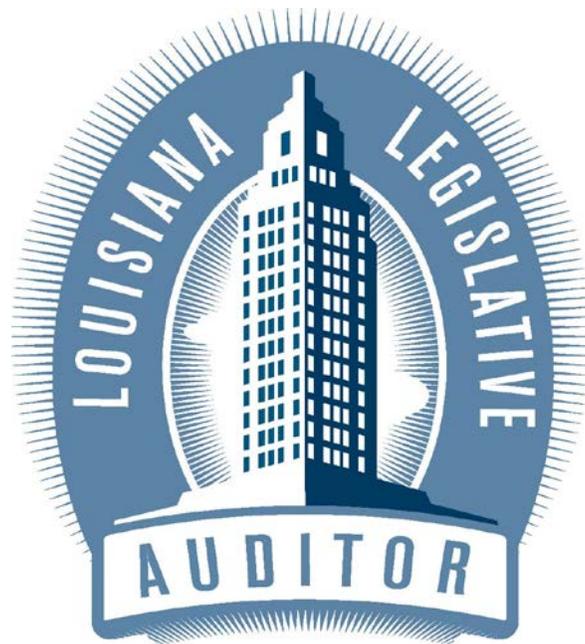


EVALUATION OF
SCHOLARSHIP ADMINISTRATION

LOUISIANA STATE UNIVERSITY AND A&M COLLEGE



FINANCIAL AUDIT SERVICES
FOLLOW-UP REPORT
ISSUED MAY 4, 2016

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

May 4, 2016

The Honorable John A. Alario, Jr.,
President of the Senate
The Honorable Taylor F. Barras,
Speaker of the House of Representatives
Dr. F. King Alexander, President
Louisiana State University

Dear Senator Alario, Representative Barras, and Dr. Alexander:

We performed a follow-up evaluation to our May 2014 informational audit of the administration of university-funded and college-awarded scholarships, excluding Federal awards, for students enrolled at Louisiana State University and A&M College (LSU). Our objective was to determine if the corrective actions noted within LSU's response to the May 2014 informational audit have been implemented. The scope of our procedures was significantly less than an audit conducted in accordance with *Government Auditing Standards*. I hope this report will assist you in your legislative and operational decision-making processes.

We would like to express our appreciation to the management and staff of LSU for their assistance.

Sincerely,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

JPT:BH:EFS:aa

LSU SCHOLARSHIPS 2016

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Evaluation of Scholarship Administration Louisiana State University and A&M College

May 2016

Audit Control # 80160009

Introduction

Each member of the Louisiana State University (LSU) System Board of Supervisors (Board) and the President of the LSU System is authorized to award 20 tuition exemption scholarships each academic year. The maximum number of scholarships was reduced to 18 per member and President beginning with the 2015-2016 academic year and will be further reduced to 15 per member and President beginning with the 2016-2017 academic year. Each board member is permitted to award a non-resident fee exemption for two of their scholarships each year. Any person holding the title of President Emeritus is authorized to award five tuition exemption scholarships each academic year.

Academic Year 2014-2015	
Student Status	Total Value of Board Scholarships Awarded
Resident (202 students)	\$1,416,921
Non-resident (30 students)	530,684
Total	\$1,947,605
Source: LSU Board of Supervisors Scholarship Awards 2014-2015 report to the Legislature and student status information obtained from relevant support	

We conducted this work in follow-up to our May 2014 report¹, where we evaluated whether LSU administered university-funded and college-awarded student scholarships in accordance with applicable university policies and terms. At that time, we found that LSU had not developed specific criteria for awarding scholarships; did not maintain adequate documentation on awarded scholarships, including the criteria met by award recipients; and did not report scholarship information to the legislature in a complete and accurate manner as required by state law.

Appendix A contains LSU's response to this report, Appendix B provides our scope and methodology, and Appendix C includes additional information related to the Board Scholarships.

¹ [Louisiana State University and A&M College Evaluation of Scholarship Administration Informational Report issued May 28, 2014](#)

Objective: Follow-up on LSU's administration of university-funded and college-awarded student scholarships.

Overall, we found that LSU has made improvements logging applications, retaining application documents, and reporting scholarship information to the legislature. However, LSU still needs to ensure that scholarships are reviewed for availability. In addition, the Board Scholarships policy was revised to reflect that Board Scholarships are awarded at the discretion of the Board member and are not intended to be competitive. These areas are discussed in more detail below.

LSU still needs to ensure that scholarships are reviewed for availability.

