

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Tech University
University of Louisiana System
State of Louisiana
Ruston, Louisiana

November 12, 2003



Financial and Compliance Audit Division

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**LOUISIANA TECH UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**
Ruston, Louisiana

Management Letter
Dated October 28, 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.

November 12, 2003



OFFICE OF
LEGISLATIVE AUDITOR
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October 28, 2003

LOUISIANA TECH UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Ruston, Louisiana

As part of our audit of the University of Louisiana System's financial statements for the year ended June 30, 2003, we considered Louisiana Tech 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 Louisiana Tech 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 the U.S. Office of Management and Budget Circular A-133.

The financial information provided to the University of Louisiana System by Louisiana Tech University is not audited or reviewed by us, and, accordingly, we do not express an opinion on the 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 prior audit report on Louisiana Tech University for the year ended June 30, 2001, we reported a finding relating to public funds directed to a private foundation. 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, 2003.

**Failure to Submit a Document Retention
Schedule to State Archives**

Louisiana Tech University failed to submit a document retention schedule to State Archives as required by state law. Louisiana Revised Statute 44:411(A)(1) requires the head of every agency to submit to the state archivist record retention schedules proposing the length of time each state record series warrants retention for administrative, legal, or fiscal purposes after it has been created or received by the agency.

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LOUISIANA TECH UNIVERSITY UNIVERSITY OF LOUISIANA SYSTEM STATE OF LOUISIANA

Management Letter, Dated October 28, 2003

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Management was not aware of the requirement to submit the required documentation to State Archives. Failure to submit and receive an approved retention schedule increases the risk of the untimely destruction of vital information that could be needed in the future or the university incurring excessive storage cost for documents that will never be needed.

Louisiana Tech University should obtain the necessary information to prepare and submit a suitable retention schedule to State Archives as soon as possible. Once the retention schedule is approved, it should be implemented immediately. See management's response in Appendix A, page 1.

Insufficient Monitoring of Time and Attendance Controls by Management

Louisiana Tech University is not sufficiently monitoring its controls to ensure employee time and attendance is recorded and reported in accordance with established policies and procedures. Good internal controls would ensure that employee time and attendance information is accurately recorded and reported by employees and reviewed by their immediate supervisor before being submitted for further processing.

A test of leave taken for four employees with gross salaries of \$10,000 or more per month indicated that three employees did not charge leave during university closures as required. The three did not charge 100 hours of leave valued at \$7,115. Furthermore, the Director of Internal Audit performed a similar test for 20 additional employees and determined that seven employees also did not charge leave during university closures. The seven did not charge 240 hours of leave valued at \$6,850.

Failure by employees and supervisors to follow established policies and procedures seriously jeopardizes the effectiveness of the university's internal controls relating to time and attendance. The university's failure to periodically monitor these controls significantly increases the risk of loss of public assets as indicated by the \$13,965 of leave not charge against the employees.

Louisiana Tech University should review its procedures and take the steps necessary to strengthen and enforce existing controls relating to recording and reporting time and attendance. The university should train all personnel to ensure they are aware of their responsibilities for documenting time and attendance. Finally, management should review recent university closures to identify other employees that may not have charged leave as required. If other employees are identified, they should be required to charge the appropriate leave. Management concurred with the finding and recommendations and outlined a plan of corrective action (see Appendix A, page 2).

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LOUISIANA TECH UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA

Management Letter, Dated October 28, 2003
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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. Findings 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 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,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with a large initial "G" and "A".

Grover C. Austin, CPA
First Assistant Legislative Auditor

CTV:WJR:dl

[LTU03]

Appendix A

Management's Corrective Action Plans and Responses to the Findings and Recommendations



LOUISIANA TECH
UNIVERSITY

OFFICE OF THE PRESIDENT

September 19, 2003

Mr. Grover C. Austin
First Assistant Legislative Auditor
State of Louisiana
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Austin:

This letter is written in response to your finding regarding "Failure to Submit a Document Retention Schedule to State Archives."

Louisiana Tech University maintains document retention policies at all levels within the University. The University has not experienced any difficulties in providing needed documentation for audits, accreditation reviews, and other monitoring activities as well as for internal and external users. However, the University was not aware of the provision of Louisiana Revised Statute 44:411 (A) (1) requiring that a comprehensive document retention schedule be submitted to State Archives. Further, to the best of our knowledge, the University never received any contact, notification, or other information from State Archives concerning compliance, information, or assistance regarding the requirements of the Statute.

The University has already taken the necessary steps to ensure the development of the mandated document retention schedule. Please see the attached memorandum outlining the framework for the University to meet the requirement. Vice President Ken Rea will chair the Records Management Committee. The Committee will prepare a comprehensive document retention schedule to be submitted to State Archives. We anticipate a completion date no later than December 1, 2003. I will provide your office with a copy of the University's document retention schedule as soon as it is approved.

Sincerely,

Daniel D. Reneau
President

attachment

c: Vice President Ken Rea
Vice President Joe Thomas



LOUISIANA TECH
UNIVERSITY

OFFICE OF THE PRESIDENT

October 14, 2003

Mr. Grover C. Austin
First Assistant Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Austin:

This response is being submitted in connection with your finding "Insufficient Monitoring of Time and Attendance Controls by Management."

The University concurs with the finding and has taken the necessary steps to ensure that all employees and all supervisors are fully informed concerning our leave policies and their application. I have instructed that all unclassified employees and their supervisors attend a leave training workshop. These workshops have been held and attendance recorded. Additionally, I have instructed members of the Administrative Council (Vice Presidents and Deans) of the importance that I place upon accurate and timely reporting of all leave and the strict adherence to the University's leave policies.

Further, I have instructed that all unclassified employee leave records for selected holiday periods for 2002 and 2003 be reviewed to determine if any adjustments to individual leave records are needed. I will review the leave records for each employee that requires adjustment. I expect this review to be completed by December 1, 2003.

Sincerely,

A handwritten signature in cursive script that reads "Daniel D. Reneau".

Daniel D. Reneau
President

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