.

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LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

February 11, 2009

MCNEESE STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Lake Charles, Louisiana

As part of our audit of the University of Louisiana System's financial statements for the year ended June 30, 2008, we considered McNeese 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*.

The annual financial information provided to the University of Louisiana System by McNeese 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 opinions.

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

Weaknesses in Departmental Revenue Collection Controls

McNeese State University (MSU) did not enforce adequate internal controls over departmental revenue collections. MSU Administrative Accounting Policies and Procedures, Section 2.2 - Cash Collections and Deposits, dated April 2004, states, "All money collected for the University from any source must be deposited with the Cashier's Office daily." Good internal control dictates that collections are properly safeguarded against accounting errors and fraud and deposited timely.

Audit procedures performed on 16 departments' revenue collections, where one deposit was selected for testing from each department, disclosed the following:

- One department, with current fiscal year total collections of \$8,796, made an untimely deposit in the amount of \$1,404 (16%), which included collections that were not deposited as much as five months after the initial receipt of funds. The department held the funds until the completion of

the receipt book before depositing the funds. The receipt book began on September 2007 and the deposit was not made until February 2008.

- Three departments, with total current fiscal year collections of \$45,674, made untimely deposits in the amount of \$3,159 (7%). The departments' deposits that were examined were deposited between five to 30 business days after collection.
- Two of the departments mentioned above did not have any documentation that would indicate check receipt dates; therefore, check dates were used to determine if a deposit was made timely.

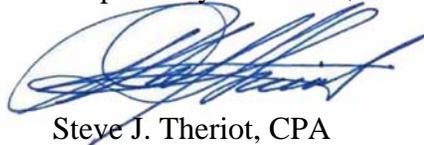
Certain MSU employees responsible for deposits of revenue did not comply with MSU policies that require timely deposits. Failure to enforce adequate controls over revenue collection increases the risk of loss arising from errors or fraud and subjects the departments to noncompliance with MSU policies and procedures.

Management should ensure that policies and procedures over collections and deposits are followed at the collection points. In addition, management should develop procedures requiring all departments to keep a log of revenues received and the date received. Management concurred with the finding and outlined a plan of corrective action (see Appendix A).

The recommendation in this letter represents, in our judgment, that most likely to bring about beneficial improvements to the operations of the 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.

This letter is intended for the information and use of the 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,



Steve J. Theriot, CPA
Legislative Auditor

LBL:BH:EFS:PEP:dl

MSU08

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



January 27, 2009

Mr. Steve Theriot, CPA
Legislative Auditor
1600 North Third Street
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: Weaknesses in Departmental Revenue Collection Controls

McNeese State University concurs with the above referenced finding.

The University has established the following procedures to address the finding entitled Weaknesses in Departmental Revenue Collection Controls:

- Individual University departments found to have not complied with University Administrative Accounting Policy 2.2 have been contacted and reminded of the requirements of the policy.
- In an effort to reduce the number of revenue collection points, the University has begun a review of all revenue collections points to determine which can be moved to the McNeese State University Cashier's Office.
- The University is now developing additional uniform internal control procedures and standard receipt documents to enhance the safeguard of departmental revenue receipts and to provide clear documentation of receipt of funds. Once the new procedures are complete, we will communicate them to University departments.

We feel that these additional procedures will enhance internal controls over departmental revenue receipts and help ensure timely deposit of departmentally collected revenues as required by University Administrative Accounting Policy 2.2.

Should you require additional information, please contact me at (337) 475-5501.

Sincerely,

Eddie P. Meche, CPA
Vice President of Business Affairs

PC: Dr. Robert Hebert, President
Mona White, Comptroller