Our May 2014 report indicated two of 10 college-awarded scholarships reviewed for the 2012-2013 academic year were not awarded to any students. We recommended that LSU ensure that the two scholarships not awarded (Charles Craig International Travel Award and Mr. & Mrs. W. D. Millican Scholarship) are routinely reviewed by the awarding colleges/departments for availability. In their response, LSU management stated that a process would be established to perform an annual analytical review of scholarships funded by the LSU Alumni Association, LSU Foundation, and other gifts for availability.

As of March 2016, LSU management indicated the analytical review has not yet been performed. The responsibility was assigned and work began; however, the individual retired, and it was not reassigned.

We requested current information regarding the Charles Craig International Travel Award, and LSU responded that funds in the account were still not sufficient to make the award. The Mr. & Mrs. W. D. Millican Scholarship that had not been awarded since academic year 2006-2007 was awarded retroactively for academic year 2013-2014, was not awarded in 2014-2015, and has been awarded for 2015-2016.

Recommendation: LSU should ensure that scholarships are routinely reviewed for availability, which will help ensure all awards are made when sufficient funds exist.

Summary of Management's Response: LSU agrees with the recommendation. See Appendix A for LSU's full response.

The Board Scholarships policy has been revised to reflect that the awards are intended to be discretionary and not competitive.

Our May 2014 report noted that documentation provided by the Board of Supervisors Office did not indicate the basis on which the awards were made during academic years 2012-2013 and 2013-2014. In addition, we found that the Board was not voting on approval of scholarships awarded by individual board members. We recommended that the Board of Supervisors Office create specific criteria to define the determining factors of academic excellence, special talent, and financial need included in their scholarship policy and document the factors met by each student awarded a scholarship.

In its response, LSU management stated that the criteria used to award scholarships would be reviewed and revised to appropriately define the determining factors. In addition, LSU management stated that a process would be established for documenting the factors met by each student awarded a scholarship. According to LSU Management, however, the policy was instead revised to reflect that Board Scholarships are awarded at the discretion of the Board member and the President and are not intended to be competitive. In addition, management made some changes to the program regulations.

The prior Board Scholarship Program Regulations (approved on October 29, 2004) stated, “the primary determining factors for awarding scholarships are academic excellence, special talent, and financial need.” The revised Board Scholarship Program Regulations (approved on March 20, 2015) states, “scholarships will be awarded in consideration of academic potential, individual achievement, or personal circumstances.” At a minimum, students must meet certain GPA standards and stay in good academic standing to be eligible. In addition, the revised Board Scholarship Program Regulations include the following:

- Members of the Board of Supervisors are encouraged to work with the LSU University Administration Office and LSU Chancellors in identifying qualified scholarship recipients.
- Applicants are required to submit a personal statement of 750 words or less along with the application.

Board Scholarship Applications are now logged when received and are retained according to the revised policy.

Our May 2014 report indicated there were no established procedures to log all applications of Board Scholarships as received, there were no established procedures for Board members to review the applications received, and there was no formal written policy on retention of documentation for Board Scholarships. We recommended that the Board of Supervisors Office develop a policy to retain required documents for five years; retain all applications received, whether awarded or not, for that same five-year period; and develop procedures to track all

applications received. LSU management responded that a formal policy would be developed to establish procedures for accepting and tracking all applications. This policy would also include minimum retention requirements for all documents and applications, regardless of whether a student was awarded or not.

According to the revised Board Scholarship Program Regulations (approved March 20, 2015), all applications received by the Board are logged electronically. All applicants receive notification that their application has been received and will be retained for the duration of the academic year pending consideration by a Board member. The policy also indicates that applications for all recipients will be retained for the duration of the award and for five years after the award has expired. All other applications will be retained for five years after the end of the academic year in which the application was filed. In addition, the Board policy now contains a due date for submission of applications for each semester; however, it also states that Board members may consider late applications.

We selected 25 students listed on the application log, which contained award recipients and non-recipients, for the 2015-2016 academic year obtained from Board staff. The application for each student selected was retained and each student's file contained a copy of the notification letter indicating the Board received their application.

The Board Scholarship Report submitted to the Legislature for the 2014-15 academic year was accurate and complete.

Our May 2014 report indicated the Board Scholarship report submitted to the Legislature on July 25, 2013, pursuant to Louisiana Revised Statute (R.S.) 17:1608, did not include 17 LSU A&M students who received a Board Scholarship for the time period encompassed in the report. In addition, three students listed in the report did not actually receive a scholarship award. We recommended that the Board of Supervisors develop procedures to ensure that the report submitted to the Legislature pursuant to the provisions of R.S. 17:1608 is accurate and complete. LSU management responded that a formal policy would be developed to establish procedures to ensure the accuracy and completeness of the report submitted to the Legislature pursuant to the provisions of R.S. 17:1608.

Board staff developed procedures to ensure accurate reporting. We compared information compiled by the campuses indicating final student awards/amounts to the report submitted to the Legislature. In addition, we performed procedures on 30 students selected from the report submitted for the 2014-2015 academic year to determine accuracy of the information. Based on our procedures, we concluded that the submitted report is accurate and complete.

Using the report and support obtained from Board staff, we verified that those allowed to award Board Scholarships did not exceed the allowable number of awards for the 2014-2015 academic year (see Appendix C).

APPENDIX A: MANAGEMENT'S RESPONSE



Finance & Administration

April 19, 2016

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

Re: Follow-up Report – Evaluation of Scholarship Administration

Dear Mr. Purpera:

Thank you for providing LSU the opportunity to respond to the draft of the follow-up report on the Evaluation of Scholarship Administration. We agree with the follow-up recommendation that LSU must insure that scholarships are reviewed for availability.

LSU has defined a report to ensure that scholarships are reviewed for availability. The report will be in place in order to perform the review for scholarships awarded in FY17 and subsequent years.

Contact Person: Donna K. Torres, Associate Vice Chancellor for
Accounting and Financial Services

If you have any questions or need any additional information, please feel free to contact me.

A handwritten signature in black ink, appearing to read "Daniel T. Layzell".

Daniel T. Layzell
Vice President for Finance
and Administration/CFO

C: Donna K Torres
Doreen Brasseaux

APPENDIX B: SCOPE AND METHODOLOGY

We performed procedures in follow-up to our May 2014 report where we evaluated whether Louisiana State University (LSU) administered university-funded and college-awarded student scholarships in accordance with applicable university policies and terms. The scope of our procedures was significantly less than an audit conducted in accordance with *Government Auditing Standards*. To achieve our objectives, we performed the following steps:

- Reviewed the revised LSU System Board of Supervisors (Board) Scholarship Program Regulations, approved March 20, 2015, to determine if changes were made from the previous program regulations to define the awarding determining factors, to provide specific requirements for documentation of the determining factors met by each student awarded a scholarship, to provide procedures for accepting and tracking all applications, and to include minimum retention requirements for all eligibility documents and applications.
- Obtained a list of all LSU A&M, LSU School of Veterinary Medicine, and Paul M. Hebert Law School students who received the Board tuition fee exemption for Fall 2015.
- Selected a sample of 15 students from the list noted above. Based on the application information and other supporting documents, determined if the student was eligible for the award received, and submitted the required personal statement.
- Obtained the electronic tracking log of applicants for the Board Scholarships for academic year 2015-2016.
- Selected a sample of 25 applicants from the tracking log noted above. Based on the documentation contained in each applicant's file, determined if the notification letter indicating receipt of the application was sent and a copy retained within the file.
- Reviewed the report submitted by the Board pursuant to Louisiana Revised Statute 17:1608 for the 2014-2015 academic year to determine if the reported information was accurate and complete. Compared campus information to the report and selected 30 students on which to test the completeness and accuracy of the report.
- Interviewed Board and LSU A&M employees to gather information.

APPENDIX C: LSU SYSTEM BOARD OF SUPERVISORS SCHOLARSHIPS - Number, Amount, and Average Value for the 2014-2015 Academic Year

The table below presents the individual awarding the scholarship and number of scholarships awarded by that person for the 2014-2015 academic year.

Academic Year 2014-2015					
Awarded by:	Number of Scholarships	Total Awarded	Awarded by:	Number of Scholarships	Total Awarded
Alexander	5	\$36,133	Jenkins	4	\$54,737
Anderson	16	125,706	Lasseigne	18	151,192
Angelle	4	29,185	Lawton	8	85,596
Ballard	16	125,779	Mallett	11	78,387
Board Resolution	2	7,966	McCollister	11	95,624
Chatelain	18	153,330	McCrery	6	57,073
Crain	18	134,049	Moore	15	137,183
Danos	17	138,265	Perry	9	89,387
Duplessis	18	156,818	Yarborough	19	155,329
Jacobs	17	135,866	Total Awards	232	
Source: LSU Board of Supervisors Scholarship Awards 2014-2015 report to the Legislature			Total Value of Awards		\$1,947,605

The table below presents the average scholarship amount awarded, by LSU campus, for the 2014-2015 academic year.

Academic Year 2014-2015	
Campus	Average Value of Board Scholarships Awarded
LSU A&M	\$8,802
LSU Alexandria	4,139
LSU Health Sciences Center in New Orleans	8,492
LSU Health Sciences Center in Shreveport	8,520
LSU Shreveport	3,952
Paul M. Hebert Law School	7,858
Total Average Value of Board Scholarships Awards	\$8,395
Source: LSU Board of Supervisors Scholarship Awards 2014-2015 report to the Legislature	